Global Markets Inequality and the Future of Democracy

G78, 2019 Conference Report And Policy Recommendations

The Group of 78
Le Groupe des 78

608-63 Sparks, Ottawa, Ontario,
K1P 5A6, Canada
Tel: (613) 565-9449 Ext. 22
Email: group78@rgroup78.org
www.group78.org

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Conference Organizing Committee:

Manfred Bienefeld, Chair, Organising Committee
Roy Culpeper, Chair, Group of 78
Chris Roberts, Canadian Labour Congress
Nadia Ibrahim Trade Justice Network
Gerald J. Schmitz, Member of Group of 78 Executive Committee
Gordon Betcherman, University of Ottawa
Paul Maillet, Canadian Pugwash Group
John Foster, Member of Group of 78
Sune Sandbeck, Canadian Labour Congress
Peter Venton, Canadian Pugwash Group
Andrew Jackson, Broadbent institute
Tobi Sanger, Canadiands for Tax Fairness
Sarah Bowles, Executive Secretary, Group of 78

Rapporteur Team

Chief Rapporteur: Karl Nerenberg

The Group of 78 is most grateful to the following graduate student rapporteurs from the University of Ottawa who produced commentaries and contributed to the lessons learned from the conference: Rebecca Dick, Chloé Chaudron, Eric Dupuis, Deborah Parkes, Nicole Kahindo Mwirima, Saoussane Rifai

Videography and Recording

Tim McHale

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Executive Summary of Key Messages

These messages and recommendations reflect the views of the Group of 78, arising from and informed by its recent policy conference on *Meeting the Climate Challenge: Accelerating the Transition to a Post-Carbon World,* and are not necessarily those of conference speakers.

Key Message 1: Deregulation and liberalization of global markets have led to increasing inequality, more frequent economic crises, more job insecurity, and a growing threat to democracy

For the past four decades, neoliberal economic policies have hyper-commodified finance, housing, technology and labour. In the process, deregulated financial institutions have built increasingly complex and risky financial structures on top of relatively stagnant real economies. In time this has led to the coexistence of vast, increasingly unpayable debts, massive accumulations of "idle liquidity" ("more than $5 trillion" in 2018, according to a Blackwater study) and historically unprecedented asset bubbles. Stifled by constrained purchasing power, finance has been increasingly transformed from an essential service underpinning investment, job creation, and income generation, into an increasingly speculative search for short-term profits associated with the exploitation of monopoly, oligopoly or other scarcity rents. This, together with a frenzy of successive booms and busts have fed instability, insecurity and growing income inequality. In many urban locations, housing has been transformed from a basic necessity into a source of speculative profit, thereby putting shelter increasingly beyond the reach of low- and middle-income earners. Ultimately, neoliberalism's fatal flaw lies in the fact that it stifles the growth of purchasing power by undermining the bargaining power of working people, while at the same time greatly increasing managerial remuneration and income from capital. As Keynes predicted, this contradiction would eventually lead to a liquidity trap when even zero interest rates would no longer be able to stimulate investment or sustainable growth.

Recommendation 1.1

- **Rein in finance through capital controls, extensive re-regulation and a tax code that is biased against – not in favour of - speculative incomes**

Recommendation 1.2

- **Reverse the hyper-commodification of shelter by building more social housing and by heavily taxing unoccupied, and short-term rental, housing**

Recommendation 1.3

- **Increase the bargaining power of workers, promote better employment standards for workers in the gig economy, and encourage sectoral bargaining and pay transparency**

Key Message 2: Inequality emerges both through income and wealth disparities and from differential access to essential social services, particularly health, education and child care.

When combined with increased economic insecurity, the erosion of social services and of social protection undermines the social contract that must underpin any successful, and sustainable, democratic political process. And, broadly speaking, this is what has been deepening social divisions, destabilizing political processes and hollowing out democracies around the world.

Recommendation 2.1

- **To restore its fraying social contract, Canada must: extend health care coverage to drugs and to dental care; and extend education support to include universal child care – to deal with an egregious source of gender inequity – and to lower university tuition fees – to deal with the growing problem of student debt**

Key Message 3: Fiscal and monetary policies play a crucial role in addressing inequality and these policies need to be reformed urgently.

In the neoliberal era monetary policy has focused too narrowly on the goal of inflation targeting, thereby neglecting explicit concern with labour incomes and the level and quality of employment. Meanwhile fiscal policy has been hampered by an excessive focus on balanced budgets, and when combined with steadily shrinking tax bases, this has led to sustained – and unsustainable – periods of fiscal austerity that have resulted in increasingly costly social, and infrastructural, deficits.

Recommendation 3.1

- **The Bank of Canada should not focus solely on inflation targeting, but, as was once the case, should also be concerned with high quality employment growth**

Recommendation 3.2

- **Fiscal policy should not be narrowly focused on balanced budgets, but should use tax structures, and levels, to promote long-term employment and wage growth, to enhance human welfare and to strengthen social solidarity**

Recommendation 3.3

- **Marginal tax rates on the highest incomes, and on capital gains, should be raised substantially and a wealth tax should be introduced. Once current, extreme levels of inequality have been moderated, indirect sales taxes could carry a substantial burden of financing a high level of public services enjoyed by most citizens. Most 'special interest' tax loopholes should be closed, and restrictions on the use of offshore tax havens should be strengthened and more strictly enforced.**

1. Key Message 4: Global inequality is accelerating

The number and wealth of very rich individuals continues to increase globally. In 2018, the world's richest 26 people possessed more wealth than the 3.8 billion poorest (half of humanity). While the number of people in extreme poverty has fallen significantly over the past 25 years, billions of people around the world are just one crisis away from complete destitution. Accordingly, there is enormous scope and an urgent need for reducing global inequality.

