THE JOURNAL OF THE COMMITTEE ON MONETARY AND ECONOMIC REFORM

COMER

$3.95 Vol. 27, No. 5 • JULY–AUGUST 2015

CONTENTS

Publications Mail Agreement No. 41796016

Money Matters — COMER v. Canada

By Judy Kennedy

The great challenge of our time is to wrest control of our lives from Big Money, beginning with the control of our national finance. Our forefathers did just that 80 years ago during the Great Depression when, in 1935, they established the central bank, the Bank of Canada (the Bank), responsible to Parliament, and generally to promote the economic and financial welfare of Canada. In 1938, the Bank was nationalized by the *Bank of Canada Amendment Act:* private shareholders were required to sell their holdings to the government.

One of the functions mandated to the Bank is the making of loans to the federal and provincial governments (and indirectly, to the municipal) at no or very low simple interest, interest which is returned to the people of Canada through the Treasury. Another function is to issue and regulate the national currency on behalf of Government, fulfilling one of the latter's constitutional responsibilities. The Bank carried out these tasks for 40 years, Canada's "golden years."

However, in 1974 at the Bank for International Settlements (BIS), Canada joined the Group of Ten charged with "maintaining financial stability" on a global scale. Since then, the government has borrowed, instead, from private banks at compound interest, with resulting deficits and debts.

When people are held hostage financially they can be easily controlled. Public programs can be eliminated, services cut, and the economy downgraded while billions are siphoned through the banks to the 1%. Because our central bank is publicly owned we can, by law, hold Government responsible to fulfill its mandate and that of the institution for which it is responsible – the Bank. How do we do that?

Through Parliament.

But when Parliament fails in this as it has for 40 years? We do it collectively through civil society with an organization that takes it on.

For over three decades the Committee on Monetary and Economic Reform, an NGO known as COMER, has raised awareness of these issues across the land. Now, they have taken the bold step to challenge Government and the Bank, through the courts to fulfill their mandates.

The Claims

The Plaintiffs in the case with COMER are its co-founder, William Krehm, and long-time member Ann Emmett as parties whose Charter and constitutional rights have been infringed by the Defendants' failure to act. They seek a declaration that the Defendants – the Finance Minister, the Minister of National Revenue, the Attorney General of Canada and the Bank – have failed in their constitutional and statutory responsibilities in implementing the *Bank of Canada Act* (the Act) with resulting harmful impacts on the plaintiffs.

The first harmful impact arises from the increase in public debts resulting from the refusal to request and make interest-free loans pursuant to the Act. All Canadians have felt the destructive effects of such debts for 40

Continued on page 2

The next hearing before the Federal Court will take place on Wednesday, October 14, 2015.

For details, visit www.comer.org.

COMER

FOUNDING EDITOR
John Hotson 1930–1996

PUBLISHER–EDITOR
William Krehm
(comerpub@rogers.com)

INFORMATION SECRETARY
Herb Wiseman
(herb.wiseman@gmail.com)

Economic Reform (ER)
(ISSN 1187–080X) is published bi-monthly by COMER Publications
27 Sherbourne Street North, Suite 1
Toronto, Ontario M4W 2T3 Canada
Tel: 416-924-3964, Fax: 416-466-5827
Email: comerpub@rogers.com
Website: www.comer.org

COMER Membership: Annual dues (includes *ER* plus 1 book of your choice): CDN$50

***Economic Reform* subscription only:**
One year (6 issues): in Canada, CDN$20; Foreign, CDN$40

Send request and payment to:
COMER Publications
27 Sherbourne Street North, Suite 1
Toronto, ON M4W 2T3

***ER* Back Issues:** CDN/US$4, includes postage; additional copies same issue, $2; additional issue same order, $3. Send requests for back issues to Herb Wiseman, 69 Village Crescent, Peterborough ON K9J 0A9.

Copyright © 2015
COMER Publications
All rights reserved

Permission to reproduce is granted if accompanied by:
"Copyright © 2015 COMER Publications. Reproduced by permission of COMER Publications"

Postmaster, please send address corrections to:
COMER Publications
27 Sherbourne Street North, Suite 1
Toronto, Ontario M4W 2T3

PRINTING AND DISTRIBUTION
Watt Solutions Inc., London

Printed in Canada on recycled paper.

Money Matters *from page 1*

years starting with the compound interest paid to bankers during that time, the disintegration of our economy, the cuts to social services and programs, and growing inequality.

Another claim of harm derives from Government's falsifying the estimated tax revenues it presents to Parliament by subtracting all tax credits from the total beforehand. Taxation without representation.

Most significantly, COMER says that Government, by handing over its monetary, currency and financial policies to be determined by international private entities, has abdicated its constitutional duties to govern, and that it is unconstitutional and against the Act for the Governor of the Bank of Canada to keep secret from Parliament the minutes of his meetings with central bank governors of other states.

The Legal Bases for the Claims

The Bank's powers and responsibilities are set out in Section 18 of the Act which states: "The Bank may:" followed by the list of various functions including the making of loans to the federal and provincial governments.

Section 18(m) of the Act was amended in 1974 to allow the Bank to be *agent* for the BIS, the International Monetary Fund and for any other international financial institution or organization. This cedes control of government's financial policy and practice to supranational institutions, contrary to Section 24 of the Act which states "The Bank shall act as fiscal agent of the Government of Canada."

Furthermore, Section 91 of the *Constitution Act*, 1867 states that "the exclusive Legislative Authority of the Government of Canada extends to all Matters," matters listed thereafter, including public debt, the borrowing of money on the Public Credit, banking, currency and coinage. Ceding these powers to any other institution requires amending the Constitution which has not occurred.

The plaintiffs claim, too, that taxes imposed to pay for the interest on debts to private bankers are illegal and abrogate sections of the *Constitution Act*, 1867 relating to taxation without representation.

The Legal Process

Faced with such challenges, Government inevitably responds by contesting the justiciability of the claims, the standing of the plaintiffs to bring the action to court and the jurisdiction of the court to decide the case. So it did in this case.

A first hearing was therefore held in December 2012 before a prothonotary of the Federal Court – a judge who hears a challenge of the legitimacy of the claim prior to a hearing on its substance or merits. His decision was to disallow the claim on justiciability grounds. He did not deny COMER's standing to proceed. Nor did he deny that the Federal Court has jurisdiction to hear this case.

COMER appealed, leading to another hearing before the Federal Court in December 2013.

Something unique in Canadian history occurred at that time. The lawyer in this case, Rocco Galati, had challenged, on his own, the legality of Harper's appointment of a Quebec judge to the Supreme Court of Canada. Galati won, at the Supreme Court, and hit national headlines. Shortly after this momentous event, the result of the COMER appeal was announced. It, too, hit alternative media, locally and internationally, but not the mainstream media.

COMER won the right to proceed to court on the merits of the main claims: to win a declaration of the failure of Government to fulfill its constitutional responsibilities, and the Bank, its statutory ones.

A secondary claim relating to the harm done to the individual plaintiffs was disallowed although it was allowed to be redrafted and resubmitted. The plaintiffs decided to proceed on the principal claims only, at this time.

Justice Russell's reasoning on a number of points is instructive for those seeking to challenge government, even outside the courts. The case could turn on the interpretation of the word "may" in s.18 of the *Bank of Canada Act* which, as stated, sets out the Bank's powers.

Justice Russell commented "even if s.18 of the *Bank Act* is permissive, this does not dispose of the allegations of improper handing-off to international institutions. 'May' is usually permissive, but it is not invariably so, and full legal argument on a full evidentiary record is required before the Court can decide what the *Bank Act* requires of the Government and those involved in applying and interpreting that statute."

The government appealed the judge's decision.

In January 2015 Rocco Galati argued this cause before the Federal Court of Appeal. On the right to proceed for declaratory relief on the several claims, COMER won a

Continued on page 16

PART ONE OF A TWO-PART SERIES

The Balanced Budget Narrative

By Herb Wiseman

Libs and Cons lament and wring their hands about balanced budgets, debts and deficits. The heritage of the NDP should lead it to lament and wring its hands on the transfers of taxpayers' dollars to the wealthy in the form of interest on the debt but it doesn't. The media are complicit in manufacturing consent for this practice and the narrative rather than exposing it.

The first part of this series exposes and challenges the narrative and the second part looks at whom it serves – its purpose and how we got there. The NDP has not governed the country and have never introduced a budget so their true intentions are not known in this regard. Balancing budgets usually means robbing from items in the budget to reduce a deficit but the one thing *never* touched is the interest payments on the debt. All the others are subject to reduction but not the money paid to the wealthy in the form of interest on the debt!

Part 1: Eyes Wide Shut

In their budgets the Libs and Cons always emphasize spending taxpayers' dollars wisely whereas the NDP criticizes them for spending on the wrong priorities. But they all talk about balancing the budget by ending deficit spending and then using surpluses gained by cutbacks to reduce the debt. That narrative is taken up by the media and dominates the discussion and we are left with our eyes wide shut. It is a red herring meant to obscure what is really going on. Indeed, this frame is widely accepted without questions by even the left-wing pundits.

Part of this narrative includes conversations about how much should be spent on different areas but the one item *never* discussed is the amount of interest paid on the debt and who gets that money. The interest on the debt is never adjusted.

For example, Jim Stanford in an otherwise excellent recent CCPA article, "The Five Most Outrageous Things About the Conservative Budget," ignored the transfer of tax dollars to the wealthy. He admitted "it's hard to even know where to start" to comment on such a "galling, short-sighted and ultimately destructive…federal budget…."

He focused on tax and spend differences between the CCPA Alternative Federal Budget and the government budget stating "The question is not whether to 'tax and spend' but whom we will tax and what we should spend it on" highlighting the unfairness of the government budget's allocations. The article was reproduced in the May-June issue of *ER* (see comer.org) and his third item was the "Phony Balance" in the budget. He correctly described some problems in his fifth item "More Stealth Austerity" but that again is part of the conventional balanced budget/deficit/debt narrative because the argument is that we need to cut back to eliminate the deficit or pay down the debt. His report for UNIFOR also ignores the amount of interest on the debt. It even adopts the government strategy to obscure this further by talking about the debt as a percentage of GDP. Somehow it is better when the debt is a smaller percentage of the GDP. That frame obscures the real problem.

The article by Warwick Smith in the same edition of *ER*, talked about money creation and spending without addressing the interest issue.

Hidden from plain view is the transfer of tax dollars in the form of interest on the debt. Even when the budget is balanced, huge sums of taxpayers' money are being transferred to the wealthy money-lenders. In the current budget the amount of interest is $25.7 billion (in 2013/14 it was $28.2 billion) and, if a deficit is in the offing as reported by the budget officer, this amount is climbing. Furthermore, the current budget adds almost $20 billion to the country's market debt of $620 billion. While there is some attention paid by the media to the $150 billion added to the debt during the 11-year rule by the Cons, nobody noted the increase to the market debt in this budget. Nor has anyone added up the amount of interest paid during the recent 11 years nor since we secretly changed the role of the Bank of Canada in the mid 70s under Trudeau Senior! How much was taxed back if any? We do not know. Recent business news has speculated on when interest rates will begin to rise. When they increase, the amount of interest owed on the debt and transferred to the wealthy will increase. How much has gone so far to the 1% or even the top 10% in lock-step with the increase in national debts? How has this transfer contributed to the inequality that has been growing since the mid 70s?

As part of his current election support for the Liberals, an early effort was made by Ralph Goodale to trumpet his past success in achieving balanced budgets. He stopped – perhaps because I replied to his post that his budgets transferred even more money than the Cons to the wealth classes. He transferred more than $34 billion in his "balanced" budgets on a lower debt of $500 billion – likely because interest rates were higher then. Now that we are likely in a recession, the deficit may return but if we should emerge from the recession, and prosperity should be on the horizon, interest rates will increase and the amount of money transferred to the wealthy as interest on the debt will rise – perhaps dramatically to the levels Ralph Goodale experienced or the even higher levels of his predecessors. People will celebrate the return to balance and ignore the real ongoing problem of large amounts of our tax dollars being transferred to the wealthy as interest on the debt. That debt is the reason we are told we cannot afford the programmes and infrastructure Canadians need. It underpins inequality.

At COMER we often join the narrative of the parties but point out that if the government borrowed from the Bank of Canada (monetary policy), the spending of the borrowed money would be interest-free and that the stealth austerity that Jim Stanford deplored, would be avoided. At the end of the Stanford article, our comment correctly criticized the Alternative Federal Budget's failure to include monetary policy and only focus on fiscal policy. But we also ignored the transfer of tax dollars to the wealthy. Instead we try to sell an alternative narrative about money creation and the historical role of the Bank of Canada that would reduce or eliminate the transfer of tax dollars as interest on the debt but this subtle shift in the narrative is harder for people to understand. We are still part of the mainstream narrative about tax, spend, balanced budgets, deficits and debt repayment in the same way that Smith does. In our comments, we seem to believe that it is out of a lack of knowledge and ignorance that this is occurring. That will be addressed in more detail in Part II of this series.

