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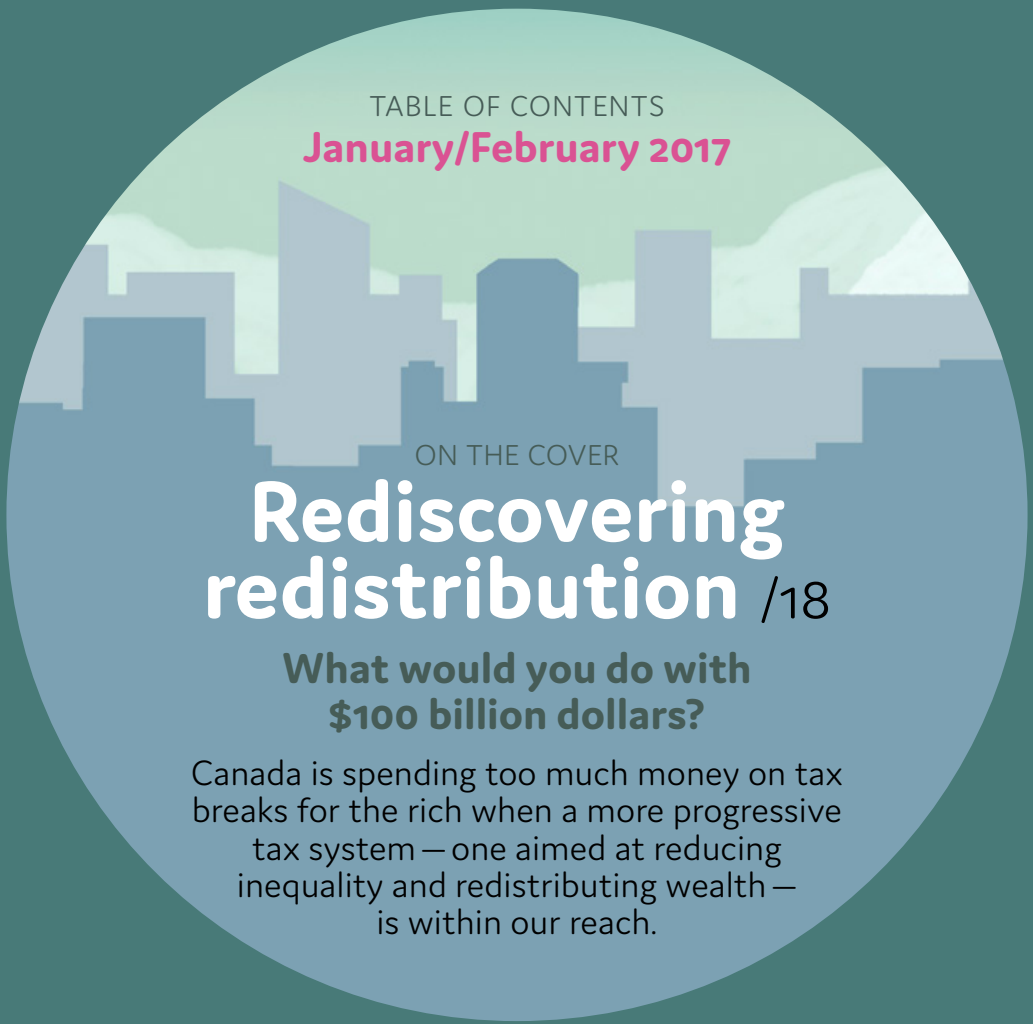


ON THE COVER

Rediscovering redistribution /18

What would you do with $100 billion dollars?

Canada is spending too much money on tax breaks for the rich when a more progressive tax system — one aimed at reducing inequality and redistributing wealth — is within our reach.

Stuart Trew

Rediscovering redistribution

IT FEELS A bit counterintuitive, after a tumultuous 2016, to be talking about the mundane matter of tax reform. This is normally a time of deeper reflection on the year that was and the trends and challenges to come. Obviously, the signs are not very good: a sexist, race-baiting bully elected president of the United States (see Kate McInturff on page 12); Brexit and the revival of neo-fascist populism in Europe; a *Game of Thrones*-scale power struggle still intensifying in the Middle East; war hawks welcoming the coming of a second Cold War with Russia (and a first with China); the promulgation of social-media-based fake news sources with sketchy state and private backing; the continued impunity enjoyed by U.S. police officers who have killed unarmed black Americans; the hottest summer on record for the third year in a row....

And these are only some of the higher-profile events influencing the western zeitgeist in 2017. Citing persistent slow growth, the collapse of mega-regional trade deals like the TPP and TTIP, and the economic resilience of autocratic regimes in Russia, China and elsewhere, mainstream news commentary at the end of 2016 featured startlingly frequent elegies to liberal democracy. Outgoing U.S. vice-president Joe Biden even visited Ottawa in December to promise "we are going to get through this period," as long as Canada steps up.

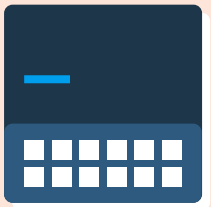
"The world's going to spend a lot of time looking to you, prime minister, as we see more and more challenges to the liberal international order since the end of World War II—you and Angela Merkel," Biden said, repeating similar counsel from Obama to Trudeau in the spring. These people, let's remember, are from the same Democratic clique that also saw Bernie Sanders's calls for free education and socialized health care as radical threats to the liberal order. But putting that aside for now, here's where I think taxes come in, and why they could play a greater role in our political dialogue in 2017, Canada's sesquicentennial anniversary.

The now one-year-old Liberal government remains popular despite an embarrassing cash-for-access scandal, pressure from opposition parties related to electoral reform, and questions about Canada's military export controls (see Asad Ismi on page 41). To some extent Trudeau will profit, at home and internationally, from the "at least we're not them" effect—not Austria on refugees and immigration, not Trump on trade (see Scott Sinclair on page 11). However, this explanation does not give enough credit to the Liberals for tapping into popular doubts about the stale consensus that promised trickle-down prosperity but that looks more like this in reality: globalization of capital + minimum social safety nets = outrageous concentration of wealth in a few hands.

The Trudeau government's first two major economic acts were to raise taxes on the 1%, cut them for the middle class (albeit mostly the upper end of that class) and significantly increase child benefits, with a maximum payment of $6,400 per child per year for families making less than $30,000 a year. As anti-poverty groups said all year, these were good first steps. But much more could be done to ensure that society's wealth is shared more equitably. Unfortunately, with the Trudeau government now turning to bricks-and-mortar infrastructure spending—the new, rather predictable IMF consensus for stimulating private sector growth—we risk losing sight of the more interesting, legitimately progressive ways tax dollars could be redirected to meet social needs in a way that reduces inequality and creates far more jobs than building bridges (see Armine Yalnizyan on page 30).

The money is there already. For example, Canada spends $3.8 billion annually—enough to cut long-term care user fees in half—by only taxing 50% of the capital gains earned from selling stock or real estate. While everyone would benefit from enhanced long-term care services in Canada, 87% of the benefit of this preferential treatment of capital gains goes to Canada's richest 1% of tax filers, according to a new report by CCPA economist David Macdonald (see page 18). He calculates that Canada's five most regressive such tax expenditures (or loopholes) cost the government more than $10 billion in 2011, provided 83% of their benefit to top income earners, and paid a maximum of $11,700 per person—10 times the maximum payment to Canada's poorest from all other federal social transfer programs. As Claire Young writes (page 22), Canada could be but does not tax inheritance. Marc Lee wonders (page 28) why B.C. does not charge a property surtax on homes over $1.25 million, which could pull in $1.7 billion in public revenues a year.

There is no guarantee the Liberal government's infrastructure plans, when they are eventually announced this year, will put the Canadian economy on a more sound footing. To the extent these projects are financed and built as public-private partnerships (see Macdonald again on page 4), the main beneficiaries will be domestic and international investors (whose higher expected capital returns receive special tax treatment *and* cost the public more money). At the same time, tax reform on its own will not be enough to save the liberal-democratic order (if that's your ultimate goal). But it could play a much bigger role in rebalancing Canada's national wealth and re-energizing a sluggish economy—by shifting the burden back where it belongs, on those with the means to pay. Without this modicum of social solidarity, it will be much harder to keep the circling wolves at bay. The world is watching. M



Letters

Nuance needed on the right to die

I count myself as a big fan of the work of the CCPA and the always informative articles in the *Monitor*. Having been away most of September, I didn't pick up the July/August edition until a couple of days ago. In an initially idle read of Kelley Tish Baker's review of Gary Bauslaugh's book, *The Right to Die: The Courageous Canadians Who Gave Us the Right to a Dignified Death*, I was stunned to see Robert Latimer featured along with Sue Rodriguez and Dr. Donald Low. The latter two Canadians fought publicly for the right to choose their own death; Latimer chose to end the life of his daughter Tracy, who lived with cerebral palsy, gassing her in his truck. I am troubled that the book's reviewer did not make this critical distinction about who chose death in each case, and that the editors of the *Monitor* let it go by without comment. As long as people like Robert Latimer are considered Canadian heroes, then people with disabilities are at risk of having others "compassionately" terminate their lives.

Maria Squance,
Victoria B.C.

Also proud to be left

I am with Anne Miles 100% ("Proud to be left," Letters, September/October 2016). I am sick and tired of letting the neoliberal Kool-Aid poison the minds of the young. Politics, the media, our universities and health care systems, and almost all aspects of life, have been bought out these days by corporations and the rich, and corporate interests trample all rights we used to take for granted just a few decades ago—rights that we earned by sacrificing so many lives in two devastating wars.

I grew up and went to school in Greece during a brutal dictatorship sponsored by the CIA and the U.S. administration. I went to the National Technical University of Athens where, in 1973, I saw my fellow students killed by tanks and guns supplied by those who advocated human rights in the open but did not hesitate to undermine anyone and any country that dared to want to carve their own path. South America is still suffering because U.S. interests dictated the support of brutal regimes at the expense of countless human lives so their corporations could be "protected" at the expense of the rights of the native inhabitants of those places.

It is sickening to see in everyday life that the average Joe or Jane has to fight the bank, or the credit card company, or the insurance company, or the phone service provider, or the airline that treats them like disposable items, paying more for worse service, without any politician making the slightest effort to protect the consumer. And yet we have to shy away from being identified as "lefties" because we dare to speak out.

Nikos Christodoulou,
Ottawa, Ont.

More on the Nordic model

I agree with Rosemary Dzus ("Nordic Model Works," Letters, November-December 2016) about who gets into the sex trade and what the (mostly) women need in order to get out. I don't agree with her views on the Nordic model.

In my years leading writing groups for sex trade workers, I had the privilege of listening to these (mostly) women. That's what we all need to do unless we want to continue the same old patriarchal approach, telling women what's good for them. The women I knew felt the Nordic model endangered them because they had to get into cars very quickly without the freedom to check the guy out and, with luck, weed out the "bad dates." It also cut down on the income they needed for themselves and their kids.

We don't need to stigmatize men who purchase sex. They may have a disability or condition that makes it difficult to find a sex partner; they may have a spouse whose physical or emotional situation rules out sex; they may be painfully shy; they may like variety. They may, of course, be creeps—violent, misogynist men who see prostitutes as easy targets. This is where sex trade workers need the freedom to make the choices that may keep them safer.

It's time to decriminalize the sex trade, license brothels and enact laws that limit the trade to certain parts of town. Nothing has ever stopped the sex trade. Nothing ever will. We need to put more resources into protecting the women and men whose early abuse sets them up for sexual exploitation. We need to offer peer counseling, educational opportunities, health care, job-skill training and transitional housing.

Women on the street use drugs to make standing on the corner half-dressed in Canadian winters more bearable. Or they are already addicted to drugs and need to sell sex to pay for them. We need to set up supervised consumption sites that greatly reduce overdose risk and often steer users to safer lifestyles. The women I knew who wanted to stay in the profession worked in the role of dominatrix. This should tell us something about power in sexual transactions.

Dorothy Field,
Victoria, B.C.

Send us your feedback and thoughts on the news, politics (at all levels) and the *Monitor* to: monitor@policyalternatives.ca

Behind the numbers

DAVID MACDONALD | CANADA

New infrastructure bank will cost us

One of the federal government's main justifications for creating a new Canada Infrastructure Bank was to reduce costs and increase access to loans for Canadian cities. Unfortunately, the bank's lending structure will actually cost cities an extra $6.2 billion on the $20 billion promised for infrastructure.

Why? Because roughly a third of the benefit from the new money will be wasted on higher interest payments to private investors.

Interest rates differ for different levels of government. Cities pay about 2.2% on a five-year bond right now. The rate is lower for the provinces; for example, B.C. is presently paying 1.5% for its five-year bonds. The federal government pays the least interest of all at a rate of 0.7%.

The private sector, on the other hand, expects dramatically higher returns on infrastructure investments. For example, the head of the *Caisse de dépôt* pension plan, Michael Sabia (who sits on Finance Minister Bill Morneau's economic advisory council), expects a 7% to 9% interest rate on the public-private partnerships (P3s) he backs.

Given the right mandate, an infrastructure bank could lower the borrowing cost for cities from 2.2% to 0.7% (the federal rate), saving local governments a lot of money on loans for needed upgrades and new projects. Such a bank could also simplify the process of accessing bond markets, which would get projects off the ground sooner.

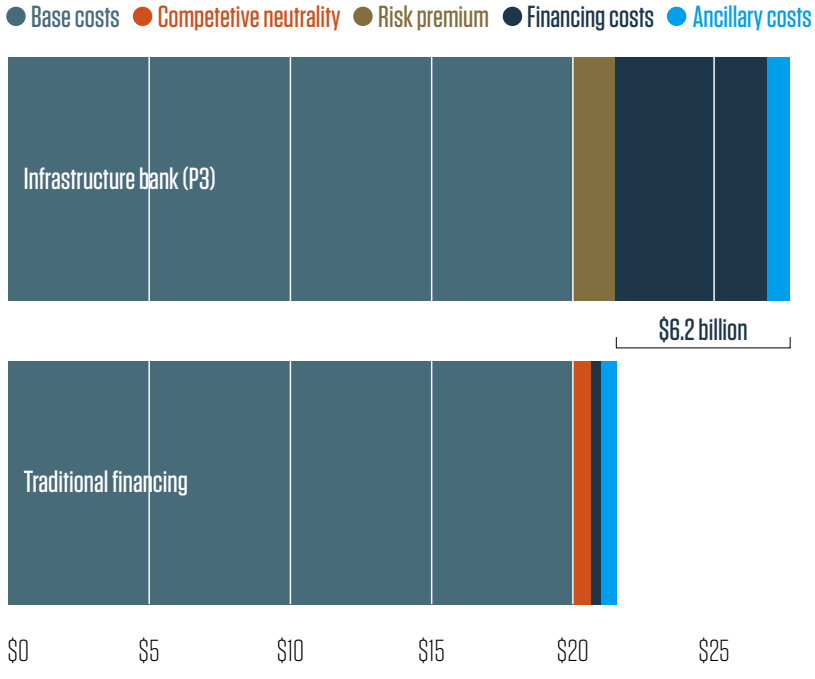
But this is not what the federal government has done. Actually, the proposed federal infrastructure bank will likely make it more complicated — as well as expensive — for Canadian cities to seek and receive infrastructure funding.

As announced in Morneau's fall economic update, the total amount in the new bank would be $35 billion: $15 billion will come from the federal government and $20 billion from private lenders. While the government is treating this all as direct funding, the bank expects the money it will be loaning cities to be paid back eventually.

Right off the bat, this is awfully cheap given how low federal interest rates are, and the fact that federal funding for infrastructure is at all-time lows compared to other levels of government. More worrying, though, is that the $20 billion in private sector money is just a fancy way of saying these infrastructure loans will be structured as P3s. The government, in other words, is creating a privatization bank.

The fiscal update speaks misleadingly about "bringing in private capital to the table to multiply the level of investment." In fact, whether the feds sell bonds or use P3s for infrastructure, the money comes from the same place: large institutional investors like pension plans. The difference is in how much money private inves-

Projected cost breakdown of proposed infrastructure bank ($ billions)



tors will take home at the end of the day.

Pension plans are among the largest purchasers of federal bonds (paying 0.7% interest) and also of P3s (paying 7% to 9% interest). Obviously, if they had a choice, pension plans would want to put more money into private or partially privatized infrastructure. The Canada Infrastructure Bank obliges them.

Why is this a big deal? For one thing, it will cost us (the public) a lot of money. Ontario has a fair amount of experience with P3s, much of it painfully detailed in a 2014 report by the province's auditor general. The report found that on the $26 billion worth in recent P3 projects, the province will pay, over the long term, $8 billion more than it needs to, mostly due to higher interest costs.

If the federal experience with P3s looks anything like what happened in Ontario (and there's not much reason it shouldn't), we should expect the infrastructure bank's $20-billion loan program to be unreasonably expensive in the end. We can show this by adapting the Ontario P3 analysis to project a cost breakdown for the proposed federal infrastructure bank (see chart).

In the projections both traditional financing and the P3 portion of the infrastructure bank start with the same $20 billion, as laid out in the fiscal update. The P3 approach will have higher projected ancillary fees and risk premiums, but it primarily results in dramatically higher financing costs of $5.4 billion compared to $400 million using the traditional government financing model.

In the aggregate, taking the P3 route on the $20 billion of private capital in the infrastructure bank will result in an additional projected cost of $6.2 billion for cities. In other words, roughly a third of the government's infrastructure money will be wasted on higher interest costs over the life of the (privatized) projects it is funding.

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SHEILA BLOCK | ONTARIO

No more "deficit made me do it" in Ontario?

In his fall economic update, Ontario Finance Minister Charles Sousa stuck to his commitment to balance the province's budget next year. The government has relied heavily on three austerity measures in the name of deficit reduction:

1. It slapped a long-term freeze on public-sector-worker compensation. In fact, some workers haven't seen a raise in six years.

2. It cut back on program spending, which hasn't kept up with inflation and population growth.

3. It sold off public assets, including Ontario Hydro.

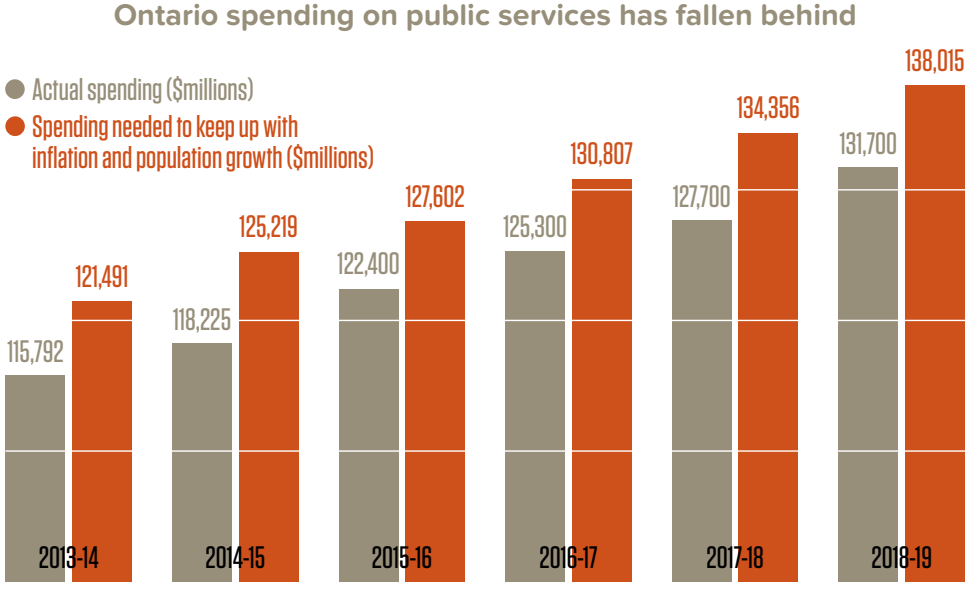
The province is still committed to capital spending to deal with pressing infrastructure renewal issues. These important investments increase employment in the short term and improve the productive capacity of the economy in the longer term. With the passage of Bill 6 (the 2015 Infrastructure for Jobs and Prosperity Act), and commitments to community benefits agreements, these dollars can be spent even more effectively.

But with no "the deficit made me do it" excuse in 2017, what should we be looking for in program spending, which has been squeezed over the last number of years? In other words, what could a post-austerity Ontario budget look like?

To get back to the real per capita spending levels of 2011-12, the government will have to increase spending by 5%, or an additional $6.3 billion, in 2018-19 (see graph). That would mean reversing the commitment in last year's budget to keep growth in health care spending at a 1.8% average between 2014-15 and 2018-19, and to keep education spending increases at 1.2%. The $140-million increase in hospital budgets announced in the fall update is an increase of just over one-quarter of 1%.

The government is squeezing these services below inflation and population growth at a time when the demands on the health care system are growing and the education funding formula continues to fail Ontario's school system.

Now that the deficit dragon has almost been slayed, there is pressure



from the right to maintain austerity in order to tackle the province's debt. But, as I argued in my CCPA report, *No Crisis on the Horizon: Ontario Debt, 1990–2015*, there is no need to panic. The best way to reduce the debt-to-GDP ratio — the one indicator that matters — is to keep the economy on a strong footing.

Increasing the money flowing into the government's coffers is another way to maintain public services and keep Ontario finances moving in the right direction. The province needs to take a strong stance in its negotiations with the federal government to secure increased health transfers and funding for other public services.

The time has also come to face the elephant in the room: after a two-decades tax cut frenzy, Ontario has got a revenue problem. Those tax cuts were politically appealing back when economic growth was in the 4–5% range (the late-1990s and early-2000s). But those days are behind us — slow growth is Ontario's reality.

In a 2015 report for the CCPA, Kaylie Tiessen outlined options Ontario has for increasing revenues to pay for the services we need. They included:

- Reversing the 2.5 percentage point reduction in the corporate income tax that took place in 2009. That could raise over $2 billion in revenues, and it would still leave Ontario with lower corporate income tax rates than comparable jurisdictions.
- Taking up the room in the HST vacated by the Harper government's cut to the GST. Increasing sales taxes *and* the sales tax credit (to offset regressivity) would do some very heavy lifting.
- Looking at closing more tax loopholes (Ontario made a start in last year's budget), which would increase revenues, fairness and simplicity in the tax system all at the same time.

It's time for the Wynne government to take advantage of existing room in key tax revenue streams — and to truly deliver on her promise to be an activist government.