Recommendation 4.1

- **The world's poorest countries should be given greater support to help them achieve the sustainable development goals, but such support should not be conditioned on accepting austerity policies or neoliberal reforms which will only widen inequalities.**

Recommendation 4.2

- **A small wealth levy of 1.5% on the world's billionaires would yield significant income with which to support primary education and health in all the world's poorest countries.**

Recommendation 4.3

- **Richer countries should work collaboratively with poorer countries to reduce social and economic inequalities, *inter alia* through bringing about higher wages and safe working conditions for workers; by addressing structural barriers to gender equality by supporting women's reproductive rights and security from violence; and by providing universal primary education and health care since they mitigate the worst impacts of inequality.**

Report on the 2019 annual conference of the Group of 78

Prologue

One word and one phrase could sum up the Group of 78's 2019 conference. The word is *decommodification;* the phrase, *financial re-regulation*.

The concept of *decommodification* suggests that basic services we all need should not be bought-and-sold commodities, subject to the profit-seeking market economy. They should be public goods to which all citizens have equal access.

Financial re-regulation would entail re-establishing controls on speculative, private-sector finance that most Western countries abandoned decades ago.

Neoliberals, notably U.S. President Reagan and British Prime Minister Thatcher, originated the mania for financial de-regulation, but social democrats and North American small-l liberals such as British Labour Prime Minister Tony Blair and U.S. Democratic President Bill Clinton enthusiastically joined their parade.

This mania was of great benefit to the apostles of untrammeled greed on Wall Street. Its consequences for the pursuit of economic fairness and, more important, for basic public services, were devastating.

Peter Brabeck-Letmathe, the former executive chair of the giant multinational corporation Nestlé's, once notoriously declared that water "is a foodstuff like any other and should have a market value"[1]. He got into trouble for that, and tried, without much success, to backtrack.

In a revised statement, the Nestlé's boss disingenuously pretended he had only meant to say people should not waste water on such trivialities as swimming pools – but few were fooled.

In fact, Brabeck-Letmathe was only saying openly what a good many global corporate leaders believe. Corporate spokespeople don't give frequent and public voice to that belief. But it is evident in corporations' deeds, if not their words.

[1] https://www.youtube.com/watch?v=oR_KXZZc13U (Go to two-minute mark of the video)

In Canada, as in many other advanced economies, we have, to a significant degree, de-commodified the health care system. As a consequence, we provide first class treatment and hospitalization to poor and homeless people who fall sick.

We feed and house the homeless while they are in the care of the public, *decommodified* health system. They merit the same treatment as the rich. Then, when they are deemed healthy enough, we release them back to the streets, where the much harsher imperatives of the capitalist marketplace apply.

The cruel fact for the homeless is that in our society, housing – unlike health care – is, overwhelmingly, a commodity, not a public good. It is something citizens must purchase, if they can afford it. Unlike health care, nobody has a basic right to housing.

The 2019 G-78 conference was about extending the principle of public goods beyond the point at which it became ossified, in the West at any rate, sometime in the 1970s.

The Conference statement, drafted by the Chair Manfred Bienefeld, drew stark political conclusions from that process of ossification. Bienefeld argued that "democracies around the world are being eroded and destabilized by a tsunami of social, political, economic and environmental challenges all ultimately linked to an explosive growth in inequality and economic insecurity."

The conference statement identified what it called "the roots of this nightmare".

They are: "the rise of a global financial system that can no longer be regulated in the public interest"; "an international trading system that has dramatically undercut the ability of labour to share in productivity gains"; and, at the level of basic values, "a deeply individualistic ideology that has greatly increased the power of corporate capital to act with virtual impunity."

Conference speakers and participants collectively expressed the fervent hope that world will turn back the neoliberal tide of deregulation and privatization that started in the mid-1970s.

In addition, the conference endeavoured to connect the dots between the theme of the previous conference, in 2018 – the threat of climate change – and the struggle for greater equality and for economic, as well as political, democracy.

Warnings about threats to democracy

The G-78's 2019 conference heard from social researchers, economists, activists and some current and former politicians.

There were impassioned pleas and denunciations, careful statistical analyses, and a few outside-the-box ideas (such as sociologist John Myles' proposal that the progressive income tax is not necessarily the only, or even the best way to finance the welfare state).

Most important, there were warnings.

Ed Broadbent, long-time party leader (of the New Democratic Party, the NDP), parliamentarian and founder of the Institute that bears his name, introduced the keynote speaker, U.S. economist and journalist Robert Kuttner. At the outset of his remarks, the former NDP leader warned that "globalization in its current form is a threat to democracy", and called for a renewed Left that embraces markets, but markets which are "closely regulated".

