

# SAYOUT

Canada and the world

Spring 2017

*Ideas, Facts, and Opinions for Today*

## Coping with the Washington Consensus

When a nation must borrow money to deal with its economic issues, policies from the Washington Consensus will likely come into play. Greece, for instance, has been obliged to commit to these kinds of policies by external financial authorities such as the European Central Bank (ECB) and the IMF in order to keep rolling over its impossible debt load.

The term 'Washington Consensus' originated with the economist John Williamson in 1989. He meant it as a convenient term for describing an array of policies that nations should strive for.

The Washington Consensus supports:

- Fiscal discipline and avoidance of too large deficits.
- Spending public money on key growth provisions such as primary education, primary health care, and infrastructure investment instead of subsidies to businesses.
- Privatizing government organizations.
- Broadening the tax base and setting moderate marginal tax rates.
- Making foreign investment easier.
- Labour market 'flexibility' (fewer unions or workers' rights).
- Moderate interest rates determined by the marketplace.
- Removal of regulations that impede market entry or competition.
- Deregulation of financial markets.
- Competitive exchange rates and liberalization of trade.
- Strong legal protection for property rights.
- Shrinking the role of the state.

In later years Williamson criticized the fact that governments have been remiss in their spending on infrastructure. He is also concerned about rising inequality. The policies of the Washington Consensus have clearly failed to deliver the wondrous economic and social outcomes that were promised.

The financial crisis of 2008 caused widespread scorn for the Washington Consensus. Prominent figures such as Joseph E. Stiglitz and George Soros have blamed its policies for many of the shortcomings revealed over eight years ago. Now the question is: What should replace this consensus? No one seems to know, although many now talk about a Post Washington Consensus consensus. The World Health Organization (WHO), for instance, has supported this kind of thinking.

Despite all the problems, the policies of the Washington Consensus continue to live and continue to be imposed, whether they work or not. Many of the economic policies now supported by President Trump appear to come from the Washington Consensus playbook. He is particularly fond of the idea of drastically lowering taxes on large corporations and the wealthy and of eliminating regulations wherever possible.

The Consensus and its neoliberal prescriptions (or poison) seem destined to haunt us for some time to come. We may well now be in the grip of zombie thinking and a zombie set of policies. Have we all now been drafted into a long economic death march?

## What about Lady Luck?

*"If people tend to overlook the role of good luck in their own success, they also tend to overlook the role of bad luck in others' failures."*

Robert H. Frank  
*The Darwin Economy, 2011*

## How's the economy?

We often hear the state of our economy being described in terms of GDP, unemployment levels, the health of the stock market, and so on. But do the descriptions we hear always correspond to our lived realities?

People may experience cognitive dissonance. "Are those politicians and media gurus really talking about the economy I live in? What's going on?"

Sometimes we need to look for other indicators. One such exists in the nature and amount of advertising you see inside buses, light rail vehicles, or subways. Look up and check.

If there are a lot of blank spaces, that could be an economic indicator. If a lot of the ads you see are government ads or ads for various educational institutions, that's another indicator.

This is all very unscientific, but it could be closer to the truth than officialdom wants you to believe.



Robyn Peterson

**Community gardens will flourish**

## P3s will save us money won't they?

Various governments these days will resort to public-private partnerships (P3) to pay for and build various forms of public infrastructure. Supposedly, this saves public money and is a sensible way to handle public needs. But is it?

A little over eight years ago (April 1, 2009), Toby Sanger and Corina Crawley of the Canadian Centre for Policy Alternatives, warned "Public-private partnerships have fundamentally been about giving private investors and financiers high returns with low risks, at the long-term expense of taxpayers and the public." That warning, it seems, has been ignored.

Private participation in different government projects may be urged by those who believe that private enterprise "always" does things better than public sector bodies can. They offer no proof, but trust to ideological reasoning. Politicians and lobbyists who believe in this ideology will do what they can to involve private interests wherever possible in public projects, whether the public actually benefits or not.

A P3 approach may be "justified" by politicians because it could appear to save some money in the short run, as startup costs might initially be kept off the books. This apparent saving is publicized broadly and loudly to show the wisdom of a public-private partnership. In the long run, however, the costs will grow and be paid for by government.

Late in 2014, Bonnie Lysyck, the auditor general of Ontario, found that 74 public-private deals entered into by the Ontario government from 2006 on had ended up costing the government \$8-billion more than if those deals had been handled by the government directly. Money had not been saved by these arrangements. Public-private dealing had cost a staggering amount paid out from the public purse.

A number of explanations exist for the cost advantage for a direct government role in different projects.

Governments can borrow money more cheaply than private companies can. (The federal government can actually create money if it so chooses.) Private firms will generally charge higher legal and management fees. And, of course, they must return profits to their owners and shareholders. In the case of infrastructure projects such as highways or hospitals, private interests may end up owning the structure involved, including any fees from tolls or other charges, such as leasing payments from the public purse, that might be included. If the structure appreciates in value over time, that increased value may accrue to the private company as well. Additionally we might note that any risks will likely be covered almost entirely by the government.

