Democracy Undone

The Practice and the Promise of Self-governance in Canada

BILL LONGSTAFF

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Ballot

Ballot Publishing
15, 101-25 Avenue SW
Calgary AB T2S 0K8
Tel: (403) 245-9587
Fax: (403) 244-7739
ballot@shaw.ca
www.ballotpublishing.ca

National Library of Canada Cataloguing in Publication Data

Longstaff, Bill, 1934-
Democracy undone

Includes bibliographical references and index.
ISBN 0-9689029-0-1

1. Democracy—Canada. 2. Political participation—Canada. I. Title
JL186.5.L66 2001 321.8'0971 C2001-910819-2

Cover design by Kevin Franco
Printed and bound in Canada by Blitzprint

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Dedication

This book is dedicated to the librarians at Calgary's W.R. Castell Central Library, whose patience and knowledge seemed boundless.

Acknowledgments

I will begin with a confession of plagiarism. My good friend Gary Burkholder and I have discussed the issues herein so thoroughly for so many years I cannot possibly disentangle his ideas from mine, so his will perforce be included without citation. He will simply have to forgive me.

The chapters on democracy in the workplace were expertly reviewed by Hazel Corcoran and George Melnyk, and the entire manuscript critiqued by my patient friends Laura Parken and Ken Cameron. The helping hands were greatly appreciated.

During the course of my research I interviewed in person, by telephone and through correspondence a host of people generous of their time and advice. Often they supplemented our discussions with mailings of useful materials. I will no doubt omit the names of some of these contributors, and to those I apologize, but among them are Neil Walker of the ESOP Association; Don Ryan of the Calgary Public School Board; Bruno Friesen, Chairman of the Board of the Calgary Co-operative Association; Jim Cunningham of the Calgary Herald; Dr. Richard J. Long, Professor of Industrial Relations and Organizational Behaviour at the University of Saskatchewan; Sharon Chapman of the Saskatchewan Children's Advocate Office; Jeanne Moffat, Executive-Director of Greenpeace Canada; Dennis Deters of The Co-operators; Keith Purdy, Acting President of CUPE Local #8; Gary Rogers, Director of Taxation & Special Projects, Credit Union Central; Jeff Marshall of Nova Corporation; John Dennison, Professor of Higher Education at the University of British Columbia; and from the University of Calgary, Patrick Cleary, President of the Students' Union, Ann Stalker, President of the Faculty Association, and Rhonda Williams, Director of the University Secretariat. Like Blanche DuBois, I depended heavily on the kindness of strangers.

Occasionally, requests for assistance turned into events. My colleague Shelagh McCormick, in addition to informing me about the world-wide movement of democratic schools, introduced me to her partner, Colin James, a teacher at the Calgary Alternative High School, who led me through a delightful tour of the school including a general meeting of staff and students, run in sound democratic fashion by the students. (I must thank also Jim Hoeppner, the school's principal, for follow-up information.) Similarly, a meeting with Frank McGeachy, teacher at Sir Winston Churchill High School and catalyst in the development of Winston's Way, a set of behavioural guidelines for students and teachers arrived at through thorough democratic process, led to a lengthy dialogue about youth and democracy leavened by a very good chicken vandalu at Tandoori Hut. Research was never tastier.

Calgary, August 2001

Introduction

Among the great word hoard of the English language, few words please the tongue or satisfy the mind as does "democracy." This Greek immigrant has been adopted to name our noblest institution, an institution that we count among the treasures of our civilization.

But perhaps I assume too much. Do we treasure democracy in this country? Do we practice it well? We invoke the word often enough, but do we invoke it as word or substance? This book answers that question. In ensuing chapters, we will look first at politics and government, those areas we are usually referring to when we mention democracy. But if we are to think of ourselves as a democratic society, we cannot limit our study to politics. We need to examine all our institutions and measure them as well. We will go on, therefore, to analyze the state of democracy in our workplaces, to many people the most important place of all. Then we will take a long look at that old comrade of power, wealth, and its affect on democracy through a range of our institutions, including economics, politics and the mass media. We will examine change, technological and global, to see if it is helping or hindering. And finally, we will look at the fundamentals, the basic needs — education and equality — to see how well we are enabling ourselves for democracy.

My goal is to evaluate the state of democracy in our society comprehensively, and where I find democracy lacking I will prescribe as well as analyze. I will not be bound by what might be immediately practical. I will adventurously advance any ideas that are worthy of even speculative consideration. After all, if we restrict ourselves to ideas that are deemed practical at the moment, we hold ourselves to an arbitrary standard. We bind ourselves with our current limits and prejudices — not a very good approach to problem solving.

I will not analyze and prescribe as an expert in political science. That I am not. I speak only as a citizen addressing his fellow citizens, who begs your indulgence. I admit freely to bias — I am a confirmed democrat. I will attempt to be fair, but if I lapse into bias for self-governance, for people freely deciding together on their own fate, I will make no apology.

In evaluating our institutions, I will measure them against nothing less than the democratic ideal. Let us, then, establish what that ideal is — what the standard is to which we will hold our society.

Definition

Just what is this ancient and much admired concept we call democracy? What does the word mean? If we examine its roots, we find that it derives from the Greek *dêmokratia*: *dêmos*, the people, and *kratia,* rule. A simple concept really — the people rule.

There are no qualifiers here. The definition doesn't say the majority rules, it says the people rule — all the people. If we are to be democratic, we must include everyone in our governance.

But this clearly poses a problem. People disagree. How can we include all of them in those decisions where they are of different minds? We must somehow include this probability in our definition while remaining true to it. We could, of course, simply let everyone have their own way. Unfortunately, this is not always possible. Choices are often incompatible, some precluding others. Furthermore, individual choices rarely affect only the individual that makes them. If they affect others, those others deserve a say in them. Issues that affect us all require collective decision-making, everyone sitting down and working out a solution. The happiest result is consensus — a solution acceptable to all. If, however, there is no such solution, then as a last resort, and only as a last resort, the group must rely on majority vote. This does not mean that the majority may dismiss or bully the minority. On the contrary, the majority are obliged to incorporate the views of the minority into the final decision as much as possible, keeping in mind the degree of support those views have.

Majority vote is not democracy. It is no more than a tool that democracy may use when consensus cannot be reached. The dêmos is the people, not Christian people, not heterosexual people, not the majority of the people, but *the people* — all the people. The majority have the right to decide issues; they do not have the right to exclude minorities from full participation in the decision-making. We barely have a democracy at all when the majority behaves as a tyranny.

Although our definition insists on all the people ruling, it does not insist that they rule personally. They may decide instead to choose representatives to govern for them. Usually that means election, but not necessarily. A body of citizens may "elect" to choose their leaders by lot or, in a small group, by rotation. As long as that is their free and equal choice, it is equally democratic. The point is that in a democracy the only legitimate governance is that which derives, in one way or another, from the consent of the governed.

When we refer to the people, we must sensibly refer to them *equally*. Once again, there are no qualifiers. Equality and democracy are virtually indistinguishable. If a dictator consulted the people occasionally and then

said, "Look, the people are participating, they are ruling a little, too, we must have a democracy now," he would be ridiculed, at least by anyone with the courage to do so. He would make no sense. If one citizen has less power than another, then that citizen has less democracy, and we have to discount democracy that far from the ideal. Full democracy demands full equality. We may refer to an institution as democratic when it is in fact only partly so, but that, in practice, is forgivable — we rarely achieve perfection in anything. Our definition, however, is not forgiving. Democracy in the ideal is an all or nothing affair.

It is within these constraints, then — rule by all the people equally, either directly or through freely chosen representatives — that I will measure democracy in our institutions. I will leave little room for ambiguity. To the degree that an institution lacks self-governance, I will consider it lacks legitimacy to that same degree.

When we measure democracy, we should not think of it as simply a tool. It is a tool, a powerfully effective tool for governance, but it is much more than a tool, or technique, or political method. It embodies other concepts such as freedom and civil rights. It is not these things; however, they are essential to it. Consequently we come to think of democracy not only in concrete terms of practical governance — getting things done — but also in moral terms, about such things as sharing, co-operation and tolerance, about how we treat our fellow beings.

We might also keep in mind what democracy is not. It is not an ideology. It is not dogma. On the contrary, by allowing the people of each time and place to choose their own rules to live by, it is an anti-ideology.

Tribes

Democracy is coming full circle. In our early days as Homo sapiens, our hunter-gatherer days, we inclined towards democracy easily and naturally. After a long interregnum, a dark ages of rigid, hierarchal rule, we are returning to our roots.