Broadbent decried the "third way" approach of former U.S. president Bill Clinton and former British Labour prime minister Tony Blair. The latter, Broadbent said, had been bewitched by the view of his British predecessor save one, Margaret Thatcher, to the effect that "there is no alternative" to reducing the public sector and allowing the tentacles of private enterprise to invade all spheres of life.

Canada, Broadbent said, most emphatically embraced the neoliberal philosophy during the federal Liberal regime of prime minister Jean Chrétien and his finance minister Paul Martin, from 1993 to 2002. Broadbent pointed in particular to the 1995 federal budget which, he said, accomplished the "biggest cut in social spending, in Canada, since World War II".

Setting the stage for Kuttner, Broadbent then talked about the current global situation, including the threats populists of the Right pose to multilateral institutions such as the EU. Canada, he readily admitted, is a small country of only about 37 million people. But, he insisted, what happens here can make a huge difference globally. He concluded by calling for a new sort of Left populism, rooted in the daily life experience of working people.

Robert Kuttner opened his remarks by saying it was "a pleasure to be back in a democratic country". On a global scale, he said, there are echoes today of the 1930s and the rise of Fascism.

Kuttner cited the ascension to power of strongmen, nationalist leaders such as Orban in Hungary, Kaczynski in Poland and Erdogan in Turkey.

He did not even mention Donald Trump. But the U.S. economist and author is preoccupied by the degree to which, in the 2016 election, Trump was able to exploit (white) working class frustration in key regions of the United States, such as the mid-west.

Kuttner worries about the tendency of the Left, in the U.S. at any rate, to focus on issues of identity to the detriment of economic and class-based issues.

When finance capital was almost a public utility

In his work, and in his conference presentation, Kuttner points to the post World War II "social settlement" as a kind of halcyon period. This was the period during which a war-wracked western Europe adopted social-democratic strategies to rebuild. And it did so with the help of a U.S. which, at least for a while, continued to pursue the state interventionist policies of the Franklin Roosevelt New Deal. At that time, Kuttner argues, the West harnessed private finance almost as a "public utility". In our time, the role of finance has changed drastically, and not for the better.

In his book "Can Democracy Survive Global Capitalism" Kuttner reports that not only did the U.S. invest in postwar Europe via the Marshall Plan, but U.S. private capital went to work at rebuilding the continent. What is important here for Kuttner is that this infusion of capital was "mostly direct investment, *not financial speculation*."

"U.S. private investment increased from $1.7 billion in 1950 to $21.5 billion by 1969," Kuttner writes. "European banks, still substantially nationalized, resumed their normal role of providing capital to industry."

"These banks," he continues "served as sources of long-term capital, not" – and, again, this is a crucial distinction for Kuttner – "as short-term speculation."

Kuttner also notes that it was important for Europe to maintain controls on currency and capital flows, and relatively high tariffs during this rebuilding period.

Europe's monetary system, he writes, was too weak to "survive anything like economic liberalism." The power national governments had, at the time, to regulate cross border movements of capital was, Kuttner explains, guaranteed by the Bretton Woods agreement, which, toward the end of the war sought to establish a stable basis for a new, highly regulated, global financial system.

Bretton Woods created the International Monetary Fund and the World Bank and established a system of fixed exchange rates for currencies. It “helped nations pursue recovery programs, free from the deflationary pressure of speculative finance,” Kuttner says. Its success, he adds, “like so much else about the postwar exception to predatory capitalism” was “a happy convergence of accidents.”

Kuttner explains that at the time of Bretton Woods Wall Street was entirely opposed to the controls and restrictions on finance capital the agreement put in place. U.S. bankers favoured the unfettered and free movement of capital. Exceptionally, in the immediate post-war period, the political power of Wall Street was “temporarily suppressed”, Kuttner writes. The key word here is “temporarily”. That influence revived in the 1970s and, in Kuttner’s words, “restored the primacy of speculative finance.”

The halcyon three decades of which Kuttner has so many positive things to say were marked by an increased share of national income going to wages, “a more equal distribution of wage and salary income and greater equality of capital income,” all of which was promoted by full employment. Then, starting in 1973, “as a laisser-faire system and global monetary disorder returned, unemployment rose and wages came under pressure.”

As governments sought to deregulate capital, Kuttner writes, “incomes at the top took off again … taxes were cut, especially for the well-off ...and labour protections were reduced.”

By the roaring 1980s, the heyday of Reagan, Thatcher and their followers, the income distribution in a number of countries “was already reverting to a pattern that looked more like that of the 1920s.”

Like Broadbent, Kuttner decries the extent to which (American style) liberals such as Bill Clinton and (European style) social democrats such as Helmut Schmidt, and Tony Blair swallowed the newly re-invented laisser-faire medicine with such enthusiasm, sometimes exceeding the true-blue neoliberals at their own game.

Global markets but no global standards

Today, Kuttner argues, we are experiencing the consequences of that betrayal by the notional forces of the Left.

"When capitalism overwhelms democracy," he writes, "we get the alt-right with a friend in the White House."

Thus, in Kuttner's view, what might seem as a unifying and benign force – an increasingly globalized economy – has become, for much of humanity, a negative force.