When Paul Hellyer used to present on this topic, he would ask, as have I, "When you go to the bank and borrow money, where does the bank get it from?" We all know that people usually say from other depositors or the Bank of Canada and we then politely correct them telling them that it is created out of thin air and explain why that is a problem. But recently I have started to ask, "The current budget is allegedly balanced. Do you know how much interest is still being paid on the debt and to whom?" People don't know and when asked to guess usually underestimate the amount. They are shocked when they hear the number and have asked more than once, "every year?" They know that it is unfair especially when they realize that the wealthy are avoiding taxes on this interest and sometimes park the money in off-shore accounts. The debt service charge number is so big that it boggles the mind. It is the third highest budget amount behind Seniors and Health and more than Defense. When they realize that there is an alternative, they usually ask, sometimes rhetorically, why are we not doing that instead? That explanation will be explored more fully in Part II.

The assumption is often that the government does not know what it is doing. Perhaps. But politicians and civil servants are subject to their own lack of confidence at the individual level when it comes to numbers and face pressure from the media to put forth only a certain face on the topic. They do not find it easy to think through the problem. So they engage economists to advise them and allow lobbyists to influence and shape their policies. Thus, COMER's efforts to educate them do not accomplish much. People in general, and politicians in particular are reluctant to engage in this intellectual struggle. Once they have a narrative they understand and that is also popular with the media and public, why challenge it?

Check out the
COMER bookstore
at www.comer.org

That mainstream narrative also includes: "therefore we must practice austerity, stealth or otherwise, and tighten our belts to pay down the debt." This is code for cutting programmes and services in the budget and is a message for the people to reduce their expectations. Recently some writers have noted that tax evaders park their money off-shore and these writers want the government to crack down on the evaders which is a laudable activity and part of the narrative. But if we were to apply the entire current amount of interest being paid on the debt to the balance owing, it would take 25 years to pay it down. Under the present budget, there is no provision for paying down any of the debt and indeed almost $20 billion has been added to it. If we were to generate $10 billion annual surpluses, it would take 62 years to pay down the current debt using just surpluses. If the goal is a balanced budget, there are no surpluses. Paying down the debt then becomes a line item in the budget.

But at COMER we know a better narrative. The Bank of Canada can hold all or part of the debt because the interest paid is returned to the government.

The debt can sit there forever and we can pay interest on it forever but governments can decide how much of our tax dollars as interest should be transferred back to the government versus being transferred elsewhere. For example, we may think it is a good idea for the CPP and other pension funds to receive some of that interest during a time of economic downturn to shore up the pensions of Canadians when pensions are at risk from recessions and economic upheaval. So we would allow them to acquire treasury bills or members of the public to hold Canada Savings Bonds in their RRSPs or TFSAs as at present. That could be restricted for economic reasons at other times. But we need to be able to talk about these options that are currently not on the table.

Last year a large credit card company offered me a year's worth of interest-free purchases on my unpaid balance as long as I paid the minimum payment each month. I noticed on-line that there is an advert for another credit card company to do the same thing now. If you run a balance on your purchases, there is no interest charged to you for one year. If you pay the balance off at the end of the year, the money for those purchases was loaned to you interest-free. If you don't pay it off at the end of the year, the interest rate becomes 19.9% on the unpaid balance. In the past, I have had offers from credit card companies to transfer the balance from one credit card to another at a very low interest rate of 2.99%, 1.99%, 0.9% or even 0% for a limited time plus a flat fee of 1% or 2% on the amount transferred. Of course, the hope is that people will not pay the balance off at the end of the year but will have run up a large balance earning the credit card company a hefty amount of money in compound interest.

But when those of us who pay the balance off do so, the credit card company still wins because it has that money available to invest or use as leverage for more lending. It is likely that only those people with a proven track record for paying their minimum payments on time receive these offers because some of my clients with poor credit histories do not receive them. This may offer a clue to what is behind the narrative about balanced budgets and deficits and will be explored further in Part II. Canada has a proven track record with a positive payment history. Canada, unlike Greece, is considered risk-free so is not required to put up collateral when borrowing unlike the recent agreement Greece made with the EU.

If the Bank of Canada were to acquire the privately held public debt, what would be the impact on that money (QE or Quantitative Easing) being available in the private sector? The private sector has had huge tax breaks that have not been translated into new investment and thus have not contributed to job growth as we were told by Harper it would. If the private money-lenders no longer had access to government bonds and treasury bills, where would they invest that money? Would it all go to dividends or to purchasing back their shares or to CEOs or to new equipment and software or corporate takeovers? This then has implications for fiscal policies, labour policies and union contracts.

Hopefully Part I of this article stimulates discussion about another narrative than the balanced budget/deficit/debt one and will prompt some further research into the questions raised.

In Part II we look at how and why business leaders used their media to manufacture our consent for this misleading narrative.

Herb Wiseman is COMER's information officer, and a long-time member of COMER.

Why Harper's Tories Remain Best Bet to Win

By Will McMartin, TheTyee.ca, July 20, 2015

No time to coast New Dems! To gain victory in October, still more lift needed in key regions.

You've seen the polls putting Thomas Mulcair and his New Democrats on top. Surely the ever rising fortunes of the NDP, turbo-boosted by the Alberta breakthrough, spell the end of the nine-year reign of Stephen Harper's Conservative government. Right? Wrong. In fact, Harper is near-certain to be our next prime minister unless the NDP makes significant further breakthroughs in key parts of Canada.

This will be frustrating news to those who are predicting Harper's defeat. Sorry. I am just the number crunching messenger here. If you are a New Democrat (or even a loose ally as a member of the Anybody But Conservative voting club), allow me to explain why it's time to stop high fiving and start rolling up your sleeves to sway a lot more voters to your side.

All Those New Ridings

Electoral redistribution has added 30 seats to the House of Commons for a new total of 338. A majority government – which Harper and the Tories won four years ago with 166 seats – now requires 170. That means the Conservatives need to add just four seats to retain their majority.

But the fact is, redistribution has made the Tories' task much, much easier. This is because when votes from the last election are transposed onto the newly drawn electoral districts, Harper's Tories pick up an extra 22 seats, compared to the NDP and the Liberals adding just six and two respectively.

That means the Conservatives head into the election with 188 redistributed seats – 18 more than the 170 they need for a majority in the expanded House of Commons. The transposed seat total for the New Democrats is 109, and for the Liberals, 36 – which means that those two parties are short of a majority by 61 and 134 seats respectively.

Simply, Harper's team could lose 18 ridings and still retain their majority, or even shed a whole bunch – 30, 35 or maybe even 40 or 50 – and still have enough to form a minority government.

Mulcair and Justin Trudeau, on the other hand, need to add dozens of new seats if one or the other hopes to obtain even a bare minority. And that remains difficult even for an NDP leading the polls today.

To those shaking your heads in denial, let me break it down region-by-region, starting with the provinces that don't gain seats from redistribution.

Atlantic Canada, Saskatchewan and Manitoba

In Atlantic Canada, home to four provinces with 32 seats, Harper's Tories have the lead in 15. They'll probably be wiped out in Newfoundland and Labrador, but ought to hold National Revenue Minister Gail Shea's seat in PEI. In New Brunswick, the Conservatives hold eight of 10 seats – of which six, maybe seven (that held by Bernard Valcourt, the minister of Aboriginal Affairs), appear safe for the government.

Nova Scotia deserves close scrutiny because three of four Tory incumbents – including the high-profile attorney general, Peter MacKay – are retiring from Parliament. Harper would be happy to retain two of those seats and likely will.

In sum, the Conservatives should come out of Atlantic Canada with nine or 10 seats – a loss of five or six from 2011 with the newly drawn electoral map.

In Saskatchewan and Manitoba – both of which stay at 14 ridings apiece – the Tories hold a total of 22, while the New Democrats have five and the Liberals, one.

Harper's team should retain at least 18 redrawn Prairie seats (nine in each province), which were won with more than 50 percent of the vote in 2011. Another two to four ridings across both provinces also could return Tory MPs, albeit in tight contests.

The closest battle in Manitoba may be in Winnipeg South Centre, where Grit Jim Carr – a former MLA – will attempt to defeat Tory first-termer (and ex-Liberal) Joyce Bateman.

The best Saskatchewan tilt to watch will be in Regina-Lewvan, a newly drawn riding that favours the NDP over the Tories by just 1.3 percentage points. That contest will feature labour economist Erin Weir against business-owner Trent Fraser.

So. In these six Atlantic Canada and Prairie provinces combined, Harper's Conservatives probably will lose five to 10 seats.

Quebec

Those seats I just had the Tories losing in Atlantic Canada, Saskatchewan and Manitoba? In Quebec, the Tories might gain all of them back. Here is why.

Quebec has added three new seats for a total of 78.

Four years ago, much of the 'progressive' vote in Quebec went to the New Democratic Party, as the Bloc Québécois and Liberals collapsed to just 23.4 percent of the vote (and four seats) and 14.2 percent (seven seats) respectively.

In the event that either or both of those latter two parties – the BQ led by a chastened Gilles Duceppe (who lost his seat in 2011 and quit politics, but now is back for a rematch), and the Grits under Trudeau – increase their vote-share in October, those gains almost certainly will be at the expense of Mulcair and the NDP.

That ought to bring a number of Quebec seats – at least two, possibly six – within the Tories' grasp. It's a realistic objective given that Harper's Conservatives captured 10 seats in la belle province in both 2006 and 2008, before dropping to five in the last tilt.

So, looking only at the aforementioned seven provinces, it is entirely possible that the Tories record a "wash" – that is, lose a number of seats in Atlantic Canada and the Prairies, but break-even by picking up an equal number in Quebec.

That leaves Harper's fate to be determined in three provinces – Alberta, which adds six new seats (for a total of 34), British Columbia, which similarly gains six (for 42) and Ontario, which picks up 15 (for 121).

Alberta and British Columbia

The federal Tories – notwithstanding the drubbing their provincial counterparts received from Rachel Notley and the NDP on May 5 – utterly dominate Alberta. The Conservatives have a solid grip on 33 newly-drawn ridings and will be competitive in Edmonton-Strathcona, held by New Democrat Linda Duncan.

The situation is far more tenuous for the Conservatives in British Columbia, where the government has a lead in 28 newly drawn districts. Harper's team ought to be able to retain about 20 seats in BC, mostly those located in the northeast, the Interior, the Okanagan, the Fraser Valley (including parts of Surrey), the North Shore of Burrard Inlet and parts of Vancouver Island.

Tougher battles may be expected in about eight Tory-held seats, including Port

Moody-Coquitlam where cabinet minister James Moore, 39, unexpectedly quit after five consecutive victories. Another close fight will take place in Vancouver South, held by first-term MP Wai Young.

Let's review my calculations so far. The nine provinces I've discussed – which have a total of 214 seats – may be expected to return 95 to 100 Conservative MPs, thereby putting Harper's Tories on the glide-path to government. Which brings us to Canada's most populous province.

Ontario

If you agree (happily or not) that my figuring to this point is sane and more than plausible, then the next question is whether Stephen Harper wins a majority or minority administration. That will come down to how his Conservatives fare in Ontario.

Over the last four general elections, Harper's Conservatives have won an ever-increasing number of Ontario seats – 24, 40, 51 and 73. Under the province's newly drawn electoral boundaries, the Tories have an advantage in 83 of 121 ridings.

Recall that 170 seats are needed for a majority government. In the event that the Conservatives in October elect at least 70 to 75 MPs in Ontario, they'll be returned with a majority. Even as few as 40 to 50 seats would give the Tories a workable minority in the House of Commons.

So, how many Ontario seats can Harper's team realistically expect to win? Transposing the 2011 results on the newly drawn electoral map shows that the Tories won 47 ridings with more than 50 percent of the vote. Put another way, Conservative candidates got more votes in each of those districts than all of their opponents combined.

Plus, Harper's team won another 18 redrawn Ontario ridings with between 45 and 50 percent of the vote, and they should retain a dozen or so of these. That puts the Tories on track to win about 60 seats in Ontario – without considering the 18 districts they captured in 2011 with less than 45 percent.

A riding to watch is the newly created Hamilton West-Ancaster-Dundas. Transposed results from four years ago show the Conservatives with 42.4 percent of the vote, closely followed by the New Democrats and Liberals with 28.2 percent and 24.9 percent respectively.

Running for the Tories is Vincent Samuel, a retired nurse who immigrated to Canada from Pakistan in 1990. Representing the NDP is school trustee Alex Johnstone, who finished a distant third in the 2014 provincial-general election in an overlapping riding. And carrying the Grits' banner is Filomena Tassi, a Catholic school chaplain who apparently has pledged to Trudeau that she will put aside her pro-life views if elected to the House of Commons.