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MOLLY MCCRACKEN | MANITOBA

Tax changes will not reduce poverty

The Manitoba government is increasing the basic personal exemption (BPE) — the floor at which we start paying provincial taxes — under the auspices of reducing poverty. It won't work. In fact, it's easy to see why the changes are counterproductive.

The Progressive Conservatives promised during the last election to bring Manitoba's BPE, currently $9,134 (the 4th lowest among Canada's 10 provinces), "towards the national average within our first term." Raising it would provide a miniscule amount of tax relief to low-income earners, but deprive the government of revenue that might otherwise go toward poverty reduction programs.

Manitoba Finance estimates that increasing the BPE by $1,000, as ordered in the 2016 provincial budget, will cost the government $78 million annually in lost tax revenue. Bringing the BPE up to the national average of $11,066, as promised, will be doubly expensive: $150 million will be wiped from future budgets, with no plans to find that money elsewhere.

The change is supposed to "put more money on the kitchen table," according to the government. But it will put much more money on the tables of high-income earners than those with the lowest incomes in the province, as we can see in the chart.

Decile	Pre-tax income	Avg. tax savings/family
1	<14,718	$17
2	14,719–21,953	$68
3	21,954–29,974	$158
4	29,975–40,611	$199
5	40,612–51,835	$255
6	51,836–66,598	$304
7	66,599–84,855	$369
8	84,856–106,856	$413
9	106,857–142,824	$454
9.5	142,825–180,658	$517
10	180,659+	$553
All		$277

To help our office with this research, CCPA economist David Macdonald divided all families in Manitoba into deciles (10 units) by income level. Those in the lowest decile (families earning between nothing and $14,718 annually before taxes) will save on average $17 a year once Manitoba's BPE is raised to the national average. Those in the second lowest decile (earning between $14,719 and $21,953 per year) will save $68 a year, and so forth.

Those at the highest income deciles stand to benefit the most from an increase in the BPE. The top 5% of families will save on average $553 a year in taxes. The next highest 5% will save $517, and those in the 9th decile will save $454.

Increasing the BPE clearly puts much more money in the pockets of Manitoba's wealthy and does little for low- to moderate-income earners. Increasing the BPE is therefore a blunt instrument that least affects low-income Manitobans.

Why is this the case? Manitobans pay a tax rate of 10.8% on the first $31,000 of earned income, 12.75% on the next $36,000 and 17.4% on income over $67,000. Increasing the BPE means middle- and higher-income families are eligible for more tax credits, which reduces tax payable and revenue earned by the province.

The Manitoba government is also planning to index these income tax brackets to inflation (estimated for our purposes at 2%). Like with the higher basic amount, raising the tax brackets by inflation saves nothing for those earning below $31,000 a year. But it will cost Manitoba $12.8 million in forgone tax revenue in 2016-17.

The 2016 budget started by indexing the BPE to inflation, which means the basic amount will go up from $9,134

to approximately $9,292 starting in 2017. The 2,770 low-income Manitobans taken off the tax roll by this increase will save only $16 per year, not even enough for a box of diapers. This change will cost Manitoba $11.6 million in forgone tax revenue in 2016-17.

The new government did not increase the minimum wage in 2016. Had it done so, even modestly to account for inflation, the change would have put $400 "on the table" for this same group — 20 times the benefit of a higher BPE for low-income earners.

Make Poverty History Manitoba (MPHM), a broad-based coalition that works closely with marginalized Manitobans, recommends increasing the minimum wage to $15.53 an hour to bring minimum-wage workers above the poverty line. Based on research and consultation in the CCPA report *The View from Here 2015*, the coalition is also calling on the province to make its new poverty reduction plan comprehensive by acknowledging how child care and child welfare, income, education, employment and housing are interrelated. MPHM and Hunger Free Manitoba are calling on the province to increase the basic needs and food budget for those on social assistance and make this money portable for those moving off assistance to paid work.

On tax policy alone, if the goal is truly reducing poverty, there are much better tax options available. CCPA Manitoba analysis by Errol Black and Shauna MacKinnon found that adding a fourth bracket of 18.4% on taxable income above $94,000 and a fifth bracket of 19.4% on income above $128,800 would generate $50 million that could go to anti-poverty programs.

To maintain public services and reduce poverty the province should scrap plans to increase the BPE and introduce these new brackets instead. To do so would require changing Manitoba's restrictive balanced budget legislation, which is being opened up for review this legislative session. There is enough wealth in Manitoba and Canada so that no one should have to live in poverty.

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SARAH SHERIDAN | BRITISH COLUMBIA

Affordable housing crisis hitting seniors

It may be hard to believe, but Statistics Canada data show 52% of senior renters (65+) in Metro Vancouver spend 30% or more of their monthly income on rent, and 21% spend half or more. How are low-income seniors expected to survive?

A recent Vancity Credit Union report, *Rent Race: The Growing Unaffordability of Rent in Metro Vancouver*, calculates the average monthly market rent in Metro Vancouver to be $1,144, which is considerably higher than the $765-per-month maximum ($825 for a couple) offered by the province's Shelter Aid for Elderly Renters (SAFER) program.

Considering how little market rental stock is available to low-income people, it is alarming that subsidies are not keeping up with the real costs of housing in our region. It's also not surprising to see more and more low-income seniors forced into precarious living conditions and homelessness every year.

In 2016, Vancouver's annual homeless count found 204 people (18% of the homeless population) over the age of 55. Startlingly, homelessness among seniors in Metro Vancouver has increased since 2008. The Metro Vancouver Homeless Count, which takes place every three years, showed that the increase in homeless seniors grew from 1% to 3% in 2011 and to 4% in 2014.

The housing crisis affects seniors throughout Metro Vancouver. The City of Burnaby has been criticized recently over its rezoning of the Metrotown area, which is seeing many three-level walkup rental buildings being demolished to make way for high-rise condominium towers. This rezoning has displaced hundreds of people, including low-income seniors, and it continues.

The practice, called demovictions (evicting people for the purpose of demolition), is forcing people out of their homes, even pushing them out of Burnaby, where one-bedroom apartments in three-level walkups rent for about $800 per month. While this is already a steep cost for low-income renters, once evicted these tenants will join the growing masses searching for a safe and affordable place to live.

Low-income seniors evicted from affordable rental apartments have few options. Even if you qualify for social housing the waitlists are long. In Metro Vancouver there aren't many options beyond living on the street. And in the city, single-room-occupancy hotels, originally built as temporary housing, are now permanent homes for many seniors. In addition, city shelters have become a sort of placeholder for people while they are on wait lists for subsidized housing.

B.C. has also seen an end to provincial investment in independent social housing coupled with a shift to dependency on supportive housing. In the latter model, the provincial government partners with a non-profit entity that hires staff to monitor the front desk, acts as security for the building, and sets and enforces its own rules, such as requiring guests to sign in when they come to visit residents.

Wait lists are incredibly long for supportive housing; it is clearly not the right solution to Metro Vancouver's urgent housing crisis. Additionally, limiting the construction of new buildings to supportive housing assumes that residents require this type of support when what many seniors really want is the choice to live independently in an affordable home.

Aging is challenging enough without having to worry about housing security. If we want our senior population to age with dignity we must offer better support, including by fully investing in subsidized independent social housing.

VANCOUVER HEALTH RESEARCHER SARAH SHERIDAN HAS WORKED IN THE DOWNTOWN EASTSIDE FOR SIX YEARS AS A SUPPORT WORKER IN HOMELESS SHELTERS, DROP-IN CENTRES AND AS AN OUTREACH WORKER. SHE IS A MEMBER OF THE ALLIANCE AGAINST DISPLACEMENT AND AN EDITOR AT *THE VOLCANO* NEWSPAPER.

LESLEY FRANK AND CHRISTINE SAULNIER | NOVA SCOTIA

Investment needed now to end child poverty

Twenty-five years ago, Canada adopted the United Nations Convention on the Rights of the Child. Among those rights are that all children must have a place to learn and play, and access to nutritional food and a safe home. Twenty-seven years ago, the House of Commons unanimously adopted a resolution to end child poverty by the year 2000. But today, poverty rates are higher than they were in 1989. The basic rights of a second generation of children therefore continue to be violated.

Child poverty and family poverty cannot be separated. Statistics on the first are based on the percentage of children that live in families with income below a particular threshold. But poverty is not just a measure of income: it is a social condition that manifests in a multitude of ways in daily family life. Daily struggles to stay afloat lead to social exclusion, high levels of stress, and negative health outcomes for both parents and children.

Parents struggle to make lunches for their children, pay for school supplies and fees, support their extracurricular activities and sports, and, at this time of year, buy winter coats and boots. It is difficult for many parents to keep vehicles in working order, pay for the minimum delivery of home heating oil, or afford child care fees (even when they are subsidized). After housing costs, there is often little money left for food.

Child poverty rates in Nova Scotia have fluctuated since the 1989 House of Commons resolution. But, like for Canada as a whole, the objective of ending poverty was never achieved. According to the most recent data, 22.5% of Nova Scotia children — one in five — lived in poverty in 2014 (in families with incomes below the after-tax low income measure), which was 24.3% higher than 1989 levels.

These and other findings are recorded in a child poverty report card issued annually by the CCPA and Campaign 2000. For the first time in 2016, the report card included data for smaller geographic areas in the province. Child poverty rates range from a low 5% in Hammonds Plains (about 10 km northwest of Dartmouth) to 75.6% in Eskasoni on Cape Breton Island. Six communities have child poverty rates over 30%: five are in Cape Breton (Glace Bay, New Waterford, North Sydney, Sydney Mines, and Eskasoni) and the other in Yarmouth (41.8%).

This year's report card also shows that poverty rates vary depending on family type, and are higher among families with young children and lone-parent families. The poverty for children under six years old was 27% (it was 22.5% for all children). Among lone-parent families, 50.4% lived below the AT-LIM (affecting 24,230 children), while 11.2% of children living in two-parent families (13, 230 children) lived in poverty. Children in families that depend on welfare are particularly vulnerable to poverty. Total welfare incomes in Nova Scotia have remained virtually flat since 1989 and are far below the poverty line.

The response of the Nova Scotia government to the report was that the "numbers are out of date and misleading" because the data is from 2014. The minister for community services also claims that much progress has been made since then. But the only significant policy change in the past two years, which may actually lift some families up out of poverty, is the federal government's new Canada Child Benefit (CCB).

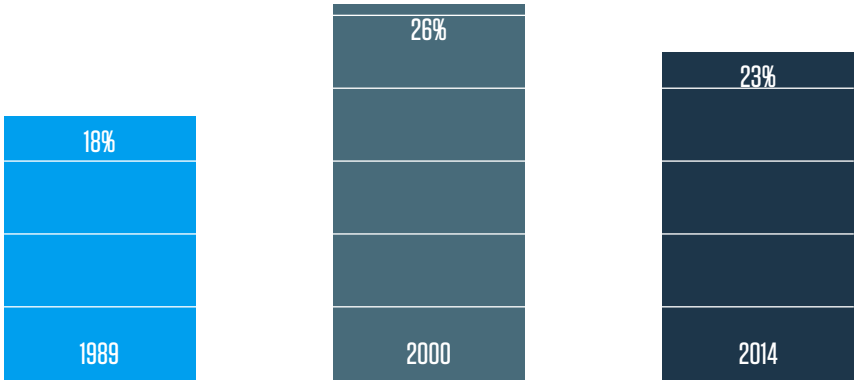
Child poverty in Nova Scotia would be 32.5% if not for federal transfers, so there are hopes the CCB will have a similar effect. Still, by the federal government's own numbers, only a quarter of those children currently living in poverty will be lifted above the poverty line by the program (which is also not indexed to inflation until 2020).

We hope we do see significant progress in reducing child poverty in the years ahead, even if the provincial government can claim little of the credit. Unfortunately, the signs are not good for Nova Scotia. The 2016 HungerCount report from Food Banks Canada showed the province experienced the highest increase (+20.9%) in numbers of people served over the past year, and that 30.4% of users were children.

We don't need to wait for the next poverty report card to know that much more federal and provincial investment in families and children is needed now.

LESLEY FRANK IS ASSOCIATE PROFESSOR OF SOCIOLOGY AT ACADIA UNIVERSITY, A CCPA RESEARCH ASSOCIATE AND THE AUTHOR OF THE NOVA SCOTIA CHILD AND FAMILY POVERTY REPORT CARD. CHRISTINE SAULNIER IS THE NOVA SCOTIA DIRECTOR FOR THE CCPA.

Child poverty rate, Nova Scotia



Index

Canada's last unfair election, maybe

Compiled by the *Monitor*

39.5%

Share of the popular vote won by the Liberal Party in the October 2015 federal election.

55.6%

Share of seats in the House of Commons won by the Liberal Party (184) in that election.

2015

The "last federal election conducted under the first-past-the-post voting system," according to Governor General David Johnston in his Speech from the Throne that year, repeating a Liberal election promise to introduce legislation enacting electoral reform within 18 months of forming a government.

4

Number of OECD nations that use FPTP, sometimes called a "winner takes all" system (Canada, Mexico, United Kingdom and the United States).

5

Number of months into the new Liberal mandate that a committee was struck "to identify and conduct a study of viable alternate voting systems to replace the first-past-the-post system, as well as to examine mandatory voting and online voting."

6

Number of months the special committee on electoral reform (ERRE) spent consulting this year on reforming how we vote for federal governments, including a three-week cross-Canada tour hitting 17 municipalities in all provinces and territories.

196

Number of expert witnesses the committee heard over 57 meetings.

88%

Percentage of these witnesses who expressed a preference for proportional representation, according to Fair Vote Canada.

22,247

Number of Canadians who took part in a multiple-choice online consultation between August 19 and October 7, 2016. The government received a further 567 written submissions and more than 1,000 pieces of correspondence from organizations, academics and citizens.

71.5%

Percentage of Canadians who took part in the ERRE's online consultation who strongly agreed (59.1%) or agreed (12.4%) with the statement, "Canada's electoral system should ensure that the number of seats held by a party in Parliament reflects the proportion of votes it received across the country."

12,000

Number of Canadians involved in further town hall discussions organized by political parties, which ranged in participation from seven to 253 people.

67%

Percentage of expert witnesses who thought a referendum on electoral reform would be undesirable or unnecessary, according to Fair Vote Canada.

13

Number of previous federal and provincial commissions since 1977 that have recommended moving to a more proportionally representative voting system. This is in addition to provincial and local experimentation with the single transferable vote (STV) and other alternative voting methods since 1921, when an earlier parliamentary committee found FPTP was not appropriate where more than two parties contested for election.

18

Registered political parties in Canada as of December 2016.

5

Number of registered parties who elected MPs to the House of Commons in the 2015 federal election (Liberal, Conservative, NDP, Green and Bloc Québécois).

Half

Number of participants in the ERRE's online consultation who agreed (53.5%) Canada's electoral system should favour the following outcome: "no single political party holds the majority of seats in Parliament, thereby increasing the likelihood that political parties will work together to pass legislation."

5%

Top end of the Gallagher Index, named after Irish political scientist Michael Gallagher (and cited in the ERRE report as useful), under which value an electoral system is said to be highly proportionate to voting intentions.

12%

Estimated Gallagher Index value of the 2015 federal election result, according to Byron Webber Becker of the University of Waterloo.

Zero

Number of political points scored by Maryam Monsef, minister for democratic institutions, when she ridiculed the Gallagher Index and the work of the electoral reform committee in the House of Commons on December 1.

May 2017

Self-imposed deadline for the government to introduce legislation to reform the election process, a deadline Liberal MP Mark Holland told the *Hill Times* in December the government is planning to meet.

SOURCES Elections Canada; Fair Vote Canada; "Strengthening Democracy in Canada: Principles, Process and Public Engagement for Electoral Reform," report of the all-party special committee on electoral reform; "Going deeper into Canada's 2015 federal election results," CBC, October 21, 2015; "Electoral Reform: Gallagher Index," CPAC, December 1, 2016; "'A dating website designed by Fidel Castro': Opposition blasts Liberal electoral reform survey," CBC, December 6, 2016; Vox Pop Labs; MyDemocracy.ca; "Feds aim to get electoral reform bill tabled by May, despite 'incredibly cynical' response to committee report," Hill Times, December 12, 2016.

ILLUSTRATION BY REMIE GEOFFROI

TRUMPED.

MORE CCPA PERSPECTIVES ON THE U.S. ELECTION: **WWW.BEHINDTHENUMBERS.CA / WWW.POLICYNOTE.CA**

Scott Sinclair

A trade gamble Canada can't win

Trade should be the least of our concerns with a Trump presidency. But NAFTA renegotiation could soon put the Trudeau government's commitment to inclusive prosperity to the test.

Like many of you, we were caught off guard by the Trump victory. We are now faced with a right-wing, plutocratic U.S. government championing a nationalism laced with racial and ethnic overtones.

Trump's ugly style of campaigning — especially the scapegoating of immigrants and minorities — is already tainting Canadian politics. Hopefully these tactics will not find fertile ground here, but they must be condemned unequivocally.

Yet, despite all the post-election hand-wringing among Canadian economic elites about Trump's protectionist views, an upheaval in Canada-U.S. trade relations is probably the least of our worries.

If President-elect Trump actually follows through on his pledges of a US$1-trillion infrastructure program, deep tax cuts, and sweeping environmental and financial deregulation, it might even temporarily boost the U.S. economy and Canada-U.S. trade flows. But any "Trump boom" would be short-lived, and set the stage for severe ecological and financial problems in the near future.

The Trump administration is likely to pull the U.S. out of the Paris Agreement, lift Obama's limited curbs on coal-fired plants and hamstring the Environmental Protection Agency. These steps will all contribute to a backsliding on climate change. There will be negative impacts on Canada, where climate change skeptics and the energy industry have already been emboldened by Trump's win.

While Trump's rhetoric against the Trans-Pacific Partnership (TPP) and NAFTA helped get him elected, his core economic policies will hurt blue-collar workers even more than the trade deals he's been attacking.

Promised corporate tax cuts and breaks for the wealthy will worsen already high levels of inequality and inevitably lead to cuts in public services, which are disproportionately relied upon by the poor, low-waged workers, minorities and the middle classes. Many of Trump's nominees for cabinet posts are billionaires (see next page); their approval by Congress will concentrate power directly in the hands of the rich in a manner not seen since the late-19th century.

The renewed influence of Wall Street coupled with deregulation could lay the groundwork for a future financial crisis, which poses a far greater threat to the health of the Canadian and global economies than perennial bilateral trade irritants such as softwood lumber or beef exports. There will of course be increased bilateral trade frictions, as there also would have been if Hillary Clinton had won. But there are, as yet, no convincing reasons to anticipate a major trade disruption.

One silver lining to the otherwise devastating Trump victory is the collapse of the TPP. Whatever Trump's logic for opposing it, the demise of this imbalanced treaty, with its expanded investor–state dispute settlement (ISDS) mechanism, supercharged intellectual property rights, and toothless labour and environmental protections, is most welcome. But just like zombies, it's hard to keep slain trade deals buried for long.

A major policy plank of the Trump administration is to renegotiate NAFTA. Given Republican control of Congress, this would probably mean intensified TPP-plus demands directly targeting Mexico and Canada: more restrictive, U.S.-friendly intellectual property protections sought by Big Pharma, Silicon Valley and Hollywood, an all-out attack on agricultural supply management, further inroads on data privacy and new demands to lock in U.S. "energy security."

Canadian corporate voices are already lining up to back a NAFTA renegotiation that many see as an opportunity for further gains for their sector, or to "bring the deal into the 21st century," using their favourite but highly deceptive catchphrase. The Trudeau government — which telegraphed its openness to renegotiation immediately after Trump's win — will no doubt be primarily focused on maintaining market access and protecting the investment interests of the now more globally oriented Canadian corporate sector.

Progressive Canadians, in close concert with their U.S. and Mexican allies, need to quickly contest this renewed NAFTA push and put forward an alternative agenda for inclusive prosperity. They could start by drawing public attention to the most destructive elements of NAFTA, such as its investor–state dispute settlement process — the one TransCanada is using to sue the U.S. government for US$15 billion for abandoning the Keystone XL pipeline.

But frankly, it is hard to envisage meaningful ISDS reforms after Exxon Mobil CEO Rex Tillerson — a big booster of corporate rights in trade deals — is appointed Secretary of State. Likewise, with the impending Keystone approval, NAFTA's energy provisions, which lock in the U.S. share of Canadian exports, take on a more ominous tone.

Canada should be prepared to walk away from the NAFTA negotiating table, even if that means Trump makes good on his threat to pull out of the agreement. While such a step would be disruptive for trade and the North American economy, it would not be disastrous. The two countries could conceivably revert to the Canada–U.S. FTA, which would maintain duty-free access but without NAFTA's ISDS baggage. In any case, much of Canada's access to the U.S. is locked in by WTO rules, with average U.S. tariff levels bound at just 3.5%.

Those hoping for genuine reform and an alternative model of North American regional integration should

already be looking beyond Trump's tenure. Just as grassroots resistance needs to be renewed, the organizing and visioning for a post-Trump era should begin now.

Prime Minister Trudeau told the *Guardian U.K.* newspaper at the end of 2016 that he worried people were being driven to leaders like Trump by "the fact that globalization doesn't seem to be working for the middle class, for ordinary people." You would think he'd be open to a positive, post-NAFTA agenda for North America that is based on shared prosperity, economic fairness and environmental protection — something that might inspire those who rightly feel that intensified NAFTA-era integration has left them further behind economically and with less control over their lives and futures.

Kate McInturff

Who's afraid of Hillary Clinton?

Here is something I will never understand. Why are (some) men so afraid of (some) women having (some) power? Men make up the majority of elected officials in Canada (74% of MPs), in the U.S. (80% of Congress) and around the world for that matter. They make up the majority of CEOs of major corporations. They hold the majority of decision-making positions in the media.

When Hillary Clinton earned the nomination of her party, the fact of her ascendance to this position was so inconceivable that newspapers across the United States ran photos of...wait for it...her husband. When Clinton first announced her bid for the presidency, *Time* magazine's cover featured a giant high-heeled foot crushing a tiny little be-suited man. Poor little guy.

Clearly, one more woman in office was going to tip the balance of power between men and women completely. Her agenda was almost certainly to CRUSH THE MEN.

This goes some way toward explaining why Hillary Clinton's campaign was beset by cries of "she needs to be more likeable" and "she just isn't relatable" — as if she were posting a profile on OKCupid, not running for president of the United States.