In our long journey from Ardipithecus ramidus to modern humans, we evolved to live in small groups of hunter-gatherers, dealing with only a very few of our fellows, all of whom were very much like ourselves: they were of the same race and culture, and, most importantly, they had similar interests. We are a social animal and a speaking animal. Democracy, talking things out with our fellows, comes naturally to us. And it is difficult to dictate to people you are intimate with, people you have to cooperate closely with every day just to survive.

But as we trekked out of the bush into the savanna and down the river valleys, agriculture and finally civilization set in. Societies grew in size until face-to-face discussion of issues became impossible, and the need for authorities to set rules and enforce them arose. We never suffered a shortage of tyrants willing and able to do that job. Lacking the legitimacy conveyed by the consent of the people, they ruled under the twin

mandates of fear and brute force. Democracy languished, popping up here and there in small societies: the Athenian Greeks were an example, the guilds and universities and towns in Europe's Middle Ages another. But for the most part, Church and Caesar held rigid sway over the affairs of humankind.

Leadership developed extraordinary arrogance. In the natural, easy-going ways of primitives, people chose, or tolerated, leaders for one purpose: to serve the interests of the group. But the authoritarian leaders became groups unto themselves — priestly castes, warrior societies, aristocracies, monarchies — serving their own interests, more often than not at the expense of those they led. Classic examples were the infamous Marie Antoinette and Louis XVI of France. "Let them eat cake," Marie commented wittily and famously as the mobs chanted for bread outside Versailles. She recognized little accountability to the people she ruled. And why should she? She and Louis ruled by divine right. God chose them to rule; therefore, they were accountable only to Him, not to the people. On the contrary, if they were God's chosen, the people must be accountable to them. The natural flow of leadership had been completely reversed. The relationship between the leader and those led had been stood on its head. (We look down our noses at divine right today, yet by no means have we entirely escaped it. A modern CEO talks about separation packages, not cake, when he fires a thousand workers, but he jealously guards the right to do it. Neither the fired nor those that keep their jobs hold any such right over him. He answers to a higher power — Mammon perhaps. But more on that later.)

God abandoned Marie and Louis to the guillotine, but well before that the seeds of renewed democracy had been sown in Europe. New technology, particularly in the form of movable type and the printing press, was unleashing forces greater even than anointed kings. The ability to communicate effectively, no matter how large the society, was returning to humankind. With the development of the mass media in the 19th century, communication exploded and the race back to democracy was on. We were now able to figuratively return to the tribe or, as McLuhan put it, become a global village.

Tribes aren't what they were, however. Canadian society isn't so much a tribe as a complexity of tribes. We have thirty-one million individuals lumped into two official languages and a Babel of unofficial ones; half a dozen regions; a multitude of cultures; all the major religions and their various sects along with belief systems varying from New Age to witchcraft; political parties ranging across the philosophical spectrum; professions and other means of earning a living too numerous to mention; two genders with an assortment of sexual preferences; a vast range of income and wealth levels, some earned, some not; races from every corner of the earth; and on it goes, an overwhelming complexity of groups, all with their own, often conflicting, perspectives and interests — a fairly typical exam-

ple of the tribe-ridden civilization known as the nation-state. And, to add to the complexity, individuals drift from tribe to tribe and hold a number of loyalties at the same time.

The wonder is that these collections of tribes can function at all — political parties compete for power, religions claim first dibs on salvation, capital and labour harbour deep suspicions about each other, companies compete for business, races and cultures discriminate against each other, men dominate women, and hockey players assault each other for the honour of the team. But they do function. Ensuring that they function democratically within and among their various groups is the great political and philosophical challenge of the modern state. Our mission in this book is to see how well the nation-state known as Canada meets that challenge and what we can do about it when it doesn't.

The One and the Many

Mass media, particularly print, not only helped make democracy possible in large societies, it helped create something else: the individual.

Oral communication is a group activity. A speaker speaks to others and is affected by how they react and what they say. Group dynamics also affects what is said (and thought). Print communication, on the other hand, is individualistic. We write alone and we read alone. We can readily see the difference by reading some of the columnists in our local newspaper. Rather than relying on knowledge and reason, all too many make their point by insulting those who disagree with them, even to the point of hate-mongering. They would never do this if they were face-to-face with their readers — good manners alone would preclude it — but in the isolation of their work station, they are constrained only by their own feelings and views, no one else's. They are standing on the sidelines, outside the flood of humanity, observing, not participating, shouting at people who pass by, but from a safe distance. And we do the same when we read their columns, cursing or cheering as the case may be, but not involving anyone else, obsessing with our own feelings and views. Thus print isolates and individualizes us.

By creating the individual, we further create the concept of individual rights and freedoms. In this country, we have enshrined four fundamental freedoms in the *Canadian Charter of Rights and Freedoms*:

> (a) freedom of conscience and religion;
> (b) freedom of thought, belief, opinion and expression, including freedom of the press and other media of communication;
> (c) freedom of peaceful assembly: and
> (d) freedom of association.

We are inclined to think of democracy and freedom, or the rights of the individual, as the same thing. They are not. They may even be op-

posed. The concept of individual rights, in the sense of independence from the group, is barely two hundred years old, an invention of western civilization. We may have a biological imperative to involve ourselves in our group and its governance, and in obtaining the basics of food and shelter — that is why we are a social species — but beyond that there is no such thing as "natural rights."

Democracy is a form of governance — a group phenomenon — and freedom of the individual must be circumscribed by governance because governance means rules for members of the group to live by, and rules mean that individuals are not free to do just as they please, whether it be running naked in the park, despoiling the environment or assaulting a neighbour. The *Charter* subjects even the rights and freedoms set out in it to "such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society."

Submitting to rules is not intrinsically objectionable to Homo sapiens. As a social species we are no less than the wolf or the chimpanzee partial to living with others in accordance with rules and hierarchies. It's just that in democracy we are obliged to ensure that everyone is involved in setting the rules and establishing the hierarchies. The difficulty of accommodating the collective while respecting each individual within it is one of the great challenges of democracy.

Nonetheless, we must set rules. And we must keep in mind that freedom is not democracy, license is not liberty and that some freedoms help democracy while others hinder it. Freedom of speech is critical to democracy — democracy could not function meaningfully without it. Hearing and including the views of all citizens is what democracy is all about. Yet we can sensibly argue about and set rules to limit the amount of flesh or blood that can be shown on television or to regulate political advertising during election campaigns, without violating democratic precepts.

Freedoms of assembly and association are essential in allowing citizens to debate and promote issues and interests. In a sense they define us as a social species. Freedom of religion isn't vital to democracy, but it is important in maintaining the atmosphere of tolerance that is essential.

Certain rights are necessary to ensure these freedoms and the proper workings of democracy. These include the right to vote, the right to move about freely, the right to security of the person, the right to equality under the law, and so on.

Other rights are more problematic. The right to amass wealth, which has the unfortunate habit of interfering with and diminishing other rights, is a good example. Its contribution can be argued long and hard — and is, in Part III of this book. Property rights, frequently mentioned in constitutional debates, are irrelevant to democracy. Democracy can be practiced as well in a commune as in a corporation. Other individual interests — driving a car, owning a gun, using public property, etc. — are phrased as either rights or privileges depending on where one stands on them. In any

case, they have no general application to democracy and are matters to be worked out by individual societies.

Freedoms are at their finest when infused with public spirit. When they serve selfishness or isolation or a cult of individualism, they erode the very soul of democracy which is at heart a communal endeavour. Freedoms provide rights, but they also demand responsibility.

Why Democracy?

Before we launch into a full-blown analysis of the state of democracy in our society, we might stop to remind ourselves of why we want this form of governance in the first place. After all, alternatives have always been and are available.

The first advantage of democracy derives from its very structure: the participation of all its citizens. Democracy asks, demands really, that all citizens offer their ideas, intelligence, wisdom, effort and commitment to governing. Every other form of governance assumes that the abilities of a few, or even of one man, will suffice for leadership. Simple arithmetic tells us that the more ability available the better the job we can do. And practice tells us, with abundant clarity, that governing anything well needs all the intelligence and wisdom it can get.