Wild Card: The Northern Territories

Finally, given the expected closeness of the election, all eyes on October 19 may be on the northern territories. The Conservatives currently hold Yukon and Nunavut, while the New Democrats represent the Northwest Territories. The difference between a majority government and a minority may be decided by these three seats.

Where Breakthroughs Must Happen

All in all, the Tories look likely to elect about 155 MPs in the expanded House of Commons. That's only 15 seats shy of the 170 needed for an absolute majority – and more than enough for a solid minority.

Still, election campaigns matter. Canadians with long memories will recall many historic events that either propelled a politician and their party to power, or relegated them to the opposition benches. Will it be Stephen Harper – soon to embark on his fifth campaign as party leader – who makes an egregious error on the campaign trail and suffers a fatal fall in the polls, or will that dubious honour go to Mulcair or Trudeau, both of whom for the first time are leading their parties into electoral battle?

More to the point, is it remotely possible for the New Democrats to prosper from a Tory – or a Liberal – stumble? Of course, insofar as Mulcair's party needs to add only 30 or so redistributed seats to attain what might be a functioning minority. Still, the path to victory remains challenging.

At best, the New Democratic Party probably will pick up only singles in Atlantic Canada, Manitoba and Saskatchewan. Mulcair-mania perhaps could lead to the addition of a seat in each of Newfoundland (most likely: Avalon) and Nova Scotia (South Shore-St. Margaret's), plus a pair on the Prairies (Desnethé-Missinippi-Churchill River and Elmwood-Transcona).

Big gains also look to be mathematically impossible in Quebec, where the New Democrats won 61 of 78 distributed seats in 2011.

Simply, in his quest to become prime minister, Mulcair needs to make massive gains in one or more of three provinces: Alberta, BC and Ontario.

Alberta elected a provincial NDP government in May. As residents of BC and Ontario will attest, the ascension to power of provincial New Democrats has a historically negative impact on their federal cousins. The notion that a Notley government in Edmonton will per force result in sizeable Alberta gains in October for Mulcair's team is, to be polite, interesting.

That leaves British Columbia and Ontario. Four years ago, the New Democrats finished first in 11 BC seats, and second in another 19, while the results in Ontario were 20 firsts and 38 seconds. Could any of those second-place finishes be transformed into victories?

Two Vancouver Island ridings (North Island-Powell River and Courtenay-Alberni) appear the best bets for NDP success in BC, but a rising Green Party – which scored a historic breakthrough victory in Saanich-Gulf Islands in 2011 – will make that task considerably more difficult. The fact is, any significant increase for the New Democrats in BC will depend on the collapse of at least two of their three major competitors – the Tories, Grits and Greens.

In Ontario, of the 38 second-place results recorded by the NDP in 2011, just four saw the party get more than 30 percent of the redistributed vote. As in British Columbia, sizeable New Democratic Party gains in central Canada will require a dramatic plunge in support for its major rivals.

So, election campaigns matter. So, too, does electoral math, and analysis of redistributed seats shows that the easiest path to victory belongs to Stephen Harper and the Conservatives.

Our Comment

A sobering analysis! But a welcome insight into the task ahead!

I have observed a somewhat disconcerting degree of confidence abroad that, given Steven Harper's record, this election will certainly rid us of Canada's *Party of One* (Michael Harris, Viking).

We cannot afford to underestimate what we're up against! There are still many Canadians who know too little about Steven Harper's efforts to, as Mel Hurtig puts it, "remake our nation according to his own values and priorities." (*The Arrogant Autocrat*, Mel Hurtig Publishing, Vancouver).

Our thanks to Will McMartin and TheTyee.ca for this concrete information on which to base our efforts in this *crucial* campaign.

Élan

Greece: Who's Next?

"The powers of financial capitalism had another far-reaching aim, nothing less than to create a world system of financial control in private hands able to dominate the political system of each country and the economy of the world as a whole. This system was to be controlled in a feudalistic fashion by the central banks of the world acting in concert, by secret agreements arrived at in frequent meetings and conferences. The apex of the systems was to be the Bank for International Settlements in Basel, Switzerland, a private bank owned and controlled by the world's central banks which were themselves private corporations. Each central bank…sought to dominate its government by its ability to control Treasury loans, to manipulate foreign exchanges, to influence the level of economic activity in the country, and to influence co-operative politicians by subsequent economic rewards in the business world." – Carroll Quigley, *Tragedy and Hope,* p. 324

In January, 1924, Reginald McKenna, who had been chancellor of the Exchequer in 1915 to 1916, as chairman of the Board of Midland Bank told its stockholders: "I am afraid the ordinary citizen will not like to be told that the banks can, and do, create money…. And they who control the credit of the nation direct the policy of Governments and hold in the hollow of their hands the destiny of the people." – Carroll Quigley, *Tragedy and Hope*, p. 325

Greece and the European Union: First as Tragedy, Second as Farce, Thirdly as Vassal State

By Prof. James Petras, Global Research, July 28, 2015

The Greek people's efforts to end the economic depression, recover their sovereignty and reverse the regressive socio-economic policies, which have drastically reduced living standards, have been thrice denied.

First, the denial came as tragedy. When the Greek majority elected Syriza to government and their debts increased, the economy plunged further into depression and unemployment and poverty soared. The Greek people voted for Syriza believing its promises of "a new course." Immediately following their victory, Syriza reneged on their promise to restore sovereignty – and end the subjugation of the Greek people to the economic dictates of overseas bankers, bureaucrats and political oligarchs. Instead Syriza kept Greece in the oligarchical imperialist bloc, portraying the European Union as an association of independent sovereign countries. What began as a great victory of the Greek people turned into a tragic strategic retreat. From their first day in office, Syriza led the Greek people down the blind alley of total submission to the German empire.

Then the tragedy turned into farce when the Greek people refused to acknowledge the impending betrayal by their elected leaders. They were stunned, but mute, as Syriza emptied the Greek treasury and offered even greater concessions, including acceptance of the illegal and odious debts incurred by private bankers, speculators and political kleptocrats in previous regimes.

True to their own vocation as imperial overlords, the EU bosses saw the gross servility of Syriza as an invitation to demand more concessions – total surrender to perpetual debt peonage and mass impoverishment. Syriza's demagogic leaders, Yanis Varoufakis and Alexis Tsipras, shifting from fits of hysteria to infantile egotism, denounced "the Germans and their blackmail" and then performed a coy belly-crawl at the feet of the "Troika," peddling their capitulation to the bankers as "negotiations" and referring to their overlords as…"partners."

Syriza, in office for only 5 months brought Greece to the edge of total bankruptcy and surrender, then launched the "mother of all deceptions" on the Greek people. Tsipras convoked a "referendum" on whether Greece should reject or accept further dictates and cuts to bare bones destitution. Over 60% of the Greek people voted a resounding NO to further plunder and poverty.

In Orwellian fashion, the megalomaniac Tsipras immediately re-interpreted the NO vote as a mandate to capitulation to the imperial powers, accepting the EU bankers' direct supervision of the regime's implementation of Troika's policies – including drastic reductions of Greek pensions, doubling the regressive VAT consumption tax on vital necessities and a speed-up of evictions of storeowners and householders behind in their mortgage payments. Thus Greece became a vassal state. Nineteenth century colonialism was re-imposed in the 21st century.

Colonialism by Invitation

Greek politicians, whether Conservative or Socialist, have openly sought to join the German-led imperial bloc known as the European Union, even when it was obvious that the Greek economy and financial system was vulnerable to domination by the powerful German ruling class.

From the beginning, the Greek Panhellenic Socialist Party (PASOK) and their Conservative counterparts refused to recognize the *class basis* of the European Union. Both political factions and the Greek economic elites, that is, the kleptocrats who governed and the oligarchs who ruled, viewed entry into the EU as an opportunity for taking and faking loans, borrowing, defaulting and passing their enormous debts on to the public treasury!

Widely circulating notions among the Left that "Germany is responsible" for the Greek crisis are only half true, while the accusations among rightwing financial scribes that the "Greek people are spendthrifts" who brought on their own crisis is equally one-sided. The reality is more complex.

The crash and collapse of the Greek economy was a product of an entrenched parasitic "rentier" ruling class – both Socialist and Conservative – which thrived on borrowing at high interest rates and speculating in non-productive economic activities while imposing an astronomical military budget. They engaged in fraudulent overseas financial transactions while grossly manipulating and fabricating financial data to cover-up Greece's unsustainable trade and budget deficits.

German and other EU exporters had penetrated and dominated the Greek markets. The bankers charged exorbitant interest rates while investors exploited cheap Greek labor. The creditors ignored the obvious risks because Greek rulers were their willing accomplices in the ongoing pillage.

Clearly entry into and continued membership in the EU has largely benefited two groups of elites: the German rulers and the Greek rentiers. The latter received short-term financial grants and transfers while the former gained powerful levers over the banks, markets and, most important, established cultural-ideological hegemony over the Greek political class. The Greek elite and middle class believed "they were Europeans" – that the EU was a beneficent arrangement and a source of prosperity and upward mobility. In reality, Greek leaders were merely accomplices to the German conquest of Greece. And the major part of the middle class aped the views of the Greek elite.

The financial crash of 2008-2009 ended the illusions for some but not most Greeks. After 6 years of pain and suffering a new version of the old political class came to power. Syriza! Syriza brought in new faces and rhetoric but operated with the same blind commitment to the EU. The Syriza leadership believed they were "partners."

The road to vassalage is rooted deep in the psyche of the political class. Instead of recognizing their subordinate membership in the EU as the root cause of their crisis, they blamed "the Germans, the bankers, Angela Merkel, Wolfgang Schäuble, the IMF, the Troika…." The Greek rulers and middle class were in fact both victims and accomplices.

The German imperial regime loaned money from the tax revenues of German workers to enable their complicit Greek vassals to pay back the German bankers…. German workers complained. The German media deflected criticism by blaming the "lazy Greek cheats." Meanwhile, the Greek oligarch-controlled media deflected criticism of the role of the parasitical political class back to the "Germans." This all served to obscure the class dynamics of empire building – colonialism by invitation. The ideology of blaming peoples, instead of classes, is pitting German workers against Greek employees and pensioners. The German masses support their bankers, while the Greek masses have elected and followed Syriza – their traitors.

From Andreas Papandreou to Alexis Tsipras: Misconceptions about the European Union

After Syriza was elected a small army of instant experts, mostly leftist academics from Canada, the US and Europe, sprang up to write and speak, usually with more heat than light, on current Greek political and economic developments. Most have little knowledge or experience of Greek politics, particularly its history and relations with the EU over the past thirty five years.

The most important policy decisions shaping the current Syriza government's betrayal of Greek sovereignty go back to the early 1980s when I was working as an adviser to PASOK Prime Minister Andreas Papandreou. At that time, I was party to an internal debate of whether to continue within the EU or leave. Papandreou was elected on an anti EU, anti NATO platform, which, like Tsipras, he promptly reneged on– arguing that "there were no alternatives." Even then, there were international and Greek academic sycophants, as there are today, who argued that membership in the EU was the only realistic alternative – it was the "only possibility." The *possibilistas* at that time, operating either from ignorance or deceit, were full of bluster and presumption. They denied the underlying power realities in the structure of the EU and dismissed the class capacity of the working and popular masses to forge an alternative. Then, as now, it was possible to develop independent alternative relations with Europe, Russia, China, the Middle East and North Africa. The advantages of maintaining a protected market, a robust tourist sector and an independent monetary system were evident and did not require EU membership (or vassalage).

Above all, what stood out in both leaders, Andreas Papandreou and Alexis Tsipras, was their profound misconception of the class nature of the dominant forces in the EU. In the 1980s Germany was just beginning to recover its imperial reach. By the time Syriza-Tsipras rose to power (January 2015), Germany's imperial power was undeniable. Tsipras' misunderstanding of this reality can be attributed to his and his "comrades" rejection of class and imperial analyses. Even academic Marxists, who spouted Marxist theory, never applied their abstract critiques of capitalism and imperialism to the concrete realities of German empire building and Greece's quasi-colonial position within the EU. They viewed their role as that of "colonial reformers" – imagining that they were clever enough to "negotiate" better terms in the German-centered EU. They inevitably failed because Berlin had a built-in majority among its fervently neoliberal ex-communist satellites plus the IMF, French and English imperial partners. Syriza was no match for this power configuration. Then there was the bizarre delusion among the Syriza intellectuals that European capitalism was *more benign* than the US version.

EU membership has created scaffolding for German empire-building. The take off point was West Germany's annexation of East Germany. This was soon followed by the incorporation of the rightwing regimes in the Baltic and Balkans as subordinate members of the EU – their public assets were snapped up by Germany corporations at bargain prices. The third step was the systematic break-up of Yugoslavia and the incorporation of Slovenia into the German orbit. The fourth step was the takeover of key sectors of the Polish and Czech economies and the exploitation of cheap skilled labor from Bulgaria, Romania, Hungary and other satellite states.