"With global markets, but not global standards, domestic workers are thrown into competition with more desperate workers overseas. A century's worth of democratic struggles to regulate labour standards are hosed away. At the other end of the wealth spectrum, the liberation of private finance creates astronomical incomes for the elite."

The way forward, as Kuttner sees it, would be through a new form of humane, environmentally conscious, managed capitalism. In the United States, he would like to see another New Deal – indeed the seeds for that have already been planted with the still nascent and amorphic Green New Deal.

Globally, Kuttner proposes a Bretton Woods II, which would include a Tobin tax on financial transactions, strict and enforceable international labour standards (including the right to unionize), and a new, highly regulated, world trading system. As for the environment, Kuttner describes climate change as "history's greatest case of market failure," and hopes for changes in political leadership, especially in the U. S., that will embrace the need for global collective action to save a burning planet.

In the current U.S. context, Kuttner is cautiously optimistic that the Democrats will choose Massachusetts Senator Elizabeth Warren as their presidential candidate in 2020. In Kuttner's mind, Warren possesses both the populist touch, the natural politician's ability to connect with working people, and the trenchant analysis and understanding of 21st Century capitalism necessary to the current challenge. Warren, he says, can help the Democratic party escape what he sees as the dead-end trap of identity politics. It should, he believes, focus its coming campaign on a promise of economic progress that will reclaim its lost working-class support.

The conference's keynote speaker did not say his optimism is unmitigated. But he is ready to be hopeful nonetheless.

Radical approaches necessary

When economist Armine Yalnizyan took to the podium, she adopted a more radical posture than Kuttner, and launched a passionate challenge to the assembled group with the words: "This is not the time to Make Bretton Woods Great Again!"

Yalnizyan put decommodification squarely on the table, and raised such issues as precarious work, the lack of affordable housing and the notion of a universal basic income. The Canadian progressive economist urged conference participants to think beyond the institutional reforms of the sort Kuttner advocates to a more grass-roots driven model.

Like many other speakers who came after her, Yalnizyan made favourable reference to the giant climate marches that had just taken place throughout Canada. She pointed to the need for policy and decision-makers to connect with the energy of youthful protesters and community-level activists.

In an earlier article,[2] published by the *Globe and Mail,* Yalnizyan had written:

"There's a growing realization that the growth models pursued by advanced economies for the past four decades have delivered more income inequality, wage stagnation and precarious work ..."

Yalnizyan described, as did Kuttner, the long race to the bottom engendered by the current laisser-faire form of globalization. Among the solutions she proposed are: "Improving the bargaining power of workers … in a world where labour's share of gross domestic product (GDP) falls as corporate consolidation and power rises; better employment standards for workers in the expanding gig economy; sectoral bargaining in industries characterized by poor work conditions and wages; and pay transparency, which is key to negotiating and enforcing fair pay and pay equity."

[2] Globe and Mail, April 26, 2018 https://www.theglobeandmail.com/business/commentary/article-race-to-the-top-inclusive-growth-is-the-new-growth-model/

At the conference, Yalnizyan laid emphasis on the basic right to services such as child care and housing. Those rights should be the goals of policy-making rather than mere cash transfers to individuals and families.

In his response to the Keynote address Manfred Bienefeld, also an economist and the conference chair, agreed with Yalnizyan's call for decommodification but suggested that this was not at odds with Kuttner's call for a return to the principles underlying the early Keynesian Bretton Woods agreement; nor was her call for grass roots mobilization at odds with Kuttner's focus on certain key institutional reforms.

Moreover, in thinking about the most important institutional reforms, he agreed heartily with Kuttner's suggestion that the liberalization of speculative international finance had played a decisive role in bringing about lower growth rates, lower investment rates, stagnant real wage rates, explosive increases in inequality and recurrent, and escalating financial crises. In the far more stable, more successful, more humane capitalism associated with the early Bretton Woods system, national capital controls and highly regulated national financial systems had allowed democratic states to manage their economies far more in accordance with their citizens' values and priorities.

Bienefeld emphasized the need to heed these lessons of history at a time when the next global financial crisis is already clearly on the horizon, and when the human and social costs of rising inequality, of growing economic insecurity and of accelerating environmental degradation are becoming ever more unsustainable. Indeed, he urged the conference to accept Kuttner's challenge to focus attention on ways in which the mounting anger of so many electorates around the world could be harnessed in support of a social democratic, as opposed to a fascist, resolution of today's mounting contradictions.

He concluded by drawing attention to a source of optimism to be found in the remarkable book *The Spirit Level: Why Greater Equality Makes Societies Stronger* by Kate Pickett and Richard Wilkinson. The authors show clearly that greater equality in a society is strongly associated with better human and social outcomes – better health, less violence, richer community life, fewer teen pregnancies, less mental illness.

Another economist, monetary policy expert Mario Seccareccia, focused primarily on the relationship between economic globalization, monetary policy, and the distribution of income.

In part as a result of a monetary policy exclusively focused on inflation targeting, especially since the 1990s – which Seccareccia characterizes as somewhat "barbaric" – the wage share of GDP dropped from around 70% in 1991 to less than 64% in 2015. One explanation is that, whenever prices (and wages) start to exceed the inflation target, the central banks raise interest rates.