And with participation comes commitment. To the degree that people are involved in their governance, that governance belongs to them. They feel a sense of responsibility towards it, a loyalty to it, and a trust in it, that strengthens both governance and society generally. Alexis de Tocqueville, writing on American democracy in 1835, asked rhetorically why Americans, newly arrived in their land without "customs or memories," were nonetheless so full of "irritable patriotism," and decided it was "because each man ... takes an active part in the government of society."[1]

By calling for the participation of all its citizens, democracy enhances all of them. It challenges, involves, educates and improves them. By fully sharing in their governance, all citizens develop to their utmost. By developing the art of compromise, they become their most agreeable as social creatures. We may doubt this when we observe incivilities in the House of Commons, but we might reflect upon alternative incivilities like those of China or Iraq. Do we want grievances expressed or do we want them bottled up until they explode?

Some critics of democracy — Plato perhaps first among them — have assumed that the people are a rabble, incapable of higher behaviour and responsibilities, and therefore require the leadership of some sort of elite. In fact, people generally live up to the degree of responsibility they are given, and democracy gives them the most. It makes leaders of everyone. As for elites, insofar as people need them they are best able to choose their own.

Democracy best solves the problems of the multiplicity of tribes and the rights of individuals. Which tribe should rule? In democracy, all can,

proportional to their numbers. And individuals can best pursue their own interests while assuming the primary roles in their various communities. No one, no group, is omitted or bullied. Participation and resources are maximized, hostility is minimized.

Because it includes everyone in its deliberations, a democratic society may seem cumbersome. A dictatorship, with decisions being made by one or a few men (or, infrequently, women), may seem much more efficient — and may be in the short term. But in the long term, quite aside from bringing more ideas, wisdom and intelligence to bear on its decision-making, democracy is also open to analysis and criticism, and thus to constant improvement. Indeed, adaptation and improvement are part of the natural state of democracy. It recognizes its own fallibility. Regardless of the initial vigour of other forms of government, they resist analysis and criticism, thus their natural state is ultimately stagnation and decline.

Democracy is flexible. If a government isn't doing a good job, it can be readily changed. We might appreciate how important this is by imagining Brian Mulroney or Jean Chrétien as our king, ruling us until he died. Leaders of other forms of government may claim to know what the people want, but only democracy verifies it.

Even when a democratic society doesn't seem to be working very well, most likely it's because it isn't being sufficiently democratic. Somehow the people, in whole or in part, are being excluded from decision-making. Society is not tapping into the hearts and minds of all its citizens. If rapid change is afoot, people may feel that things are out of control. They may feel alienated, begin to lose faith in their institutions, and start to yearn for easy answers and simple solutions. Easy answers, the stock-in-trade of demagogues, will always tempt us — after all, we did not evolve to live in great complexity. But this is panic and desperation, not a real answer. The real answer lies in society pulling up its democratic socks, involving all the people, and allowing them to come up with the solutions. As former governor of New York Alfred E. Smith nicely put it, "All the ills of democracy can be cured by more democracy."[2] Smith's observation will be a major theme of this book.

But the proof of the pudding is in the eating of it. Has democracy provided the best leadership or are we just mouthing theory?

The Worst System — Except for All the Others

Democracy, at least nominal democracy, has certainly failed large parts of its constituency in the past. It has allowed groups to exploit and oppress and exclude other groups and individuals. The Athenians, credited with the first democracy in an advanced society, excluded women and slaves, with the result that Greek "democracy" included only a minority of the adult population — a shabby effort by today's standards. These exclusions were replicated in the modern world despite what is often considered to be the premier document of modern democracy, the Constitution of the

United States. The nobility of the document is unquestioned, yet in its immediate application, Americans, like the Athenians before them, excluded women and slaves. Our country, too, excluded women from full citizenship for much of its history, not officially recognizing them as persons until 1929, and excluded as well people of Chinese and Aboriginal descent, and even for some time those without property.

Nonetheless, democracy has recognized its sins, and today all these formerly excluded groups are becoming fully incorporated into the res publica. Furthermore, it is within democracy that their equality has been debated and won, and those countries long-described as democracies have been the leaders in recognizing the rights of all people everywhere.

Rankings by the United Nations of the best countries in which to live, considering items like education, life expectancy and incomes, consistently give the top positions to democracies, particularly longtime democracies. On a strictly materialistic note, democracies also consistently take win, place and show and then some in ratings of wealth and material standard of living. In a World Bank survey of the wealth of 192 countries, seven of the top ten were longtime democracies (two were Arab oil states, the other Japan, a recent democracy).[3] Perhaps there is divine compensation for good behaviour after all. Prosperity does seem to march hand in hand with democracy, but then so does the finest art, the most advanced science and technology and the most compassionate social orders. All occur in those states that are the most democratic.

If we attempt to apply a moral judgment, we enter the realm of subjectivity. Muslim fundamentalists, for example, abhor democracy, partly perhaps because they see it as a western concept, a tool of the infidels, but mostly I suspect because it interferes with the imposition of the principles of Islam as they interpret them. The mullahs of Iran would certainly have a more difficult time imposing their prescriptions if all the citizens of that country had the same say in its affairs as they do. If moral belief ordained by a god, or gods, or goddesses, or indeed by any philosophical imperative, is sufficiently zealous, then the form of governance a society practices may be judged by how well it accomplishes that agenda and little else. And if you aren't within the circle of that belief, your opinion is irrelevant, quite likely intolerable and possibly dangerous. We cannot argue with God.

However, if we think of morality in a humanistic way, simply as how well we treat each other (and how well we treat nature's other creatures), democracy's superiority quickly becomes apparent. Democracy, at least ideal democracy, by its very nature treasures each citizen, incorporating each citizen's beliefs into its sensibility and each citizen's views into its operation. The citizen comes before dogma. This respect for the individual makes it easier for us to treat each person with kindness and tolerance, not because of religious prescription but because this is the essence of democracy.

Groups can and do oppress other groups or individuals in democracies, but as we have seen, that sort of behaviour defiles democracy in its true sense of "the people" and can be addressed by Alfred E. Smith's "more democracy." It is imperfect democracy seeking improvement. If individuals or groups must submit to the will of the majority on an issue, it is only after they have been heard and their feelings and views incorporated as fully as possible into the final resolution. When the majority must impose its will, it should do so with humility and respect, not triumph. Anything less fails our definition of democracy.

I have already mentioned that democracy is more than just getting things done. Anything that is bound up with ideals like freedom and equality, ideals that give our culture value, is certainly involved with virtue, if not morality in the strictly religious sense. And even in that sense, freedom of conscience and religion are included in the tolerant milieu of democracy. We are all free to practice the personal morality of our choice as long as we don't attempt to impose it on everyone else. In a social sense, we can hardly imagine a system more moral.

Why now?

More countries today have staked a claim on democracy than at any time in history. Canada has worked diligently to improve its democracy for over 130 years and made much progress. The champagne corks should be popped and the party begun. Optimism deserves to be center stage.

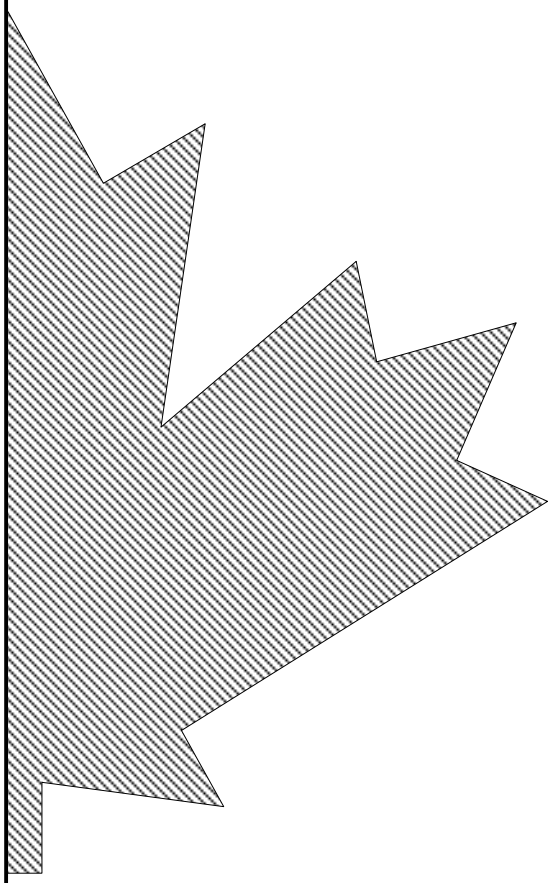
Or perhaps not. Just as democracy reaches its apex, doubts have appeared. Change seems to sweep along faster than elected governments, and indeed most institutions, can deal with it. Citizens have begun to doubt both their ability to control current events and to shape the future. Perhaps the celebrations should be put on hold.