Much has been written about the mobilization of fear in the recent U.S. presidential election. But the fear of women in power was mostly masked as an ostensibly legitimate discussion of Clinton's personal appeal to voters. This performed the neat trick of not only legitimating the fear of a woman in power, but also placed the blame for that fear on the woman herself.

If only Clinton were nicer. If only she weren't so, I don't know, bossy. Smart. Experienced. I mean, it's ok to be experienced, but, you know, don't brag about it.

Nasty woman.

All of this occurs in the context of a campaign in which the other (male) candidate is on record joking about assaulting women. In a country where, according the Centers for Disease Control, one in five women will be sexually assaulted in their lifetime. This occurs in the context of a campaign in which Trump supporters sported T-shirts bearing the slogan "Kill the B**ch." In a country where one in three female homicide victims are killed by their spouse.

The author at CCPA's national office in Ottawa.

Thanks goodness things are so much more civilized up here in Canada.

Oh wait.

Just last month, Alberta MLA Sandra Jansen offered examples of some of the abuse she is regularly subjected to as a woman holding power in public, including "traitorous bitch."

While Trump bragged about grabbing women "by the p***y," MP Michelle Rempel reported "my ass being occasionally grabbed as a way to shock me into submission."

While Trump weathered a storm of assault allegations, female politicians made public some of the threats of sexual assault they receive on a regular basis, like the tweet former MP Megan Leslie received after she posted HER CHRISTMAS CARD: "Nice to know you know how to spread your legs. What else can you do?"

Here's what I'm scared of. A world where a man can brag about assaulting women and be elected president. A world where a woman brags about her impact on public policy and is subjected to violent harassment. A world where simply pointing that fact out will invite more of the same.

Nasty indeed.

Anti-establishment voters in the United States who chose Trump on November 8 got a rude awakening from the incoming president's nominees for top-level jobs in the new Republican administration. If these people are not considered part of the power elite, the concept has no meaning. Trump's choices also foreshadow another round of corporate deregulation in the financial, education and energy sectors, and in consumer protection generally.

-Hadrian Mertins-Kirkwood

SECRETARY OF STATE

Rex Tillerson

Tillerson is the CEO and chairman of oil multinational Exxon Mobil, one of the top 10 most valuable and profitable corporations in the world, where he's worked for 41 years. He is paid about US$30 million every year and is worth an estimated US$150 million.

COMMERCE SECRETARY

Wilbur Ross

Ross is the chair of private equity firm WL Ross & Co. The investor is known for buying struggling companies and "restructuring" them—usually by breaking unions and laying off workers, a practice for which he is known affectionately as the "King of Bankruptcy" by admirers and a "vulture" by critics. Ross has an estimated net worth of US$2.9 billion.

TREASURY SECRETARY

Steven Mnuchin

Mnuchin is a former Goldman Sachs banker and hedge fund manager. He joined Trump's campaign as chief fundraiser in May 2016 and raised more than US$169 million, for which the treasury position is widely viewed as compensation. Mnuchin is worth US$40 million himself.

EDUCATION SECRETARY

Betsy DeVos

DeVos is a billionaire religious activist who has campaigned for decades for the privatization of the public education system. Her family, which includes the co-founder of the Amway pyramid scheme, is valued at US$5.2 billion.

ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION AGENCY (EPA)

Scott Pruitt

Pruitt is the climate-denying Oklahoma attorney general who has twice sued the EPA over its environmental regulations. He has strong ties to the energy industry he is now tasked with regulating.

New from the CCPA

The futility of austerity

The instinct of governments across the political spectrum when faced with economic contraction has been to cut public spending as a means to reduce deficits and restore growth. As CCPA–Saskatchewan Director **Simon Enoch** writes in a new *SaskNotes* report, ***The Futility of Austerity***, this instinct is shared by the provincial government of Brad Wall, which recently announced large spending cuts in health ($63.9 million), education ($8.7 million) and social services ($9.2 million). This is in addition to funding and program cuts announced in the 2016 provincial budget that saw reductions to seniors' and children's drug plans, lower funding for the Aboriginal court worker program, the elimination of funds for urban parks and clawbacks to some social assistance programs.

But the instinct to cut during economic downturns is actually the worst possible course of action, Enoch argues, looking to the recent U.S. experience for evidence.

"Since the start of the Great Recession, 20 U.S. states adopted varying degrees of public spending reductions as the best means to address the downturn, while 30 states adopted varying degrees of expanded public spending," he writes. "Surveying the results of these divergent responses to the economic recession in the United States, we see that states that adopted an expansionary fiscal policy were able to pull themselves out of recession sooner, while experiencing less of the negative economic impacts of the recession."

Rather than restoring growth, austerity at this time will have the perverse effect of prolonging economic stagnation in the province, increasing unemployment, exacerbating deficits and hindering economic recovery.

Payday or no way for low-income Ontarians

Ontario is home to more than 800 payday storefronts offering short-term loans—more than half of the country's entire stock of such businesses. Many of these outlets charge customers up to 500% in annualized interest. A new paper from CCPA–Ontario, ***Predatory Lending***, analyzes findings from an ACORN Canada survey of its members to understand why many low-income people turn to alternative financial services such as high-interest payday loans. The majority of the survey's 268 respondents said it's because they are denied adequate credit services from traditional banks.

"Traditional banks are turning them down for credit requests, they're making it hard for them to cash cheques or secure something as basic as overdraft protection—services that are readily extended to higher-income bank clients," says **Joe Fantauzzi**, a master's candidate in public policy at Ryerson University who analyzed the survey results for the CCPA. "Low-income bank customers face a double standard in the traditional banking world. That's why the majority of survey respondents said they turned to high interest shadow banking operators."

Child care fees grow faster than inflation

Since 2014, the CCPA has provided an annual snapshot of median parental child care fees—for infant, toddler and preschool care—in Canada's major cities. This year's report, ***A Growing Concern***, finds that average fees for child care spaces have risen 8% in the past two years, three times faster than inflation over this period, and that wait lists for spaces are common across the country.

"Child care fees vary predictably across the country based on provincial policy," explains co-author **Martha Friendly**, executive director of the Childcare Resource and Research Unit. "They are lowest in provinces that set the fees and higher in the cities that are market driven. That policy matters for affordability is a clear takeaway from this research as federal, provincial and territorial governments work toward a national framework for early learning and child care."

Friendly is also a co-author, with **Lynell Anderson** and **Morna Ballantyne**, of an Alternative Federal Budget technical working paper, released by the CCPA in early December, on the need for universal child care in Canada. Despite some initiatives in a number of provinces, child care across Canada remains unaffordable, unavailable and inconsistent in quality, the report finds.

In ***Child Care for Us All***, Friendly, Anderson and Ballantyne argue that federal leadership, together with provincial/territorial collaboration in working toward a long-term vision of a universal, high quality, comprehensive early childhood education and care (ECEC) system, is demonstrably the best way to ensure real early learning and child care options for families.

No public gain to selling Toronto Hydro

A Toronto council proposal to partially sell a long-held public asset could turn the private sector's gain into consumers' pain, argues CCPA–Ontario economist **Sheila Block** in a new study. ***Selling Off Toronto Hydro*** finds that if the City of Toronto goes through with the plan it will only end up ceding the control it has over electricity prices,

hydro service reliability and environmental stewardship over green energy innovation in the face of catastrophic climate change. Block warns that Toronto residents could end up paying the price in the long term through higher hydro rates, and the city would be left to clean up the mess while reckoning with a lost opportunity to use a public utility to lead the way on energy conservation.

New book on long-term care solutions

A new book by social policy experts **Pat Armstrong** and **Susan Braedley**, ***Physical Environments for Long-Term Care***, explores promising practices for residential care and nursing homes. From their location and the structure of their gardens to the floor coverings, chair arms and spaces for memorials, physical environments shape and reflect how care and life in nursing homes are understood. They construct limits and possibilities for residents, staff, families and volunteers. Armstrong and Braedly hope readers will use the information in this book, which is downloadable for free from the CCPA website, to contribute to these environments.

CCPA–BC questions approval of Kinder Morgan pipeline

At the end of November, the federal government gave a final green light to two controversial energy projects, including Kinder Morgan's Trans Mountain expansion plan to twin an existing pipeline running between Edmonton and Burnaby, British Columbia. If constructed, the project is expected to increase oil tanker traffic off Vancouver's coast from five to 34 shipments per month.

"By approving the Kinder Morgan pipeline, Prime Minister Justin Trudeau has disappointed a generation and betrayed the rights and title of Indigenous people," said Shannon Daub, associate director of the CCPA–BC and co-director of the Corporate Mapping Project. "The decision puts the fossil fuel industry's interests ahead of the public's and those of First Nations."

David Hughes, a CCPA research associate and earth scientist, noted that existing pipeline and rail capacity is sufficient to allow for planned production growth in Western Canadian crude oil under Alberta's oil sands emissions cap, which allows a 40% increase in bitumen production over 2015 levels. The approval of Line 3 and the likely construction of the TransCanada Keystone XL pipeline under the Trump administration will confer an 11% to 13% surplus of pipeline capacity over the National Energy Board's latest production forecasts under the Alberta government's oil sands emissions cap—even without Trans Mountain.

For more reports, commentary and infographics from the CCPA's national and provincial offices, visit www.policyalternatives.ca.

The protest camp at Standing Rock in early December.

DARK SEVIER (FLICKR CREATIVE COMMONS)

JEREMY APPEL

A reprieve for Standing Rock, a warning for Canada

While many Canadians "checked in" on Facebook to Standing Rock Reservation near Cannonball, North Dakota, to express solidarity with the Great Sioux's protest against the Dakota Access Pipeline, some of their compatriots went down to join the anti-pipeline struggle in what has become its epicentre.

The battle pits the Sioux band, who have set up a protest camp, and its supporters against a militarized Morton County sheriff's department and the National Guard. The latter have used mass arrests and force in an effort to crush the movement fighting Texas-based Energy Transfer Partners' planned $3.8-billion, 1,900-km pipeline that snakes across four states from western North Dakota to Illinois, threatening Indigenous heritage sites and the drinking water below.

On December 4, the U.S. Army Corps of Engineers denied the company approval to drill under the Missouri River, forcing it to find another route, but the decision is subject to appeal and can be reversed by the incoming Trump administration.

"We've been able to greatly rattle the inevitability narrative that big oil continues to weave into the minds of the public," Clayton Thomas-Muller, the Stop-it-at-the-Source campaigner with the global climate organization 350.org, told the *Monitor* from Standing Rock in the wake of the U.S. army's announcement.

In response to the potentially historic decision, Standing Rock Sioux Tribal Chairman Dave Archambault II issued a statement expressing special gratitude to "all of the other tribal nations and jurisdictions who stood in solidarity with us," promising to return the favour "if and when your people are in need."

Meanwhile, Prime Minister Justin Trudeau's late-November approval of the Kinder Morgan Trans Mountain pipeline expansion, which will pump Alberta tarsands oil to the coastal town of Burnaby, B.C., for shipping to Asia, and Enbridge's Line 3 from Alberta to Wisconsin, means the Standing Rock Sioux will soon have the opportunity to reciprocate in Western Canada.

"Justin Trudeau needs to understand that we've faced tougher foes than him and we have removed them from power," Thomas-Muller, a member of the Mathias Colomb Cree Nation, said. "His administration will bend to the will of the Indigenous rights and climate justice social movements. I guarantee it."

If it gets built, the Trans Mountain expansion will increase an existing pipeline's capacity to 890,000 barrels from 300,000, casting doubt over the government's climate change commitments and vows to improve relations with First Nations.

"Even though it's down in the United States, our struggle as First Nations is the same everywhere," said Snookie Catholique of the Dene Nation. The former CBC journalist and Northwest Territories language commissioner had just returned from her second trip to Standing Rock in mid-November when she spoke to the *Monitor*. "We're all fighting to protect Mother Earth and for a better, cleaner environment, so that my grandchildren will have the experience I had as a child."

Thomas-Muller said stewardship of the environment is an essential component of the Indigenous rights movement. "Our livelihoods, our cosmology and our worldview are fundamentally tied to the relationship that we have with the sacredness of place," he said. "Environmentalism is, for us, a human rights issue."

Kevin Settee, president of the University of Winnipeg Student Association and a member of Fisher River Cree Nation, also made the trip down to Standing Rock with two comrades in late August. He said part of the reason he went was to send a message to people back home "not to let the United States border divide them and stop them from going south [to support social movements]." (Thomas-Muller concurred, calling it a "false border.")

Settee said he sought to learn organization tactics from the demonstrators that he could apply to environmentalist and Indigenous movements back home. "Why is what they're doing so powerful?" he pondered.

Settee and his allies were some of the first people from Winnipeg to make it down to the protest. When crossing the border, at around 2 a.m., they told the guards they were going to a powwow, fearing that if they told them they were going to Standing Rock they would get turned away.

"Some people said they dealt with border guards who were supportive, giving them thumbs up," he said, noting that he doesn't know anyone who was turned back, but many were searched extensively.

At Standing Rock, Settee said he witnessed police intimidation — erecting cement barricades and checkpoints, for example — but also the use of psychological tactics meant to demoralize the demonstrators. "It's the most peaceful place you'll ever be in your life...but the Morton Country sheriffs issued a press release saying that we had guns and pipe bombs and that there were shots fired," a claim Settee emphatically denied.

Protestors faced both state troopers and private DAPL security, Catholique told me, and it was often difficult to distinguish one from another. She said "a few bullets were fired" at a demonstration she attended on her initial trip over the Labour Day weekend, which she suspects came from both the police and security.

Catholique vouched for the peaceful nature of the protests, but said the tension emerged as the standoff wore on. On her first trip, the Lakota Sioux were in charge. "They were the ones who were really putting it out there that this was a peaceful protest. We do not want to lose any lives. We do not want to get into any kind of conflict that is going to linger after everybody leaves."

She continued, "This time around, the Red Warrior camp tried to take control. They were the ones who were really being aggressive and that was not the original goal."

Catholique attributed the movement's prominence, particularly compared with other anti-pipeline struggles, to social media. "It's at the forefront of media now, but it wasn't when I was there in September. Our airwaves were being scrambled." When demonstrators "got online for their livefeeds from camp, then it really took off."

In late October, two University of Northern British Columbia (UNBC) medical students, Nicole Schafenacker and Katriona Auerbach, were arrested at the demonstration, according to the CBC, which prompted UNBC President Daniel Weeks to issue a statement defending their right "to take a position, to exercise their rights to free speech, to peacefully assemble, and to develop and foster informed opinions across a wide range of subject areas."

The students were charged with conspiracy to endanger by fire or explosion, engaging in a riot and maintaining a public nuisance, as were dozens of other protestors who were arrested after a police barricade was set on fire. As of November 3, they were back home in Prince George, B.C., but will have to return to North Dakota unless the charges are dropped.

U.S. Green Party leader Jill Stein and *Democracy Now* host Amy Goodman were also arrested for protesting the DAPL on separate occasions. The rioting charges against Goodman were dropped, while the criminal trespass and criminal mischief charges against Stein had yet to be resolved when the *Monitor* went to print.

The Sioux had gone to court in September to block the pipeline's construction, represented by the environmental law firm Earthjustice. Their request was rejected on October 11, although the D.C. Circuit Court of Appeals acknowledged that their ruling "is not the final word."

Outgoing U.S. president Barack Obama had been mildly critical of the project, saying it ought to be built along a different route, "to accommodate sacred lands of Native Americans." Senator and recent Democratic presidential candidate Bernie Sanders had written an open letter to the president the week before, calling on Obama to reject the project, as he had done with the Keystone XL pipeline.

But the surprise election of race-baiting climate change denier Donald Trump, who now wants to proceed with Keystone XL and is able to reverse the decision to reroute the DAPL, underscores the anti-pipeline movement's urgency, said Settee. "The government is going to be pushing these pipelines through as fast as possible."

Trump until recently owned between $15,000 and $50,000 in stock with Energy Transfer Partners and between $100,000 and $250,000 in Phillips 66, which owns a quarter of the DAPL. A spokesperson for the new U.S. president told the media in early December that Trump had sold his entire stake in the former company, but he would not comment on the latter.

"The more people that we have that organized, that are trained, that are on the frontlines," Settee said, "the better chance we have for a sustainable future." M

DAVID MACDONALD

The federal government spends more than $100 billion a year on tax loopholes.

A shocking amount of that money goes to Canada's wealthy one-per-centers.

MANY OF Canada's federal tax expenditures (or loopholes, as they're often called) are designed to encourage certain types of behaviour, such as sending your children to arts school or making a charitable donation. They can also relieve the burden of some routine costs, as in the case of Canada's tax deductions for union dues and post-secondary education. Other tax expenditures, such as Canada's mineral exploration deduction and the capital gains allowance, are more targeted to wealthy investors.

While it may be tempting to think of one set of tax loopholes as progressive and the other regressive, based on the types of activities they target, this is not a helpful way to judge the fairness of a tax or tax system. We must instead look at which income groups benefit the most from a given tax expenditure. If high-income earners are the big winners, the tax expenditure is regressive and contributing to inequality; if low-income earners take most of the benefit it is relatively progressive.

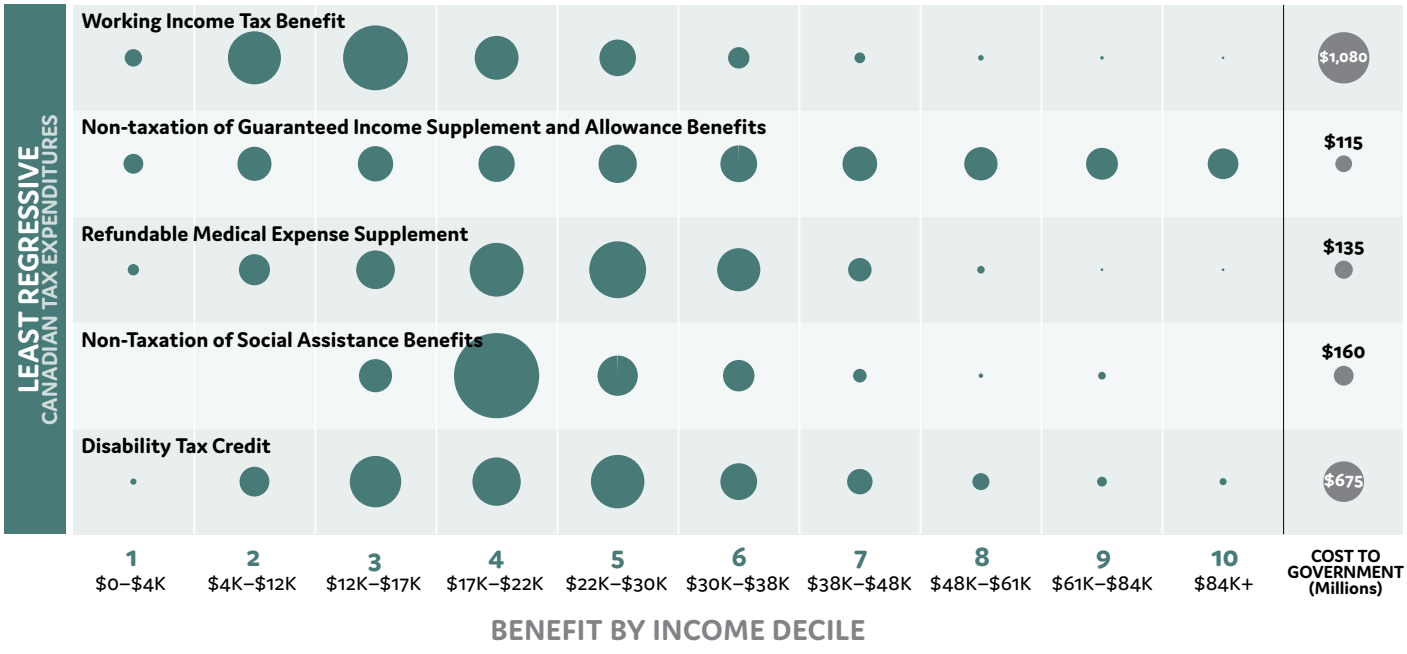
The 2016 federal budget included several measures focused on limiting or closing regressive tax expenditures including tax-free savings accounts (TFSAs) and family income splitting. Concerns about equity played a key role in this decision, since the benefits of both tax policies went mostly to high-income earners. Ending or restricting these and other costly tax expenditures would simplify the tax system and expand government revenues.

My November 2016 report, *Out of the Shadows*, attempts to fill a data gap with respect to Canada's tax system and to contribute to the federal government's current review of tax expenditures. We knew these tax loopholes were expensive, but not who was benefiting the most. We suspected most loopholes would be relatively regressive (i.e., they do not benefit low-income earners or the middle class much), but the situation was actually much worse than we thought.

After crunching some numbers, I found that only five of Canada's 64 tax expenditures could be described as relatively progressive, since at least half of their benefits go to the lower half of income earners. The remaining 59 loopholes are quite regressive in that they provide more than half of their benefits to the top half of the income spectrum.

Put together, the average benefit from tax expenditures is $15,000 for the richest Canadians, but only $130 for the poorest. Yes, low-income earners receive transfers as well, including child benefits, but these only amount to an average $1,100 a year — dramatically less than what the richest get from loopholes.

In total, personal income tax loopholes cost the federal government $103 billion in 2011, which is roughly as much as all income taxes collected that year ($121 billion). It is also not much less than what the federal government spends annually to pay for the Canada Pension Plan, employment insurance, the GST credit, the universal child care benefit, the Canada child tax benefit and the national child benefit supplement combined ($113 billion).



In other words, if the federal government got rid of all tax expenditures it would roughly double the amount of income tax collected — money that could be redistributed to those who need it most by enhancing existing social transfers or creating new ones.

Recognizing this scenario is unlikely (RRSPs, which count as a tax expenditure, are for better or worse a foundation of Canada's private retirement savings regime), my report recommends targeting annual federal savings of 5% ($5.2 billion a year) by closing, capping or phasing-out Canada's most regressive tax loopholes.

For the record, the following charts show Canada's top-five most and least regressive tax expenditures and their costs broken down by income decile.

The most progressive federal tax expenditure is the working income tax benefit (WITB), since 95% of its value is paid to the bottom half of Canadians. The WITB costs just over $1 billion a year, making it the most expensive tax expenditure in this group. Canadians receive more from the program as their income increases to a limit of $10,700 per year, at which point the benefit decreases and eventually phases out. The maximum value one could make from the WITB in 2011 was $944, and most of the benefit is paid to earners in the middle of the income spectrum (people making $12,000 to $17,000 a year).