"Hence," says Seccareccia, "you raise the income of one group (the rentiers or interest income earners) just to prevent (or to squeeze) the growth of income of another group: the wage earners."

Since it pits one group against the other in the economy, such a policy, the economist argues, is inequitable and "biased against labour, because the inflation target (2%), to which wage growth would also tend be tied in the labour market, would merely maintain real wages constant (at best) and would generate a fall in the wage share." Put differently, "labour has not been benefitting from increases in productivity."

Seccareccia has led the charge in demanding that central banks should be concerned with more than inflation. The Bank of Canada and other central banks, he urges, should abandon the narrow monetarist view of their roles, which would have them focus solely on inflation targeting.

In the case of the Bank of Canada, Seccareccia says it should assume the more expansive role described in its legislative mandate going back to the original Bank of Canada Act. In addition to maintaining a low rate of inflation, he urges, the role of the Bank should also be to assure full employment and achieve a more equal income distribution.

Sociologist John Myles turned the discussion to taxes and their importance for the pursuit of economic justice, in a lively and engaging presentation.

Myles challenges what might be conventional wisdom, at least among those who consider themselves to be on the left of the political spectrum. He points out that in the pursuit of greater equality the progressivity of the tax system is not a defining factor.

The U.S., Myles says, has a high level of income inequality, but also has a highly progressive tax system, the most progressive, in fact, among OECD countries. By contrast, Denmark and Sweden, societies which are far more equal, have the most regressive tax systems in the OECD.

Where both the U.S. and Canada are weak, Myles argues, is in the total amount of tax they collect. Both the U.S. and Canada are comparatively low tax countries, and low tax countries, according to Myles, "rely heavily on progressive income taxes to generate revenue. The US for example gets 41 per cent and Canada gets 37 per cent of tax revenues from income taxes compared to the OECD average of 24 per cent."

Myles asks: "Shouldn't progressives be in favor of progressive taxes and against regressive ones?" The answer is, in fact, no.

The taxation structure is (almost) irrelevant for the progressive agenda, says Myles. "Almost all redistribution takes place on the spending side not on the revenue side … Progressivity in taxation systems matters a little bit for inequality, but not very much. What matters most is the *quantity* of tax revenues rather than the progressivity of the tax mix."

"The narrative underlying Scandinavian social democracy was never a Robin Hood narrative – rob the rich to feed the poor," Myles explains. "Rather it was a narrative of social solidarity – we look after one another."

The key to the Nordic countries' success, according to Myles, has been a willingness to tax "non-mobile factors of production (i.e. labour) and minimizing disincentives (such as the means test)." Perhaps surprisingly, since the 1960s the "big revenue raisers" in those high tax countries "have been value-added taxes and payroll contributions." What has offset the regressivity in the Nordic countries' tax systems, Myles explains, are "high levels of redistribution on the spending side".

For Canada and the U.S. Myles concludes that "higher government revenues [via taxes] … are a necessary pre-condition for reducing inequality and poverty." Sadly, he adds, "Canada is part of the world in which no political party dares to raise taxes." He quotes the former Clerk of the Privy Council, Alex Himmelfarb, who said that in Canada "tax has become a four-letter word."

Having said that, Myles does see at least glimmers of hope in recent Canadian fiscal policy.

"Both Paul Martin and Justin Trudeau introduced significant increases in payroll taxes to finance the Canada Pension Plan and they were widely lauded. Like consumption taxes, CPP/QPP contributions are flat rate, hence regressive … the maturation of the Canada and Quebec Pension Plans in the 80s and 90s was the main driver of the huge reduction in old age poverty over that period."

"Would Canadians be prepared to accept an increase in the HST in exchange for a national pharmacare program?" Myles asks, "The problem," he says, is not unlike 'Medicare for all' in the US." His conclusion is: "Let's try."

The story from a grass-roots perspective

The next three speakers moved from the realm of over-arching policy to the lived experience of disadvantaged people. Their approach and tone, somewhat like that of Yalnizyan, was passionate and personal.

Leilani Farha is the United Nations Special Rapporteur on the Right to Housing and Executive Director of Canada Without Poverty. She spoke about the housing crisis both in notionally affluent countries such as Canada and in the developing world.

In Canada, housing costs are skyrocketing, especially in major cities such as Toronto, where the cost of homes is increasing at three times the rate of income. Farha places the blame for this crisis on what she calls the "dominant neoliberal paradigm" which considers peoples' housing to be "a financial instrument, not a home."

Speculators, she says, treat housing as a convenient place to "park excess capital" while low and even middle-income working people are driven to substandard homes in the centre of the city, or, if they want better, are forced to distant suburbs. Farha cites the example of the Herongate community in Ottawa's south end, home to a diverse low-income group of renters. When an asset management firm acquired the property, it decided to evict the entire community to make way for condos. It was the largest mass eviction in Canadian history.

The addition of Air B'n'B to the housing mix has only exacerbated the crisis, Farha argues. But the root of the crisis is what Farha and her U.N. colleagues call the "financialization of housing", which, in a recent U.N. report,[3] they define as "structural changes in housing and financial markets and global investment whereby housing is treated as a commodity, a means of accumulating wealth and often as security for financial instruments that are traded and sold on global markets."