Before we decide on a celebration or a wake, we ought to take a very careful look to see whether optimism or pessimism is justified. We ought at least to examine our own venture into self-governance. In any case, an enterprise 130 years old deserves an evaluation. To my knowledge, an appraisal of the democratic state of our nation, including all the institutions within it, not just politics and government, has never been done, and is therefore long overdue.

So now is a perfect time to review where we are with democracy, where we are going with it, and where we want to go. It is time to take stock.

Part I

Government by the People



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Electoral and Other Woes

When we consider democracy, we consider first politics and government. We must, then, begin our discussion with these institutions. Government is, after all, the overarching law-maker that, within the bounds of the constitution, constructs the framework of rules by which we live our daily lives. If the rules are ultimately to come from us, government, more than any of our other institutions, must be democratic. Indeed, the democracy of other institutions depends largely on the democracy of government. The buck stops here.

Minority Rule

In the 1990s, Ontarians experienced radical swings in the political pendulum that were not entirely of their own choosing. The decade began with the New Democratic Party forming a majority government even though over sixty per cent of those voting had chosen other political parties. It governed for nearly five years. In 1995 it was replaced by a Progressive Conservative government that was also elected by less than half the votes cast. Both parties had promised major changes to Ontario's way of life that were, judging by the vote counts, rejected by most voters. A majority of Ontarians, it seemed, were consistently getting what they didn't want from both sides of the political spectrum.

But we need not single out Ontario. Most governments in this country are run by political parties who most people don't vote for. Just how much of a minority they can be was illustrated by elections in 1996 in British Columbia and in 1998 in Quebec. In each case the party that formed the government, the NDP in B.C. and the Parti Québécois in Quebec, won fewer votes than the party that formed the opposition. In a democracy we must be considerate of minority opinion, but we hardly have to be this generous.

The problem of course is our electoral system. We labour under a simple plurality voting system, sometimes called the British or first-past-

the-post system. Under plurality, the country or province is divided up into constituencies containing roughly, in some cases very roughly, equal numbers of voters. The candidate in each constituency who gets the most votes wins. The other candidates may get more votes combined than the winner, but they are dismissed as losers along with the voters they represent. Similarly, the party that wins the most constituencies forms the government even though most citizens may have voted for other parties.

Occasionally, the other parties may win more seats in the legislature. In this case the winning party must form a coalition with one of them in order to obtain a majority. The majority is necessitated by the curious fact that if the governing party, or parties, loses a vote in the legislature, tradition insists that rather than reworking the legislation proposed to make it more amenable, the government is obliged to resign. The Governor General may then either ask the party with the next highest number of seats to try to form a government or dissolve the legislature and call an election. Also occasionally, a winning party does win a majority of votes and a majority of the electorate is thus represented in government. These cases are, however, the exception under plurality.

Plurality treats political parties unfairly just as it does voters. It is fair or even generous to regional parties. In the 2000 federal election, the West-based Alliance Party got twenty-two per cent of the seats in the House of Commons with twenty-six per cent of the popular vote. The Quebec-based Bloc Québécois did better, thirteen per cent of the seats with only eleven per cent of the vote (not as well as in the 1993 election, however, when it got eighteen per cent of the seats and official opposition status with only thirteen per cent of the vote). The Progressive Conservatives on the other hand, a party with wider appeal, received only four per cent of the seats with twelve per cent of the vote (an improvement nonetheless over 1993, when sixteen per cent of the vote earned them less than one per cent of the seats.) Punishing parties for broader appeal is particularly egregious in a country tormented by regionalism. Although, beyond some critical mass, parties with broader appeal can be rewarded handsomely. The Liberals, the only party to win seats in every province and territory, won fifty-seven per cent of the seats with only forty-one per cent of the vote. Life, under plurality, isn't fair.

So unfair it raises the question as to whether it is even a democratic system. It certainly violates our definition of democracy as including all the people. David Beatty of the Faculty of Law at the University of Toronto has even suggested that the system would fall to a legal challenge under the Equality Rights section of the *Canadian Charter of Rights and Freedoms*.[1]

Another annoying habit of plurality governments is that of surprising the electors, something of a tradition in our political system. During election campaigns, parties tend to keep their potentially unpopular policies deliberately vague or simply don't mention them at all in order to alienate

as few voters as possible, knowing that if they win a majority of seats and form the government, they are the boss and can impose anything they want. Legislatures can do nothing about it. In 1995, the Conservatives under Gary Filmon were re-elected in Manitoba with forty-three per cent of the vote. They campaigned on what had become vintage Filmon during his eight years as premier: moderate conservative government. In 1996, they suddenly and surprisingly became ideologues, launching legislation that included an attack on labour, appointing a health czar whose decisions couldn't be challenged in court and privatizing the Manitoba Telephone System. And to top it off, in a move the Winnipeg Free Press called "bizarre,"[2] they announced that they would debate only a fraction of the legislation they intended to enact. They did a sort of mirror image of the 1990-95 NDP government in Ontario which promised to bring in public auto insurance if elected but once in power abandoned the idea.

Doing what they didn't promise, not doing what they did promise, and in spades — the arrogance of political parties sometimes seems unbounded. At least early in their terms of office. Unpopular policies are typically introduced early in a mandate in the hope that they will be forgotten or at least forgiven by the next election. As its term wears on, the governing party softens its image, smiles patronizingly and introduces policies the electorate actually agreed to or finds amenable. It returns to its role as broker of a wide range of interests. It's hard to say at which point in their terms these plurality governments exhibit the most contempt for the electorate.

Sometimes the strategy works; sometimes it doesn't. To the credit of the electors, the Conservatives in Manitoba and the NDP in Ontario in the above examples were both turfed out in the next election. Nonetheless, democratic representatives should not deal in surprise. They should do what they said they would do, i.e. what their electors agreed to, and their electors should have a good idea of how they are going to do it. I am not suggesting rigidity. Sometimes governments cannot do what they promised for valid reasons — opposition is so much easier than governing, and things change. I am simply suggesting that they should be honest, something that plurality unfortunately often discourages.

There is Always an Alternative

Various electoral systems offer themselves up as alternatives to plurality.

These include *second ballot*, used by the French for electing both the president and members of the National Assembly, *alternative vote*, used in Australia for their lower chamber, and *single transferable ballot*, used by the Irish, all of which have their fans but which tend to be either too little improvement over plurality or too complex to gain wide acceptance.

The approach most often mentioned as an alternative, due to its international popularity and its simplicity, is *proportional representation*.

In pure proportional representation systems, political parties present lists of candidates for electors to vote on. Proportional representation presents many variations on this theme. Lists may be closed and the electors vote only for the party, or they may be open, allowing voters to choose individual candidates as well. A system may require parties to achieve a minimum per cent of the popular vote to gain entry to the legislature. Pure proportional representation works well for small or homogeneous countries, but large or heterogeneous countries may need to modify the system to strengthen the citizen/representative relationship or to provide regional representation.

A system that does just that, and seems ideally suited to Canadian needs, is *mixed proportional representation* (MPR). Germany serves as an example. In Germany, half the members in the Bundestag are elected by plurality similar to our system, and half are selected from party lists such that each party's total share of the seats matches its share of the popular vote. If a party gets forty per cent of the vote, list seats are apportioned to ensure that its constituency members plus its list members make up forty per cent of the seats in the Bundestag. Voters mark their ballots twice, once for a constituency representative and once for a party. Regional representation, of particular importance to us, is strengthened by the stipulation that party lists be presented and list seats allocated by Land (province). Local representation is provided by the constituency candidates and philosophical representation by the list candidates. Voters may, of course, choose to vote for a constituency candidate from a party other than their party vote. They get the best of both worlds.

MPR — One Step Forward

The advantages of MPR over simple plurality are manifold.

First, legislatures more accurately represent the electorate — one citizen/one vote starts to mean something.

Under MPR, the brightest and best from each party have a much improved chance of entering legislatures. Parties can include their best people on their lists as well as have them run in constituencies; if an excellent candidate loses in a constituency, he or she can still win a seat as a list candidate. Under plurality, we are forced to watch good people from all parties, people we need in our governments, go down to defeat, lost to us, simply because they ran in the wrong constituencies. MPR also allows for a broader range of talent. People who may be very capable but not enamoured of the intensely competitive, even belligerent, nature of plurality politics, can become list candidates. As a result, proportional representation countries tend to have many more women in their legislatures — women not being as fond of blood sports.

