

SAYOUT

Canada and the world

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Ideas, Facts, and Opinions for Today

Rue Britannia?

Early on June 24 the world learned, to widespread astonishment, that the people of Britain had voted to have their country leave the European Union. The vote wasn't overwhelming; many voted to remain. Still, a shock-wave rolled around the globe.

Pundits were quick to point out the many dangers this vote involved. How could the British people have been so unwise, even stupid?

The vote didn't mean that Britain was out of the EU right away. Some believed it could take as long as seven years to settle things. People began to realize too that the vote didn't mean that Britain was cutting all her ties with Europe. The British would continue to have trade relations with European countries. Further, Britain still belonged to NATO and might continue participation in the Organization for Security and Co-operation in Europe (OSCE).

The vote mainly involved a withdrawal from the European Parliament and from obedience to various regulations coming out of Brussels. It also meant less freedom of movement for citizens within Europe as a whole. Additionally, the Court of Justice for the European Union would no longer have jurisdiction in Britain, and the European Court of Human Rights would have little or no authority in the British context.

Essentially, the British had voted for increased independence from outside interference in British affairs.

Many people in Britain were deeply uneasy about the way things were going in their lives. They had

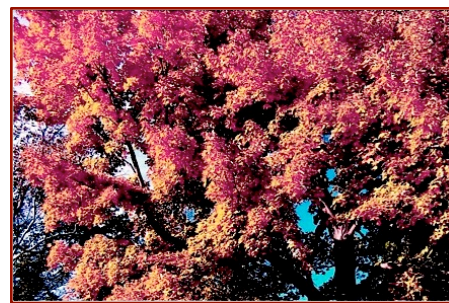
lost faith in their leaders and the media. In an important sense, they voted to protest the way things were. They wanted change, serious change. Rightly or wrongly they saw the European Union as an authoritarian body that represented the overweening power of the 'outside', the impersonal dominance of external and global forces.

The question of immigration also had factored in. The massive influx into Europe of migrants from Africa, the Middle East, and elsewhere provided a frightening image to many ordinary people who saw their prospects for employment or housing threatened even more.

The financial powers in London had voted to remain in the EU. But parts of Britain, such as northern England and Wales, had not experienced the bubbling enthusiasms of the London financiers. They had seen their industries decline and privatization run rampant over important public services.

Given a referendum, people had a rare chance to have a say in their fate, and they took it. They rejected the might and power of forces beyond their borders. They demanded more control closer to home.

The question now is: *What does the British vote mean for the future of globalized world as we have known it?* Here we truly have a question that is important for us all. The British have either engaged in a massive folly, or they have thrown off chains and pointed the world in a different direction. We have much to learn from this very British upheaval.



Robyn Peterson

Is something changing around us?

Land Banking

Land banking involves quietly buying up land over a period of time and holding onto that land until inflation, politics, or urban growth have increased the value of the land to a satisfactory level.

While it is "banked" the land may not be available for other purposes (for the time being it could be a parking lot).

Careful use of the tax system might mean the banked land is taxed lightly, so serving to reward the speculators for banking it.

In the long run, land banking may withhold land from other uses, such as social housing. Gradually it can make land more expensive for everyone.

Big banks, big money

"The four biggest U.S. banks – now J.P. Morgan Chase, Bank of America, Citigroup, and Wells Fargo – control a total of \$8.2 trillion in assets, an increase of 28 percent from the time before the crash of 2008. The assets of these banks alone are nearly half the size of America's gross domestic product."

William Cohan
Wall Street Rises Again
The Atlantic Jan/Feb, 2015,

Help! We need investors!

We're told often that almost everything we might want to do as a society must be approved by "investors". Investors loom as the gods of our times.

Who are these investors? They can be banks, hedge funds, brokerage firms, insurance companies, pension funds, corporations, rich folk, or others with money to invest.

Most money comes into existence based on loans made by a financial institution, usually a bank. For this reason we can be called a debt society.

Despite all the extra money pumped into private banks by different central banks since 2008, our economy continues to grow at a sluggish pace. Why is this so? Is it the result of impersonal forces beyond the control of mere mortals. Do things have to be this way?

A sovereign government always has the ability to invest money using its ability to create its own money. Governments can actually create money out of thin air without needing to borrow from the banks. When you say it boldly like this, it sounds foolhardy. It also sounds dangerously like a sure-fire prescription for out-of-control inflation. Such dangers do exist, but they're by no means automatic.

The fundamental question is one of keeping the money supply in proper balance with the productivity in the economy—not too much, not too little.

Suppose you want to build a new rapid transit line. The government could create the money needed as a direct investment. It could take the form of a loan to a municipality. No debt to private financial interests would be necessary. If the line then resulted in people being able to get to work more efficiently and perform their own jobs at a lesser level of stress, the economy as a whole would benefit. Additionally, any interest or fees paid would go back into government coffers, not the balance sheets of the private banks.