The most regressive tax expenditure, which comes with a cost to government of $975 million annually, is pension income splitting. This tax measure allows a couple to shift up to half the pension income of the higher-earning spouse to the lower earner at tax time. The lower-earning spouse would still pay tax on the amount transferred but at a lower marginal rate. This transfer effect is why the distribution is negative in deciles three through seven: lower earners will pay higher taxes as pension income is transferred, but presumably net family taxes will be lower.

Benefits from pension income splitting are concentrated at the very top, with 83% of the value of the expenditure going to the richest decile. In contrast with the other most regressive tax expenditures there is a maximum benefit here of $11,675 when $128,800 of pension income is transferred from a higher earner to a spouse with no income. While capped, this maximum benefit is 10 times more generous than any of the five most progressive tax expenditures.

The second most regressive tax expenditure is the employee stock option deduction, which costs the government $740 million a year. About 99% of that money is disbursed to income earners in the top decile, and 100% of that goes to the richest 1% of Canadians. In essence, there is no benefit from this tax expenditure to anyone making less than $215,000 a year.

RECOMMENDATIONS

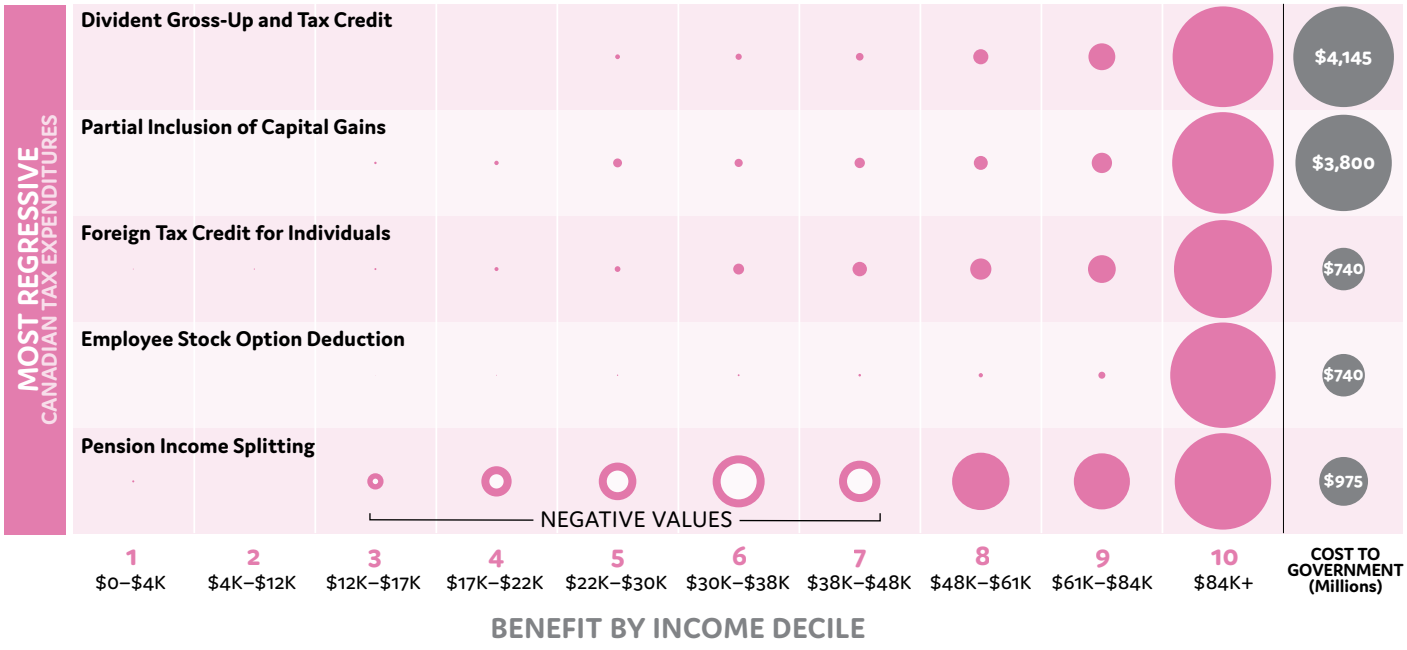
The government could begin to close this massive and opaque hole in our tax system by taking the following measures:

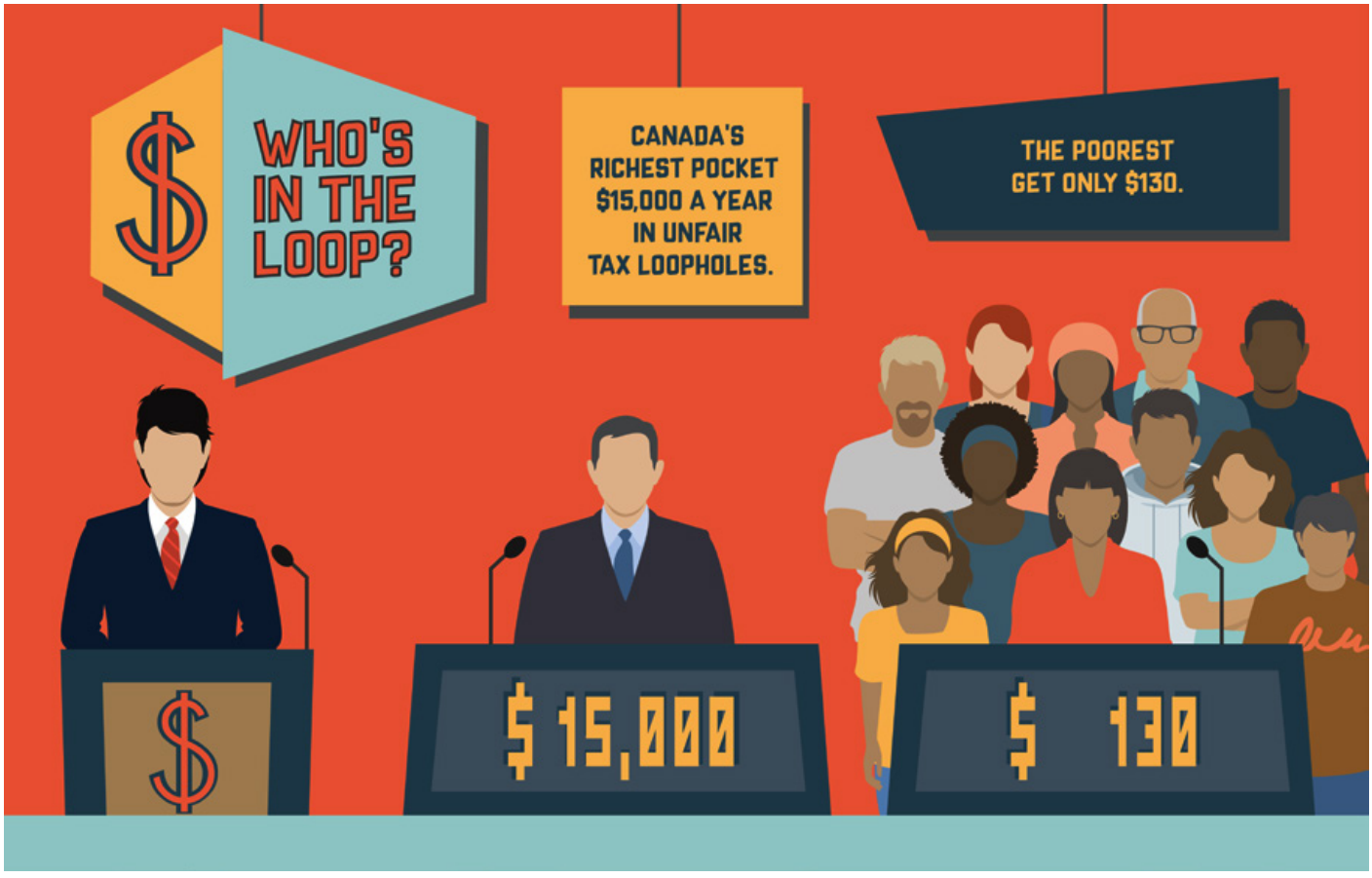
1. Include the income distribution of tax expenditures in government reporting;

2. Include the cost of tax expenditures in the federal budget and fiscal updates;

3. Incorporate income inequality in the federal government's current review of tax expenditures; and, as mentioned above,

4. Target a 5% reduction ($5.2 billion) in annual tax expenditures by closing regressive loopholes. M





CLAIRE YOUNG

Redistribution and inequality

HOW REFORMS TO TAX POLICY COULD HELP CLOSE THE WEALTH GAP IN CANADA

A **2014 REPORT** from the CCPA called *Outrageous Fortune* documented the increasing wealth gap in Canada. Using data from Statistics Canada, CCPA economist David Macdonald demonstrated that for every new dollar of real wealth generated in the country since 1999, 66 cents has gone to the wealthiest 20% of families. As a result, in 2012 Canada's wealthiest 86 families had a combined net worth of $178 billion, roughly the same amount of wealth held by the country's poorest 11.4 million people.

"[M]any gasp at the fact that Canada's richest 20% of families take almost 50% of all income," wrote Macdonald. His comments were more than a rhetorical device: people do want change. Another report in 2014, this one from the Broadbent Institute and based on the same data, surveyed Canadians on their views about the country's wealth gap. It found that "the desire for a more equitable distribution of wealth holds regardless of demographics or past political preferences, including those who voted for the Conservative party in 2011."

Clearly there is an appetite among voters to do something about economic inequality. But do what? I argue that Canada's tax system contributes to and exacerbates this type of economic inequality in Canada, and that a few possible changes to that system would have an immediate positive effect. Some of these changes would affect or eliminate tax breaks that may appear, at first, to be broadly beneficial for a very limited group of taxpayers. But if we are honest about who really benefits most from these measures, and their costs, I think people will agree they are overdue for reform.

We tend to think of taxes and the tax system as being primarily geared toward revenue generation. That is, taxes are collected from individuals and corporations then spent

on government programs. In fact, our tax system is meant to serve many different purposes, including redistributing income and wealth in an effort to reduce inequalities between rich and poor. For example, progressive marginal income tax rates — rates that go up at intervals depending on how much you earn — are used to ensure there is a more equitable distribution of disposable *income* than there would be if everyone, regardless of pay, were taxed at the same rate.

But when it comes to *wealth* redistribution (the distribution of financial, property and other assets) the tax system fails completely and indeed exacerbates the wealth gap. The main reason is that Canada has an extremely low overall tax rate on capital (wealth). Until this issue is redressed, the gap between the rich and poor in Canada will continue to grow.

An international comparison demonstrates this point. OECD statistics show that Canada lags far behind both the United States and the United Kingdom with respect to the overall rate of taxation on capital. For example, Canada is one of only seven of the OECD's 34 member countries that does not have some form of estate or gift tax, the most commonly used tool for taxing capital.

Combined with Canada's non-taxation of capital gains arising from the disposition of property (bonds, shares, real estate and other valuables), the absence of an estate or gift tax results in huge pools of wealth being passed on, tax-free, from generation to generation. This oversight is not just expensive for the government, but it tends to widen the gap between rich and poor in Canada.

Subject to certain exceptions, which I'll address in a moment, if a taxpayer makes money disposing of a capital property, that profit (the difference between what it cost when you acquired the property and what you eventually sold it for) is considered a capital gain, only half of which is taxable under Canadian tax rules. (In the past, three-quarters of the capital gain was taxed, decreasing to two-thirds and finally to half in the year 2000.)

To see how this is preferential treatment, consider that there is no way to avoid paying taxes on 100% of your income. In other words, when wealth creates wealth it is taxed more generously than most people's main source of income, their labour.

Each year, the federal government publishes an account of tax expenditures that details the value of tax revenues foregone because of tax breaks on things like capital gains. It is a lot of money. In 2016, the cost to government of taxing only 50% of capital gains is estimated to be over $6.3 billion. Contrast that amount with the modest $210 million in taxes not collected on social assistance payments.

While some capital gains are taxable, if only in part, many others are not taxed at all. A well-known example is the tax exemption for gains made selling a principal residence (your home). The policy of not taxing home sale profits is clearly meant to encourage home ownership. It is a popular exemption that can be extremely valuable to people of varying incomes, especially when the real estate market is hot. It is therefore difficult to imagine any government willing to end this tax break.

But taken together with the other exemptions for capital gains, there is a problem here in the form of a large and substantially inequitable tax advantage going to those with the money to invest in a home. The comparison with income tax is useful again here. Tax-free profit on property is not usually due to any particular effort on the part of the taxpayer, especially in metropolitan areas such as Vancouver and Toronto, whereas a person's labour is fully included in their taxable income.

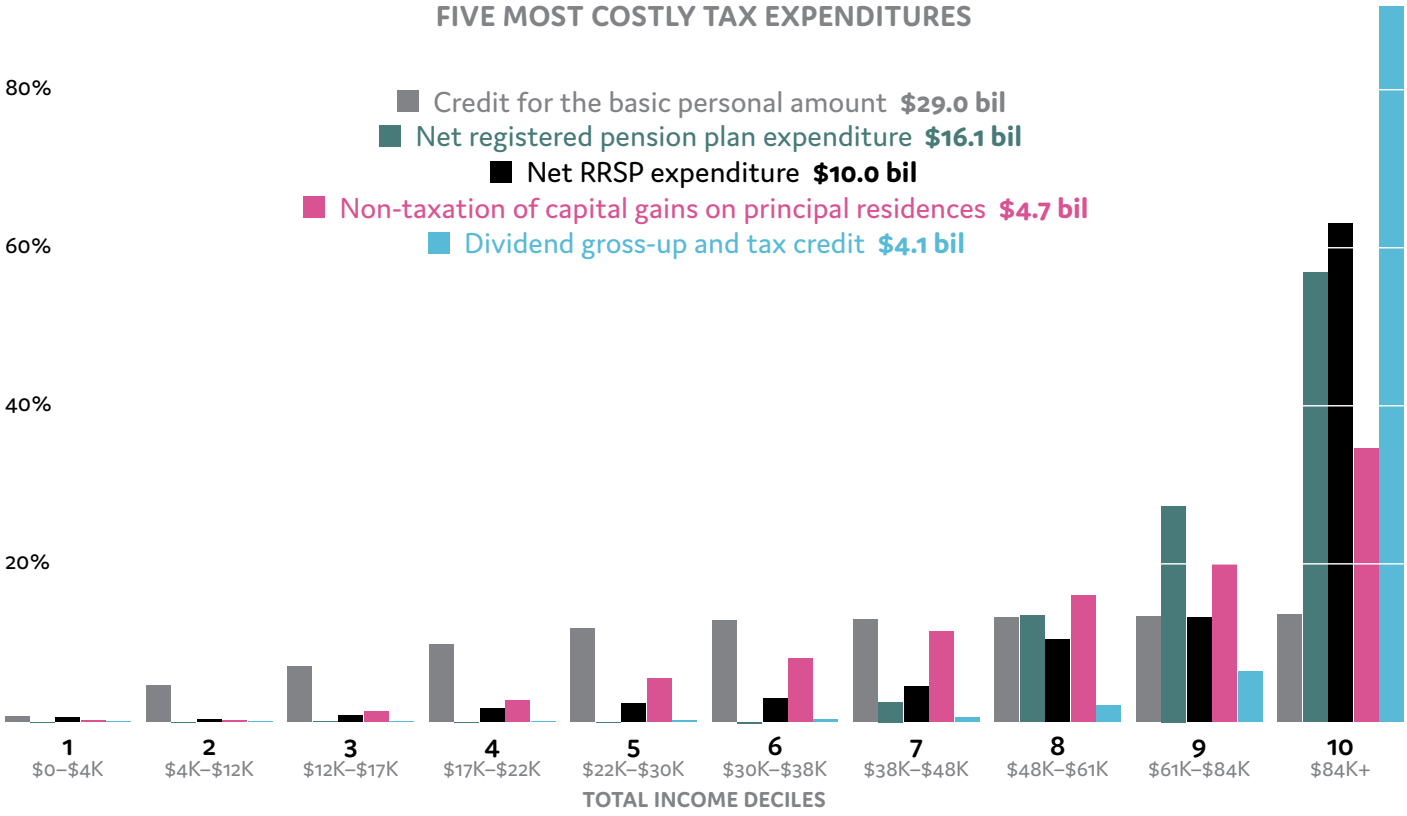
Canada has an extremely low overall tax rate on capital (wealth). Until this issue is redressed, the gap between the rich and poor in Canada will continue to grow.

Consider also that the higher the profits are from home sales and the hotter the market, the more unlikely it is that lower-income earners will be able to buy in and one day realize the same gains. While many homeowners like the capital gains exemption on principal residence sales, it is worth discussing a cap on the tax expenditure. For example, would it not be reasonable to tax windfall profits (above $500,000) on more expensive homes? This would serve a dual purpose of cooling over-hot real estate markets while letting low- and middle-income homeowners keep the tax benefit.

Another significant exemption from taxation relates to gains arising from the transfer of capital property to a spouse. This tax loophole allows one spouse (a person who is married or who is in a common-law relationship lasting at least a year) to defer taxes on the transfer of capital property to the other during their lifetime and, importantly, also on death. Taxes must eventually be paid when the spouse who receives the property disposes of it or dies, but overall the policy encourages people to keep wealth in the family, as a disposition to anyone else would trigger an immediate tax liability.

The issue of preferential tax treatment of spouses is complex: the idea that one should be able to move property within a relationship without having to pay tax has its obvious attractions and rationale. But it is important to note the class dimensions of this feature of the Canadian tax system.

Many people believe it is to their advantage to be taxed as a couple, and that they will pay less tax than they would if taxed as two individuals. That assumption is correct in some cases, mostly affecting those



in middle to upper income brackets, and mainly due to the intra-spousal tax-free transfer of capital. But couples with low incomes and little or no wealth cannot benefit from this tax break. Furthermore, these couples often pay more tax when taxed as a couple than they would when taxed as individuals.

One reason for this is because individuals can lose the GST tax credit and, if they have children, some portion of the Canada Child Benefit when they are taxed as a spousal unit. Those tax breaks come with an income ceiling, based on aggregated spousal incomes, above which one can lose the benefit. This issue was illustrated starkly when lesbians and gay men were included as spouses for tax purposes. The result was a tax windfall for the government because couples with low incomes were now paying more tax than when they were taxed as individuals.

If we are serious about redistributing wealth in Canada and removing the current tax penalty for couples with low incomes and little wealth, removing the tax exemption for intra-spousal transfers of capital property is a good place place to start.

Some dispositions of capital property take place on a completely tax-free basis. One of the most expensive tax loopholes in this category — the lifetime capital gains exemption — will cost the federal government an estimated $1.5 billion in 2016. The tax exemption covers profits from disposing of shares in a small business corporation or certain farming and fishing property.

While many homeowners like the capital gains exemption on principal residence sales, it is worth discussing a cap on the tax expenditure.

While the capital gains exemption is meant to encourage entrepreneurship, it is but one of several big bonuses linked to activities that already benefit from significant income tax–related breaks. Those who earn business income enjoy many more tax breaks than those who receive employment income, and several tax breaks are already designed specifically to reduce the tax paid by farmers and fishers.

If we focus on the fairness of Canada's tax regime, and how effectively it helps redistribute national wealth from top earners to those making lower incomes, we cannot forget tax shelters such as registered retirement savings plans (RRSPs), registered education savings plans (RESPs) and tax-free savings accounts (TFSAs). Taxes are deferred on RRSPs until they are removed from the plan in

CEO SALARIES AT RECORD HIGHS

Over the past 10 years, CEO salaries have weathered economic storms, but the trend is up, up, up! In 2015, total average compensation for Canada's 100 highest-paid CEOs hit a historic high of $9.5 million — 193 times more than the average industrial wage in Canada.

As per recent tradition, CCPA researcher Hugh Mackenzie has calculated the precise moment in the New Year when the average top-100 CEO will have taken home what the average worker will earn all year. Last year, that moment was 12:18 p.m. on January 4, the first official working day of the year. In other words, by that point last January, Canada's top-100 CEOs had already pocketed $48,636, the average income in 2014.

Based on CEO pay data for 2015, reported in 2016, and the Statistics Canada average industrial wage for 2015 ($49,510), the average top-100 CEO in Canada surpassed the average Canadian's earnings this year at 11:47 a.m. on January 3, the first working day.

This staggering discrepancy has become a high-profile proxy for income inequality in Canada and other countries. In his latest report, *Canada's CEO Pay Sunshine List*, Mackenzie notes that in 1995 the average pay of the best-paid 50 CEOs was $2,666,006, rising to $14,341,897 in 2015 — an increase of 438% in 20 years.

Sky-high CEO compensation does not necessarily reflect corporate performance, does not track GDP growth, and may even be destabilizing for the economy at large. Mackenzie makes several recommendations for bringing CEO pay under control, including a stronger role for shareholders in setting compensation levels, higher taxation on top incomes, and eliminating tax preferences for capital gains that encourage bonuses paid in stock options and shares.

-The Monitor

retirement, while capital gains in RESPs and TFSAs escape taxation entirely.

There are tax policy reasons for encouraging people to contribute to these plans. For example, a well-financed RESP can make paying for a child's post-secondary education easy. But we must ask ourselves who is taking advantage of these tax shelters and, more importantly, who has no access to them because of their low income and lack of wealth.

Contributing to RRSPs, TFSAs and RESPs is dependent on having the discretionary income available. Studies show, for example, that men contribute more than women to these savings vehicles, and those with high incomes save more than those with low incomes. The Parliamentary Budget Officer has reported on how, over time, foregone government revenues from TFSAs will represent a staggering pool of untaxable accumulated wealth — a process that in itself perpetuates inequality in Canada while impoverishing efforts at redistribution.

As mentioned already, Canada is further limited in this respect by being one of the few countries that does not levy an estate tax, succession duties (tax on inheritances) or gift tax. The federal government ceded this field of taxation to the provinces in 1971, but eventually they dropped out, too. In 1993, the Ontario Fair Tax Commission called on the federal government to introduce an estate tax, as exists in so many of Canada's OECD contemporaries, but there have been no serious moves in that direction since then.