MPR would also mitigate the nasty habit of new governments surprising citizens with an agenda they hadn't bothered to mention during the election campaign. One party does not often win a majority of seats under

proportional representation; therefore, two or more parties must form a coalition in order to form a government. Consequently, one party is unable to completely set the agenda and run roughshod over the legislature with it.

Voters, knowing they will be represented under MPR, can vote truer to their interests. In the 1993 Alberta election, many NDP supporters abandoned their party and voted Liberal, not because they were abandoning party principles, but because they desperately wanted to get rid of the Conservative government and they felt the Liberals had a better chance of doing the deed than the NDP. The Liberals lost with forty per cent of the vote to the Conservatives forty-four; the NDP's eleven per cent of the popular vote earned them not one seat in the legislature, so these voters wound up with no representation at all. Under MPR, the NDP would at least have had nine seats in the legislature (eleven per cent of the eighty-three seats) and the possibility of a coalition with the Liberals. NDP supporters could have seen the Conservatives out of power, remained true to their principles and their party, and been assured of representation, possibly even participation, in government.

If voters know they will be represented, they are freer to focus on the policies and platforms of parties. A by-product is a greater variety of political parties with a greater variety of policy choices, an improved opportunity for people to find a party that suits them and therefore a greater incentive to become involved in politics — a more aware, active and sophisticated electorate. The high voter turnouts in proportional representation countries in Europe relative to non-proportional representation countries in North America provide evidence of this.

A particular attraction of MPR for Canadians is its ability to mitigate regional alienation, the unslayable dragon of confederation. If party lists are presented by region or province, as they are in Germany, each region is guaranteed fair representation.

Consider for a moment the Alberta energy wars. On a dark day in October, 1980, Alberta's day of infamy, the federal government under Prime Minister Pierre Trudeau instituted the National Energy Program. The NEP remains one of the dirtiest phrases in the Alberta lexicon. Many Albertans continue to think of it as little less than a declaration of war and credit (or discredit) it with ruining the oil industry of that time. For years it has been the rallying cry in that province for greater regional representation. It sowed the seeds for the Triple-E Senate proposal and even the Reform Party. Under MPR, the whole sorry business would probably never have happened. At the time, Alberta had no MPs in Ottawa, no one to speak for the province, even though in the 1979 federal election, the Liberals had received twenty-two per cent of the Alberta vote. Under MPR, this would have translated into five MPs in the House of Commons; under plurality, it translated into none. With five Liberal MPs, not only would Alberta have had a voice in the federal caucus but, considering Alberta's importance in

energy, one of those MPs would very likely have been the Minister of Energy, keeping in mind that the Prime Minister could have selected the very best Alberta Liberals to fill those five seats. (In 1993, Alberta elected four Liberal MPs, and one was indeed given the energy portfolio.) No federal energy minister from Alberta would have tolerated an NEP like the infamous act of 1980. If an NEP were enacted at all, it would most assuredly have been much more sensitive to the views of Albertans. There would have been no day of infamy, no alienation. Solving the regional alienation problem with a voting system that improved democracy overall would be a very happy circumstance.

The proffered solution that grew out of Alberta alienation, the Triple-E Senate, is a well-intentioned non-starter. By offering as it does equal senate representation for all provinces, it would in effect give each Prince Edward Islander eighty votes for each Ontarian's. Democracy is for citizens, not jurisdictions. MPR offers fully democratic regional representation.

The most common criticism of proportional representation arises from its frequent need for coalition governments which are perceived by many as inherently unstable. Italy is often offered up as an example, its cabinets averaging a life-span of under a year. (This will probably change: following a massive corruption scandal in the early 1990s, the Italians brought in a modified plurality system and are looking at further changes.) We Canadians are, of course, famously gifted at compromise, so this is a problem we should not have. Nor, for that matter, do most proportional representation countries. The Scandinavian countries, for example, all proportional representation countries, are models of stability.

Another criticism arises from proportional representation allowing small, even tiny, parties seats in the legislature. Coalition governments in particular may find a small party's vote critical in passing legislation. Such a party thereby gains power well beyond what the proportion of the population it represents deserves. Israel exemplifies this phenomenon, with tiny religious parties wielding great clout, often paralyzing the Knesset (parliament) as a result.

Some countries have mitigated these problems by setting a minimum number of votes a party must obtain to gain list seats. Denmark has a cutoff of two per cent and Germany, understandably wary of unstable government, five per cent (or three constituency seats). Too high a cutoff discriminates against small parties, one of the undesirable side affects of plurality. Turkey, deliberately intending to favour large parties, has a cutoff of ten per cent, a limit well on the way to eliminating small parties entirely and undermining proportional representation.

The problems of MPR are small compared to its advantages. So, have we solved the problem of fair representation in our governance? Unfortunately the answer is no, not by a long chalk, but we have made a critical first step.

Keeping An Eye on the Goal

With an MPR electoral system, we would have fair representation in our legislatures. We would not, however, have fair representation in our governance. The reason, quite simply, is that in our system of government, the elected representatives of the people, the legislatures, don't govern — they rubber-stamp.

Governments are run by private clubs called political parties. If you aren't a member of the club in power, you, and those legislators who represent your views, are shut out of governance. Under plurality, this disenfranchised group usually includes most citizens, but even under proportional representation it will usually include a large minority. Incredibly, in countries that consider themselves democratic, many if not most citizens are usually not represented in their governance. They do have a major advantage over dictatorship, though: every four years or so they can attempt to dethrone the current private club and install one to their liking, thereby disenfranchising another bunch of people.

Not fair to electors and not fair to politicians. In every federal and provincial election in this country, citizens vote for intelligent, thoughtful, compassionate and hard-working candidates who should make excellent representatives, but even if they win their constituencies, they are of little value to their constituents. The fault is not theirs. They simply belong to the wrong party. Their party has less success than they do, winds up in opposition, and is subsequently ignored by the ruling party, except as a foil for its politicking. Many capable representatives — voices of the people — are allowed marginal contribution to governance. They waste their time running and their supporters time voting, and waste the taxpayers' money in going up to the legislature. If they sit in the opposition, they and their electors may just as well not be a part of the process.

Even legislators from the ruling party or parties have difficulty representing their constituents. Parties, whether in government or opposition, thrash out their positions on matters before the legislature in private, in caucus, and whatever caucus agrees to becomes the position of all its members. Caucus solidarity demands that both government and opposition members voice the party line even if it conflicts with their consciences or what they perceive as the best interests of their constituents or the province or the country as a whole. Caucuses may behave democratically within themselves (we have to take their word for it), but they hardly contribute to democratic government when they preclude elected representatives from representing, in the legislatures of the land, the people who elected them.

Strictly speaking, governance is restricted to even fewer legislators than the members of the ruling party or coalition. The head of the ruling party, the premier or prime minister, not the members of caucus, chooses

the cabinet, and it is the cabinet that forms the executive branch of government and runs the country or province.

MPR would have little affect on all of this. It can even aggravate it. German politics, for example, is dominated by two large parties, the moderately left-wing Social Democratic Party and the moderately right-wing Christian Democratic Union. In the 1998 election the Social Democrats won the biggest share of the vote, gaining forty-five per cent of the seats in the Bundestag, and were expected therefore to form a government. However, because they lacked a majority they were forced to form a coalition with the Greens who held seven per cent of the seats. The Greens are further left than the Social Democrats so government policy was pulled left, *away* from the large block of citizens sitting right of centre, thereby becoming *less* representative of the electorate at large — a salutary lesson for those who think of proportional representation as a panacea. It does not necessarily bring government closer to the mood and understanding of the people.

In our 2000 federal election, most Canadians expressed their unhappiness with the governing Liberals, but they were unhappy in very different ways. As a result, four opposition parties sit in the House of Commons. All their views should be brought into government. Under plurality, none will, except of course at the pleasure of the governing Liberals. Under MPR the views of one might be included, the others would still be out in the cold.

Proportional representation, like plurality, sidelines many legislators because it, too, tends to practice executive governance. Members of the governing coalition parties have their say in caucus, but ultimately cabinet rules and the legislature rubber-stamps. Legislators from the opposition parties may have no more say in making law than they do with plurality. And, again like plurality, legislators are muzzled by caucus solidarity if the rules dictate, as they generally do in parliamentary systems including those in proportional representation countries, that if a government loses a vote in the legislature, it falls. List members have an even stronger allegiance to caucus as they are chosen by the party, not by constituents.

MPR is only an improvement, only a step toward fully-democratic representative government. The first challenge is to ensure that all citizens are equitably represented in our legislatures, and MPR will do that handsomely. The second challenge is to involve all those representatives in governing. That MPR will not do. MPR's coalition governments may include broader representation than plurality governments, but they still don't include everyone, and that is the democratic goal.