Suppose a town wanted to build a bridge. The government could lend

the town the money to do so. The money involved in this loan would come into existence in exactly the same way as money comes into existence when a private bank makes a loan. No new taxes would be required. The deficit wouldn't increase, and the government's debt to private investors would not grow.

Until 1974, the Bank of Canada, which had been formed in the 1930s, served as a mainstay of government finance. It was a key factor in Canada's financing of its major war effort in the 1940s. It also played a crucial financial role in the building of the Trans-Canada Highway and the St. Lawrence Seaway.

In 1974, despite the decades-long success of public funding, the Trudeau government switched Canada's main borrowing activities to the private sector. This came about as part of Canada's joining the Basel Committee of the Bank for International Settlements in Switzerland. The federal government became dependent on private banks for its borrowing activities. All the compounding interest then went into private pockets, not public ones.

Why has Canada chosen to pile on the debt by feeding the private banks so generously? This fitted with the neoliberal concept of lessening the role of government in our lives. At the same time, of course, it increased the role of large corporations in our lives.

We could, through the actions of our own government, invest directly in worthwhile projects and reap the benefits as a society.

We are not compelled to depend only on private investment. In fact, belief in this compulsion is really a fetish, a needless fetish.

We can help ourselves when it comes to needed investments. We don't need the gods of private finance. We don't need to live with massive and growing inequalities or debts. We're not helpless. We can invest and build what we need using our own strengths and our own created money.

We just have to choose to do so.

The public assumption

The predominance of corporate-financed 'experts' in policy making, in effect, leads the public to assume the only issues of any importance are those that bear on the welfare of consumers and investors, rather than on the well-being of society or the planet as a whole."

Robert Reich
Supercapitalism, 2007



Robyn Peterson

Any investors out there?

A matter of prejudice?

A lot of people are suspicious about those who are less well off these days. They often find it easy to blame the unemployed or poor themselves for their situation. Perhaps such prejudice is convenient and comforting.

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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Who did you say you were?

When people are reasonably well off, do they develop a sense of personal entitlement? Do they feel, perhaps, that their own skills and general worthiness are deserving of extra consideration? Quite possibly so.

If someone is considered 'successful' in today's society, he may well come to feel a sense of being special of being somewhat above lesser things. A certain narcissism can creep in.

If someone is born into wealth, she may feel an extra sense of entitlement from being so obviously ordained to be above the hoi polloi.

In a remarkable article in the New York Times (*Rich People Just Car Less*, October 5, 2013), Daniel Goleman, the man who brought us the concept of emotional intelligence, pointed out that much research these days is demonstrating that richer people tend to develop a certain social distance from those who are not rich. This leads them to become less empathetic to the needs of people lower down on the income scale.

In fact, they can become downright cruel.

In truth, observations about the social distance the wealthy observe in dealing with people of lesser means comes as no surprise. History is filled with examples of mistreatment of ordinary people by the nobility.

The popular TV series, *Downton Abbey*, provided a vivid picture of the life styles and attitudes of the entitled. It also highlighted their frequent indifference to or ignorance about the concerns of those who were "beneath" them in the world. How many of us now are *beneath* them? Perhaps we prefer to live in the servants' quarters.

Producing our bank notes

The sole authority for issuing bank notes in Canada lies with the Bank of Canada. This includes responsibility for designing, producing, and distributing Canadian bank notes. The actual printing is done by the Canadian Bank Note Company with headquarters in Ottawa. Bank notes and coins make up about 5% of the money in the economy.

Financial literacy education?

"... the financial literacy movement is not led by Good Samaritans. On the contrary, it is led by the very people who have the most to gain by society's continued financial ignorance: the financial services sector."

Helaine Olen
Pound Foolish, 2012



Robyn Peterson

There's still time for the barbecue

Water, water, where?

Fresh, clean, drinkable water is fast becoming a precious commodity. Some say it will soon be more important than oil as a resource, if it isn't already.

In Canada we have enormous resources of fresh water, although we've managed to pollute a lot of it at this point. In a world with a growing population and growing areas of water scarcity, how will Canada position herself on the question of water? Will we sell to all comers without restriction? Or will we seek to manage our water more carefully?

Perhaps the investor state dispute settlement provision in one or more of our 'free' trade deals will force us to privatize large amounts of our water supplies to satisfy the demands of corporate profits.

In some areas of the world private companies now control water supplies and charge significant sums for it. This has caused hardship for many people living in poverty. It also increases the chances of disease and death.

Water is a necessity of life. It is truly precious. Are we prepared to deal with it with the respect and care it deserves?



A provincial public bank

In 1922 the Province of Ontario Savings Office was created. The United Farmers of Ontario party then governed in Queen's Park. That party wanted to set up a public financial body to provide loans to farmers, individuals, and small businesses on good terms.