As long as Canadian tax breaks for capital gains remain as they are, the wealth gap will continue to grow. While our income tax system is relatively progressive in the way it helps redistribute the national income, we need to get serious about the redistribution of wealth in Canada. Our record is woeful compared to other countries. It is time to start removing some of our tax exemptions on capital property, and to consider the use of an estate and gift tax regime as part of any effort to redress economic inequality. M

HADRIAN MERTINS-KIRKWOOD

How closing tax loopholes could pay for a green economy

TAX LOOPHOLES in Canada cost the federal government $103 billion per year in foregone revenue, with most of the benefits going to the wealthiest Canadians. What could you do with that much money?

For starters, you could eliminate post-secondary tuition fees. Then you could create a universal child care program. And then a national pharmacare program. Heck, there's money left over. Let's massively expand anti-poverty programs for children, seniors and First Nations while we're at it.

With $103 billion in new revenues, the entire platform laid out in the Alternative Federal Budget could easily be implemented with money left over.

So let's ask a different hypothetical question: if the federal government had an extra $103 billion per year to invest in Canada's fight against climate change, what could it be used for? How far could we reduce the country's greenhouse gas (GHG) emissions in, say, the next 15 years?

By my back-of-the-envelope calculations, replacing all of Canada's conventional power plants (coal, natural gas, oil, etc.) with the equivalent generating capacity in solar and wind projects (at a 25/75 split) would cost around $90 billion and reduce greenhouse gas (GHG) emissions by 11% relative to current levels. Let's double the sticker price to account for increased electricity demand in the future. Spread out over 15 years, that's just $12 billion per year in renewable energy investment.

Completely phasing out the oil and gas sector would reduce Canadian GHG emissions by 26%. Offering generous compensation and skills retraining to the 150,000 people employed in that sector might cost as much as $15 billion (at $100,000 per person), or $1 billion per year in our scenario, but we could easily afford it.

If we really wanted to make an impact we could totally electrify the transportation system. The federal government could replace the 24 million cars, buses and heavy trucks on the road with new electric models (at, say, an average cost of $30,000 per vehicle) for $720 billion, or $48 billion per year for 15 years. It's an outlandish idea (not least because public transit is a much better investment), but we could still afford it. Electrifying the vehicle fleet would reduce GHG emissions by 23% and create countless jobs in auto manufacturing and supporting industries.

We still haven't addressed buildings, heavy industry, agriculture or waste, which are collectively responsible for the remaining 40% of Canada's emissions. There are no quick fixes, so let's allocate $35 billion per year to a massive national retrofitting and innovation program to improve energy efficiency across the country. Besides reducing energy use, that investment would create hundreds of thousands of well-paid jobs spread across every region of the country.

As the cherry on top, Canada could uphold its Paris Agreement commitment to provide meaningful climate financing to developing countries. Collectively, developed countries have promised US$100 billion per year by 2020. If Canada generously provided 5% of the total that would be another $7 billion per year, which brings us up to $103 billion per year in reconstituted tax loopholes.

This "plan" is hardly the most realistic or efficient approach to emissions reductions, and closing every single tax loophole is neither beneficial nor feasible (e.g., it would mean ending tax-deferred registered pension plans end eliminating the progressive working income tax benefit). But it's an illustration of just how ambitious we could be on climate change with a significant injection of federal cash into Canada's low carbon transition.

Ignoring many obvious logistical hurdles, the measures outlined above would reduce Canada's GHG emissions by well over 60% in just 15 years, easily exceeding our 2030 target and putting us on a clear path to our new 2050 target, while simultaneously creating hundreds of thousands of good jobs.

And that's without any form of carbon pricing, which would by itself drive emissions reductions and enable new funding for climate initiatives. Coupling a strong national carbon price with a fraction of $103 billion per year in new green investments would be more than Canada needs to drastically reduce emissions in a very short time and ensure an equitable, inclusive and economically productive outcome for everyone in Canada.

For Canada to get there, we first need to make the political choice to end business as usual and invest in a greener future. Closing some of the billions of dollars in tax loopholes going to the wealthy and investing the proceeds in climate initiatives is a sensible place to start. M

ROBIN SHABAN

Takeovers and taxation

THERE ARE WAYS TO TEMPER THE EFFECT OF MERGERS AND ACQUISITIONS ON INEQUALITY

IF WE are interested in addressing the trend of growing wealth inequality in Canada, we should be paying more attention to domestic merger and acquisition (M&A) activity. These transactions are a unique mechanism for generating wealth inequality and therefore one more good reason why we should close tax loopholes that primarily benefit the wealthy.

To provide some context, 2015 saw $374.1 billion worth of M&As take place involving Canadian companies, which made it the most active year for M&As in the last seven. Of this amount, about $102.9 billion (just under a third) involved transactions between Canadian firms. To put it another way, in 2015 Canadian business owners who sold their business to another owner collectively earned revenue equal to about 5% of nominal GDP.

How do mergers and acquisitions generate inequality? I believe the best way to answer this question is to discuss why M&As are profitable. On a theoretical level, there are two main reasons for this.

Firstly, the new merged business may be more efficient having combined the resources of two previously existing companies, allowing it to make and sell products at a lower cost. In general, efficiencies include any innovation, arrangement or enhancement directly resulting from a transaction that improves productivity and profitability. Creating efficiencies can be a good thing, theoretically, if they make the best use of precious resources to create a higher quality of life for citizens.

Secondly, and less favourably, the new business coming out of an M&A may be profitable because the merger removes a competitor from the market. With less competitive pressure, the merged business can charge a higher price (or provide a lower quality product for the same price). With less competition the merged business can make more money at the expense of people with no choice but to purchase the product at a higher price.

Canadian regulators of merger activity would likely tell you M&As are profitable solely because they generate efficiencies. In the interest of consumer welfare, our government has a regulatory system that is meant to prevent M&As that are profitable because they reduce competition. M&As over a specific size (value) require the approval of the Competition Bureau, and this tends to be granted if the deal is not likely to significantly lessen or prevent competition. In the words of a former director at the Competition Bureau, "the very fact that so few mergers are contested by antitrust authorities [on the grounds of being anti-competitive] illustrates the prevalence of cost savings in motivating transactions."

In fact, unlike most countries, Canada makes special exemptions for mergers that generate efficiencies. According to the Competition Act, if a merger will likely hurt consumers by reducing competition the merger will still be approved if the efficiencies surpass and offset any potential harm. This exemption is called the "efficiencies defence."

However, a fascinating working paper released by the U.S. Federal Reserve in October provides a different perspective. It suggests that M&A regulation is, on the whole, ineffective. In general, merged firms earn profit primarily through reduced competition and generate few efficiencies. This finding is particularly shocking given stringent M&A laws in the U.S. that do not permit a Canadian-style efficiencies defence.

In my view, it is likely the profitability of any given merger or acquisition is influenced by multiple factors, and to varying degrees. Regardless, the two main mechanisms for generating profit through M&As are culpable of generating inequality.

If an M&A is profitable the shareholders gain from that profit. To own shares in a company requires surplus wealth (e.g., surplus income not used for housing, food, education, etc.). Shareholders therefore tend to be among Canada's highest income earners, but generally include those who are wealthy enough to have savings. Profitable M&As therefore make the rich richer.

More specifically, shareholders of the firm that is acquired (the "target") receive most, if not all, of the gains from an M&A. The number of target shareholders is generally smaller than the number of shareholders in the acquiring firm, so the wealth generated by M&As is concentrated in the hands of a relatively small group of people. Executives at the merging companies may also receive bonuses upon completing a transaction. The profit of the merged firm is then greater than the sum of the profits of the two firms pre-transaction because it has reduced its operating costs.

M&As also create losers. In the case where a transaction reduces competition shareholders profit by extracting wealth from consumers through higher prices (or by offering a lower quality product at the same price). Realizing efficiencies can also

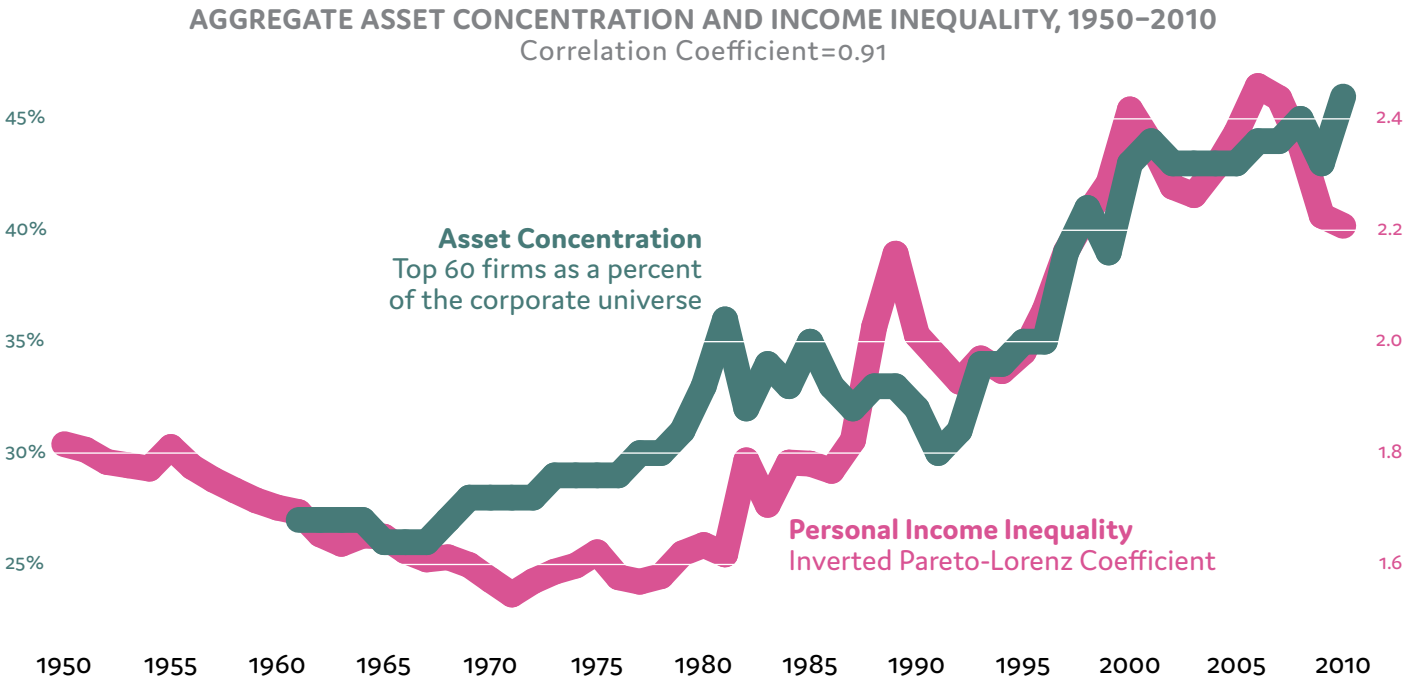


Chart taken from the CCPA report, *Ascent of Giants: NAFTA, Corporate Power and the Growing Income Gap*, by Jordan Brennan (February 2015).

harm workers: laying off "redundant" staff post-transaction is very likely the most common type of efficiency. From a utilitarian perspective, society is better off because, in theory, labour will be redirected to a more useful purpose, i.e., fired workers will move on to other jobs where they are wanted. But this is no solace to workers facing shrinking average wages from new jobs created, as reported by Statistics Canada this summer.

Even if M&A profits come from genuine improvements in the merged business or its products/services we should be concerned that people are adequately compensated for any hardship they endure. Likewise, while it may be reasonable for investors to expect a greater return on riskier investments, surely there are ways to ensure the gains enjoyed by the relatively wealthy are equitably distributed to those who lost out from the deal.

A progressive taxation policy could be a reliable way to correct for the wealth inequality generated from M&As. Unfortunately, Canada's current tax system is not up to the task.

Taxation of personal income earned from corporate profits is far lower than it is for employment income (as discussed elsewhere in this issue of the *Monitor*). Not only are marginal rates for this kind of income significantly lower, but there are a multitude of tax expenditure programs (i.e., tax loopholes) that reduce the effective tax rate on income from stocks and other investments.

Some of the worst tax breaks relate to M&A profits: pension income splitting, the dividend gross-up, the stock option deduction, and credit for partial inclusion of capital gains. A recent report from the CCPA, *Out of the Shadows*, finds that in 2011 the government spent about $9.7 billion to pay for these four tax expenditures alone, which benefit almost exclusively Canada's highest income earners.

Admittedly, it would be difficult to get an accurate estimate of the value of forgone taxes directly attributable to M&A activity. However, the CCPA report clearly illustrates that our current taxation system is not compatible with the goal of preventing the growth of wealth inequality due to M&A activity. No matter how you slice it, M&As transfer wealth to the wealthiest individuals in our society, often at the cost of those with fewer means.

My intention here is not to demonize all mergers and acquisitions, simply to point out a progressive redistributive tax system — to compensate for the upward movement of wealth through M&As — is in the interests of the overall health of society. Some efficiencies (e.g., layoffs) create pressures on individuals, family life and Canada's social safety net. The links between poverty and higher risks of illness — with the costs this creates for health systems — are well documented.

The architects of the Competition Act were very aware that in order for laws regulating business conduct to be effective they require complementary economic policy in other realms. The intersection of Canada's domestic M&A regulations and taxation policy is an example of the need for policy synchronization, as alluded to in the 1969 interim report on competition policy. But clearly more work needs to be done drawing the connections between today's expanding wealth inequality and existing Canadian policy. Do we need to reconsider Canada's "efficiencies defence," for example?

The federal government committed in its 2016 budget to reviewing Canada's tax system, including current tax loopholes, some of which relate to business takeovers. This review is a valuable opportunity to make a measurable impact on preventing the growth of inequality, including that generated through M&As. M

MARC LEE

The case for a progressive property tax

IN 1993, Glen Clark, then B.C. finance minister, tabled a controversial budget featuring a wide range of tax changes. A one-point increase in the provincial sales tax was the largest measure, tempered by the introduction of a refundable sales tax credit. Most of the budget measures increased taxes on the wealthy and corporations. Up went the top marginal income tax rates for the top 8% of British Columbians, as did the general corporate income tax rate.

Among the measures tabled was a progressive increase in provincial property taxes (officially called the "school tax," but already de-coupled from actual education expenditures). On top of regular property tax, the budget proposed a surtax with income-tax-like brackets of 0.5% on homes valued over $500,000, rising to 1% on homes over $700,000, and 1.5% on value over $900,000.

The budget reckoned this progressive property surtax would only apply to about 25,000–30,000 "high-valued single residential dwellings" in the province, or about 2.5% of the total housing stock. Unfortunately, the property tax proposal triggered a political firestorm and was pulled off the table due to concerns about the potential harm to seniors living on fixed incomes — the "property rich but cash poor" — who would not be able to afford higher property taxes.

In hindsight, the 1993 budget may well have been the most progressive tax shift in B.C. history. Stung by criticism of new taxes in general, and the property tax in particular, the 1994 budget (tabled by a new finance minister, Elizabeth Cull) instead promised a three-year tax freeze. The NDP government would never again attempt major reforms to the tax system before losing power to the B.C. Liberals in 2001.

More than two decades later, it is time to revisit the idea of progressive property taxation in light of house price inflation that has fuelled a growing gap between homeowners and renters. Economists consider property taxes to be an efficient and effective form of taxation because people cannot move their property to another jurisdiction to avoid the tax. Property tax rates in Metro Vancouver are already low when compared to other Canadian cities.

Making the property tax progressive would be a step toward the progressive taxation of wealth (including financial assets), as recommended by French economist Thomas Piketty in *Capital in the 21st Century*. Progressive property taxes have precedents in Europe, including Denmark, Finland and Germany.

What would a progressive approach to property taxes look like in B.C.? Current practice is that property taxes are determined by the product of assessed housing value multiplied by a "mill rate" determined annually by municipal governments based on their expenditure needs. But the property tax rate itself is a flat percentage, unlike the income tax, with its multiple brackets.

The proposed surtax thresholds from the 1993 budget are from a different era. A modernized version proposed by Simon Fraser University economist Jonathan Rhys Kesselman calls for a property surtax of 0.5% on home values between $1 million and $1.5 million, 1% on home values between $1.5 million and $2 million, 1.5% on values between $2 million and $3 million, and 2% on homes worth more than $3 million. Kesselman's proposal would allow homeowners to credit their previous year's B.C. income tax against the surtax, thus aiming it squarely at non-resident owners and vacant properties.

This framework, however, could be more broadly aimed at taxing windfall gains from housing price escalation; these are more like lottery

ANNUAL PROPERTY SURTAX BASED ON KESSELMAN'S PROPOSAL

HOME VALUE	KESSELMAN SURTAX
$500,000	$0
$1 million	$0
$1.25 million	$1,250
$1.75 million	$5,000
$2 million	$7,500
$5 million	$62,500

winnings than the proceeds of hard work. A progressive property tax on all properties, regardless of whether the owner resides in B.C. or not, would raise substantial revenues — about $1.7 billion per year — in support of an ambitious affordable/social housing construction plan, while tackling growing wealth inequality.

Kesselman's proposal is just one of many possible examples of a progressive property tax regime. The threshold for the surtax need not start at $1 million of assessed value, and there is no reason why brackets could not continue to increase above $3 million.

Implementation of this approach could occur through the provincial portion of the property tax. Alternatively, it could be implemented at a regional or municipal level, if given legal authorization by the province. For example, only half of the property taxes collected by the City of Vancouver are for its own purposes, while 38% goes to the B.C. government, another 9% to Translink and 2% to Metro Vancouver's regional government.

What of the legitimate concerns about fixed-income seniors living in homes purchased long ago? B.C. already allows seniors to defer paying the surtax until the property is sold, so continuing this policy would be sensible, perhaps with some income test to ensure very wealthy individuals are not taking unfair advantage of the deferral program.

Like the GST credit, Canada Child Benefit or old age security, the new program could be designed to provide greater benefit to low-income households and then phase out gradually as income rises.

Another means of ensuring fairness would be to reform the current homeowner grant (HOG), which goes to all qualifying homeowners regardless of their income. The homeowner grant is costly to the provincial treasury: $814 million in 2014-15, representing about half of total provincial property tax revenues from homes. The grant currently provides a $570 reduction in provincial property taxes for properties under $1.2 million in market value, and is then phased out and eliminated for properties assessed at more than $1.31 million. The recent surge in Vancouver real estate prices pushed many new households over one or both thresholds. For seniors, there is an additional HOG amount, making the total grant $845.

A fairer approach would be to eliminate homeowner grants in favour of an income-tested credit/transfer program. Like the GST credit, Canada Child Benefit or old age security, the new program could be designed to provide greater benefit to low-income households and then phase out gradually as income rises. Unlike the current HOG, renters would be included in this system, as they pay property taxes indirectly through their rent. (Sadly, the 1993 B.C. budget also killed the "renters' tax reduction," an income tax credit for renters that used to complement the HOG.)

B.C. already has multiple brackets for the property transfer tax, but these only apply when a house is sold, and it's an unpredictable revenue source. Progressive property taxation would bring benefits every year by making the property tax system more fair to renters, reducing wealth inequality and improving the overall equity of the tax system.

Finally, a progressive property tax system would raise substantial revenues in support of a much-needed affordable housing building spree over the coming decades. M

ARMINE YALNIZYAN

Redistribution through a basic income

ARE WE BETTER OFF WHEN WE HAVE MORE INCOME, OR NEED LESS OF IT?

AS THE Ontario and Quebec governments design their versions of a basic income pilot program, Canadians find themselves engaged in a policy question we haven't grappled with in almost half a century: how should the welfare state evolve?

At the heart of the basic income debate is a discussion about what's required for everyone to have a basically decent life. Implicitly, it embraces a conversation about the importance of markets in that pursuit.

A market-based approach stresses the importance of more money, which buys more freedom and choice in the market. A health-based approach offers more public services that are not contingent on income, which buys more freedom from the market.

Governments improve lives by providing both income transfers and public services. A basic income may improve lives by increasing income. But governments can also reduce the need for spending on certain goods and services by providing access to them regardless of income.

For example, care provided by publicly insured doctors and hospitals and taxpayer-funded public schools dramatically reduce poverty and inequality. They address consumption inequality, not income inequality. Neither puts a penny in your pocket, but both directly improve your individual health, opportunity and mobility.

Essentially, public services decommodify the basics, which helps those struggling with low income the most by far. The advantage of improved public services is that they also make things cheaper for everyone (through scale and by eliminating for-profit exigencies and tax obligations), while improving the quality of life and making incomes and markets matter less.

That's the learning from decades of evolution of the welfare state, yet it is basic income — a centuries-old idea — which has galloped ahead on the policy agenda in the past year. Perhaps it's not that surprising, as it is a familiar idea arriving in a particular policy context.

For the past 20 years or more, governments put a priority on tax cuts as a way to put money in your pocket. A basic income does the same thing using an income transfer instead. Like tax cuts, transfers can be broad-based or targeted; they can provide large or small amounts. But like tax cuts, more money in your pocket doesn't change the status quo in the market. Your cash, received as an individual, doesn't create another unit of affordable housing or create one new child care space.

Just as the calculation of a living wage depends on the range of public services available in a particular community, the amount of money needed to beat poverty or unleash potential depends on what governments do other than put money in your pocket. You need less cash if you're not paying as much out of pocket for child care, prescriptions, post-secondary education, public transit and dental care. Basic needs are publicly subsidized to greater or lesser extents in each community. Whether more cash or more support is more effective depends on the objective being pursued.

What's the problem for which basic income is the solution? Basic income is often portrayed as the remedy to a future where robots eat our jobs, or a way to liberate people from wage labour and unleash their potential. This was the approach taken by the Swiss in their June 2016 referendum on a proposal to offer a universal stipend worth about C$35,000 annually, costing about 30% of GDP. Voters rejected the idea, with 77% voting no. More likely, Canada's approach will be narrower, focused on reducing public expenditures or reducing poverty — or possibly both.

A poverty reduction focus could include the working poor or it could be restricted to social assistance recipients, as is the case with a current pilot project involving 250 people in the Dutch city of Utrecht. One group in that pilot will receive standard welfare benefits, while another will receive more — about C$17,000 per year. A third group can receive up to an additional $2,000 if they volunteer. A fourth will receive the bonus but lose it if they don't volunteer.

We could, alternatively, design a pilot project that prioritizes goals such as increasing efficiencies and eliminating bureaucracy, thereby replacing other forms of income support with a single tax-based cash transfer. Or we could use the exercise to reduce costs, as Finland's pilot project is expected to do. Current proposals target 2,000 unemployed people, providing 560 euros a month (about C$9,800 annually) whether they work or not.