The same U.N. report adds that financialization "refers to the way capital investment in housing increasingly disconnects housing from its social function of providing a place to live in security and dignity and hence undermines the realization of housing as a human right. [The term

[3] Report of the U.N. Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context; March, 2017 http://www.unhousingrapp.org/user/pages/04.resources/Thematic-Report-3-The-Financialization-of-Housing.pdf

financialization] refers to the way housing and financial markets are oblivious to people and communities …"

When Farha notes that "the global financial system has grown exponentially and now far outstrips the so-called real 'productive' economy in terms of sheer volumes of wealth, with housing accounting for much of that growth" she echoes Robert Kuttner's analysis.

As a consequence of housing financialization "in the United States of America, over the course of 5 years, over 13 million foreclosures resulted in more than 9 million households being evicted. In Spain, more than half a million foreclosures between 2008 and 2013 resulted in over 300,000 evictions. There were almost 1 million foreclosures between 2009 and 2012 in Hungary."

The report deals with the devastating impact of the 2008-09 global financial crisis, which, in the United States alone saw some 35 million people lose their homes. Some might have expected the crisis to act as an alarm bell, which would force countries and international financial institutions to introduce reforms to ensure the financial system did not exploit the needs of low-income people. But those who held such expectations (or hopes) were, Farah says, gravely mistaken.

Indeed, the 2008-09 crisis seems to have had the opposite effect on policy and decision makers.

In the words of the same U.N. report quoted above: "Individuals and families who were affected by the crisis were often blamed for taking on too much debt and new rules and regulations were put in place to restrict their access to mortgages. Austerity measures cut programs on which they had relied for access to housing options, and the march towards the financialization of housing continued."

It was a different story for Wall Street and other centres of financial power and influence. As the U.N. report explains:

"The countries that were the most severely affected by the crisis assumed responsibility for billions of dollars' worth of distressed debt (high-risk mortgages) and arranged for them to be sold off to private equity funds, thereby increasing rather than decreasing the role and power of corporate finance in national housing systems."

In her talk, Farha took direct aim at the notion of commodification. "Steel is a commodity; housing is not," she said, and, like other speakers, harkened back to a happier time, in the 1960s and 1970s, when housing was viewed as a means of providing personal security and when, in the West, homelessness on a large scale did not exist.

Farha included a call to action in her presentation.

After acknowledging some green shoots of hope in the current environment, such as the city of Montreal's new policy that social housing should constitute 15 to 20 per cent of the total housing stock, she invited her listeners to "think twice before using Air B'n'B", and to ask their pension funds if they held speculative investments in residential real estate.

Katherine Scott, a senior economist at the Canadian Centre for Policy Alternatives, spoke after Farha and put the conference's focus on gender. Her subject was a "new deal for caregiving", which Scott characterizes as "the missing link in the progressive agenda".

Women still experience a gender pay gap, Scott points out. They are still shunted to so-called traditional – underpaid and undervalued – women's occupations, such as nursing, and they continue to experience diminished earnings and professional opportunities following the birth of a first child.

"There continues to be a significant wage penalty attached to motherhood," Scott explains, "Younger generations of women are entering the labour market at a wage more equal to men, but with the birth of their first child they experience a significant drop in earnings. Some women never work their way back up the income ladder. Over women's lifetime, mothers will experience an estimated 8% decrease in their earnings, even after taking differences in age, employment level (part-time or full-time) and education into account."

Scott calls for greater focus on the need for a policy framework to address the unrewarded activity of (notionally informal) caregiving, both of children and of the elderly, sick and disabled.

"The value we attach to care and the work that women do," she says, "remain significant barriers to women's economic progress, and are huge blind spots in current policy discussions – notwithstanding the new [Canadian federal] requirements to carry out gender-based budgeting."

In the Canadian election campaign – which was under way during the conference – Scott notes that there were vastly different approaches to assisting caregivers on offer: from the Conservatives' populist proposals to bring back Harper era boutique tax credits for children's sports and arts activities, to the Liberals' promise to enhance family leave and make maternity and parental benefits tax exempt, to the NDP's pledge to invest $410 billion over four years to create half a million new licensed childcare spaces.

Each party's proposal, she explains, reflected different views of the role of the family and women.

The Conservative approach, she says, is “hands-off” and supportive of the “traditional family”. It is an approach, Scott argues, that offers the greatest advantages to families at the top of the income scale.

By contrast, a universal child care program would provide needed support for all children and families, while stimulating economic growth through increased employment, household spending and tax revenues.

Scott also made the case that the tax cuts, which were offered by both Liberals and Conservatives, would not be particularly beneficial to women. They are not “gender neutral” policies, she said.

“Women and girls lose out from the cumulative impact of tax cuts twice,” she says, “first when they lose access to essential public services due to insufficient revenues, and secondly, when they are forced the fill the gaps with many hours of unpaid caring work.”

Economist Ellen Russell’s presentation dealt with wage stagnation, a subject that earlier speakers had addressed, in their own way.