Without firing a shot, German empire-building has revolved around making loans and financial transfers to the new subordinate member states in the EU. These financial transactions were predicated upon the following conditions: (1) Privatization and sale of the new member states' prized public assets to mainly German as well as other EU investors and (2) Forcing member states to dismantle their social programs, approve massive lay-offs and meet impossible fiscal targets. In other words, expansion of the contemporary German empire required austerity measures, which transformed the ex-communist countries into satellites, vassals and sources of mercenaries – a pattern which is now playing out in Greece.

The reason these new German "colonies" (especially Poland and the Baltic States) insist on the EU imposing harsh austerity measures on Greece, is that they went through the same brutal process convincing their own beleaguered citizens that there was no alternative – resistance was futile. Any successful demonstration by Greek workers, farmers and employees that resistance to empire was possible would expose the corrupt relationship between these client leaders and the German imperial order. In order to preserve the foundations of the new imperial order, Germany has had to take a hardline on Greece. Otherwise the recently incorporated colonial subjects in the Baltic, Balkan and Central Europe states might "re-think" the brutal terms of their own incorporation to the European Union. This explains the openly punitive approach to Greece – turning it into the "Haiti of Europe" analogous to the US' long standing brutalization of the rebellious Haitians – as an object lesson to its own Caribbean and Latin American clients.

The root cause of German intransigence has nothing to do with the political personalities or quirks of Angela Merkle and Wolfgang Schäuble. Such imperial leaders do not operate out of neurotic vindictiveness. Their demand for total Greek submission is an *imperative* of German empire-building, a continuation of the step-by-step conquest of Europe.

German empire-building emphasizes economic conquests, which go hand-in-hand with US empire-building based on military conquests. The same economic satellites of Germany also serve as sites for

US military bases and exercises encircling Russia; these vassal states provide mercenary soldiers for US imperial wars in South Asia, Iraq, Syria and elsewhere.

Syriza's economic surrender is matched by its spineless sell-out to NATO, its support of sanctions against Russia and its embrace of US policies toward Syria, Lebanon and Israel.

Germany and its imperial partners have launched a savage attack on the working people of Greece, usurping Greek sovereignty and planning to seize 50 billion Euros of vital Greek public enterprises, land and resources. This alone should dispels the myth, promoted especially by the French social democratic demagogue Jacques Delores, that European capitalism is a benign form of "social welfarism" and an "alternative" to the savage Anglo-American version capitalism.

What has been crucial to previous and current versions of empire-building is the role of a political collaborator class facilitating the transition to colonialism. Here is where social democrats, like Alexis Tsipras, who excel in the art of talking left while embracing the right, flatter and deceive the masses into deepening austerity and pillage.

Instead of identifying the *class* enemies within the EU and organizing an alternative working class program, Tsipras and his fellow collaborators pose as EU "partners," fostering class collaboration – better to serve imperial Europe. When the German capitalists demanded their interest payments, Tsipras bled the Greek economy. When German capitalists sought to dominate Greek markets, Tsipras and Syriza opened the door by keeping Greece in the EU. When German capital wanted to supervise the take-over of Greek properties, Tsipras and Syriza embraced the sell-off.

There is clear class collaboration within the Greek elite in the destruction of nation's sovereignty. Greek banker oligarchs and sectors of the commercial and tourist elite have acted as intermediaries of the German empire builders and they personally benefit from the German and EU takeover despite the destitution of the Greek public. Such economic intermediaries, representing 25% of the electorate, have become the main political supporters of the Syriza-Tsipras betrayal. They join with the EU elite applauding Tsipras' purge of left critics and his authoritarian seizure of legislative and executive power! This collaborator class will never suffer from pension cuts, layoffs and unemployment. They will never have to line up at crippled banks for a humiliating dole of 65 Euros of pension money. These collaborators have hundreds of thousands and millions stashed in overseas bank accounts and invested in overseas real estate. Unlike the Greek masses, they are "European" first and foremost – willing accomplices of German empire builders!

Tragic Beginnings: The Greek People Elect a Trojan Horse

Syriza is deeply rooted in Greek political culture. A leadership of educated mascots serving overseas European empire-builders. Syriza is supported by academic leftists who are remote from the struggles, sacrifices and suffering of the Greek masses. Syriza's leadership emerged on the scene as ideological mentors and saviors with heady ideas and shaky hands. They joined forces with downwardly mobile middle class radicals who aspired to rise again via the traditional method: radical rhetoric, election to office, negotiations and transactions with the local and foreign elite and betrayal of their voters. Theirs is a familiar political road to power, privilege and prestige.

In this regard, Tsipras personifies an entire generation of upwardly mobile opportunists, willing and able to sellout Greece and its people. He perpetuates the worst political traditions. In campaigns he promoted consumerism over class consciousness (discarding any mobilization of the masses upon election!). He is a useful fool, embedded in a culture of clientelism, kleptocracy, tax evasion, predatory lenders and spenders – the very reason his German overlords tolerated him and Syriza, although on a short leash!

Tsipras' Syriza has absolute contempt for democracy. He embraces the "Caudillo Principle": one man, one leader, one policy! Any dissenters invite dismissal!

Syriza has utterly submitted to imperial institutions, the Troika and their dictates, NATO and above all the EU, the Eurozone. Tsipras/Syriza reject outright independence and freedom from imperial dictates. In his "capitulation to the Germans" Tsipras engaged in histrionic theatrics, but by his own personal dictate, the massive "NO to EU" vote was transformed into a YES.

The cruelest political crime of all has been Tsipras running down the Greek economy, bleeding the banks, emptying the pension funds and freezing everyday salaries while "blaming the bankers," in order to force the mass of Greeks to accept the savage dictates of his imperial overlords or face utter destitution!

The Ultimate Surrender

Tsipras and his sycophants in Syriza, while constantly decrying Greece's subordination to the EU empire-builders and claiming victimhood, managed to undermine the Greek people's national consciousness in less than 6 months. What had been a victorious referendum and expression of rejection by three-fifths of the Greek voters turned into a prelude to a farcical surrender by empire collaborators. The people's victory in the referendum was twisted to represent popular support for a Caudillo. While pretending to consult the Greek electorate, Tsipras manipulated the popular will into a mandate for his regime to push Greece beyond debt peonage and into colonial vassalage.

Tsipras is a supreme representation of Adorno's authoritarian personality: on his knees to those above him, while at the throat of those below.

Once he has completed his task of dividing, demoralizing and impoverishing the Greek majority, the local and overseas ruling elites will discard him like a used condom, and he will pass into history as a virtuoso in deceiving and betraying the Greek people.

Epilogue

Syriza's embrace of hard-right foreign policies should not be seen as the "result of outside pressure," as its phony left supporters have argued, but rather a deliberate choice. So far, the best example of the Syriza regime's reactionary policies is its signing of a military agreement with Israel.

According to the *Jerusalem Post* (July 19, 2015), the Greek Defense Minister signed a mutual defense and training agreement with Israel, which included joint military exercises. Syriza has even backed Israel's belligerent position against the Islamic Republic of Iran, endorsing Tel Aviv's ridiculous claim that Teheran represents a terrorist threat in the Middle East and Mediterranean. Syriza and Israel have inked a mutual military support pact that exceeds any other EU member agreement with Israel and is only matched in belligerence by Washington's "special arrangements" with the Zionist regime.

Israel's ultra-militarist "Defense" Minister Moshe Yaalon, (the "Butcher of Gaza"), hailed the agreement and thanked the Syriza regime for "its support." It is more than likely that Syriza's support for the Jewish state explains its popularity with Anglo-American and Canadian "left" Zionists….

Syriza's strategic ties with Israel are not the result of EU "pressure" or the dictates of the Troika. The agreement is a radical reversal of over a half-century of Greek support for the legitimate national rights of the Palestinian people against the Israeli terrorist state. This military pact, like the Syriza regime's economic capitulation to the German ruling class, is deeply rooted in the "colonial ideology," which permeates Tsipras' policies. He has taken Greece a significant step "forward" from economic vassal to a mercenary client of the most retrograde regime in the Mediterranean.

The Greek Coup: Liquidity as a Weapon of Coercion

By Ellen Brown, TheWeb of Debt blog posted July 30, 3015

"My father made him an offer he couldn't refuse. Luca Brasi held a gun to his head and my father assured him that either his brains, or his signature, would be on the contract." – The Godfather (1972)

In the modern global banking system, all banks need a credit line with the central bank in order to be part of the payments system. Choking off that credit line was a form of blackmail the Greek government couldn't refuse.

Former Greek finance minister Yanis Varoufakis is now being charged with treason for exploring the possibility of an alternative payment system in the event of a Greek exit from the euro. The irony of it all was underscored by Raúl Ilargi Meijer, who opined in a July 27 blog:

"The fact that these things were taken into consideration doesn't mean Syriza was planning a coup…. If you want a coup, look instead at the Troika having wrestled control over Greek domestic finances. That's a coup if you ever saw one.

"Let's have an independent commission look into how on earth it is possible that a cabal of unelected movers and shakers gets full control over the entire financial structure of a democratically elected eurozone member government. By all means, let's see the legal arguments for this."

So how was that coup pulled off? The answer seems to be through extortion. The European Central Bank threatened to turn off the liquidity that all banks – even solvent ones – need to maintain their day-to-day accounting balances. That threat was made good in the run-up to the Greek referendum, when the ECB did turn off the liquidity tap and Greek banks had to close their doors. Businesses were left without supplies and pensioners without food. How was that apparently criminal act justified? Here is the rather tortured reasoning of ECB President Mario Draghi at a press conference on July 16:

"There is an article in the [Maastricht] Treaty that says that basically the ECB has the responsibility to promote the smooth functioning of the payment system. But this has to do with…the distribution of notes, coins. So not with the provision of liquidity, which actually is regulated by a different provision, in Article 18.1 in the ECB Statute: "In order to achieve the objectives of the ESCB [European System of Central Banks], the ECB and the national central banks may conduct credit operations with credit institutions and other market participants, with lending based on adequate collateral." This is the Treaty provision. But our operations were not monetary policy operations, but ELA [Emergency Liquidity Assistance] operations, and so they are regulated by a separate agreement, which makes explicit reference to the necessity to have sufficient collateral. So, all in all, *liquidity provision has never been unconditional and unlimited*." [Emphasis added.]

In a July 23 post on "Naked Capitalism," Nathan Tankus calls this "a truly shocking statement." Why? Because all banks rely on their central banks to settle payments with other banks. "If the smooth functioning of the payments system is defined as the ability of depository institutions to clear payments," says Tankus, "the central bank must ensure that settlement balances are available *at some price*."

How the Payments System Works

The role of the central bank in the payments system is explained by the Bank for International Settlements like this:

"One of the principal functions of central banks is to be the guardian of public confidence in money, and this confidence depends crucially on the ability of economic agents to transmit money and financial instruments smoothly and securely through payment and settlement systems….. [C]entral banks provide a safe settlement asset and in most cases they operate systems which allow for the transfer of that settlement asset."

Internationally before 1971, this "settlement asset" was gold. Later, it became electronic "settlement balances" or "reserves" maintained at the central bank. Today, when money travels by check from Bank A to Bank B, the central bank settles the transfer simply by adjusting the banks' respective reserve balances, subtracting from one and adding to the other.

Checks continue to fly back and forth all day. If a bank's reserve account comes up short at the end of the day, the central bank treats it as an automatic overdraft in the bank's reserve account, effectively lending the bank the money in the form of electronic "liquidity" until the overdraft can be cleared. The bank can cure the deficit by attracting new deposits or by borrowing from another bank with excess reserves; and if the whole system is short of reserves, the central bank creates more to maintain the liquidity of the system.

The most dramatic exercise of this liquidity function was seen after the banking crisis of 2008, when credit was frozen and banks had largely stopped lending to each other. The US Federal Reserve then stepped in and advanced over $16 trillion to financial institutions through the TAF (Term Asset Facility), the TALF (Term Asset-backed Securities Loan Facility), and similar facilities, at near-zero interest. Toxic unmarketable assets were converted into "good collateral" so the banks could remain solvent and keep their doors open.

Liquidity as a Tool of Coercion

That is how the Fed sees its role, but the ECB evidently has other ideas about this liquidity tool. Whether a country's banks are allowed to "access monetary policy operations" is seen by the ECB not as mandatory but as discretionary with the central bank. And as a condition of that access, if a country's bonds are "below investment grade," *the country must be under an IMF program* – meaning it must subject itself to forced austerity measures. According to ECB Vice President Constâncio at the same press conference:

"[W]hen a country has a rating which is below the investment grade which is the minimum, then to access monetary policy operations, it has to have a waiver. And the waiver is granted if there are two conditions. The first condition is that *the country must be under a programme with the EU and IMF*; and second, we have to assess that *there is credible compliance with such a programme*." [Emphasis added]

Liquidity is provided only on "adequate collateral" – usually government bonds. But whether the bonds are "adequate" is not determined by their market price. Rather, political concessions are demanded. The government must sell off public assets, slash public services, lay off public workers, and subject its fiscal policies to oversight by unelected bureaucrats who can dictate every line item in the national budget.