The critical questions regarding the design and cost of a basic income policy are not just how much for whom, but also what else is in the mix? Welfare recipients in Canada don't get much cash, but most also receive some level of access to drugs, dental and vision care, housing benefits and other limited support.

Of course, for virtually every income class, the single biggest house-

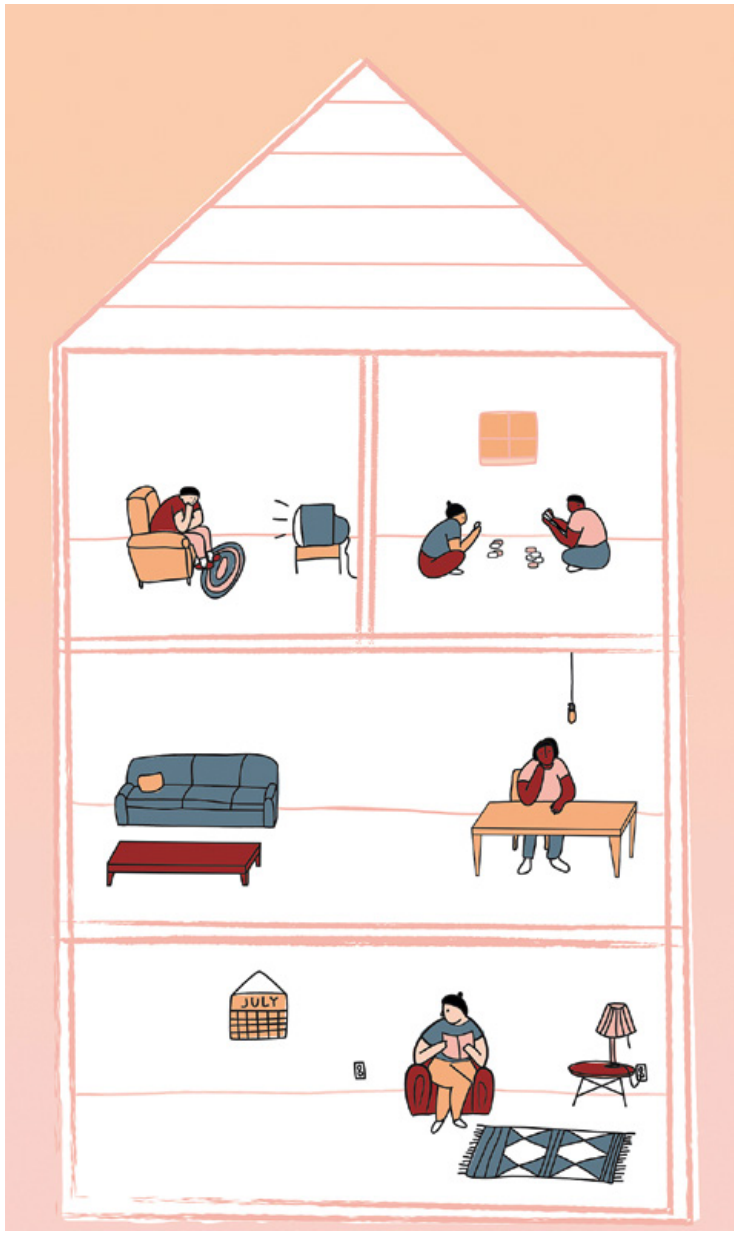
hold budget outlay is housing. Without rent control most of a basic income cheque would go in one pocket and out the other to pay the landlord, a complex redistribution scheme involving large amounts of taxpayer dollars being transferred to people least likely to need financial support.

How much money could we be talking about? Across Canada, a universal basic income of $10,000 a year would cost $350 billion (17.5% of GDP) minus any reduction or elimination of existing income transfers. A more modest and targeted goal of raising everyone's income above the poverty line would cost an estimated $30 billion per year over and above existing programs. Paying for this basic income program would require taxpayers to chip in the equivalent of about four percentage points more in sales taxes across Canada. The majority of Canadians would pay but see no benefit, as they are not poor. Even if a consensus developed around this kind of policy fix, how long would it hold?

Contrast this with another possibility: the CCPA Alternative Federal Budget shows that for half the annual cost of a poverty-eliminating basic income ($15 billion) we could permanently expand the stock of affordable housing, child care and public transit, as well as almost eliminate user costs for pharmacare, dental care and post-secondary schooling. After a decade, we would have greater access to more high quality, affordable necessities of life—not just for the poor, but for everyone.

Spend a little more and you could offer free access to community and recreation centre programming, expanded mental health services, universal access to low-cost internet and more legal aid. The net result: more participation, more mobility, more potential, more healthy people, more justice. Add to that list less political friction and disenfranchisement, and more solidarity.

Solidarity will be a key consideration as the economy evolves. The accelerating automation of work; the growing precariousness of jobs for newcomers and youth; and the mother of it all—*slowth* (long-term slow or no growth, the result of population aging, technology and global instability)—mean that while the status quo is not an option, change will be difficult.



ILLUSTRATIONS BY ALISHA DAVIDSON

As the largest cohort of retirees in history move into position, their fixed or falling incomes add pressure to keep the cost of living down. Their anxiety is shared by workers who can barely make ends meet. In this environment, the next generation of workers in both the public and private sectors may find it difficult to see wage gains despite potentially widespread labour shortages.

That does not rule out progress and a better quality of life, but the new prosperity may be less a result of higher income for the individual than a higher social wage for all, through broader access and greater quality of public services that enhance our individual health and opportunity, and build a society's health and resilience. It's also a far easier sell in an era of slow growth.

The basic income exercise has fired imaginations across the globe. We should use this moment to experiment with designs that can tell us if we're better off when we have more income, or need less of it. M

KAREN FOSTER

Basic income and seasonal work

A SMALL BUT substantial proportion of all jobs in Canada are seasonal. By definition, the proportion fluctuates with the seasons, but the latest Statistics Canada data (CANSIM, 2016) tell us that the number of workers in seasonal jobs can range from a low of 214,000 in mid-winter to a high of 766,000 in summer. This represents roughly 2–5% of all workers in the country. In the Atlantic provinces the incidence is much higher, with about one in 10 workers in seasonal jobs.

Thus, although it's marginal, so-called "seasonality" in employment is a reality for hundreds of thousands of Canadians. It's also a constant concern for policy-makers, and for employers — especially those in rural areas — who have difficulty recruiting people with job offers that only cover part of the year.

In many industries, like seafood processing and agriculture, the apparent reluctance of Canadian workers to take seasonal jobs has led employers to seek migrant workers through the temporary foreign worker program. Canadian workers who do take seasonal jobs are left with the problem of how to make a living year-round. In all but a few exceptional instances — e.g., the crude stereotype of the wealthy fisherman — one season's income cannot stretch over a whole year.

In most communities it is also difficult (if not impossible) to match a seasonal job with a job in a different industry for the rest of the year. As the aggregate numbers show us, there is an abundance of jobs in the summer, but in winter it's reduced by two-thirds. There simply aren't enough winter seasonal jobs to go around. Accordingly, the solution for many seasonal workers is to collect employment insurance (EI) in the winter.

The last published attempt to measure the connection between EI and seasonal employment is likely outdated (from 2003), but it points to a strong correlation: 61% of all seasonal jobs reported in the national survey of labour and income dynamics were followed by a period of collecting EI benefits. It is prudent to ask whether or not the EI system should serve this function, and governments have indeed asked that question before. In 2012, the federal government answered it with some EI reforms meant to coerce seasonal workers to find other jobs in the off-season instead of relying on EI benefits.

The swift reaction from seasonal workers, employers and industries, and the mainly rural communities that rely on them, along with the CANSIM statistics that show no long-term reduction in claims after 2012, suggest that seasonal workers are not simply opting out of work in the off-season. Seasonal fluctuations in employment, in other words, are not a problem of individual motivation; they are a structural feature of our economy. Thus, they require structural support — as even the freest of free markets always do, in practice if not in theory.

As a sociologist who studies work, unemployment, productivity and, most recently, rural economies, I have come to believe that a basic income is the most promising solution to cyclical and structural unemployment, and especially the seasonal employment that sustains the Atlantic provinces where I live and work. There are many reasons, but three stand out.

First, a basic income lacks the moral baggage of EI or social assistance. It's a moral project, certainly, because it rests on the belief that everyone deserves to live with dignity and security. But in the model of basic income I endorse, a person does not have to prove his or her moral worthiness by declaring and demonstrating a willingness to work. Seasonal workers would not be shamed for selling their labour to the industries we benefit from — the fisheries, forestry, tourism, agriculture, outdoor recreation — or pressured in the off-season to seek a job that isn't there.

If we stick with a system that punishes and treats with suspicion workers in these industries we will continue to see labour shortages and disappearing small communities. I can only conclude that we have stuck with this system so far because we are afraid of what happens when people don't have to sell their labour to live. However, all of the pilot tests of basic income have shown that it is precisely this attachment to work as a meaningful and moral activity that ensures that most (if not all) people would continue to work for a paycheque.

Second, a basic income dispenses with the increasingly naïve idea that we can employ everybody all the time. Since Confederation we have been working harder and smarter, and throwing money into new technologies, in pursuit of increased productivity. The flipside of increased productivity is less work for people. We can either scramble to invent more jobs by inventing more needs for ourselves or we can treat ourselves to a society where we all work a little less and have more time for our commu-

nities, families and creative pursuits (or, god forbid it, time to do nothing).

In communities with seasonal industries, a basic income opens up the possibility for people to work all summer for pay and then take the winters to read, do house repairs, go on vacations, raise children, play a sport, make art, write stories, plan events—all of the stuff that makes life worth living.

Third, a basic income could do all this without a gigantic bureaucratic structure full of people whose job it is to make sure other people are being honest about their job searches. It could replace much of our current patchwork of regular government transfers, each with their own piles of paperwork, in a single payment. There could still be top-ups for people with disabilities and parents of young children, and EI would have to remain for people who lose their jobs. But EI as a Band-Aid solution for the wounds left by seasonal industries could disappear entirely.

Overall, a basic income promises to help us come to terms with our economy and job market as they actually exist—not as they exist in the imaginations of orthodox and neoliberal economists, seasonal fluctuations and all. M

THESE TWO ARTICLES ON THE IDEA OF A BASIC INCOME ARE EXCERPTED FROM THE CCPA COLLECTION, *BASIC INCOME: RETHINKING SOCIAL POLICY*, EDITED BY ALEX HIMELFARB, CHAIR OF THE CCPA-ONTARIO'S ADVISORY BOARD, AND TRISH HENNESSY, DIRECTOR OF CCPA-ON, AND RELEASED IN OCTOBER (WWW.POLICYALTERNATIVES.CA).

SAM PIZZIGATI

Should we assign tax collectors to the super rich?

WE DON'T know exactly how much Donald Trump paid in taxes last year. (He hasn't released his 2015 federal income tax return yet and most likely never will.) But let's keep in mind that we don't actually know how much any individual American billionaire paid in taxes last year, with just one exception: in October, investor Warren Buffett released his own basic tax info as a protest of sorts against the soon-to-be U.S. president.

We do, on the other hand, have a sense of just how much our billionaires as a group are shelling out at tax time.

Give credit for that to statisticians at the Internal Revenue Service (IRS). Over recent years, they've been publishing annual reports on America's 400 highest-income tax returns. The most recent of these reports (in 2013) reveals our top 400 averaged an amazing US$265 million in income — and paid, on average, just under 23% of that in federal income tax. Some of the top 400 billionaires fared far better than that average. Forty-three of them paid less than 15% of their reported incomes in federal tax. On paper, remember, rich couples in 2015 faced a 39.6% tax rate on ordinary income over US$464,850.

What explains the gap between that 39.6% and the much lower actual tax rate on rich people's incomes? In a word, loopholes. The rich play all sorts of games — some just a little shady, some a lot — to get their effective tax rate down as low as possible. If the new president wanted to undo this "rigged" tax status quo and narrow the gap between what the law says rich elites should pay in taxes and what they do pay, he could start by assigning America's super rich their own personal tax collectors.

That's just what they're doing in Britain right now, in a special tax compliance project that U.K. tax officials launched in 2009. Her Majesty's Revenue and Customs (HMRC), the British counterpart to America's IRS, has identified 6,500 U.K. taxpayers worth over £20 million — the equivalent of about US$25 million — and matched each of these "high net worth individuals" with an HMRC "customer relationship manager."

These personal tax collectors operate as half tax cop and half concierge. Wearing the concierge cap, the customer relationship managers try to be as helpful as possible to wealthy taxpayers. They'll readily answer, for instance, any question a wealthy taxpayer may have about a legally questionable tax-related move the taxpayer might be thinking of making. As tax cops, customer relationship managers are constantly looking over the shoulders of the individual wealthy taxpayers they're monitoring, watching out for fraud and any attempt to fudge income and tax-due figures.

HMRC has wisely built into this intense monitoring effort a series of safeguards to prevent what good-government analysts in the United States call "regulatory capture," the situations that develop when regulators get too close to the regulated and start ignoring the public interest. Among these safeguards: HMRC regularly rotates the customer relationship managers assigned to each super wealthy taxpayer. And individual relationship managers don't get to make the final call on whether to pursue tax fraud investigations or not.

What sort of impact is this new British crackdown on wealthy taxpayers having? In 2015, the U.K.'s 6,500 richest taxpayers voluntarily declared tax liabilities of £4.3 billion, about US$5.3 billion. The compliance work of the HMRC special tax monitors assigned to the wealthy has already recovered another £416 million from these same super rich. British tax officials have also identified — and are going after — another £1.9 billion the super rich should have paid in taxes over recent years but haven't.

In other words, the dust could settle with the British super rich paying 35% more of their income in taxes than they initially expected to pay. In the United States, collecting 35% more in taxes from the nation's richest would, in 2013, have brought in an impressive US$8.5 billion in new revenue from just 400 taxpayers.

Only one other nation (the Netherlands) now has a system in place that mirrors what British tax officials are doing, and this Dutch effort has only just begun. America's IRS does, to be sure, have a unit that concentrates on taxpayers of high net worth. But the United States hasn't yet given these high-end taxpayers anything near the level of across-the-board scrutiny that Britain's HMRC has.

Could that situation change? Our top tax officials should take a look at the new report on the U.K. approach released in early November by Britain's National Audit Office. The report offers powerful evidence that placing the tax affairs of all a nation's ultra-rich taxpayers under the microscope can yield significant benefits. How significant? U.K. auditors have calculated the British tax authorities gain £29 for every £1 they spend on staffers who do their agency's microscoping. That sounds like a great deal, for both the national treasury and average taxpayers.

Just by coincidence, we do have an expert deal-maker about to take up occupancy in the White House. Will he try cutting a tax deal like Britain's? He would if he asked his voters. M

The good news page

Compiled by Elaine Hughes

Respecting waters and watersheds

In late December, a month after the U.S. Bureau of Ocean Energy Management put a five-year stop to offshore oil and gas leasing in the Chukchi and Beaufort seas, the Obama administration permanently banned drilling in U.S.-owned arctic waters. Canada agreed at the same time to prohibit arctic offshore drilling for five years. The U.S. move follows a decision by regulators in March, based on strong public pressure, to block offshore drilling along much of the Atlantic coast for five years. In its stead, at the end of the year the Block Island Wind Project, off the coast of Rhode Island, started generating offshore wind power for the first time in U.S. history. The San Francisco Board of Supervisors has likewise prohibited the city "from entering into or extending leases for the extraction of fossil fuel from city-owned land." The legislation responds to an expiring Chevron lease to 800 acres of land in Kern County. The city plans to convert the property to a solar array that could generate more than the US$320,000 currently paid to the San Francisco Public Library and Golden Gate Park per request from the previous owner of the land. U.S. Forest Service fisheries scientists are building a biodiversity map, called the Aquatic Environmental DNA Atlas, which will soon identify thousands of aquatic species in every river and stream in the western United States. Project leader Dan Isaak says the map could eventually help with conservation and land management funding decisions, and identify stream inhabitants—from insects to salmon to river otters to invasive species—by analyzing water samples containing DNA. / EcoWatch / Associated Press / Futurism

Climate (class) action

A Federal District Court in Eugene, Oregon recently decided to allow a "groundbreaking" climate case to proceed. The legal challenge, brought by 21 young plaintiffs aged 9 to 20 against President Obama and numerous federal agencies, alleges the pursuit of fossil-fuel-based energy policies violates the group's constitutional rights to life, liberty and property, and to public trust resources. It is one of many related legal actions brought by youth in several states and countries, all supported by Our Children's Trust, which is seeking science-based action by governments to stabilize the climate system. Internationally, nearly 200 countries have reaffirmed their commitment to the 2015 Paris climate agreement as a show of strength amid fears that incoming U.S. President Donald Trump will withdraw from the deal. Forty-seven of the world's most climate-vulnerable nations, including Bangladesh, Ethiopia and Costa Rica, also pledged to reach 100% renewable energy "as rapidly as possible." The Paris Agreement officially came into force on November 4, putting some pressure on signatory countries to wean themselves off fossil fuels, reduce carbon emissions and lower global temperature to "well below" two degrees Celsius above preindustrial levels. Japan ratified the pact on November 8, and Australia became the 140th country to do so on November 10. The once fossil-friendly Morocco (in 2013 it was 90% reliant on energy imports) is even making strides on climate. Having altered its constitution in 2011 to include a commitment to sustainable development and to stop subsidizing fossil fuels, the country plans to generate 40% of its energy from renewables by 2040. / Reuters / EcoWatch / Huffington Post / Associated Press / CNN

Our food, our health

Residents evacuated after the New Zealand earthquake of November 14 were asked to bring only a suitcase or two on the ship to safety. But Commander Simon Rooke of HMNZS Canterbury reported that along with 192 people and 2.3 tonnes of baggage came "one cat, 14 dogs and about 30,000 bees." The pollinators, housed temporarily in a small wooden box, belonged to a Kaikoura man who couldn't bear to leave them behind. The bees' fellow workers across the Pacific may benefit from Sonoma County, California's ban, along with five other counties, of GMO crop cultivation, which creates a 13,734-square-mile (35,571 square kilometres) GMO-free zone, the largest in America. The Congregation of Benedictine Sisters of Boerne, a McDonald's shareholder, wants the fast-food chain to prohibit the use of medically important antibiotics in its global poultry supply chain, believing that overuse of the drugs is leading to resistant varieties of dangerous suberbugs (70% of all U.S. medically important antibiotics are consumed by livestock). The congregation first asked McDonalds shareholders to stop the practice at last year's annual meeting (20% voted in favour) and will ask again this spring. / New Zealand Herald / Sustainable Pulse / Reuters

Peace and progress

On November 24, the Colombian government signed a final peace accord with FARC rebels after a referendum in October failed to secure popular support for an end to a half-century of civil war. President Juan Manuel Santos wants the deal in place as quickly as possible, to maintain a fragile bilateral ceasefire, while opposition leader and former president Alvaro Uribe, himself accused of war crimes committed by right-wing paramilitary groups he helped establish to fight FARC, is urging street protests. / Associated Press / Christian Science Monitor / Reuters

Gateway to Freedom International Memorial to the Underground Railroad in Detroit's Hart Plaza.
JASON PARIS (WIKIMEDIA COMMONS)

Allison Margot Smith

Emancipation and the Canada-U.S. border

Canada's simplified national story obscures our understanding of the Underground Railroad

WITH CANADA'S 150TH anniversary upon us, we can expect many replays of the traditional and often self-congratulatory moments of our nation's history. Invariably, this will include segments about African-Canadian history and in particular Canada's place at the northern terminus of the Underground Railroad.

The telling of this part of our history, especially outside the academic setting, has until recently tended to overlook the negative aspects of the black experience in Canada. And yet, as the field of public history grows at Canadian universities, and professional public historians fill positions at national museums and archives, we can anticipate that the presentation of our history will become more nuanced and self-reflexive.

As a contribution to this active history project my research has tried to reconceive the lauded narrative of the Underground Railroad using a borderlands approach. Very basically, as this essay attempts to show, the telling of black history and the history of the Underground Railroad changes when we consider it within the historiography of the Canada-U.S. border region. But the value of a borderlands approach goes much further than this.

According to Pekka Hämäläinen and Samuel Truett, borderlands histories: "are the places [where Master American narratives] come unraveled. They are ambiguous and often unstable realms where boundaries are also crossroads, peripheries are also central places, homelands are also passing-through places, and the endpoints of empire are also forks in the road." These historians add that the "central insight [of borderlands] history pivoted not only on a succession of state-centred polities but also on other turning points anchored in vast stretches of America where the visions of empires and nations often foundered and the future was far from certain."

My own experiences writing about and producing films on black history in Canada reflect the observations of

Hämäläinen and Truett regarding the instability and ambiguousness of borderlands narratives. While I set out to address a part of *Canadian* history, I had difficulty keeping the narratives strictly Canadian.

The black community that I was studying in southwestern Ontario (called Canada West in the mid-19th century) was of American origin. Its members maintained business associates and wrote to family in the U.S. after coming to Canada. One of my main research subjects, Mary Ann Shadd, came to Canada in 1851 but slipped regularly back and forth across the border to see her brother in Buffalo and meet her newspaper associates in Detroit. She returned to the U.S. for good during the American Civil War, leaving some of her letters behind in Canada.

Karolyn Smardz Frost, a historian of black history in Canada, explains:

> Borderlands studies...examine communities of interest in liminal districts where overlapping economic, environmental...and other factors mean that people living on opposite sides of a boundary... often have more in common.... Despite differing political affiliations, governance, and legal systems, people in such districts share cultural, familial, business, and other ties distinct from those of their respective countrymen residing elsewhere.

The borderlands approach first emerged in the 1920s with the work of Herbert Eugene Bolton, who examined American history in the context of the clash of Indigenous, Spanish and British empires. The concept of social history, which arose in the 1960s, stimulated a resurgence of borderlands ideas. But it was not until the 1990s that the borderlands approach blossomed as a comparative, transnational methodology that could be applied to geographic border regions around the world and, as Hämäläinen and Truett write, to imaginary conceptual borderlands.

The approach works well in adjacent nations with complex historical interactions like those that took place at the Canada-U.S. border, where racially mixed populations congregated from the 18th century onwards. Writing in 2011, American historian Nora Faires uses the borderlands approach, in combination with a study of iconography, to make several observations of statuary commemorating the Underground Railroad, in particular at the historical crossing point between Detroit and Windsor (see image) — what Hämäläinen and Truett would call a "passing-through" place.