Why, since the 1970s, have wages not grown to keep pace with economic growth and increases in productivity? Russell asks, and, in reply, points to an array of factors: globalization, attacks on social programs, trade treaties, precarious employment and housing, reduced workplace benefits, constraints on unions, anti-worker legal and regulatory changes, personal indebtedness and the environmental crisis.

It is a long list.

Russell focuses mostly on the ways in which workers’ bargaining power has been reduced. One of those is the “threat effect”. When employers can more easily relocate abroad, and when unions are weakened and precarious work is more common, workers will naturally feel threatened – and settle for less.

Russell explains how neoliberal policies such as cutting and limiting access to unemployment insurance make workers fearful of losing the job they have. The high level of personal debt also contributes to workers’ weakened position vis-à-vis their bosses.

Russell also demolishes the myth that cutting back on public service remuneration and employment would be beneficial to workers in the private sector. The research, she insists, shows that retrenchment in the public sector makes life harder not easier for workers in the private sector.

The international point of view

Julie Delahanty, Executive Director of Oxfam Canada, gave a second-day keynote address in which she internationalized the conversation. Like others who spoke before her, she laid her foundation by observing how the world has evolved since the 2008-09 worldwide recession.

"It is more than 10 years since the financial crisis … [and] in that time, the fortunes of the richest have risen dramatically," Delahanty said. "The number of billionaires has nearly doubled. And those billionaires now have more wealth than ever before, and wealth is becoming even more concentrated. Last year, we went from 43 to 26 people who owned the same as the 3.8 billion people who make up the poorest half of humanity."

She continued with a startling, single example: "The world's richest man, Jeff Bezos, owner of Amazon, saw his fortune increase to $112billion. Just 1% of Bezos' fortune is the equivalent to the whole health budget for Ethiopia, a country of 105 million people."

She did find some good news in the fact that "globally the number of people living in extreme poverty (defined by the World Bank as less than $1.90 a day) has continued to fall – from 1.9 billion in 1990 to 736 million in 2015."

But it is only partially good news, mitigated by the fact that "the pace of poverty reduction has halved since 2013, and the number of people living in extreme poverty in sub-Saharan Africa has been increasing. The wealth of the poorest half of humanity (3.8 billion people) fell by 11% in 2018."

Delahanty concluded: "Billions of people live just above the extreme poverty line and are just a crisis away from destitution."

The Executive Director of Oxfam explained that "the problem of extreme wealth isn't about the ability of the rich to buy a yacht, or a mansion. It is about the ability of the super-rich to buy elections; to buy impunity from justice; to buy favourable laws; to buy longer life spans. The rich have access to world class health services while hundreds of thousands of women die in childbirth. Inequality literally reduces the life span of people."

Governments face a choice, Delahanty said, bluntly, adding: “And governments are making the wrong choice: inequality over democracy.”

Before proceeding to prescriptive recommendations, Delahanty traced the connection between global inequality and climate change.

“The carbon footprint of each member of the global richest 1% could be up to 175 times larger than that of those in the poorest 10%, she told the conference. “Basically, the more money you have, the bigger your consumption, the greater your carbon footprint. Elon Musk’s’ private plane took 250 flights last year. In Kenya, the richest drop their children at school each day by helicopter.”

Among the solutions Delahanty – and Oxfam – propose are to make tax systems “work harder”. “A levy of just 1.5 per cent on the wealth of the world's billionaires could get every single child into school and deliver health care in all of the world’s poorest countries.”

As well, Delahanty and Oxfam advocate for free public services such as health and education. These services, she says, are the “great equalizers”. They are “virtual income” because they “can mitigate the worst impacts of inequality.”

The Oxfam Executive Director also argues that we need higher wages, fairer and safer working conditions, and curbs on executive compensation.

Delahanty also addresses gender, in its multiple dimensions. “To build an economy that works for women, we need a comprehensive approach that particularly tackles the structural, and often hidden, barriers to women’s economic equality” she says, adding:

“If women cannot choose if and when they have children, they will not be able to take advantage of the skills and education they receive. If women face violence at home and at work or on the streets, they will not be productive. If women are bogged down with doing all the unpaid care work, they do not have time to pursue paid work.”

Finally, Delahanty speaks to the need for a vibrant and unfettered civil society. “Strong social movements and active citizens are essential to ensuring that politicians and institutions are working in the interests of the many,” she concludes.

Full employment, taxes, universal social services

Halifax-based economist Lars Osberg focused on the possibility of a full employment economy, which he called the "macro context for less inequality."

He emphasized that Canada's 2018 national unemployment rate of 5.8% is only "low" compared to its average from 1980 to 2000 (9.5%) or since 2001 (7.0%). But the early 1980s marked a regime shift in Canadian economic policy. From 1946 to 1975, when low unemployment was a stated policy objective of the federal government, Canada's unemployment rate averaged 4.7%.

Osberg noted the many trends that should have engendered even lower unemployment rates now than in the 1960s. Those trends include: less seasonality, the prevalence of internet job searches, and the labour force shift to low unemployment types such as older workers and those who are much better educated. And he emphasized that full employment shifts power both politically and at the workplace – because it gives workers a greater range of options.

Osberg refers to unemployment as a "worker disciplining device", a means to hold down wage demands, and points out that were it not for restrictive monetary and fiscal policies over the past three decades Canada's would now be a full employment economy.