If we want fair representation in governance and not just in legislatures, particularly when legislatures neither set policy nor introduce legislation, if we want to honour the democratic principle of equality of citizens,

then we must go a big step further than electoral reform. We must reform the governing process itself.

Liberating the Legislators

Former Prime Minister Pierre Trudeau once contemptuously, yet perceptively, referred to MPs as "nobodies" once they were off Parliament Hill. Considering the influence they have in governing the country he was more or less right. That he was content to do nothing about a situation where the democratically elected representatives of the people were nobodies is an example of the arrogance of executive governance. Fortunately there is much that can be done.

We might start by freeing our legislators to represent their consciences and their constituents. This would mean breaking the back of the caucus system. Under this system, the parties are king, not the elected representatives, and in C. E. S. Franks words, "The parties are interested in confrontation and drama, not in parliament as a legislature, or the back benches as an influence on government."[3]

On most issues brought before legislatures, party members answer not to their constituents in public but to their caucus in private. Caucus tradition holds that its deliberations are to remain secret, not to be revealed to the outside world, a practice which insults constituents and removes accountability. The picture of representatives hiding from the people who elected them in order to debate and decide upon the issues is a picture of democracy mocked. With positions of the members set in stone before they enter the legislature, question period becomes little more than a shouting match between the leaders. The remaining men and women of the people are ignominiously reduced to cheerleaders, and debate on legislation consists of excruciatingly boring presentations to an empty house.

Our representatives deserve the right to state their views openly and freely, to vote on them just as openly and freely, and we deserve the right to measure their performance as our, not their parties', representatives. And this, incidentally, is what Canadians want: a Gallup poll showed that less than eight per cent of Canadians want their representatives to vote according to party dictates.[4] MPs too, from both sides of the House, are increasingly demanding voting freedom. Elected members do owe a loyalty to their parties, simply because most people vote more for the party than for the candidate, but this doesn't justify turning them into ciphers.

The obsession with secrecy and solidarity may serve to massage the party leaders' egos, satisfying their passion for control, but it serves no public purpose. It does serve to ensure that legislation brought in by cabinet will be unanimously supported by the government side and unanimously opposed by the opposition side, but this unanimity is only required because of British parliamentary tradition that a government falls if defeated by a vote in the legislature on a bill involving money or a

matter of policy. If such a bill is defeated, the tradition insists that cabinet, chosen from the legislature, has lost the confidence of the legislature, and therefore of the people, and must resign — in accordance with the principle of responsible government. A sound principle, perhaps, but only as long as legislation is introduced by the executive and not by the legislature, a matter we will discuss in a moment when we talk about committees. If the rule didn't apply, if the government could be defeated on a bill without falling, members could vote freely and legislatures could provide a place of meaningful debate. Indeed, if the government were forced to come back with a revised bill, it might very well be better legislation and more in agreement with the public's wishes. At the very least, the public could observe the full debate and in a democracy that ought to be taken for granted. Under current legislative practice, free votes are rare, held only at the pleasure of the governing party, and then only when that party has no policy on the issue.

Caucus-busting, then, has two components: free votes in our legislatures and governments not falling if a bill is defeated, the former dependent on the latter. The tradition of a government falling upon the defeat of a policy or money bill is actually no more than that — a tradition. The constitution doesn't insist upon it; in fact, a government can respond pretty much anyway it wishes. Minority governments under both Prime Ministers Lester Pearson and Pierre Trudeau lost votes in the House, including one on a budget matter, without the prime minister asking the Governor General to dissolve Parliament. Nor is caucus solidarity anything but tradition. We can dispense with both these hoary brutes by initiating more sensible and democratic traditions.

One caution we should make about free votes regards the business of lobbying. Caucus pressure operates behind closed doors; nonetheless, the results are easily linked to the views of parties and their leaders. Party discipline, whatever its faults, does help protect legislators from the undue influence of powerful lobby groups. Lobbying is as secretive and much harder to detect than caucus influence, and, of particular concern, often comes from organizations such as corporations that have no legitimate role in the democratic process. Lobbying requires stringent rules at any time, but especially when representatives are unleashed from party discipline.

In the United States, where congressmen and senators are highly independent of their parties, lobbying has almost become an arm of government and contributes to the American public's cynicism toward its political system. The problem in large part lies with plurality's encouragement of the brokerage politics of large parties. MPR, which encourages smaller, more accountable parties, would mitigate the problem.

Nonetheless, professional lobbyists should be required to register as such, reveal specifically who pays them and how much, and who they talk to. Top people in the executive and the civil service ought to note for the

public record meetings with professional lobbyists. And lobbying, at least for corporations, should certainly not be tax deductible. Ultimately the solution is to restrict lobbying to citizen groups only, a matter to be discussed in a later chapter.

Committee Power

If we are serious about turning our legislative nobodies into somebodies we must ultimately make them, not cabinet, the source of policy and law. As they currently stand, our legislatures amend and approve but rarely initiate.

If democracy prefers power to lie with legislators, why not have legislative committees initiating legislation rather than the executive branches of government? C. E. S. Franks describes the ideal of the committee:

> They can be small and personal where the House is big and cold; the individual MP can be important in committee instead of being effaced by party discipline; the outcome of committee deliberations can be creative and exciting; committees can be non-partisan, sensitive, and subtle where the House is partisan, crude, and blunt; and above all, committees might, like those of the U.S. Congress, be powerful and efficient, where the House appears ineffective and cumbersome.[5]

Our legislatures use committees now. The House of Commons has twenty standing committees on everything from Human Resources to Finance to National Defence and Veterans Affairs; legislative committees appointed to review bills; and special committees set up to investigate particular issues. They can travel, hold public hearings, receive briefs from experts and the public, monitor government expenses and interrogate cabinet ministers. They do a great deal of important work. Ultimately, however, they are subject to the whims of the executive, which is inclined to ignore any committee recommendations it frowns upon. They review bills, but they can only propose amendments, not make them, and even then only amendments that do not alter the substance of the bill. They review appointments, but they cannot veto them. They are part and parcel of our inheritance, the British parliamentary system, in which traditionally the elected legislature is not government but its watchdog.

This ultimate impotence need not be the case. Not all legislatures are little more than debating clubs — representatives in the U.S. Congress are quite capable of making law, as Canadians know full well from the infamous Helms-Burton Act.

The best way to give teeth to committees would be to transfer lawmaking power to them. Standing committees could be responsible for initiating legislation in their areas, special committees for issues that arose outside of the regular jurisdictions. Committees could bring other appropriate government business under the rule of the legislature as well. For example, rather than having appointments made by the party in power

and only reviewed by committee as is now the case, appointment committees could ensure that a host of public positions, from parole boards to governors of universities to Supreme Court judges, are filled on the basis of ability rather than patronage.

Some appointments, such as president of the CBC, would benefit from the less partisan approach of a legislative committee. Others, such as the Governor of the Bank of Canada, would benefit from being brought closer under the control of the people.

Parties would be allocated committee membership proportionate to their share of seats in the legislature. Committees could then choose their own chairpersons, the choices to be approved by the entire legislature. The chairpersons of the committees would become the cabinet. Currently, the prime minister, or premier, who is chosen not by all the people but by his party, selects the cabinet, which in effect becomes the government. Cabinet ministers are chosen from the legislature, but they have no more of a mandate from the people for their portfolios than does the prime minister. If cabinet ministers are to be responsible to the legislature, to the representatives of the people, they must be chosen by the legislators. The legislators could even, as they do in Germany, choose the prime minister. This prime minister might very well, as is also the case in Germany, generally turn out to be the head of the main governing party, but the point is he or she would be elected by the representatives of all the people.

Strong legislative committees, combined with free votes, would give legislators the power they deserve as the people's representatives. Legislators chosen from the lists in an MPR system, free of the constituency duties that currently burden all representatives, would be particularly free to commit to committee work. Almost certainly, better people would be attracted to and stay with the political profession.

Legislative committees as law-making bodies would allow all parties in the legislature to participate in government and therefore allow all citizens to be represented in government. All legislators would make law — nobodies no longer. By holding open hearings and accepting written submissions on proposed bills, committees could incorporate the views of a cross-section of individual citizens and interest groups. Bringing more views into the process would result in better legislation, reduce friction, facilitate the acceptance of legislation, and create a climate more amenable to new ideas.