Tankus observes:

"Europe now has a system where liquidity and insolvency problems can occur and can be deliberately generated (at least in part) by the central bank. Then the Troika can force that country into an "IMF program" if it wants to continue having a functioning banking system. Alternatively, the central bank can choose to simply "suspend convertibility" to the unit of account [i.e. cut off the supply of Euros] and force the write down of deposits [haircuts and bail-ins] until the banks are solvent again."

Pushed to the Cliff by the Financial Mafia

Were liquidity and insolvency problems intentionally generated in Greece's case, as Tankus suggests? Let's review.

First there was the derivatives scheme sold to Greece by Goldman Sachs in 2001, which nearly doubled the nation's debt by 2005.

Then there was the bank-induced credit crisis of 2008, when the ECB coerced Greece to bail out its insolvent private banks, throwing the country itself into bankruptcy.

This was followed in late 2009 by the intentional overstatement of Greece's debt by a Eurostat agent who was later tried criminally for it, triggering the first bailout and accompanying austerity measures.

The Greek prime minister was later replaced with an unelected technocrat, former governor of the Bank of Greece and later vice president of the ECB, who refused a debt restructuring and instead oversaw a second massive bailout and further austerity measures. An estimated 90% of the bailout money went right back into the coffers of the banks.

In December 2014, Goldman Sachs warned the Greek Parliament that central bank liquidity could be cut off if the Syriza Party were elected. When it was elected in January, the ECB made good on the threat, cutting bank liquidity to a trickle.

When Prime Minister Tsipras called a public referendum in July at which the voters rejected the brutal austerity being imposed on them, the ECB shuttered the banks.

The Greek government was thus broken Mafia-style at the knees, until it was forced to abandon its national sovereignty and watch its public treasures sold off piece by piece. Suspicious minds might infer that this was a calculated plot designed from the beginning to throw Greece's prized assets onto the auction block, a hostile takeover and asset stripping for the benefit of those well-heeled entities in a position to purchase them, including the very banks, hedge funds and speculators instrumental in driving up Greek debt and destroying the economy.

No Sovereignty Without Control Over Currency and Credit

In the taped conference call for which Yanis Varoufakis is currently facing treason charges, he exposed the trap that eurozone countries are now in. It seems there is virtually no legal way to break free of the euro and the domination of the troika. The government has no access to the critical data files of its own banks, which are controlled by the ECB.

Varoufakis said this should alarm every EU government. As Canadian Prime Minister William Lyon Mackenzie King warned in 1935:

"Once a nation parts with the control of its currency and credit, it matters not who makes the nation's laws. Usury, once in control, will wreck any nation."

For a nation to regain control of its currency and credit, it needs a central bank with a mandate to serve the interests of the nation. Banking should be a public utility, serving the economy and the people.

The Problem of Greece Is Not Only a Tragedy; It's a Lie

By John Pilger, Global Research, July 13, 2015

An historic betrayal has consumed Greece. Having set aside the mandate of the Greek electorate, the Syriza government has willfully ignored last week's landslide "No" vote and secretly agreed a raft of repressive, impoverishing measures in return for a "bailout" that means sinister foreign control and a warning to the world.

Prime Minister Alexis Tsipras has pushed through parliament a proposal to cut at least 13 billion euros from the public purse – 4 billion euros more than the "austerity" figure rejected overwhelmingly by the majority of the Greek population in a referendum on 5 July.

These reportedly include a 50 percent increase in the cost of healthcare for pensioners, almost 40 percent of whom live in poverty; deep cuts in public sector wages; the complete privatization of public facilities such as airports and ports; a rise in value added tax to 23 percent, now applied to the Greek islands where people struggle to eke out a living. There is more to come.

"Anti-austerity party sweeps to stunning victory," declared a *Guardian* headline on January 25. "Radical leftists" the paper called Tsipras and his impressively-educated comrades. They wore open neck shirts, and the finance minister rode a motorbike and was described as a "rock star of economics." It was a façade. They were not radical in any sense of that clichéd label, neither were they "anti austerity."

For six months Tsipras and the recently discarded finance minister, Yanis Varoufakis, shuttled between Athens and Brussels, Berlin and the other centres of European money power. Instead of social justice for Greece, they achieved a new indebtedness, a deeper impoverishment that would merely replace a systemic rottenness based on the theft of tax revenue by the Greek super-wealthy – in accordance with European "neo-liberal" values – and cheap, highly profitable loans from those now seeking Greece's scalp.

Greece's debt, reports an audit by the Greek parliament, "is illegal, illegitimate and odious." Proportionally, it is less than 30 percent that of the debit of Germany, its major creditor. It is less than the debt of European banks whose "bailout" in 2007-8 was barely controversial and unpunished.

For a small country such as Greece, the euro is a colonial currency: a tether to a capitalist ideology so extreme that even the Pope pronounces it "intolerable" and "the dung of the devil." The euro is to Greece what the US dollar is to remote territories in the Pacific, whose poverty and servility is guaranteed by their dependency.

In their travels to the court of the mighty in Brussels and Berlin, Tsipras and Varoufakis presented themselves neither as radicals nor "leftists" nor even honest social democrats, but as two slightly upstart supplicants in their pleas and demands. Without underestimating the hostility they faced, it is fair to say they displayed no political courage. More than once, the Greek people found out about their "secret austerity plans" in leaks to the media: such as a 30 June letter published in the *Financial Times*, in which Tsipras promised the heads of the EU, the European Central Bank and the IMF to accept their basic, most vicious demands – which he has now accepted.

When the Greek electorate voted "no" on 5 July to this very kind of rotten deal, Tsipras said, "Come Monday and the Greek government will be at the negotiating table after the referendum with better terms for the Greek people." Greeks had not voted for "better terms." They had voted for justice and for sovereignty, as they had done on January 25.

The day after the January election a truly democratic and, yes, radical government would have stopped every euro leaving the country, repudiated the "illegal and odious" debt – as Argentina did successfully – and expedited a plan to leave the crippling Eurozone. But there was no plan. There was only a willingness to be "at the table" seeking "better terms."

The true nature of Syriza has been seldom examined and explained. To the foreign media it is no more than "leftist" or "far left" or "hardline" – the usual misleading spray. Some of Syriza's international supporters have reached, at times, levels of cheer leading reminiscent of the rise of Barack Obama. Few have asked: Who are these "radicals"? What do they believe in?

In 2013, Yanis Varoufakis wrote:

"Should we welcome this crisis of European capitalism as an opportunity to replace it with a better system? Or should we be so worried about it as to embark upon a campaign for stabilising capitalism? To me, the answer is clear. Europe's crisis is far less likely to give birth to a better alternative to capitalism …

"I bow to the criticism that I have campaigned on an agenda founded on the assumption that the left was, and remains, squarely defeated…. Yes, I would love to put forward [a] radical agenda. But, no, I am not prepared to commit the [error of the British Labour Party following Thatcher's victory].

"What good did we achieve in Britain in the early 1980s by promoting an agenda of socialist change that British society scorned while falling headlong into Thatcher's neoliberal trip? Precisely none. What good will it do today to call for a dismantling of the Eurozone, of the European Union itself…?"

Varoufakis omits all mention of the Social Democratic Party that split the Labour vote and led to Blairism. In suggesting people in Britain "scorned socialist change" – when they were given no real opportunity to bring about that change – he echoes Blair.

The leaders of Syriza are revolutionaries of a kind – but their revolution is the perverse, familiar appropriation of social democratic and parliamentary movements by liberals groomed to comply with neoliberal drivel and a social engineering whose authentic face is that of Wolfgang Schäuble, Germany's finance minister, an imperial thug. Like the Labour Party in Britain and its equivalents among those former social democratic parties still describing themselves as "liberal" or even "left," Syriza is the product of an affluent, highly privileged, educated middle class, "schooled in postmodernism," as Alex Lantier wrote.

For them, class is the unmentionable, let alone an enduring struggle, regardless of the reality of the lives of most human beings. Syriza's luminaries are well-groomed; they lead not the resistance that ordinary people crave, as the Greek electorate has so bravely demonstrated, but "better terms" of a venal status quo that corrals and punishes the poor. When merged with "identity politics" and its insidious distractions, the consequence is not resistance, but subservience. "Mainstream" political life in Britain exemplifies this.

This is not inevitable, a done deal, if we wake up from the long, postmodern coma and reject the myths and deceptions of those who claim to represent us, and fight.

The Financial Attack on Greece: Where Do We Go From Here?

By Michael Hudson, www.counterpunch.org, July 8, 2015

The major financial problem tearing economies apart over the past century has stemmed more from official inter-governmental debt than with private-sector debt. That is why the global economy today faces a similar breakdown to the Depression years of 1929-31, when it became apparent that the volume of official inter-government debts could not be paid. The Versailles Treaty had imposed impossibly high reparations demands on Germany, and the United States imposed equally destructive requirements on the Allies to use their reparations receipts to pay back World War I arms debts to the US Government.[1]

Legal procedures are well established to cope with corporate and personal bankruptcy. Courts write down personal and business debts either under "debtor in control" procedures or foreclosure, and creditors take a loss on loans that go bad. Personal bankruptcy permits individuals to make a fresh start with a Clean Slate.

It is much harder to write down debts owed to or guaranteed by governments. US student loan debt cannot be written off, but remains a lingering burden to prevent graduates from earning enough take-home pay (after debt service and FICA Social Security tax withholding is taken out of their paychecks) to get married, start families and buy homes of their own. Only the banks get bailed out, now that they have become in effect the economy's central planners.

Most of all, there is no legal framework for writing down debts owed to the IMF, the European Central Bank (ECB), or to European and American creditor governments. Since the 1960s entire nations have been subjected to austerity and economic shrinkage that makes it less and less possible to extricate themselves from debt. Governments are unforgiving, and the IMF and ECB act on behalf of banks and bondholders – and are ideologically captured by anti-labor, anti-government financial warriors.

The result is not the "free market economy" it pretends to be, nor is it the rule of economically rational law. A genuine market economy would recognize financial reality and write down debts in keeping with their ability to be paid. But inter-government debt overrides markets and refuses to acknowledge the need for a Clean Slate. Today's guiding theory – backed by monetarist junk economics – is that debts of any size can be paid, simply by reducing labor's wages and living standards, plus by selling off a nation's public domain – its land, oil and gas reserves, minerals and water distribution, roads and transport systems, power plants and sewage systems, and public infrastructure of all forms.

Imposed by the monopoly of inter-governmental financial institutions – the IMF, ECB, US Treasury, and so forth – creditor financial leverage has become the 21st century's new mode of warfare. It is as devastating as military war in its effect on population: rising suicide rates, shorter lifespans, and emigration of the age-cohort that always have been the major casualties of war, young adults. Instead of being drafted into the army to fight foreign foes, they are driven from their homes to find work abroad. What used to be a rural exodus from the land to the cities from the 17th century onward is now a "debtor exodus" from countries whose governments owe unpayably high sums to creditor governments and to the banks and bondholders on whose behalf they impose their policy.

While pushing the world economy into a state of war internationally, high finance also is waging a class war against labor – and ultimately against governments and thus against democracy. The ECB's policy has been brutal toward Greece this year: "If you do not re-elect a right-wing party or coalition, we will destroy your banking system. If you do not sell off your public domain to buyers we will make life even harder for you."

No wonder Greece's former Finance Minister Janis Varoufakis called the Troika's negotiating position "financial terrorism." Their idea of "negotiation" is surrender. They are unyielding. Official creditor institutions threaten to isolate, sanction and destroy entire economies, including their industry as well as labor. It transforms the 19th-century class war into a purely destructive meltdown.

That is the great difference between today and 1929-31. Then, the world's leading governments finally recognized that debts could not be paid and suspended German reparations and Inter-Ally debts. Today's the unpayability of debts is used as leverage in class war.

The immediate political aim of this financial warfare in Greece is to replace its elected government (supported by a remarkable July 5 referendum vote of 61 to 39) with foreign creditor control by "technocrats," that is, bank lobbyists, factotums and former Goldman Sachs managers. The long-term aim is to impose a war against labor – in the form of austerity – and against the power of governments to determine their own tax policy, financial policy and public regulatory policy.

Fortunately, there *is* an alternative. Here is what is needed. (I outlined my proposals in a presentation before the Brussels Parliament on July 3,[2] following an earlier advocacy at The Delphi Initiative in Greece, convened by Left Syriza the preceding week.[3])

A Declaration Reaffirming the Rights of Sovereign Nations

Sovereign nations have a right to put their own growth ahead of foreign creditors. No nation should be obliged to impose chronic depression and unemployment or polarize the distribution of wealth and income in order to pay debts.