Faires points out that earlier British iconography tended to depict white rescuers holding up weakened and cowering black slaves. In contrast, the Windsor-Detroit statuary comprises only black figures displaying their own agency. In the early 20th century, we frequently read of the benevolent masters taking care of slaves who could not care for themselves. By mid-century, writes American historian Sharon A. Roger Hepburn, it was more common to see the black community portrayed as the "powerless victims of white oppression."

More recent scholarship has altered this thinking once again, demonstrating regular 19th-century cases of black people taking control of their own situations, whether this agency was purposefully hidden from white view (as often happened in the U.S. South) or on open display in locations like the Canada-U.S. borderlands.

While scholars agree that the study of black history in Canada has been neglected, there remains a debate today concerning the *intentionality* of this neglect. Smardz Frost admits a "perhaps unconscious bias of some later writers" after the early 20th century writing of Fred Landon and Justice William Renwick Riddell. Another historian of blacks in Canada, Afua Cooper, sees a self-conscious burial of black history. She writes (in 2006) that:

> Canadian history, insofar as its black history is concerned, is a drama punctuated with disappearing acts. The erasure of black people and their history in the examples of the Priceville Cemetery [in Ontario] and Africville [in Halifax, Nova Scotia] is consistent with the general behaviour of the official chroniclers of the country's past. Black history is treated as a marginal subject. In truth, it has been bulldozed and ploughed over, slavery in particular.

It is evident from Smardz Frost's extensive bibliography, in her 2009 edited collection of Landon's writing, *Ontario's African-Canadian Heritage,* that the number of published works on black history in Canada decreased after the 1920s then recovered somewhat in the 1960s and 1970s, and even more significantly in the 1980s, 1990s and 2000s. Today, Canadian history taught at the undergraduate level in Canada covers numerous features of black history.

For example, R. Douglas Francis's 2010 textbook, *Journeys: A History of Canada*, describes how:

> Under the governor's direction, the Assembly [of Upper Canada] adopted a bill in 1793 that abolished slavery but freed not one single slave.... [S]laves already in Upper Canada had to remain slaves.... [C]hildren born after the act's passage would become free at the age of 25.... [N]o additional slaves could be brought to Upper Canada. After 1793, slavery steadily declined in the colony.

While acknowledging the presence of Canadian slaves and the limitations of Lieutenant-Governor Simcoe's Act to Limit Slavery, the text omits that, at that time, many black slaves chose to flee Canada to the United States. Francis's textbook also ignores the evolution of the legal framework on both sides of the border that protected black fugitives from extradition to Canada or to the U.S., perpetuating — intentionally or not — the false idea of Canada as the preferred destination for fugitive slaves.

Perhaps the more significant result of this kind of omission is that Canadians of all ages are often surprised to discover that the colonies that later became Canada ever *had* slavery. Under a borderlands approach, the slavery and societal complexities facing the black communities in both countries through the 18th and 19th centuries become far more apparent.

Historian Gregory Wigmore uses the borderlands approach to show the direct impact on slavery in the Detroit River region around the time of the U.S. Northwest Ordinance of 1787 and the gradual limiting of slavery in Upper Canada starting in 1793. Wigmore writes, "[t]he laws of both territories inadvertently established free spaces where fugitives from the opposite side could find sanctuary, a development that destabilized and ultimately destroyed slavery in the borderland." Viewed from a strictly national perspective on history, the destruction of slavery in this small but unique region is not as readily apparent.

Another aspect of black history that is enhanced by a borderlands approach concerns the individuals, institutions, functions and community practices that supported fugitive and free blacks. As Smardz Frost explains, "[t]he Detroit River was at the same time…a border between slavery and freedom and a conduit for travel between the United States and what is now Canada." She describes two organizations, one in Amherstburg, Canada and the other on the American side, which offered services to blacks on both sides of the border: the Amherstburg Baptist Association "linked churches on both sides of the Detroit River in fellowship, antislavery, education, benevolence, and political activism"; the Detroit Vigilant Committee "combined…religious and antislavery activities with direct political action on behalf of both African Americans living in Detroit and those who had sought relief from slavery and racial discrimination in…British North America."

Smardz Frost also describes the Coloured American Baptist Church, later renamed the Second Baptist Church, which was located in Detroit and operated as a refuge for fugitives travelling to Canada. Under a national approach to historical study, these organizations might appear as ordinary churches or advocacy groups. A borderlands approach reveals how the clients served by these groups were, in many cases, residents of the nation across the border.

Clearly the Canadian national historical narrative misses out from a strictly national focus. But what of the American narrative? National histories in the U.S. have traditionally centred on the idea of freedom — of America being a country toward which people worldwide have come to be free. Now, as in the past, "freedom is central to Americans' sense of themselves as individuals and as a nation," writes American historian Eric Foner in the second volume of his *Give Me Liberty! An American History*.

Here, again, the borderlands approach to black 19th-century history unsettles that narrative. American history becomes also about the movement of thousands of African Americans — both free and formerly enslaved — across the border and out of the country. It is, in other words, about finding freedom *elsewhere*. Black Americans were drawn to the border by the relative attractiveness of the legal protections offered by Britain and Upper Canada/Canada West, especially after the passage by U.S. Congress of the 1850 Fugitive Slave Act.

In her discussion of the two-part Underground Railroad memorial in Windsor and Detroit, Faires describes the Detroit River as a "Jordan River," with freedom on one side, washing away the "stain of racism." She points out the irony that the memorial, while funded by public and corporate funds in the U.S., seems to run counter to American ideals of being a nation of freedom, and openly reveals the "ambivalence many African Americans have towards the history of their nation."

In general the Canada-U.S. border region operated as a distinct "nation" where people on one side of the river had more in common with their close neighbours on the other side than with countrymen in faraway national capitals.

In contrast to the traditional approbation of American, or even Canadian, national greatness, the borderlands approach reveals that the Underground Railroad celebration belongs to neither country. In the 19th century, the black history of the people and activities of this borderlands region came to be celebrated on Emancipation Day. Blacks from both sides of the border came together annually to celebrate this most important of days and the significant role that this borderlands region played in the lead-up to eventual abolition of American slavery.

Clearly, not all borderland history is so jubilant. As Wigmore writes, the failures of "lax enforcement and loopholes in antislavery laws," along with a lack of awareness of these changing laws by many enslaved people, meant that slaveowners were regularly able to cross through the borderlands accompanied by their slaves and unimpeded by the authorities. But in general the Canada-U.S. border region operated as a distinct "nation" where people on one side of the river had more in common with their close neighbours on the other side than with countrymen in faraway national capitals. Even after the borderline was established in 1796, writes Wigmore, "[l]ike many local inhabitants, the regional labor market defied the new, artificial boundary between the United States and British Canada."

Even proximity to the river *within the state or province* gave enslaved blacks a greater likelihood of freedom than those further afield. According to Wigmore, "enslaved people in the Detroit borderland acquired their freedom long before those held elsewhere in Upper Canada and Michi-

John P. Thomson, Rough View of Sandwich (Windsor, Ontario), 1833, GELATIN-SILVER PRINT, 1943, TORONTO PUBLIC LIBRARY.

gan—jurisdictions where slavery persisted until the mid-1830s." Proximity to the border also enabled African Americans living in Detroit during the American Civil War to help recruit African Canadians into the First Michigan Colored Infantry Regiment on the Union side, later called the 102nd U.S. Colored Troops. Residence within this borderland pseudo-nation therefore enhanced the potential that events in either country would significantly impact on the lives of black Canadians or Americans.

The balance of power within the borderland itself, however, was not evenly spread across the river. In 1805, the Michigan Territory was created from a portion of the Northwest Territory, and the Michigan territorial court established in Detroit. This new U.S. court, being imbedded within the borderlands region, had more influence on policy, and thus borderlands activity, on both sides of the border than the court in the more distant colonial capital of York (now Toronto).

At the same time, increased legal rigour contributed to a hardening of the borderline, which made it easier to find more freedom on one side than the other. In Wigmore's words, "[t]he success with which slaves exploited the emergent Canadian-American boundary offers another perspective on borderlands, one in which hardening borders and growing state sovereignty actually increased freedom for some local inhabitants."

American historian Kenneth Kusmer identifies "three seminal forces influencing the black experience" in the Upper Canada borderland region: *external* forces (defined as white influences), *internal* forces (influences of the black community on itself), and *structural* forces, or "things associated with the geographical location of the black community and the wider society in which it was located—the size and proportion of the black community and influence of white culture and community."

On the one hand, these forces operating within the borderland offered the relatively large black community living there with opportunities to form societal cohesiveness—a community in which blacks could work, earn an income, raise families, practice religion, and socialize. On the other hand, proximity to white communities could awaken unfounded but extant fears leading to conflict, or the potential for conflict, between racial groups. The subject of segregation, therefore, became widely discussed across and within both populations. Some, including many in the black community, argued in favour of segregation for themselves and their children, while others believed the best path to success lay in integration with the white community.

Up until 1865, the more critical borderland for African Americans fell along the Mason-Dixon line separating so-called *slave* States from *free* States. However, changing laws in the late-18th and 19th centuries in Canada and the U.S., in particular after the passing of the 1850 Fugitive Slave Act, also increased the relative importance of the Canada-U.S. border. This was a zone within which important parts of black history were made possible, but that are also obscured by the traditional national narrative.

Wigmore helps us summarize the significance of the borderlands approach for improving how black history is understood and taught in Canada:

> On the surface, the cross-border migrations of a few hundred slaves in the early North American West seem peripheral to such national narratives. When viewed from a transnational borderlands perspective, however, such actions take on a much broader significance. American and Canadian slavery did not simply fade away in the Great Lakes borderland. Rather, the enslaved used the new border to transform themselves into free people, and in the process helped define the significance the British and American nation-states attached to that border.

As Canada reassesses and restages its history for the 150th anniversary celebrations, it should seize the historical tools available in the borderlands approach to reimagine those narratives, like the Underground Railroad, that far too often ignore the lived experiences of African Canadians and African Americans at the border and beyond. M

Asad Ismi

Does Canada really want to control its military exports?

The Yemeni city of Sa'ada has been heavily hit by Saudi airstrikes, as shown in this image from August 2015.

PHILIPPE KROPF / UNITED NATIONS OCHA

THE TRUDEAU GOVERNMENT has significantly undermined its stated commitment to human rights by going ahead with a $15-billion sale of light armoured vehicles (LAVs — combat transports that can be armed with lethal high-calibre weapons) to Saudi Arabia.

The Saudi regime's vicious repression of its own population is well documented by human rights groups, and a two-year bombing campaign against Houthi rebels in neighbouring Yemen has claimed as many as 10,000 lives, more than half of them civilians by United Nations accounts. Depending on when they arrive, the Canadian-made LAVs could enter the battle on the Saudi side, and would be used in future, as they were in Bahrain in 2011, to quell domestic protest against the regime or its allies.

"We are concerned that this is the largest arms deal in the history of Canada and the military equipment is going to a country which is a human rights pariah, holding among the very worst such records, according to every organization that tracks this issue," says Cesar Jaramillo, executive director of Project Ploughshares, a Waterloo, Ontario–based NGO focused on preventing war and building peace.

"If Saudi Arabia, with such a dire human rights record, both internally and externally, is eligible to receive Canadian military exports, then which country would not be?"

The U.S.-backed Saudi royal family suppresses virtually any dissent, criticism, democratic aspirations and civil rights. Saudi women are among the least free in the world; in 2013, King Abdullah granted women the right to run and vote in municipal elections, but they are still not permitted to drive, and make up a very small fraction of the national workforce. Beheadings or long jail terms, extensive flogging, the cutting off of hands and torture are common sentences for political crimes.

Saudi Arabia's actions have also destabilized the region, for example, by invading Bahrain in 2011 and

then Yemen in March 2015. The latter conflict has destroyed a country that was already one of the poorest in the world. Saudi bombing has targeted Yemen's markets, houses, schools, factories, hospitals and health clinics (all war crimes), injuring 35,000 and starving the country's 7.6 million people through the imposition of a blockade, according to the UN's Office for the Co-ordination of Humanitarian Affairs.

The Saudi regime is also a financier of international terrorism, including the so-called Islamic State of Iraq and the Levant (ISIL), as revealed in a recent leak of Hillary Clinton's emails from when she was U.S. Secretary of State. "We need to use our diplomatic and more traditional intelligence assets to bring pressure on the governments of Qatar and Saudi Arabia, which are providing clandestine financial and logistic support to Isis and other radical groups in the region," said a memo dated August 17, 2014. A 2009 email sent under Clinton's name, also leaked by Wikileaks, says "Saudi Arabia remains a critical financial support base for al-Qaeda, the Taliban, LeT [Lashkar-e-Taiba in Pakistan]."

Yet, in April 2016, Foreign Affairs Minister Stéphane Dion referred to the Saudi warfare state as Canada's "strategic partner in an increasingly volatile region, particularly in the armed conflict *against* the so-called Islamic State" (emphasis added). The Liberal government is therefore determined to stand by a Conservative-brokered sale of LAVs — from one ally to another. "We will not weaken the credibility of the signature of the Government of Canada," said the same government press release.

Ottawa also justifies the LAV sale by highlighting the economic benefits, such as the 3,000 jobs it claims will be sustained at General Dynamics Land Systems' Canadian plants. However, most Canadians asked about the issue want the government to cancel the sale (an Angus Reid poll in February 2016 found only 19% support for the deal). "It is a pernicious argument to assert that Canadian jobs must depend on the killing, maiming, injuring and repressing of innocent civilians abroad," says Peggy Mason, president of the Rideau Institute in Ottawa.

Jaramillo agrees. He points out there "are very strong ethical questions to be asked about linking the economic well-being of Canada to the suppression of human rights in other countries." If jobs are the key consideration, he asks, "then what's to stop Canada from selling weapons to ISIS or to the Mexican drug cartels? Sadly whenever commercial interests are pitted against the protection of human rights, the former often win."

Richard Sanders, co-ordinator of the Ottawa-based Coalition to Oppose the Arms Trade (COAT), says if the Canadian government were really interested in creating jobs it would be investing in more labour intensive sectors such as health and education, "which also have added social benefits that weapons exports obviously don't provide." In contrast, the military industry "creates relatively few jobs as it is so capital intensive," he says. "It is one of the least efficient ways to create jobs."

In Canada, military exports are reviewed to ensure there is no reasonable risk of the buyer government using Canadian weapons against civilians or otherwise to violate human rights. According to a report in the *Globe and Mail* in November, Minister Dion blocked a shipment of military goods to Thailand last year because the military junta running the country since 2014 has silenced the press, imprisoned political opponents and prevented public protests. The *Globe* has persistently highlighted the contradictions of a Canadian policy that blocks some arms sales but allows them to countries with a human rights record as poor as Saudi Arabia's.

Sanders, who has been studying Canadian arms exports for 30 years, says Canada's export controls actually "have no teeth whatsoever." Canada has guidelines but no firm rules, which explains why the government is able to sell billions of dollars worth of military technology to the United States, the most warring country on the planet. "The controls are a facade which protect the official mythology that Canada is a promoter of peace and human rights. That is their real function. The narrative that Canada has these so-called rules fits into the grand myth that this country is a force for peace in the world."

Sanders emphasizes that when we are speaking about the impact of Canada's arms sales on peace and human rights, the U.S. is the unmentioned "elephant in the room." The U.S. government "is constantly at war," he says. Canada's exports to the U.S. consist of essential components for about 40 major U.S. weapons systems used in Iraq and Afghanistan. These included helicopters, warplanes and gunships, but also electronics for radar and communications, and targeting and guidance systems that do not go through any export screening at all.

"Washington is also the godfather of Saudi Arabia and many other countries that violate human rights," says Sanders. "The mainstream peace movement seems to want to shy away from this central issue."

Jaramillo agrees this "historic loophole" is a major issue. "This is the biggest chunk of exports annually and they get almost blanket approval from Ottawa. Of course, the U.S. has direct or indirect involvement in any number of conflicts around the world and is the biggest arms exporter globally." Jaramillo opposes such exceptional treatment for any nation and wants Canada to treat all its trading partners in a similarly transparent manner. For him, all military exports should be dealt with on a case-by-case basis.

The Canadian government has failed to respond adequately to a number of Ploughshares' concerns about the Saudi arms deal and "may be wilfully blind" to the reasonable risk that the monarchy might use the LAVs against civilians, says Jaramillo. "At the end of the day, what matters are the actual arms deliveries that are going to threaten civilians' lives, enable human rights violations, cause human suffering, embolden dictators and sustain oppressive regimes." M

THE TRANS-PACIFIC PARTNERSHIP AND CANADA

A CITIZEN'S GUIDE

"This powerful collection of essays lays bare what the TPP is really all about: enhancing corporate power. Under the guise of a trade deal, the treaty hands corporations an assortment of tools for striking down domestic laws that protect citizens and the environment. Easy to read and authoritative, this 'citizen's guide' deftly exposes how the TPP would negatively affect our lives–increasing inequality and hampering efforts to deal with global emergencies like climate change."

Linda McQuaig, author and journalist

A NEW BOOK EDITED BY

SCOTT SINCLAIR is a senior research fellow with the Canadian Centre for Policy Alternatives, where he directs the centre's Trade and Investment Research Project. He was formerly a senior trade policy advisor with the government of British Columbia.

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A review essay by Heather Menzies

For those who love this planet, challenges and responses

A COUPLE OF CENTURIES ago (not long, in Earth time), a host of public interest regulations that had kept the fledgling English capitalist economy operating within the carrying capacity of the social and natural environment were repealed — largely due to the lobbying power of the emergent capitalists. The social movement that arose to protest and resist the devastation this unregulated transformation unleashed, Luddism (or the Luddites), came be so demonized that at least one edition of *Webster's Dictionary* defined it as "a misguided attempt to stop progress."

This historical note nicely reviews what people in today's social movements are up against — including at the level of naming reality, directing public policy and shaping public perception. It also reminds us that what we're "for" is not utopia, but a renewal of a vision of humans living in right relations with each other and the planet, a vision that has served countless societies for millennia without bringing the Earth to the point of crisis it is facing today.

Three recent books approach the current crisis — financial, environmental, democratic — from the same public interest perspective. Not all are optimistic. In *Facing the Anthropocene: Fossil Capitalism and the Crisis of the Earth System* (Monthly Review Press, July 2016), Ian Angus suggests corporate conglomeration, militarization and the acceleration associated with "fossil capitalism" all but guarantee we will be engulfed before we can adequately address the climate change challenge.

Joyce Nelson's new book on big finance, *Beyond Banksters: Resisting the New Feudalism* (Watershed Sentinel Books, October 2016), locates a citizen lawsuit to restore the original public interest mandate of the Bank of Canada within the larger context of conglomeration and acceleration in that sector. With adroit interpretive skill, she links recent bank-related developments to a blizzard of "free trade" deals that weaken public interest regulation in a host of areas, like education and public infrastructure, but which also seek to prevent democratic governments from expanding public governance of finance.

The third book reviewed here, *A World to Win: Contemporary Social Movements and Counter-Hegemony* (ARP Books, June 2016), edited by William Carroll and Kanchan Sarker, personalizes the financial and climate crises as being part of the an ongoing colonization and integration of people into the fast, competitive, individualist consumer society that global market capitalism has produced. This important anthology then lays out a range of hopeful, helpful responses to the seemingly ineluctable status quo based on what people are doing in the here and now.

The term *Anthropocene* was coined some decades ago to mark the point where human systems started to overwhelm earth's self-regulating systems.

Facing the Anthropocene speaks from the fecund, fairly recent convergence of the social justice and environmental movements. By extending a socialist perspective into an ecosocialist one, Angus makes it easier to see that what has been done to human communities has also been done to nature as a living community, with similar destabilizing effects. He lays out the breakdown in nature's carrying capacity in much the same way that sociologists have described how deepening poverty and polarizing inequality have destroyed the social carrying capacity of many cities and even regions.

Historically, the carbon and nitrogen cycles helped the earth absorb fluctuations in global temperatures. But these restorative systems are breaking down under the combined assaults of human-caused carbon emissions, particulate pollution, ocean acidification, excessive nitrogen and phosphorous runoff, fresh water depletion, deforestation and the rogue effects of plastic wrapping and various nanomaterials.

The term *Anthropocene*, Angus explains, was coined some decades ago to mark the point where human systems started to overwhelm earth's self-regulating systems, ending the relatively peaceful Holocene era and bringing the world to the tipping point of Earth-systems collapse. The key system on the human side, he argues, has been fossil capitalism, the first phase of which was coal-based, followed by oil. Today, there is more money in oil and gas than in any other industry.

As one thread in a well-woven tapestry of analysis, Angus points out the close link between fossil fuel and the military and also big government. Winston Churchill, former British prime minister, was the first global leader to see the strategic importance of oil, especially cheap oil from the Middle East, and the advantage of controlling it at the source.

Not only are the world's armies (with the U.S. military at the top) the largest users of petroleum in the world, cheap fuel has also made possible the great acceleration of the market-capital economy following the Second World War. Carbon fuelled the transportation systems that allow more transactions to be turned over faster over farther reaches of the globe, and the whole system depends on this. For capitalism, as an "ism" or ideology, is all about making as much money as fast as possible. Hence the crisis.

Corporate conglomerization, with the concentration of power it makes possible, adds another dimension to the situation, as it both concentrates and rigidifies vested interest in maintaining the status quo. From a post-war surge of mergers and acquisitions, notably in the petrochemical business and those enabled by government defence contracts during the war and the Marshall Plan after it, conglomerates spread through the corporate sector, engulfing the media, communications and financial industries, while maintaining close links to the state.

Nelson has been tracking the interconnections between money, information and government for decades, as well as the key personalities and institutions (including think-tanks and foundations) involved. Her newest book, *Beyond Banksters*, examines the effects of speed-of-light financial investment and information systems now driving the global economy. Anything slowing or impeding this "high frequency" movement of money from one part of the world to the next, or from one investment "instrument" into to another, is, as Nelson points out, targeted for elimination in "next generation" trade deals.

Public interest regulation and some types of democratic governance are anathema to "free" finance because competitive advantage is increasingly concentrated in this immaterial factor, not just in cheap energy, labour or other material resources. The success of global capitalism lies in its ability to turn almost any activity and any social institution into an investment opportunity. This financialization of everyday life is pushing corporate capitalism into whole new frontiers, bringing its colonizing effects with it.