In an article in the Globe and Mail (Oct 14, 2012), Barrie McKenna warned of the danger that, "... current and future taxpayers are paying way too much for vital public infrastructure." At a time when our political leaders repeatedly complain about not having enough money to pay for important matters such as decent support rates for the disabled or affordable housing, why would they run the real risk that "way too much" public money is being spent on public-private partnership deals?

Perhaps it would be wise for governments of all stripes to examine closely their penchant for making big-time deals with the private sector instead of continually promoting policies of austerity, which do real harm to powerless people.

Should government be in the business of deliberately creating wealth for a chosen few? Might the general public not be entitled to a much more careful handling of their financial interests? Private interests may have money or access to money (including from foreign sources), but that doesn't mean they should be able to buy government itself. Public-private partnerships? Public beware! You have more to lose than you may think.

### *Ayn Rand needed social security*

*"Rand found out the hard way. After a lifetime proselytising on behalf of the 'producers' and denouncing anyone needing government assistance as 'parasites,' when Rand became old and sick, she discovered that even a bestselling author could not afford health care in the neoliberal US. She availed herself of Medicare and ended her life on what she had despised – social security."*

Anne Manne,  
The Guardian, July 7, 2014

### Own and rent!

Sheer ownership of property has become the fundamental driver of our economy. This is the rentier way of wealth. Is it yours?



Robyn Peterson

Coming soon – just for you!

## Sayout

Sayout gives voice to those concerned about where we are in today's world and where we're headed. Here we can talk about issues affecting us right now—in Canada and around the world.

Agree or disagree, but think. What is really happening, and what do we need to do? Ask questions of those in power, demand action where it's needed, and don't be misled by saccharine promises or golden phrases meant to soothe but nothing more.

This newsletter is free in its e-version form.

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## Doomsday looms closer

Towards the end of January, the minute hand on the Doomsday Clock moved thirty seconds closer to midnight, the hour of planetary doom. It now stands at two and a half minutes to midnight. This is the closest the clock has been to midnight since 1953 when it ticked in at two minutes to midnight in the aftermath of the United States and the Soviet Union exploding newly-developed hydrogen bombs that were much more powerful than the atomic bombs dropped on Hiroshima and Nagasaki in 1945.

NATO continues to confront Russia in the Baltic States, the Ukraine, and in Syria. Nuclear-tipped missiles stand ready in Britain, France and the United States, the latter's supply dwarfing all others. Russia continues to have a massive array of missiles with nuclear warheads. Both the United States and Russia are upgrading their nuclear strike capabilities. President Trump has promised to expand the U.S. military budget to beef up the U.S. armed forces even more. Additionally, China, Pakistan, India, and North Korea are nuclear powers, all with missile capabilities. Experts generally agree that Israel is also a nuclear power.

People may have been lulled into a false sense of security because the Cold War officially ended at the end of the 1980s. Recently, however, we've heard much talk about Cold War II. Major cities and other targets in North America continue to lie within half an hour of nuclear annihilation.

Added to the war threat is the threat of climate disaster. Major and unprecedented weather events are already taking place, as predicted by climate scientists. Carbon dioxide has already built up in the atmosphere past the danger level of 350 ppm. This, at a time when President Trump is announcing his plans to get back to burning coal with a vengeance.

The world is in serious danger, but our politicians continue to act as though everything is just fine. We simply have to continue to consume, consume, consume. The Doomsday Clock is ticking. How much will it now take for it to hit midnight? Will we be around to hear the sound of that fateful hour being rung in?

### *They walked away*

*"Most of the federal and provincial programs that protect the vulnerable have been cut, off-loaded or abandoned since the mid '90s. The federal government has capped its contribution to welfare and walked away from public housing and child care."*

Carol Goar  
The Toronto Star, April 7, 2010

## Discontent in a fair land

Canada has a long history. Confederation occurred in 1867 and made us an independent, self-governing nation (or dominion) within the British Empire. But a place called Canada had existed long before that date.

Earlier it was a French colony. Prior to that it was made up of varied aboriginal nations. By all reasonable measures, Canada is a success as a nation, a long-established nation.

For all our success as a nation, a certain discontent pervades the soul of Canada today. The country looks wealthy and distinguished and is seen that way by others. And yet, and yet, many people are discontented. Why?

No one cause of our discontent is clearly visible. Yet many indicators point to elements of our disquiet, and these indicators deserve our attention. The indicators may be treated lightly or glibly by many. Still, they exist and need proper and careful attention, not stock responses.

These days we need to look for remedies or possibilities. Sitting back and going along with what others decide is not good enough.



Robyn Peterson

**Sure and I don't think this is Dublin!**

## Do they know they're incompetent?

A widespread phenomenon of our times may well be something called the Dunning-Kruger Effect. Dr. David Dunning and Dr. Justin Kruger, Cornell University professors of psychology, developed this theory in 1999.