By bringing all the political parties together, as well as other social groups, the process of creating our laws, and indeed governing ourselves, would become a much more co-operative, less adversarial, process. The very concept of official opposition, loyal or otherwise, would be diluted, and the hostile, macho, obstructionist behaviour it instigates finally civilized.

Auld Lang Syne

A large part of political talk these days concerns reducing the size of government — or perhaps just diminishing government. Lean government is desirable, but small government is no longer on. Prior to the Industrial Revolution, infrastructure was limited and a government's main need for taxes was maintaining its military; today's urban society demands clean water at the turn of a tap, efficient sewage disposal, police and fire protection, effective communication and transportation, and a host of other services. Up to two hundred years ago, most people were illiterate and health care consisted of leeches and home remedies. Today, democracy and a modern economy, to say nothing of simple decency, demand, and advanced technology allows for, a well-educated, healthy population. All of this requires big expense, hence big government. Government isn't alone in being big. Many corporations have more economic heft than entire countries, and democracy needs powerful government just to stay in the game. This isn't socialism, it's realism. The only way to return to small government is to return to the 18th century, and few of us are that conservative.

Democracy's challenge is to ensure that all this size represents the people. So far, it hasn't done too badly. Plurality malrepresents us and executive governance emasculates our legislatures but it would, nonetheless, be churlish not to recognize the journeyman efforts these institutions have made for over 130 years in managing an enormously complex nation through easy times of great progress and prosperity and hard times of economic despair and horrific war, and doing it all about as democratically as anyone. We have sinned frequently by the standard of ideal democracy, but no more than most and a great deal less than many. We can take pride in our progress. The rest of the world seems to agree: the United Nations has, an almost embarrassing number of times, deemed Canada the best country in the world to live in.

Executive governance is, after all, highly accountable governance. The buck in each government department clearly stops with its cabinet minister and for the entire government with the prime minister or premier. We have never had any trouble finding the person at which to point the finger when things go wrong. Executive governance, with its clear decision-making hierarchy, is also strong governance. The longevity of our democracy manifests a certain stability and that has no doubt been the result at least in part of this strength.

Plurality, too, has been generally well-behaved. If a government elected under plurality is willing to reach across the floor of the legislature to incorporate opposition ideas into its legislation and policies, then it incorporates also the views of those citizens who voted for opposition parties and makes them equals in their governance. Not restrained by small, more extreme parties, it may even be able to do this more successfully

than a coalition government formed under proportional representation. The federal Liberals are very good at this, borrowing freely from the NDP in the 1960s and 70s and from Reform in the 1990s. Oddly, they have often been criticized for this when it is exactly what they ought to do. They may be elected by a minority of the voters but if they incorporate the policies of other parties they expand their representation to a much larger slice, even a quite solid majority, of the electorate. They manifest Canadians' famed capacity for compromise.

Unfortunately we have also seen a few uncompromising governments lately. Ontario under Premier Mike Harris comes to mind. These governments have taken some inspiration from the unfortunate New Zealand model. In 1984, New Zealand's Labour Party won power, largely because of widespread frustration with the incumbent National Party government (another depressing characteristic of plurality is that parties tend more to be voted out than voted in), and then began to make massive changes to New Zealand's way of life, changes that they had not bothered to present in their election platform. They did this even though only a little over forty per cent of the voters had supported them. They had a constitutional but no democratic mandate.

A leading architect of this arrogance, Sir Roger Douglas, finance minister from 1984 to 1988, has been writing books and going about the world, catching the ear of politicians like our very own Ralph Klein with advice like "It is almost impossible to go too fast,"[6] and "Don't blink,"[7] suggesting that the method they used — imposing changes massively, quickly, unflinchingly, and to hell with citizens who might have contrary opinions — is the only way to go. No need for consensus building — nanny knows best. Dictatorship shamelessly masqueraded as democracy.

At least the people of New Zealand seemed to think so. Either because of the gratuitous changes to their way of life, or the political arrogance, or simple disillusionment with the system, eighty-five per cent of them rejected plurality in a 1992 plebiscite and in a follow-up referendum chose to replace it with a system of mixed proportional representation.

Plurality can be inclusive but when ruling parties reject ideas from across the floor, when they answer only to the minority of voters who elected them, rigidly carrying out their own narrow agenda, we see it at its bullying worst.

The Big Tent

We should mention another characteristic of plurality that has generally served us well — its tendency to bring diverse interests into the "big tent," or more precisely, two big tents. Under plurality, parties must be large if they hope to have any real influence, therefore they must have a broad appeal. As a result, politics tends to be dominated entirely by two large parties, both wandering close to the centre of the philosophical spectrum. This bringing of interests together is of no small importance in a country

like ours with its rich diversity of every kind: region, religion, race, language, and so on. David MacDonald, writing for the Lortie Commission on Electoral Reform and Party Financing, refers to those who "argue that the grand achievement of parliamentary government has been its institutional capacity to blend local and minority interests into national compromises through the intermediation of parties and strong political executives."[8]

This all things to all people syndrome, as valuable as it may be in moderating dangerous diversities, does not however satisfy many political activists. The factions within broad-based parties are often ill at ease with each other. As the middle of the road swings one way, as it did toward the left and social reform in the 1960s and 70s, and then another way, toward the right and fiscal reform in the 1990s, the factions that embrace the swing are in their element while others feel marginalized. Some factions, including the true believers of the left and the right, may resent being near the middle of the road at all, watching with contempt as their party leaves ideological commitments, to say nothing of political promises, scattered in the dust as it tracks the polls. The disaffection may lead to political apathy — or to rebellion.

And indeed we have seen some of the old arrangements unravel. Quebec nationalists once found a home in the Liberal Party, and for a while even in the Progressive Conservative Party, but as they became more separatist, they hived off into the Bloc Québécois.

On the right, the fracturing has been particularly prominent. In the 1950s, when moral conservatism reigned supreme, social and economic conservatives could comfortably cohabit the same party. But as many of their moral verities were challenged and then overthrown, conservatives who were anti-abortion, suspicious or worse of homosexuals and immigrants with coloured faces, committed unequivocally to the nuclear family, and tough on law and order, became increasingly uncomfortable with conservatives who shared their economic conservatism but were tolerant on these other issues. Finally, a group of western conservatives rejected the Progressive Conservatives and created the Reform Party, a marriage of fiscal and social fundamentalism.

The new grouping is eminently sensible — red-necked Tories and Red Tories may be even more incompatible than Tories and Whigs — but it means that the right has had to sacrifice participation in government, even though in the 1997 federal election it had virtually the same per cent of the popular vote as the victorious and governing Liberals. In 2000, in an attempt to enlarge its tent and appeal to a broader range of conservatives, Reform metamorphosed into the Canadian Reform Conservative Alliance, but the right overall did no better.

On the left, many activists have drifted away from both the NDP and party politics, preferring instead to commit themselves principally to non-governmental organizations like the Council of Canadians, Greenpeace, and others.

All this doesn't mean that comprehensive enthusiasm for democratic participation is doomed to anarchy, with the polity splintering into dozens of groups pursuing their own special interests. The need is for a sensible grouping of interests into political parties of a size and scope that people can comfortably and enthusiastically commit to, or even move between as their interests shift, and a political system that ensures two things: first, that parties participate in government proportionate to the numbers of citizens they represent; and two, that all our elected representatives participate equitably in our governance.

This our current system cannot accommodate. Proportional representation combined with legislative reform can.

Nonetheless, we should not abandon what we have in haste, but rather honour the journeyman service it has given and retain what it still has to offer.

The Third Level

We would be sinfully remiss in our discussion of politics if we failed to include the level of government that supplies our fresh water, drains away our waste, polices our communities, paves our streets and greens our boulevards — the municipal or local level.

Local government is the orphan of our political system. Relegated to a creature of provincial governance by the Constitution Act of 1867 (The British North America Act), local government has been little more than a bystander at constitutional dickering over where the spoils of power should lie. The provinces have been increasingly assertive in demanding their share. They often justify devolution of power to them with the principle of subsidiarity, the principle that nothing should be done at a higher level than that at which it can be done the most effectively, expressed usually as "bringing power closer to the people." As long as "effectively" includes moral values as well as physical efficiency, the principle is sound. It goes without saying that in a democracy we want power close to the people. The question about the provinces' position is whether they are following the principle to its logical conclusion. The level of government closest to the people is, after all, local, not provincial.