The next year, under the new Conservative government of Premier Howard Ferguson, the Savings Office had its authority to make loans removed. The private banks were pleased. From that time the Savings Office was mainly a savings bank. Its ability to offer real investment clout in the province had been taken away from the start by private interests.

The Provincial Savings Office continued to function through the Great Depression, the Second World War, and right into the twenty-first century. It met its end under Jim Flaherty, then Ontario's minister of finance. The Savings Office wasn't a private institution, so it had to go. The prevailing neoliberal ideology demanded it. Early in 2003 the Savings Office closed its doors for good and the Desjardins Credit Union acquired its assets.

The story of the Province of Ontario Savings Office illustrates the problem of establishing public banking in Ontario, indeed in Canada.

Major forces stand ready to pounce at the slightest stirring of government activity in the field of finance. Why is this? Obviously, there's much money to be made in the business of financing things, of investing—compounding interest, fees, and much more. You can't have the government making money and keeping all those financial extras for itself! Apparently that's a privilege to be reserved to the private sector.

Today, as we see the Ontario government struggling with economic issues and seeking to apply austerity measures by stealth, we can wonder how much more effectively the province could handle its financial needs if it had a public bank to work with. That opportunity was thrown away over ten years ago.

Is it not possible to resurrect a public bank in the province? If not, why not?

Roosevelt's vision - 1945

On January 11, 1945, President Franklin D. Roosevelt gave what was to be his last State of the Union speech before Congress. Bitter fighting continued in Europe and Asia, but the end of the war was in sight.

Roosevelt spoke of a "sacred obligation" to ensure that something better than mere survival came out of the war.

In contrast to the way peace had been handled after the First World War, Roosevelt wanted the coming peace to be meaningful and to avoid the mistakes of the past. The peace he envisioned would provide not just physical security, but also economic, social, and moral security, all within a family of nations.

He deplored the fact that a "noisy minority" of people clamoured for special favours as the war ended. In his view they were pests swarming through "the lobbies of Congress and the cocktail bars of Washington".

He urged Congress to pass laws that would ensure a stable economy as the war came to an end.

In a stirring move, Roosevelt declared the need to accept a new Bill of Rights to ensure the prosperity and security of all Americans without exception. Some of the rights he envisioned as part of this new Bill of Rights included:

- ◆ The right to a useful and remunerative job in the industries or shops or farms or mines of the Nation;
- ◆ The right to earn enough to provide adequate food and clothing and recreation;
- ◆ The right of every businessman, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home or abroad;
- ◆ The right of every family to a decent home;
- ◆ The right to adequate medical care and the opportunity to achieve and enjoy good health;

- ◆ The right to adequate protection from the economic fears of old age, sickness, accident, and unemployment;
- ◆ The right to a good education;
- ◆ The right of every farmer to raise and sell his products at a return which will give him and his family a decent living.

He warned that if the United States returned to a state of "normalcy" similar to the way things were in the 1920s: "we shall have yielded to the spirit of Fascism here at home."

Three months after his State of the Union address, Roosevelt died. His idealism lived on, although Congress did not legislate his Bill of Rights.

At the end of December, 1948, the United Nations adopted "The Universal Declaration of Human Rights" (UDHR). This declaration spelled out human rights that were in keeping with the spirit of Roosevelt's Bill of Rights.

Within twenty years, the International Bill of Rights had been approved by the United Nations. This Bill included the UDHR as well as the "International Covenant on Civil and Political Rights" and the "International Covenant on Economic, Social and Cultural Rights". The signatory countries had ratified all these agreements by the mid-1970s.

Sadly, over seventy years since Roosevelt delivered his address, we're still waiting to see all the rights he called for put into actual practice.

Would he have seen the rise of neo-liberalism and our return to a social and economic state similar to that of the 1920s as a yielding to the "spirit of Fascism?" Given his record in life, it seems likely.

Might we still fulfil Roosevelt's vision? Or must we revisit the grimy and dismal cruelties of the past? History will continue to unfold, and we will be part of that history for good or ill. We can hope that wisdom and compassion will prevail. Then we might at last fulfil Roosevelt's vision.

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

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Thanks for your interest.



Robyn Peterson

So where does it go?

Advisor Segal

Former senator, the Honourable Hugh Segal (now Master of Massey College) will be the top adviser to the government of Ontario on the design and implementation of a pilot programme (or two) in basic income within the province. He is to make his recommendations in March of 2017.

At the moment the hope is that one or two pilot programmes might start in 2018. The 'pilot' stage would run for perhaps three years. On this schedule it's possible that Ontario might have a basic income programme by 2021. Then again, it might not. A programme will begin only if there is no provincial deficit.

A provincial election due in the next couple of years could negate everything.

Inequality pays someone

... the six heirs to the Wal-Mart empire command wealth of \$69.7 billion, which is equivalent to the wealth of the entire bottom 30 percent of U.S. society."

Joseph E. Stiglitz
The Price of Inequality, 2012