Essentially, this theory states that someone might be quite incompetent in dealing with a given area and yet not realize they're incompetent. Worse, someone subject to this cognitive effect would believe they have a superior level of competence in the area concerned. They suffer from an illusion of their own superiority.

Let's think about this. If someone is actually incompetent at dealing with something, yet believe they have a superior level of competence in working with that same something, what kind of havoc might they wreak in an organization? The damaging possibilities expand as the rank of the person suffering from this effect rises.

A team leader or project leader who leads people with higher levels of competence than his own, but insists on believing that his own competence level is actually higher, would breed discontent and resentment. And the performance outcomes for the team or project would likely be poor, even disastrous.

As we look around in our world, how many people might we see who exemplify the Dunning-Kruger Effect? The number could be uncomfortably large. And it could have serious implications for all of us.

Are politicians immune from this effect? Might those who gain leadership positions and advocate for certain policies with strident certainty actually be subject to the Dunning-Kruger Effect? Entire populations could be led by incompetent people, something many have suspected all along.

We live in a society that needs leadership, real leadership, not just designated managers or presidents who obtain their positions through power and influence based on large sums of money. The fundamental question is: How do we get truly competent leaders?

## Who's in charge of Canada?

Lots of publicity goes on about the workings of parliament or the various provincial legislatures. We're meant to believe that these official bodies are in charge of our country. At times, though, we need to consider other bodies that exercise real influence on the way our politicians think and the kinds of policies they pursue. They may not be official, but they are important.

In 1976 top business leaders in Canada got together to form the Business Council on National Issues. They believed that business did not have a strong enough position in the country at the time and were determined to rectify that situation. The BCNI, modelled on a similar body in the United States, proceeded to make itself felt as a powerful centre of business thinking. Further, it became a highly influential source of lobbying for government measures that would be good for business. Prime ministers and premiers learned to listen carefully when BCNI came calling.

In the 1980s, the views and actions of Prime Minister Thatcher in Britain and President Reagan in the United States came to the fore. Their influence was felt strongly in Canada. The BCNI pushed their kind of thinking with some enthusiasm. Neoliberalism became the order of the day in policy-making and in government actions at all levels.

In 2001, as the twenty-first century got under way, the BCNI changed its name to the CCCE. The new initialism stood for the Canadian Council of Chief Executives. Under the new name, this body continued its influential work, almost becoming an arm of government. People sympathetic to the desires of the CCCE could be appointed to the Prime Minister's Office (PMO) without needing to be elected.

Today's Canada is a land fit for our corporate aristocrats. They command significant assets (over four trillion dollars' worth), and can direct the flow of generous amounts of money, including donations to political par-

ties. Their priorities will regularly become governments' priorities. If they want something badly enough, their will is likely to prevail.

The head office for the Council is located on Bank Street in Ottawa within convenient walking distance of Parliament Hill. This location is so much the better for exerting influence.

Late in 2016, the CCCE changed its name again to the Business Council of Canada. Under the new name, the Council pledged to continue the work its members have promoted for forty years. Among other things, the Council supports the continued exploitation of the Alberta tar sands, the completion of the Keystone XL pipeline, joining the Trans Pacific Partnership, directing post-secondary education in Canada even more directly at business needs and wants, and bringing in widespread tax reforms. The Council sent congratulations to President Trump on his inauguration, pledging to encourage continuing close relationships between Canadian businesses and American ones.

The current president and CEO of the Business Council of Canada is John Manley, a former Liberal deputy prime minister of Canada. He is obviously well connected in the higher circles of power. Justin Trudeau, a Liberal, is Canada's prime minister today and is more than likely on speaking terms with Mr Manley. One wonders what, exactly, they might have to say to each other. Dare we say that in his current position with the BCC Manley is, de facto, once again the "deputy prime minister" of Canada?

The member companies of the BCC make decisions that are worth hundreds of billions of dollars a year. In a real sense, the Council forms a parallel government in the country. This government, of course, is not elected. Indeed, it is autocratic in its political workings. How far is this Council really a friend of democracy itself? How far might it actually shrink the democracy we have left?

## Use our articles?

Sometimes people want to know about using articles from Sayout in other publications.

The quick answer is: please feel free to do so.

The only thing we ask is that you attach an attribution or byline. If the articles are unsigned, they're written by Robyn Peterson.

Thanks for your interest.

## Who owns most of the land?

*"In Britain, 0.3 per cent of the population owns two-thirds of the land, in famously unequal Brazil 1 per cent of the population owns only half of the land."*

*Nicholas Shaxon  
Treasure Islands, 2011*

## How are you breathing?

Pause right now and think about how you're breathing.

Are you breathing from your upper chest area, your thorax, or from your abdomen?

An important indicator of abdominal breathing is that your stomach rises up and down as you breathe.

Abdominal breathing is best for you because it takes in oxygen more fully, thereby oxygenating your body more completely. Abdominal breathing is deep breathing.

Shallow breathing often occurs when we're feeling stressed. Deliberately making yourself breathe deeply can help to lower your stress level.



Robyn Peterson

Your transportation awaits