Every nation has the right to the basic criteria of nationhood: the right to issue its own money, to levy taxes, and to write its laws, including those governing relations between creditors and debtors, especially the terms of bankruptcy and debt forgiveness.

Economic logic dictates what was recognized by the end of the 1920s: When debts reach the level that they disturb basic economic balance and derange society, they should be annulled. Another way of saying this is that the volume of debt – and its carrying charges – must be brought within the reasonable ability to pay.

Rejecting the "hard money" (really a "hard creditor") position of anti-German, anti-labor economists Bertil Ohlin and Jacques Rueff, Keynes argued that creditors had an obligation to explain to Germany just *how* they would enable it to pay its reparations.[4] At that time, Keynes meant specifically that France, Britain and other recipients of reparations should specify just what German exports they would agree to buy. But today, creditors define a nation's ability to pay *not* in terms of how it can *earn* the money to pay down the debt, but rather what public domain assets it can sell off in what is essentially a national bankruptcy proceeding. Debtor countries are compelled to let their public infrastructure be sold off to rent-extractors to create a neofeudal tollbooth economy.

Under international law, no nation is legally obliged to do this. And under the moral definition of nationhood, they should *not* be forced to do so. Their right to resist this form of debt blackmail is what makes them sovereign, after all.

It is true that the principle of the European Union was that individual nations would cede their rights to a larger entity. The union itself was to exercise the rights of nationhood, democratically on the basis of a pan-European constituency.

But this is not what has happened. The EU has no common ability to tax and spend; those powers remain local. The one area where it does govern taxes is dysfunctional: EU ideologues insist on taxing consumers (via the Value Added Tax, VAT) and labor via pension set-asides.

More fatally, the eurozone has no ability – or at least, no willingness – to create money to fund deficit spending. What it calls a "central bank" is only designed to provide money to domestic banks and, even worse, to lobby for the interest of private bankers *against* the principle of public central bank money creation.

The EU does not even have a meaningful legal system empowered to fight fraud and financial crime, prosecute or clean up insider dealing and corrupt oligarchies. In the case of Greece, where the ECB at least insisted on the need to clean up such behavior, it was only to "free" more revenue for foreign investors from public agencies scheduled to be privatized to pay debts to the ECB and its crony institutions for the money they had paid private bondholders and banks in the face of economies shrinking from a combination of debt deflation and fiscal deflation.

Taken together, these defects mean that the Eurozone and EU were malstructured from the start. Control was placed so firmly in the hands of bankers and anti-labor ideologues that it may not be reformable – in which case a new start must be made.

In any event, here are the institutional reforms that are urgently needed. In view of the financial sector's control of the main institutions, these reforms require entirely new institutions not governed by the pro-rentier logic that has deformed the eurozone. The most pressing needs are for the following institutions.

An International Forum to Adjudicate the Ability (or Inability) to Pay Debts

What is needed to put this basic principle into practice is creation of a new international forum to adjudicate how much debt *can* reasonably be paid – and how much should be annulled. In 1929 the Young Plan (which replaced the Dawes Plan to deal more rationally with German reparations) called for creation of such an institution – what became the Bank for International Settlements (BIS) in 1931 to stop the economic destruction of Germany by bringing its reparations back within the ability to pay.

The BIS no longer can play such a role, because it has become the main meeting place for the world's central banks, and as such has adopted the hardline "all debts must be paid" position that it originally was intended to oppose.

Likewise the IMF no longer can play this position. It is hopelessly politicized. Despite its technical staff ruling in 2010-11 that Greece's foreign debts could not be paid and hence needed to be written off, its heads – first Dominique Strauss-Kahn and then Christine Lagarde – acted in blatant conflict of interest to support the French bankers demands for payment in full, and US demands by President Obama and Wall Street lobbyist Tim Geithner to insist that there be no writedown at all. That was the price for French bank support for Strauss-Kahn's intended bid for the French presidency, and more recently backing for Lagarde's rise to power at IMF. Given the US veto power by Wall Street and the insistence that right-wing anti-labor ideologues (usually French) be appointed head of the IMF, a new organization representing the kind of economic logic outlined by Keynes, Harold Moulton and others in the 1920s is necessary.

Creation of such an institution should be a leading plank of Euro-left politics.

A Law of Fraudulent Conveyance, Applicable to Governments

The private sector has long had laws that prevent money-lenders from lending a borrower more funds than the debtor can reasonably be expected to pay back in the normal course of business. If a lender advances, say, $10,000 as a mortgage loan against a house worth more (say, $100,000), and then insists that the debtor pay or lose his home, the courts may assume that the loan was made with this aim in mind, and annul the debt.

Likewise, if a company is raided by borrowers who load it down with high-interest junk bonds, and then seize its pension funds and sell off assets to pay their debts, the company under attack can sue under fraudulent conveyance rules. They did so in the 1980s.

This lend-to-foreclose ploy is the very game that the Troika have played with Greece. They lent its government money that the IMF economists explained quite clearly in 2010-11 (and reaffirmed this year just before the Greek referendum) could not be paid. But the ECB then swooped in and said: Sell off your infrastructure, sell your ports, your gas rights in the Aegean, and entire islands, to get the money to pay what the IMF and ECB have paid French, German and other bondholders on your behalf (while saving US investment banks and hedge funds from losing their bets that Greek debts would indeed be paid).

Application of this principle requires an international court to rule on the point at which debt service becomes intrusive, and write down debts accordingly.

No such set of institutions exists today.

Creation of Treasuries as National Central Banks to Monetize Deficit Spending

Central banks today only lend money to banks, for the purpose of loading economies down with debt. The irrational demand by bankers to prevent a public option from creating credit on its own computer keyboards (the same way that banks create loans and deposits) is designed simply to create a private monopoly to extract economic rent n the form of interest, fees, and finally to foreclose on defaulting creditors – all guaranteed by "taxpayers."

The European Central Bank is not suited for this duty. First of all, it is based on the ideology that public money creation is inflationary. The reality is that central bank money creation has just financed the greatest inflation of modern history – asset price inflation of the real estate market by junk mortgages, inflation of stock prices by junk bond issues, and central bank Quantitative Easing to create the fastest and largest bond market rally in history. The post-1980 experience with central banks has removed any moral or economic logic in their behavior as lobbyists for commercial banks, defenders of their special privileges, deregulator of financial crime, and extremist right-wing blockers of a public option in banking to bring basic services in line with actual costs. In short, if commercial banking systems in nearly every country have become deindustrialized and perverse, their enablers have been the central banks.

The remedy is to replace these central banks with what preceded them: national Treasuries, whose proper function is to monetize government spending *into* the economy. The basic principle at work should be that any economy's monetary and credit needs should be met by public spending and monetization, not by commercial banks creating interest-bearing credit to finance the transfer of assets (e.g., real estate mortgages, corporate buyouts and raids, arbitrage and casino-capitalist gambles).

Summary

Every nation has a right to defend itself against attack – financial attack just as overt military attack. That is an essential element in the principle of self-determination.

Greece, Spain, Portugal, Italy and other debtor countries have been under the same mode of attack that was waged by the IMF and its austerity doctrine that bankrupted Latin America from the 1970s onward. International law needs to be updated to recognize that finance has become the modern-day mode of warfare. Its objectives are the same: acquisition of land, raw materials and monopolies.

A byproduct of this warfare has been to make today's financial network so dysfunctional that nations need a financial Clean Slate. The most successful one in modern times was Germany's Economic Miracle – the post-World War II Allied Monetary Reform. All domestic German debts were annulled, except employer wage debts to their labor force, and basic working balances. Later, in 1953, its international debts were written down. The logic prompting both these acts needs to be re-applied today.

With specific regard to Greece, Syriza's leaders have said that they want to save Europe. First of all, from the eurozone's destructive economic irrationality in not having a real central bank. This defect was deliberately built into the eurozone, to enforce a monopoly of commercial banks and bondholders powerful enough to gain control of governments, overruling democratic politics and referendums.

Current eurozone rules – the Maastricht and Lisbon treaties – aim to block governments from running budget deficits in a way that spend money into the economy to revive employment. The new goal is only to rescue bondholders and banks from making bad loans and even fraudulent loans, bailing them out at public expense. Economies are obliged to turn to commercial banks for loans to obtain the money that any economy needs to grow. This principle needs to be rejected on grounds that it violates a basic sovereign right of governments and economic democracy.

Once an economy is fiscally crippled by (1) not having a central bank to finance government spending, and (2) by limiting government budget deficits to just 3% of GDP, the economy must shrink. A shrinking economy will mean fewer tax revenues, and hence deeper government budget deficits and rising government debt.

The ultimate killer is for the ECB, IMF and EC to demand that governments pay their debts by privatizing public infrastructure, natural resources, land and other assets in the public domain. To compound this demand, the Troika have blocked Greece from selling to the highest bidder, if that turns out to be Gazprom or another Russian company. Financial politics thus has become militarized as part of NATO's New Cold War politics. Debtor economies are directed to sell to euro-kleptocrats – on terms financed by banks, so that interest charges on the deal absorb all the profits, leaving governments without much income tax.

End Notes

1. This is the theme of my *Super Imperialism: The Economic Strategy of American Empire* (1972, new ed., 2002).

2. The video of the day can be found at http://bit.ly/1fKJr6N. (I'm at about 37 minutes.)

3. www.counterpunch.org/2015/06/26/

the-delphi-declaration

4. I summarize this debate between Keynes and his antagonists in *Trade, Development and Foreign Debt* (new ed. ISLET 2009), chapter 16.

Michael Hudson's book summarizing his economic theories, The Bubble and Beyond, *is now available in a new edition with two bonus chapters on Amazon. His latest book is* Finance Capitalism and Its Discontents. *He is a contributor to* Hopeless: Barack Obama and the Politics of Illusion*, published by AK Press. Hudson's new book,* Killing the Host, *will be published this summer by CounterPunch Books. He can be reached via his website, mh@michael-hudson.com.*

Our Comment

What do we not *know* about, that makes seeming champions of reform wind up "[performing] a…belly-crawl" at the feet of our oppressors?

If Tsipras is correct, and more debt and less social justice is "the best agreement anyone could have achieved," it would seem that the people of Greece must choose between membership in the EU (why would they still want it?), and social justice.

Greece is a crystal ball. Their neocolonial fate is a global affliction. ("When they came from Latin America, we weren't Latin Americans and so too many of us did nothing….").

In *Debt, the IMF and the World Bank,* Éric Toussaint and Damien Millet described debt as, "a mechanism of dominance," employed in the neocolonial exploitation of the "Third World." They predicted that *our* turn would come. We're all up for grabs! And even if we weren't, it's getting harder and harder to imagine that the suffering of others is not our concern.

A couple of comments in these analyses of the Greek crisis somehow ring a bell:

What has been crucial to previous and current versions of empire-building is the role of a collaborator class facilitating the transition to colonialism.

Tsipras' Syriza has absolute contempt for democracy. He embraces the "Caudillo Principle": one man, one leader, one policy! Any dissenters invite dismissal!

Greece is a cautionary tale who's lessons we should carry with us into the coming federal election.

We all face the same basic choice – the same choice we faced in 1939. We can be citizens, in a democratic nation state or, we can be serfs in a vassal state of "The New World Order," which will be fascist and feudal.

In the mean time, we should be rallying to the support of those already strangling in odious debt.

Might not regaining our own sovereignty, and promoting Michael Hudson's proposals be a good place to begin?

"No man is an island, entire of itself; every man is a piece of the continent, a part of the main. If a clod be washed away by the sea, Europe is the less as well as if a promontory were, as well as if a manor of thy friend's or of thine own were. Any man's death diminishes me because I am involved in mankind; and therefore never send to know for whom the bell tolls; it tolls for thee…." – from Meditation 17, by John Donne

Greece's Parliament Cannot Override the No Vote. The Agreement with the Creditors is Illegal.

By Prof. Michael Chossudovsky, Global Research, July 21, 2015

Fira, Greece – On Sunday, July 5, the Greek people voted in a historic referendum to refuse the Troika's draft agreement.

The Referendum was an outright "ritual of democracy." The Greek people were betrayed. On Monday morning, July 6, on the day following the referendum, Prime minister Tsipras put forth a 13-page draft proposal which included most of the demands of the creditors. This proposal, which was drafted before the referendum in close consultation with the creditors was essentially intended to lead towards the acceptance of the creditors' demands, namely to support the YES vote, which was defeated in the July 5 Referendum.

This about-turn had been carefully engineered. The Greek people were misled and deceived. PM Tsipras was "in bed with the creditors" while leading the No Campaign. He had made a deal with the creditors, he was in favor of accepting the demands of the creditors all along. The NO mandate of the Greek people was meant to be ignored. And the decision to stall the implementation of the NO Vote was taken before *the referendum.*

The July 6 post referendum document put forth by PM Tsipras on Monday, 6 July, was accepted in substance by the Troika. It was then endorsed by the Greek Parliament.