Public interest regulation and some types of democratic governance are anathema to "free" finance because competitive advantage is increasingly concentrated in this immaterial factor

As with the other acceleration-boosting developments, this expansion of finance began shortly after the Second World War with the direction to governments from the Bank for International Settlements to borrow privately at market interest rates rather than publicly from national banks. Still, the paradigm-shifting changes only occurred under the neoliberal deregulation drive of the 1990s.

The repeal of the U.S. Glass-Steagall Act during the Clinton administration collapsed the barrier between commercial and investment banks, opening the way to the high-risk realm of derivatives trading. At the same time, the World Trade Organization (WTO) revised its financial services rules to force all signatory states to dismantle their versions of Glass-Steagall, unleashing a torrent of collateralized debt obligations (CDOs) around the world.

When the overextended mortgage and loans bubble collapsed in 2007-08 it caused the instant impoverishment of millions of people around the world and, incidentally, the further enrichment of a few who, rich in financial intelligence, had sold these lucrative investments and left the relatively less informed and less wealthy holding the bag. (A 2016 Oxfam report revealed that 62 billionaires now own as much wealth as half the world's population. At the same time, between 2010 and 2015, some $500 billion shifted from the lower end of the income scale to the highest, with the wealth of the poorest dropping by 41%.) Ten million Americans alone suffered home foreclosures.

The rise of public-private partnerships and flat-out privatization of public infrastructure has also been part of this agenda, greatly extending the scope of corporate moneymaking and reducing the scope of public interest regulation. These are important developments in their own right, with the troubling questions they raise — like how corporate interests seem to acquire these assets at a fraction of what it cost taxpayers to build them, or why, for example, the Ontario government would sell off shares in Hydro One when the utility generates hundreds of millions of dollars in profit a year for the province and its people. Equally disquieting is the loss of public knowledge about and involvement in managing these institutions.

Still, the more troubling aspect arising from Nelson's analysis is how the expansion and acceleration of financialization has concentrated corporate power and intelligence, and shapes public perception of what's normal. It makes the shift from public interest governance to corporate management across a widening range of public institutions and infrastructure systems seem like the normal thing to do, the new reality. And this in turn helps to neutralize public concern over the moves to permanently disable public interest governance through contemporary "free trade" agreements.

One of the book's strengths is the depth of knowledge and insight that Nelson marshals to describe the Trans-Pacific Partnership (TPP), Canada–EU Comprehensive Economic and Trade Agreement (CETA) and the lesser-known Trade in Services Agreement (TISA). While lowering trade barriers are part of these deals, their larger impact will likely be to tie the hands of government by, for example, preventing a reinstatement of the Glass Steagall Act, permanently legalizing trade in financially risky (even suspect) products, and challenging the legitimacy of public banks along with the public interest mandate of Crown corporations.

Foreign financial services companies will gain new rights in both CETA and the (possibly defunct) TPP to sue governments for taking measures that get in the way of their expansion plans. In 2015, a record 70 such investor–state dispute settlement (ISDS) cases were filed under a number of global investment protection treaties. As of January 2015, there had been 37 known ISDS claims against Canada under NAFTA, with $172 million in settled awards and some $2.6 billion in pending claims. Though this right to sue does not exist in TISA, Nelson quotes a Global Justice Now report that describes that international deal as "a massive, super-privatization deal covering everything from finance to education."

Such is the power of naming reality and managing public perception — the result of canny connections among key people, think-tanks and receptive governments — that regulation is now a dirty word. For many, government has come to imply "interference," not the guiding force of public interest priorities. Worse, the information inequalities and polarization that have accompanied the deepening inequalities of our time are creating additional barriers to asserting the public interest in the public's own voice.

According to an exposé quoted by Nelson, during Occupy Wall Street the FBI, Department of Homeland Security and New York police came together with key Wall Street firms in the Domestic Security Alliance Council to conduct surveillance on the protesters in Zuccotti Park, with the FBI labelling participants a "terrorist threat." More recently, Canadian security legislation, including Bill C-51, designates certain transportation routes, including energy pipelines, "critical infrastructure," giving legal heft to Natural Resources Minister Jim Carr's menacing recent statements about using the defence and police forces to make sure "people will be kept safe" from opponents to the Kinder Morgan and Energy East pipeline projects.

The rise of public-private partnerships and flat-out privatization of public infrastructure has also been part of this agenda, greatly extending the scope of corporate moneymaking and reducing the scope of public interest regulation.

The scene is being set, in Canada as elsewhere, for a future in which citizens raising public awareness about what Angus describes as an overextended global production, consumption, transportation, information and investment system are labelled not just Luddites but "threats to security." The We who would resist this are therefore in a struggle to think for ourselves, to articulate and sustain action toward an alternative to the catastrophic status quo, and to do this from within what Habermas calls the capitalist "life world" that is continuously reproducing this status quo with us as its contributing agents.

Carroll and Sarker are determinedly hopeful in *A World to Win*, even as they acknowledge, as Carroll does in an introductory chapter, that we are habituated inhabitants of this individualized, commercialized short-attention-span world that we are trying to change.

Carroll draws on great thinkers and theories, and uses words like "hegemony" and "colonization" (plus counter-hegemony and decolonization) to name the challenge facing would-be change-makers in the social and environment movements. He gently warns against short-term, feel-good, pragmatic reforms while acknowledging that the cultural politics of personal, grounded, local and pragmatic action that makes a difference in the here and now is an essential first step in claiming agency and building capacity to take on the larger, longer-term changes that are needed.

The book is an excellent study guide to the many threads of alternative building that are currently at work. David McNally's chapter, "Neoliberalism and its Discontents," combines salient statistics on today's economic divide — e.g., 44% of Ontarians living between Toronto and Hamilton are "precariously" employed in temporary or contract jobs — with reports from the protest zones of elaborate self-governing social infrastructure, such as the medical stations, food centres and child care set up in Cairo's Tahrir Square during Egypt's 2011 uprising.

Laurie Adkin's chapter on political ecology and counter-hegemony takes the analysis to the more systemic level that Carroll argues is essential for sustaining genuine change. Her definition of political ecology is helpful, introducing a "way of thinking" about the world that highlights the "mutually constitutive relationship between human societies and nature." This thinking offers a bridge for solidarity-building between people of settler descent

and Indigenous people on their journey to reclaim their traditions, their naming of reality and with it their connection to the land. It's not only a way of *living* the new scientific understanding that "everything is connected," but of acknowledging the consequences of actions on habitat and inhabitants, of having agency within that web of interconnected life. As such, it restores the legitimacy of democratic self-governance in all aspects of public life, including economics, as was the case before the rise of market capitalism.

Many chapters demonstrate the feminist mantra that "the personal is political," often in combination with lessons from the LGBTQ, disability and student politics of more recent decades. As Warren Magnusson writes, "we need to foreground the political if we are to make sense of the world in which we live." This means refusing the neoliberal position that favours "markets" over politics as society's key public decision-maker, with its hidden assumption that "markets" aren't political.

The chapter on fossil fuel divestment, by James Rowe, Jessica Dempsey and Peter Gibbs, illustrates the new hybrid expression of personal politics, as this movement seeks to erode the oil industry's "social licence" to operate, and undermine public consent (and complacency) for the status quo by daring to name reality as its members see it. I think of 350.org co-founder Bill McKibben's clear moral statement, "If it is wrong to wreck the climate, then it is wrong to profit from that wreckage." Moreover, the authors argue that the divestment movement is also a "threshold" to the deeper issues and agenda, such as seeing climate change as a justice issue, as Naomi Klein argued in *This Changes Everything*, and, related to this, re-democratizing capital investment so that it can be once again accountable to the sustainability needs of the social and natural environments.

The theme of capacity building — everything from reclaiming agency and the power of naming, to scaling-up co-operative, collaborative organization and information-sharing networks — runs throughout the book, making it particularly timely after the recent U.S. election. One chapter, on direct action, explores the efficacy of "solidarity networks" to support otherwise isolated temporary workers against exploitative bosses. Self-organized participative initiatives like the Seattle Solidarity Network (SeaSol), the Ontario Coalition Against Poverty and union "flying squads" serve as "real-life training" in thinking strategically and working with others. Besides building individual self-confidence, these groups cultivate "collective capacities" as well.

Michael Bueckert's chapter, "Solidarity with Whom?," takes up the tough question of scaling-up and weaving initial issue-action into a larger and longer-term program of change. Instead of the either/or of horizontal local organizing versus vertical larger-scale objectives, Bueckert suggests a disciplined dialectic. He endorses the "pre-figurative" practices of local, direct action out of which new forms of subjectivity emerge.

But he suggests that some generalization can occur and the skills of personal agency can be enhanced through intentional learning in other areas that allow for responsible vertical organization. In other words, rotational leadership and other practices can be employed that develop solidarity among different interests, and allow them to build. The alternative, he says, is wishful idealism and "the tyranny of structurelessness."

This ability to scale-up and sustain actions over the long term is essential to the challenges contemporary social/political/environmental movements face today. The task is no less than reasserting the primacy of the public interest and the commons where so many governments and mainstream political parties have abandoned it.

Nelson mentions some of the initiatives to "remunicipalize" water systems, as the evidence now makes it clear that privatization has yielded increased costs, not efficiencies, leaving ideology exposed as the real driving force behind the policy. She also showcases the lawsuit launched in 2011 by an elderly William Krehm, co-founder of the Committee on Monetary and Economic Reform (COMER), to require the Bank of Canada to resume its constitutional duties under the Bank of Canada Act to make interest-free loans to the federal, plus provincial and possibly even municipal governments for such things as public infrastructure projects and health care. Few Canadians today seem aware that public financing (not private bank loans) built the Trans-Canada Highway and St. Lawrence Seaway, and funded social programs like old-age pensions and post-secondary education.

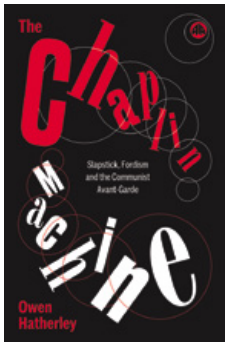
Subjects like banking and the public debt tend to be black-box items to most people, and it's probably in the interests of a controlling few to keep it that way. But it's important that civil society take on these larger issues, because the social landscape in which we live has been so financialized. The COMER lawsuit would have a better chance of success if it were taken up by a broad coalition of social movement players.

The information on political ecology in *A World to Win* and ecosocialism in *Facing the Anthropocene* provide helpful theoretical guidance to the larger agenda of revitalizing public interest governance. With their emphasis on self-governance, direct democracy and accountable interrelationships, these books also seem to draw on long-standing legacies associated both with self-governing commons and Aboriginal traditions regulating, for example, the buffalo hunt on the Prairies and the harvesting of red cedar bark and wapato roots on the Pacific Northwest.

Unfortunately, Angus didn't have space to go beyond a few broad generalizations about what "we must" do in his book. Perhaps in a follow-up he might unpack the unique intellectual and even spiritual gift that an ecological perspective has to offer, vested as it is inside the web of lived and living interrelationships of shared habitats. An Earth-based vision can help reverse the remote-control perspective of contemporary globalization and its foundational information and financial systems — as though the view from an orbiting satellite is all that matters. M

Reviewed by Vitalyi Bulychev

Soviet culture in the age of mass production



THE CHAPLIN MACHINE: SLAPSTICK, FORDISM AND THE COMMUNIST AVANT-GARDE

OWEN HATHERLEY

Pluto Press, May 2016, $33

THE WEST IN general and the United States in particular figure prominently as one of Russia's most consistent and widespread national obsessions, where a collective psyche always seems to produce detractors and, to a lesser extent, proponents, praising or decrying its existence. This is crystallized perhaps most famously in Dostoevsky's writings; his novels are rife with characters ruminating on aspects of western life and how it compares with life in Russia. No doubt Dostoevsky was in part reacting to Marquis de Custine's deplorably quasi-racist, appropriately iconoclastic, hyper critical travel memoir *Russie en 1839*, which was banned for 150 years in Russia, but parts of which sadly seem to resonate even today.

While national insecurities are not unique to the Russian experience, it must be said that in the case of Russia they do take a profound space in the social paradigm and often manifest into morbid fascination. While not addressing this phenomenon directly, and certainly never aiming to do so in the first place, it is uncanny how Owen Hatherley's *The Chaplin Machine* still manages to evoke the extent of its persistence.

The aim of the book (which seems oblivious to Russia's subtle and not so subtle national tendencies and/or hang-ups) is to draw parallels between the American and Soviet labour forces, worker management and slapstick comedy. It is an erudite account of a relationship between three exports of Americanism — Chaplin, Fordism and Taylorism — and their role in the complex, perplexing world of the Soviet avant-garde of the 1920s.

For Hatherley, the figure of Charlie Chaplin transcends slapstick comedy, Hollywood, and America altogether. The actor is the embodiment of a world in utter transition, and every gesture, every movement that he committed to celluloid is an expression of the wider, far-reaching universal transformation "from architecture, to avant-garde, to comedy to radical politics, the swirling world encompassed in one man."

The Chaplin Machine is replete with quotations from source material by writers, thinkers and practitioners like Alexander Rodchenko, Dziga Vertov, Walter Benjamin, Viktor Shklovsky and others. Hatherley uses this wide variety of published writings to support his idea of Chaplin as a proponent of a new era, a vessel that contains all the complexities of a new mechanized industrialism. "The reception of Chaplin by the Soviet and Weimar avant-garde from the early 1920s onwards hinges precisely on a dialectic of the universal and the machinic," he argues. What emerges is a picture of an unlikely world of cultural crosspollination contrary to the stereotypical depiction of the USSR as an "other," an alien, hostile, isolationist state.

The role of the three major American comedians of the era permeated the pop culture zeitgeist across physical borders, ideological convictions and economic systems. *The Chaplin Machine* offers a detailed survey of films by Chaplin, Buster Keaton and Harold Lloyd. "Chaplin's films," he writes, "often seem less mechanically striking than those of his immediate contemporaries, although it is only Chaplin who actually convincingly mimes a machine, taking the machine as a measure of human interaction." It is surprising that Hatherley does not also go into a discussion of the cinematic apparatus/film technology of the time, which was Chaplin's instrument of expression.

Hatherley's published output thus far has been mainly in the arena of architecture criticism. The strongest section of *The Chaplin Machine*, titled "No Rococo Palace for Buster Keaton," is a survey of Soviet appropriation of the skyscraper. Here Hatherley operates in familiar territory, and the writing shifts perceptibly in reflection. However, what differentiates this book from his *Landscapes in Communism: A History Through Buildings* (Penguin), *Militant Modernism* (Zero Books) or *A Guide to New Ruins of Great Britain* (Verso) are the numerous autobiographical scraps in those predecessors that help cement Hatherley's perspective, while making the narrative all the more compelling.

In contrast, *The Chaplin Machine* is an argument without narrative, and the author, mediating through a hurricane of sources, does the book a disservice: this is an academic's work. Pedantic as it may be, Hatherley's latest will interest anyone embarking on relatable research, and it will be of true interest to a reader used to academia with a penchant for delectable anecdotes, especially ones concerning the unlikelihood of American-style Soviet musicals, the popularity of Henry Ford's autobiography, and the Politburo's commissioning of the *General Electric Company* to aid in the construction of a dam in the Donbas region of Soviet Ukraine. M

Paul Shaker

Engaging communities with participatory planning

IT WAS 8:30 a.m. on a Tuesday morning in late June. Kids and parents trickled into the playground. There was a buzz outside Dr. Edgar Davey Elementary School in central Hamilton, Ontario. School was almost done and the excitement was palpable.

The end of another school year wasn't the only event happening that day. The students also had visitors. Mingling amongst the parents and kids were representatives of PlanLocal Ward 2 Safe Streets. The local city councillor had initiated the PlanLocal process to enlist residents to help identify and prioritize where $1 million in infrastructure funds should be spent for local safe street projects.

Neighbourhoods in Hamilton, a city undergoing a dynamic post-industrial revitalization, have been engaging in a variety of new approaches to participatory government. Over the last six or so years, citizens have taken a direct role in allocating over $10 million in their communities.

PlanLocal was developed with the help of Civicplan. The program engages residents directly to determine the issues most significant to their neighbourhoods. It offers an opportunity for residents and local businesses to guide the urban planning process through citizen-supported decision-making, based on the belief that no one knows a community better than the people who live there.

PlanLocal allows local leaders to capture this knowledge to help shape responsive public policy. This responsiveness means more than a one-way survey of residents' thoughts about an issue. Rather, it allows for a dialogue on how to best address civic challenges, resulting in a better mutual understanding of municipal processes and community issues alike.

Effective participatory planning needs to connect citizens, city staff and political leaders in a shared process that is understood by all three groups. Establishing a process whereby political leaders can channel public knowledge into actionable projects for city staff is a vital tool for building vibrant local communities.

The first step in the PlanLocal process is choosing a targeted, concrete theme as a focus. Attempting to address too many policy issues at once can narrow citizen participation to a smaller, hyper-engaged group. Residents and business owners have busy lives and multiple priorities, so it's important for the process to be as straightforward, clear and relevant as possible.

For the 2016 PlanLocal campaign in Hamilton's Ward 2, Councillor Jason Farr chose the theme of safe streets. As Farr argued, "Without question, the safety of our neighbourhood streets is the foundation of a vibrant, prosperous community and I hear this reinforced by constituents all the time."

The second step involves asking the community to identify problem locations in their neighbourhoods and to propose solutions to improve the safety of their streets. This may seem basic, but it is the reverse of what typically happens at city hall, where solutions are identified by professionals before public input is sought. Also, street safety is typically seen as a traffic issue and therefore looked at from the perspective of the driver. Residents have a different understanding of what street safety means and therefore identify a variety of other problems and solutions.

Outreach is done through a variety of strategies, including public events, online outreach, local media, mail-outs and working with neighbourhood associations. One particularly effective method was an online tool that allowed residents and business owners to pinpoint locations on an interactive map.

The third step in the PlanLocal process is to analyze and translate the ideas identified into a voting shortlist that is easy to understand, reflects the priorities of the public and has been reviewed by city staff to ensure all projects are actionable. In the final step, residents vote on this shortlist of ideas generated from the community.

Using a variety of methods, the PlanLocal process reaches out to every home and business in the ward during this phase. The process leverages existing civic institutions, such as libraries, recreation centres and schools, like Dr. Davey, to reach a wider range of constituents. In the end it produces a concrete list of actionable, publicly supported projects that can be submitted into the municipal budget and implemented as soon as a year after that.

Hamilton's Ward 2 PlanLocal experience demonstrates that through a thoughtful and inclusive process, civic leaders and the public can work together to address challenges effectively. It relies on the knowledge and experience of the community, elected representatives and city staff to inform concrete actions and policy change.

Perhaps best of all, citizens see the results of their engagement on the ground, in their neighbourhoods, on a daily basis, reinforcing the positive role local government can play in their lives. M

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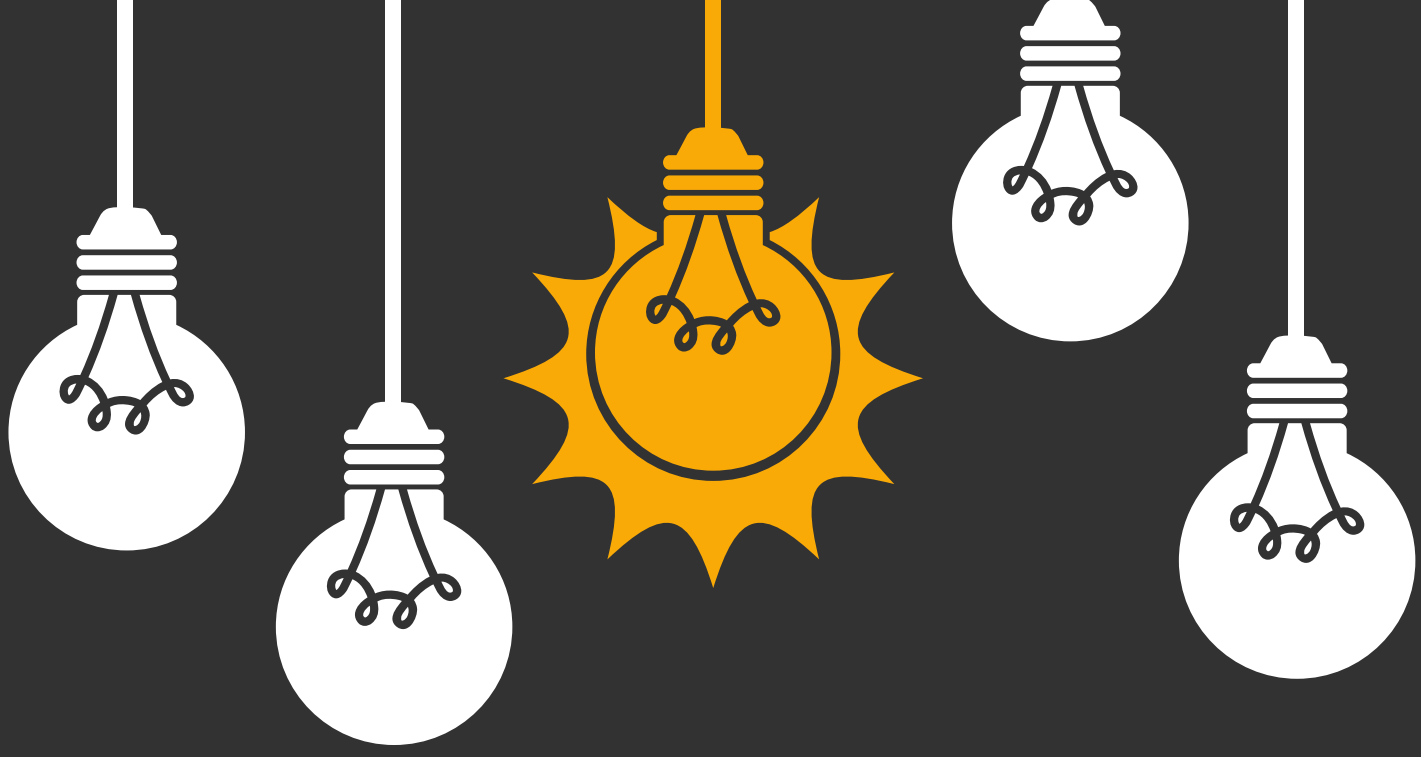

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