On the monetary side, the central bank has been exclusively (and destructively) obsessed with the rate of inflation. On the fiscal side, finance ministers and their departments have almost fetishized the goal of balanced budgets.

Since 2015 there has appeared to be a change of course in fiscal policy away from a single-minded preoccupation with zero deficits. However, Osberg points out, we continue to experience what he calls "zombie neoliberalism".

In Canada, the government, at least at the federal level, has announced that it is pursuing greater growth and reduced inequality, rather than austerity. However, the ghosts of the previous decades continue to hover, encouraged, in part, by the current multilateral international framework.

Toby Sanger, formerly a labour union economist and now Executive Director of Canadians for Tax Fairness, returned the discussion to the conundrum of taxation.

He opened his remarks by saying: "Two hundred and thirty years ago, Benjamin Franklin said 'in this world nothing can be said to be certain, except death and taxes'. But now that we're confronting the death of the planet, some are questioning whether we need taxes to pay to save it."

Sanger traced the rise of the conservative anti-tax movement in the United States back to California's Proposition 13 in 1978. In that country right-wing groups, hostile to governments and the services they provide, have masqueraded as representatives of beleaguered taxpayers. In Canada, similar groups have sprung up, notably the Canadian Taxpayers' Federation, and they succeed in attracting a lot of media attention.

As a result of pressure from these groups, and from a globalized neoliberal economic philosophy, tax revenues in Canada are now at their lowest level in 70 years.

"If federal government revenues were, today, at their 50-year long-term average as a share of the economy," Sanger says, "they'd be $50 billion higher annually."

To make matters worse, he added, "the tax cuts that were made by Liberal and Conservative governments in Canada have largely benefited top incomes and corporations."

"While we've had cuts to top tax rates, especially more recently at the provincial level, what's really reduced the tax rate for top incomes are the expansion of tax loopholes, which allow the wealthy to avoid the statutory tax rate in many ways," he explained.

Those loopholes include stock options, capital gains exemptions, and the possibility to hide personal wealth in private corporations. And, Sanger added, "these figures don't even account for the hundreds of billions that Canada's wealthy and corporations stash offshore. Accounting for these would significantly increase calculations of inequality and the effective tax rates of both the wealthy and large corporations."

Sanger contested the position on progressive versus regressive taxes sociologist John Myles had earlier advocated:

"Until recently," said Sanger, "it was generally accepted that there wasn't all that much money at the top. We'd talk about taxing the rich and corporations, but some on the left (including John Myles at the G-78 conference) said to pay for public services, we'd really have to have an adult conversation about taxes, and would have to increase consumption taxes, payroll taxes and income taxes on middle incomes—just like they do in Scandinavia."

But Sanger argues that there is much more wealth, from which we could extract taxes, at the top end than we had earlier assumed. And he takes heart from the fact that currently even conservative governments in the West are showing an interest in a measure of corporate tax reform.

Right of centre or centrist governments in France, Australia, the U.S. and also India, have felt threatened by – and compelled to levy special taxes on – the corporate Internet giants, such as Google and Facebook. As a result, says Sanger, we might now be headed toward a global reform of the corporate tax system, spurred by the G-20.

As for Canada – we will have to wait and see what the new minority government does about the tax rate. The Liberal majority government, elected in 2015, was extremely reluctant to take on massive corporate power. It expanded and targeted social transfers, in a salutary way. But prime minister Trudeau put a big business acolyte in charge of the finance department and he has been averse to any measures that might open him to the accusation he was hampering the international competitiveness of Canadian corporations. Will the new Liberal minority government, potentially dependent on parties to its left to survive, take different and bolder tack?

The final speaker was progressive economist and activist Angella MacEwen, and she returned the conversation to the domain of personal experience.

MacEwen spoke about her upbringing in rural Saskatchewan, where her family had no running water or electricity. However, she and her family never felt themselves to be poor or deprived. That was because of the bonds of social solidarity they had with each other and with their tight-knit community.

The economist and activist evoked that sense of community in her call for society-wide solidarity, in the form of universal social programs, and expanded social housing.

MacEwen, who was standing for election as she spoke, linked many of the issues discussed at the conference to conversations she had recently had with prospective voters. She related conversations with people who have had to wait for medical treatment for grave disease or for other basic services. Some of those, she said, ruefully, might tend to seek scapegoats, such as refugees, whom other politicians have targets as undeserving recipients of Canadian largesse. To counter such toxic right-wing populism MacEwen, like many other, proposes a populism of the Left, based on big and bold ideas, such as free public transit for all or universal pharmacare.

In this way, MacEwen tied together many of the threads of the conference. She talked personally about the sort of fears, anxieties and, sometimes, hopes she heard from friends and neighbours and linked those preoccupations with the analyses and prescriptions provided by speakers at the conference.

If MacEwen had a plea, it was that those gathered together at the conference should find a way to translate their many insights and bold ideas into tangible, clear and comprehensible messages she could bring back to the campaign trail.

In light of MacEwen's invitation, the conference's main conclusion might be, to paraphrase one quite renowned and oft-quoted 19th Century activist and intellectual:

It is not sufficient to merely interpret the world; we must now change it.