The important question for the Greek people.

Does the vote of acceptance by the Greek parliament provide a legally binding greenlight to the government to finalize debt negotiations *against* the Greek people, overriding the NO Vote in the Referendum.

What is the role of a referendum under Greece's constitution?

While the result of a referendum is not always legally binding, it nonetheless provides an explicit political mandate to the government which has to be followed. *A referendum cannot be based on an a priori deception. The results cannot be ignored in a democracy.*

The referendum was held while the Tsipras government had already decided to cave in to the creditors.

Neither the Parliament nor the government can rescind the *vote* of the Greek people on the July 5, 2015.

Under a democracy, the government has a responsibility to implement the NO vote in the Referendum, which was sponsored by the Syriza government in the first place.

If it is not willing to respond to the demands of the Greek people it must resign.

It is important at this stage that the Greek people question the legality of the parliamentary decision. It is worth noting that the Supreme Special Court endorsed the holding of the Referendum.

What must now be established is the constitutionality of the parliament's denial of the Referendum procedure and its de facto endorsement of the YES Vote. That decision has to be challenged. *And this must be done before a final binding agreement with the creditors is reached.*

The complete and *detailed* final text of the bailout agreement will most likely not be made public.

It should be noted that many features of this agreement, including those outlined in Tsipras' 13-page document are in violation of Greece's constitution. (e.g., articles 22-23 pertaining to labour and social rights).

An ad hoc bailout agreement negotiated by bureaucrats cannot override precise clauses contained in the country's constitution. That is ultimately the objective of the creditors: undermine the premises of Greek democracy.■

Money Matters *from page 2*

unanimous decision. Government did not apply for permission to appeal this decision to the Supreme Court of Canada within the time allotted. So, in March COMER again filed an amended statement of claim at the first level of the Federal Court, this time to proceed on the merits of the case. Government will undoubtedly contest this action on the merits.

Should we put faith in our judicial system or, as John Ralston Saul asks, are we now facing "the collapse of the last meaningful edges of democracy" as we await the outcome? (Cited by Chris Hedges in *Revolt: The Path to Ending US Inverted Totalitarianism.*)

The case has garnered widespread attention partly because of the growing interest in the reach of international institutions into national affairs. Furthermore the BIS meetings of its 60 member states are held in secret with no accounting to their governments, and no representation nor votes for their citizens.

Given the fiscal, economic, social and democratic deterioration that Canadians – and others – have experienced beginning in the mid-70s we ask was it grounded in the exponential increase in government debt that resulted from "commitments" of the BIS member states? What other orders have come from such international organizations? Regardless, governments' ceding of their critical powers and responsibilities to foreign entities, in fiscal, monetary or trade matters must be challenged.

As COMER members pursue this action on our behalf, we wish them success. Dollars will help too. See comer.org.

Update

On May 13, COMER published an update to this case by Rocco Galati on its website. In brief, Government has indicated it will again move to strike the claim, challenging Justice Russell's finding of justiciability, upheld by the Federal Court of Appeal, and on other grounds already removed from the original claim.

Galati has requested that any such motion be placed before Justice Russell and is seeking leave to the Supreme Court of Canada on behalf of his clients "from the Federal Court of Appeal, for not having

REVIEW OF CHRIS HEDGES' "WAGES OF REBELLION: THE MORAL IMPERATIVE OF REVOLT"

It's the Right Thing to Do

By John Riddell

"Courage my friends, 'tis not to late to make a better world." – Tommy Douglas

If you are an activist, concerned about climate change and the corporate state (the merging of corporations and governments), Chris Hedges, in his new book, *Wages of Rebellion,* says you are in the right place.

This Pulitzer Prize winning author says that without you, we are doomed.

We are doomed because without you there would be no rebellion, no debate, no "other" to confront the irrational decisions and behaviours of today's corporate state.

Hedges gives us highlights from his interviews with the "good guys" (rebels), from activist hackers to Edward Snowden and Julian Assange; to the Occupy Movement, to climate change activists and anti-oil coalitions.

Hedges doesn't leave the corporate state ("bad guys") out. He includes sections on the wages of misdirected wars, the enormous (and very profitable!) prison system in the US, and the complete co-optation of the legal system.

He maintains throughout the book that, with the merging of our legal systems into the corporate state, democracy exists in name only – worldwide, not just in the US.

We see this, he says, reflected in the greed now inherent in corporate state austerity programs for what's left of the middle class, attempts to destroy or discredit unions, and the complete abandonment and disdain for those suffering in poverty – not to mention the dismantling and redirecting of our public health care and educational systems into private hands….

What's left? How much more can we take?

Hedges says that mass movements are important now, more than ever. They are the right thing to do – even though they will without doubt be confronted by police and/or military forces. Yet, he says that historically, the state has always collapsed before such movements when the police/military refuse to fire into protesting crowds, or when an interior *coup d'état* occurs due to mass movement pressures.

Hedges is not just an arm-chair critic. He stands in solidarity with activists in all walks of life. In 2014 he took the US government to court. *Hedges vs. Obama* concerned section 1021(b)(2) of the *National Defence Authority Act.* This provision permits the military to seize US citizens and hold them indefinitely in military detention centres without due process. The US Supreme Court refused to hear the case.

Wages of Rebellion is essential reading-both a boot camp and a blueprint for rebellion, reflected through Hedges' lifelong experience – so well expressed in the examples and situations he offers. He argues for rebellion locally and globally, particularly the joining of groups together into common fronts.

This potentially prize-winning book is alive with situations, information, and inspiration for us all.

For me, it helps to ease the pain to know there are people like Chris Hedges in this crazy world. His is a voice of sanity, speaking out loud and clear for rebellion, for honouring our rebels for speaking out courageously against the irrational, irresponsible and dangerous behaviours of the corporate state. Without them we are doomed. We should all become rebels. It's the right thing to do.

Wages of Rebellion is a cut above the rest. Read it. Live it! – *Pass it on.*

John Riddell is a long-time COMER member.

BookStore

Books by Hazel Henderson, W.F. Hixson and William Krehm can be ordered online at www.comer.org.

By William Krehm:

- *Towards a Non-Autistic Economy – A Place at the Table for Society*
- *Babel's Tower: The Dynamics of Economic Breakdown*
- *The Bank of Canada: A Power Unto Itself*
- *Democracies and Tyrannies of the Caribbean*
- *How to Make Money in a Mismanaged Economy*
- *Meltdown: Money, Debt and the Wealth of Nations*
- *Price in a Mixed Economy – Our Record of Disaster*

simply ordered the matter to proceed to trial, on the main justiciable issues, rather than maintain the striking of the claim (the secondary claim referred to above) and order an amended statement of claim" – given that the order had already been complied with in the filing of an amended statement of claim for the Federal Court of Appeal.

Galati terms Government's latest action "abusive."

Judy Kennedy is a retired lawyer and supporter of the COMER challenge.

Our Comment

Our thanks to Judy Kennedy for so helpful and timely a summary.

The next hearing will take place Wednesday, October 14, 2015, at:

Federal Court Building
180 Queen Street West
(one block west of University Ave.)

Space has been booked for the whole day (5.5 hours).

You are encouraged to attend and to be there by 9 am, for seating is limited. A good attendance will reflect a serious interest in this lawsuit.

This hearing could prove particularly important and should be extremely interesting. For further information, go to the Federal Court website and enter the court number T-2010-11 to get the file. Stay tuned to comer.org.

Encouraging messages and donations in support of our lawsuit continue to flow from across Canada, and from other countries recognizing and appreciating its international importance.

Élan

Nightingale Awards: Street Health Manager's Daily Nursing Anything But Typical

By Jonathan Forani, Toronto Star, May 7, 2015

Joyce Rankin, who with her team heal the ailments of homelessness, received an honourable mention in this year's Nightingale Awards

Joyce Rankin always knew she'd be a nurse. But what she didn't know was that she'd be as much a public advocate for her clients as a caregiver.

"It's not just about having a cut finger," says Rankin, a 2015 Nightingale Award honourable mention.

Nurses everywhere ask: are they providing the proper care to a client? Are their health needs met? But when a man with a developmental delay walked into the Street Health Community Nursing Foundation clinic, on Dundas Street East, in Toronto this past April – clothes too big, shoes too small – there was more to be done than ask about his physical health.

He told them that he was sent to Street Health, where Rankin is manager, because "there's something with my money." Now, Rankin and her team are working with the man to figure out what his needs are. They may draft a letter to the bank for him, or he may need someone to join him there to sort out his finances, Rankin suggests.

None of it is typical "nursing," but it is typical at Street Health. This is the type of community and personal advocacy the organization does, she says.

And Rankin goes even further. The 49-year-old advocates on a bigger-picture level she couldn't have anticipated early in her career. This March, she made a deputation at a Toronto City Hall committee meeting about the lack of shelter space in the city.

"It's not just the individual, it's the health of the community. If the community is healthy then the actual individual members of the population are healthy as well," she says.

"Make no mistake, a shelter is not a home. But until we actually get enough affordable and supportive housing, we need to make sure we have enough shelter space."

At Street Health, advocating for communities – systemic advocacy, she calls it – is at the heart of nursing. Rankin has seen first-hand the need for shelter beds and has made advocating for more a priority.

Outside of her full-time work with Street Health and part-time work at St. Michael's Hospital, Rankin also runs the volunteer-based Out of the Cold program at Yorkminster Park Baptist Church, near Yonge St. and St. Clair Ave. It's one of more than a dozen locations in the city where Toronto's homeless people can find safe refuge and emergency shelter from mid-November to mid-April each year.

Still, during this past winter season in the GTA, there were four homeless deaths in the city.

"It is shameful that, in a country as wealthy as ours, someone can freeze to death in a bus shelter," she says. "The fact that the city says that we have enough shelter space is quite concerning, because if we did, we wouldn't have a need for the Out of the Cold programs."

Those volunteer-run programs are now over until November, leaving Rankin wondering: What are the plans? What will the city do for those people who are still sleeping rough?

"It's a challenge for me, because our role in health care is to support people, but we're really letting the city off the hook with running the Out of the Cold programs," she says. Where the city fails to step in, nurses such as Rankin and her team at Street Health step up.

And she's investing in the next generation of nurses, too, as an instructor at the joint nursing program between George Brown College, Ryerson University and Centennial College. She tells her students that they're entering the greatest career ever.

"I have the best of both worlds," says Rankin of teaching and working in the field. "That's the beauty of nursing – you can just do so much with it. I love to share my passion with the students."

With some luck, one of Rankin's students may land a profile in the *Toronto Star* for the Nightingale Awards before they've hit 30 years in the field, too.

"Joyce is remarkable because she really is a kind of embodiment of all the best about nursing," says Kapri Rabin, executive director at Street Health and the colleague who nominated Rankin. "She's very passionate about the field."

When the team heard the news of Rankin's honourable mention in the annual awards, they were astounded – and thrilled.

"I could hardly breathe, I was just so flabbergasted," says Rankin. "I've had so many blessings in this career." ■

About Our Commenter

Élan is a pseudonym representing two of the original members of COMER, one of whom is now deceased. The surviving member could never do the work she is now engaged in were it not for their work together over many years. This signature is a way of acknowledging that indebtedness.

For Nurses, Improving Health Means Fighting Poverty

By Paul Gallant, Toronto Star, May 7, 2015

Nurses at shelters and on the street know that homelessness and poor health are intertwined.

A client of the Regent Park Community Health Centre had been homeless for years, going to emergency rooms almost daily for a variety of health problems. Nurses at the health centre, working together with other community agencies, decided on an intervention to help the man get back on his feet – starting by diagnosing conditions that hadn't been addressed in the emergency room, helping him taking his medication regularly and, at long last, finding him supported housing.

"It's transformed his life," says Laura Hanson, a nurse with the Regent Park team. Though their clients include downtown residents of all income levels, many are struggling to get by. "Acute care is one aspect of health, but there are so many other factors that go into making you well or not well. Health is not something that's just biological. Poverty is one of the biggest indicators of health, which really influenced the kind of work I decided to do."

Research shows that, unsurprisingly, people who can't afford housing and nutritious food are far more likely to be unhealthy. The grind of being poor, often combined with mental health issues, can make it hard for some people to even access health care services. Many nurses who take prevention to heart have made addressing poverty and homelessness central to their work. Eight months after the provincial government announced it would redouble efforts to achieve its poverty reduction targets, Ontario nurses remain on the front lines of that battle.

"I'm very passionate about health equity," says Jessica Hales, who works with Toronto Street Health, a four-nurse team dedicated to improving the health and well-being of homeless and underhoused people in downtown Toronto. With more than 5,000 clients, some of whom visit regularly and others whose visits are more erratic, Street Health has adopted a model of health care that treats people more holistically. "The longer I'm in health care, the more I realize that being healthy really extends beyond what medical services can offer," she says.

Hales started her nursing career in a hospital, where she realized that the increased reliance on technology was extending the lives of some people, but not necessarily helping those most in need. She started volunteering at Street Health and five years ago accepted a position with the team. In April she became Street Health's first nurse practitioner, a designation which, among other things, allows her to prescribe medication and order diagnostic tests. Now she can offer more intensive care to people who have trouble accessing mainstream health-care services.

Hales's commitment to getting at the root causes of poor health extends to advocacy outside work hours. Last November she and four other community workers were charged with mischief for staging a sit-in at a city housing office after the city failed to fund a proposal for a 24-hour drop-in shelter for homeless women. (Women in crisis often can't make the curfews of traditional shelters.) Hales says the charges were dropped in March and the city has agreed to provide funding for two 24-hour drop-in shelters, the first opening in mid-May. "Hopefully it will reduce the rates of sexual and physical violence and will give women a safe place to go if they're trying to leave unhealthy relationships," she says.

Not all nurses fighting poverty work so close to the street. As a professor of nursing and psychiatry at Western University, assistant director at the Lawson Health Research Institute and a member on Ontario's new advisory panel on homelessness, Dr. Cheryl Forchuk comes at poverty and homelessness from an academic angle. But she takes a seriously grassroots approach, improving health-care systems by talking directly to the people who most need help.

The obstacles are not always what the experts think. In one of her studies, Forchuk interviewed homeless veterans. The American literature suggested that post-traumatic stress was a major factor in veteran homelessness, but the Canadian veterans had mostly not served overseas and considered their military experience to be a highlight of their lives. Their military service had not given them post-traumatic stress, but hard-drinking habits emerged as serious drinking problems later in life. The pilot project that came out of the study employed a peer-supported approach that echoed the structure of military life – something that would not likely have worked with post-traumatic stress patients. Of the 56 men who took part in the program, all but one have remained housed.

For Forchuk, listening to patients is at the core of nursing. So is collaborating with other professionals whose decisions about social assistance and housing can be the major factor in how healthy a person is.

"If we're all in our own corner trying to come up with solutions in a fragmented way, it's simply not going to work," Forchuk says. "Addressing homelessness is not at all stepping away from nursing. It's looking at nursing in a different environment."

Our Comment

Would that more economists and politicians shared the insight, commitment and the "passion for equity" of nightingales like those cited in these articles highlighting Nursing Week!

During the Occupy movement in Toronto, I had an opportunity to get to know such a nightingale and that experience made me realize how indebted we all are to an army of angels, out there dealing with the collateral damage of our failing system. But, as Joyce Rankin makes clear, that's not enough – it

READER LETTER

Ann Emmett – Translation of One of Your Speeches into Spanish

Dear COMER,

We (Manfred and Irene) are members of the monetary reform association of Dinero Positivo, which was created in Spain about one year ago. Recently, we translated into Spanish a speech, Ms. Emmett, that we consider very special. You made this speech called "People vs. Bank of Canada" some month ago together with Mr. Rocco Galati.

We are happy to send you the link of our translation, maybe it could find some interest by the members and followers of COMER.

https://www.youtube.com/watch?v=OtEXEF-oRxc

Our best wishes.

Sincerely,

Manfred and Irene

"lets [politicians] off the hook." And it's just a finger in the dyke!

Making connections like that between poverty and health, between healthy individuals and healthy communities, recognizing the need to go beyond symptoms and deal with the root cause, accepting responsibility for a holistic approach that addresses the systemic nature of problems – finding it morally repugnant that, "in a country as wealthy as ours, someone can freeze to death in a bus shelter," accepting the need to *fight* the cause as well as the affliction…. If only we could elect to public office politicians who brought this level of thinking and caring to the task! If only we could educate economists to rethink their concept of "*externalities*"!

Poverty is not an economic problem. It's a political crime!

When we want to end poverty the way we wanted to end smallpox, it will happen. – Dr. John Hotson

Élan

CAMBIE LEGAL DRAMA

The Ethics of For-profit Health Care in BC

By Dr. Vanessa Brcic, CCPA Monitor, Volume 21, No. 5, October 2014

One of the most important constitutional trials in Canadian history was set to begin on September 8, 2014 before the BC Supreme Court. Dr. Day, owner of the for-profit Cambie Surgical Centre says he is fighting for the freedom of patients who are victims of "medical enslavement," while making generous and unlawful profits well above what the government and his own profession have identified as fair. These arguments were to be heard in a costly 24-week trial that pits our public health system against the two-tiered, free-market alternative he proposes that patients have a right to in a free society.

Yesterday, at the request of Cambie's legal team, the trial was postponed for 6 months. The complicated and expensive legal proceedings will recede from the public eye in the coming months, and we hope for a resolution out of court that will be less costly and uphold and improve public health care in Canada. But whether in the courts or behind closed doors, this is an opportunity to turn our attention to the blinding ethical discord that lies beneath the growing for-profit health-care industry in Canada.

With legal distractions temporarily swept aside, British Columbians have the opportunity to better understand the complex story behind the push for for-profit care, and learn about solutions that will lead to #bettermedicare. This story has three parts: The first is the obscurity of the finances of highly profitable clinics like Cambie. The second is the inaccessibility of for-profit services for the vast majority of patients. The third is the vulnerability associated with pain and illness, and the particular implications of financial strain in times of pain and uncertainty. The story is one of egregious ethics.

Obscure Finances of For-profit Clinics

The courts have yet to see a clear picture of Cambie's financial records. Private corporations need not disclose their financial records publicly, and so neither the profits nor the cost-effectiveness of Cambie's services are known. The Medical Services Commission audit of Cambie was similarly stalled by obscured financial records, and after 2 years, the MSC was only able to access one month of data; in that month, they found half a million dollars of unlawful billings (these unlawful billing trends are ongoing). The profit at stake in this case is tremendous, not only in the operations of the Cambie Surgical Centre, but in the potential legal precedent for free-market enterprise in Canadian health-care delivery. If Cambie wins this case, health care could thereafter be freely traded between Canada and the US under NAFTA without option to restrict the growth of for-profit care that would spill northward from the US due to our free trade agreement. The enormity of financial interests in this case are difficult to overstate.

Not a Health System Solution

Services provided at boutique for-profit clinics like Cambie do not serve the majority of the population. In a context of rising income inequities this is particularly poignant, as an increasing proportion of the population can't afford their steep premiums for care. They also provide a restricted list of services that don't require complex care: largely opportunities for patients to jump to the front of the wait-lists to see specialists, and day procedures. Complex procedures or procedures for complex patients who need overnight stays, specialty medical or multidisciplinary care, simply aren't as profitable, and so they aren't offered. For-profit clinics like Cambie provide freedom for the wealthy to jump to the front of wait lists, while siphoning doctors and nurses from the public system. Cambie offers a menu of procedures that are but the tip of the iceberg of what our health system needs to offer better care to patients. Rather, it is an opportunity for independent and highly profitable entrepreneurship. It is not a solution to our strained health system that is suffering for lack of leadership and health reform.

Pain, Uncertainty and Vulnerability

In times of illness and injury patients suffer from more than their symptoms – they suffer greatly from uncertainty and a loss of control. Their future livelihood is threatened; life with disability can be frightening. They suffer from short office visits with doctors who don't have time to educate them about the road ahead and diffuse their fears. In such a period of vulnerability, there is nothing more hopeful to a patient than a procedure that will definitively and concretely take away their pain and suffering. It is a noble hope; doctors and patients alike want a chance for a definitive fix. Sometimes surgery is a clear recommendation, but more often it is not. Few procedures are without risks, complications, long recovery periods, and marginal outcomes. Time is often needed to optimize fitness and health for patients to benefit from surgery. Conservative therapy often does just as well but takes longer, requiring bravery, patience, and diligence with a rehabilitation regimen best supported by rehabilitation experts that many patients cannot afford.

Cochrane reviews indicate that more than half of patients are no better or worse after low back surgery. Similarly, knee arthroscopies – commonly performed at Cambie – often have marginal or short-term benefits, and for patients with even the beginnings of arthritis, are no better than "sham surgery." A UBC study of WCB patients receiving expedited care at Cambie showed that they did no better, if not a little bit worse, than those receiving care in the public system. Anger from the real burden of ongoing pain and uncertainty can easily be translated towards the lack of rapid access to surgery in the public system, even when expedited surgery isn't the right solution. It is a delicate job to find the right patients to benefit from surgery. We mustn't overexpose patients to risky interventions in our eagerness to "do something," nor should we deny appropriate patients access to treatment because of fear of lack of benefit.

The muddy evidence for surgery for chronic pain is only further muddled by the profit motive. My job as a family physician is to support patients in navigating a path forward through times of vulnerability. If we are attentive, the burden of suffering, disability, and the complex path forward to recovery is evident to family physicians. Surgery may or may not be appropriate, but patients invest tremendous hope in surgical consults and procedures. Dr. Day is making tremendous profit by offering patients an escape from suffering in the form of expedited surgical solutions. It seems glaringly obvious that to require patients to make a decision about paying thousands of dollars for a surgery that they are told is appropriate but that the system is denying them – is unethical. In a time of illness and suffering it can cause even greater harm to be faced with potential financial strain. Removing the additional weight of financial burden in a time of illness or injury is the basis of our public health system in Canada.

For-profit Surgery Is an Ethical Breach

Doctors in BC are keen to provide high-quality care for patients, and they are paid well to do so. This duty and the payment schedule that supports our work is embedded in our governing legislation and code of ethics. For doctors keen for other entrepreneurial opportunity, those doctors can opt out of Medicare or practice in the complex health economy of the US. We should be called to examine our code of ethics when a doctor's quest to provide high-quality care bleeds into a quest to provide unrestricted for-profit care that greatly supplements their earnings while threatening to undermine the equity upon which our system is founded by siphoning doctors and nurses from the public system to work for the wealthy few.

Research ethics boards prevent physicians from doing direct research on our own patients because of conflicts of interest – doctors are in a "fiduciary relationship" with patients in which "the physician is in a position of power and confidence over the patient… Patients are regarded as vulnerable in relation to physicians." We must be mindful of the forces that impact our services offered, be they financial gain, or experimental research. The College of Physicians and Surgeons explicitly cautions that a financial conflict of interest, "real, potential, or perceived" is a competing interest to providing ethical care. The apparent ethical breech of challenging our constitutional right to universal, accessible health care without clearly disclosing one's financial conflict of interest is particularly egregious when we peel away the complexity and understand the simple reality: although our public Medicare system has some well-known gaps, Dr. Day is taking advantage of these by filling them in ways that make him tremendous profits.

Real Solutions and #bettermedicare

Many people suffer financially from ongoing disability and long wait lists, and the public system needs to boost its operating room (OR) capacity rather than cutting back OR times to manage continually shrinking budgets. But the system must do this in the context of comprehensive solutions for patients in pain. Surgical solutions are but one solution, and they ought to be delivered in an appropriate manner devoid of financial conflict of interest.

The OASIS program in Vancouver, Victoria's orthopedic collaboration called RebalanceMD, and Alberta's Bone and Joint Institute are all examples of publicly available, comprehensive and accessible orthopedic solutions that have reduced wait times. There are alternatives to a two-tiered system for orthopedic care. These are the solutions that we must call on our government to improve and scale up.

The pause in the Cambie trial gives us a chance to consider these public solutions. In the meantime, the conversation about them continues on Twitter using the hashtag #BetterMedicare. The money we save by avoiding a 24-week Cambie trial, and stopping subsidies to Dr. Day's unlawful billing practices, could even help to fund improvements to Canada's Medicare system. It is, on balance of evidence, the most ethical path forward.

Dr. Vanessa Brcic is a family physician in Vancouver, BC, executive board member of Canadian Doctors for Medicare, and a research associate with the CCPA-BC.

Our Comment

This is not just another instance of the creeping strangulation of our public health care system. This case highlights our need to free ourselves from the *Free-Trade* body bag into which Canadian governments from Brian Mulroney on have been zipping us!

Exploitation of the current shortcomings of Medicare is a tactic reinforced by the outrageous austerity cuts by politicians like Jean Chrétien and Paul Martin.

One of the biggest things the privateers have going for them is the notion that we cannot AFFORD quality public health care.

COMER's basic message exposes the fallacy of that notion:

Whatever is physically possible and desirable can be made financially possible.

How lucky we are to have resources like the twitter hashtag # Better Medicare, and principled watchdogs like Doctors for Medicare! Add to that a well informed public, and we'll be equipped to maintain and improve public health care in Canada.

Constitutional rights like the right to universal, accessible health care are not ours to abandon. Too many Canadians fought too hard to acquire and retain them! And we owe it to future generations to pass them on!

We need to do more than *hope* that there'll be a cheaper resolution out of court that will uphold public health care in Canada – we must rally to a national assertion that *Canada's health care system is not for sale!*

Élan