In 1867, making municipalities wards of the provinces may have made sense. Most people lived on farms or in small towns serving the farms. Cities were small — bit players in the grand scheme of things. Eighty per cent of Canadians were rural; today, eighty per cent are urban. That shift indicates how everything has changed. Provinces served to bring government closer to the people when those people were spread thinly across vast distances, and transportation and communication were slow and often difficult. Today transportation is rapid and communication is instantaneous. I can contact my MP as easily as my MLA. "Close to the people" no longer has much to do with distance. It has something to do with region, but it has more to do with our shift from a rural society to an

urban one. Cities have become the places most of us live in, and increasingly in large cities at that. We might picture Alberta as a land of cowboys and oil fields, yet half its population lives in two cities, Calgary and Edmonton. Most Manitobans, belying their agricultural heritage, live in only one city, Winnipeg. Similarly, half the population of Quebec lives in the Montreal metropolitan area, just under half the population of British Columbia in the Greater Vancouver Region and well over forty per cent of Ontarians in the Greater Toronto Area. The importance of local government is growing, and although we need federal government as much as ever to define our nation, the need for provincial government becomes increasingly problematic.

Nonetheless, throughout our history provincial governments have steadily poached more power from municipalities. The federal government's Ministry of State for Urban Affairs, set up in the 1970s to encourage co-operation and co-ordination between the three levels of government, died in 1979 partly because of provincial intransigence. Hopes for improved constitutional stature for municipalities with patriation of the constitution were dashed in the Constitution Act of 1982. Perhaps they will fare better in the next round. In the meantime, cities remain the subjects of provinces financially as well as constitutionally. Local governments rely heavily on provincial government grants for revenues. Even though cities are now the major wealth creators (over half of Ontario's wealth is produced in the Greater Toronto Area and half of Quebec's in the Montreal region) their ability to generate their own revenue is confined largely to the property tax.

Not surprisingly then, provincial governments frequently find themselves at odds with cities. They seem increasingly threatened by the cities' growing power. When they draw up electoral boundaries, they stuff more voters into urban than rural ridings, demoting urban citizens to second class status. They meddle shamelessly in the affairs of cities. The Ontario government's amalgamation of Toronto and its neighbours into a megacity against the wishes of the citizens involved is but one large example.

All of this we might expect. Governing a city is very different from governing a province and provincial governments include a large proportion of rural and small town representatives who have little experience of cities and perhaps even no little hostility toward them and their wicked ways. Even suburban politicians often seem to have difficulty grasping the essence of the large city. City and suburb are often at odds, practically and philosophically. (The triumph of suburban Mel Lastman over urban Barbara Hall in the first Toronto megacity election suggests the suburbanites are winning.) Many Canadians are no more than a generation or two away from small town or country life and are still not fully urbanized, still feeling in their bones that country is somehow better, purer. But the urban life, city and suburb, is the life most of us are choosing.

As Lewis Mumford said sixty years ago, the city "is the seat of the temple, the market, the hall of justice, the academy of learning. … Here is where the issues of civilization are focussed,"[9] or as The Globe and Mail said more recently, "Modern society is defined by its cities — intellectually, socially, economically, technologically and esthetically."[10] If we are to devolve control over education, health, transportation, welfare and other functions to government that is closer to the people, that government should be local, not provincial. Graeme Decarie, a Concordia historian, stated that if Montreal is to avoid the "village mentality" of provincial policies, it "has to have the constitutional power and the freedom to plan its own society."[11]

Although cities are the major focus of civilization, they are not the major focus of democracy — civic elections in this country typically attract well under half the eligible voters. Interest in local government would increase dramatically if provincial and even federal powers were devolved to it. Ultimately, as cities become increasingly the centers of our public lives and as citizens want to be increasingly close to governance, the local level of government must obtain financial independence and take its place as an equal, or preferably as a senior, to the provincial level at the constitutional table. Or perhaps even replace the provincial level.

South Africa's new constitution states that the national and provincial governments "must support and strengthen the capacity of municipalities to manage their own affairs" and that they "may not compromise or impede a municipality's ability or right to exercise its powers or perform its functions." It also includes a healthy comment on direct democracy, instructing local government to "encourage the involvement of communities and community organizations in the matters of local government."[12] We might at least think seriously of allowing for city charters in our constitution that clearly spell out the rights and responsibilities of this level of government as distinct from the provincial level.

For programs in many areas, including education, health, welfare and transportation, a combination of national standards set by the federal government and delivery by local governments would be the most efficient and the most democratic approach. The middleman, the province, could be down-sized. Provinces might be reconfigured into appropriate regional areas and assigned the same status as cities, responsible for the rural communities within their jurisdictions that are too small to take up the new urban duties. Or metropolises might simply become provinces themselves — city states, if you like.

Whatever approach we take, the important thing is to recognize that we are now a metropolitan nation lumbered with a distribution of powers from an agrarian age. Canada is part of the greatest human migration in history, a worldwide march from the country to the town. Soon, for the first time, most of mankind will live in cities.

As the power of the nation-state declines, the importance, if not the power, of cities rises. Perhaps the 21st century will see a shift from the nation-state to the city state. As cities grow, their governance becomes increasingly important, and deserves ever greater attention relative to other levels. Subservience of local government to the provincial, an increasingly redundant level, becomes more and more tedious. As does provincial meddling. Our focus on local government should include devolution, a little perhaps from the federal level, a lot from the provincial, and a great deal of discussion and debate on the most democratic and effective politics and governance for our cities.

We could do worse than take a page out of old Magna Carta: "And the City of London shall have all its ancient liberties and free customs, as well by land as by water; furthermore, we decree and grant that all other cities, boroughs, towns and ports shall have all their liberties and free customs."[13]

Odds and Ends

We must, I suppose, at some time in our discussion, reluctantly turn our attention to that patronage-ridden institution whose unelected presence insults the very mention of democracy — the Senate. The answer here is simple: tar and feather it and run it out of town — figuratively speaking, of course.

It was set up in the first place, in part at least, as a patronizing curb on possible excesses of the House of Commons — the emphasis, apparently, on "commons." The excess that needs curbing as it turns out is the Senate, not the House. The "sober second thought" that it was to offer is adequately provided by the requirement of three readings of new legislation in the House, to say nothing of constitutional constraints that were not in place when the Senate was established. The main justification mentioned in recent years — another of the founding reasons, actually — has been the possibility of using it to strengthen regional voices, but as we have seen, this can be accomplished by proportional representation, which we need anyway, and which is democratic. However, if we remain convinced that a second chamber has value we must at least make it an elected one. Here might be a good place to introduce proportional representation.

We must also mention that other institution of privilege, the representatives of our sovereign: the Governor General — the third branch of Parliament after the House of Commons and the Senate — and the provincial Lieutenant Governors. These functionaries, although like the senate unelected, are less offensive to democracy because they have little power and serve useful functions as heads of state. Nonetheless, democracy will insist on an elected head of state in the long run. The deference that royalty breeds will not be missed. If we do want to retain a touch of aristocracy we could, as William Thorsell suggested in The Globe and Mail, have the Gov-

ernor General elected by our very own diverse aristocracy of merit, the Companions of the Order of Canada,[14] choosing perhaps one of their own.

One last subject I have hardly broached, one huge subject, is that of money and its influence on politics and government. This subject properly belongs to the broader topic of wealth and democracy, a topic I develop in great deal in ensuing chapters, so I ask for your patience until then.

Bouquets and Brickbats

A fit topic on which to conclude a discussion of politics is politicians and political parties.

One thing I have tried hard not to do throughout our discussion, I hope successfully, is demean politicians — a sport as fashionable as it is unfair and dangerous. Politicians are those among us who have the courage and commitment to stand up and do what they think is best for their country, under the unrelenting and often unforgiving scrutiny of the mass media and the public. Rather than simply complain about the way things are, they do something about it. Most of them work hard to serve the rest of us, and if we don't like their work we have regular opportunities to summarily fire them. If we are unhappy with the system, and many of us seem to be, then it's up to us to change it, as they did in New Zealand. *It is our system.* Blaming politicians because they work within the system that we give them is blatantly unfair, and forgetting that it is our system to change is dangerous — there is no lack of vultures to feast on apathy.

Political parties, too, deserve our respect. As long as we elect representatives to govern for us, parties perform essential service. They select candidates for office and organize them into slates, provide the means for candidates to campaign, offer voters ideological guideposts and organize governments when elected. They develop policies and clarify candidates accountability by tying them to these policies. Parties also serve to rationalize the overall political process by incorporating the great complexity of interests into a manageable number of groups.

Unfortunately, when we turn to the need for reform, for improvement of our system, the parties have been disappointing. When out of office they offer up progressive ideas. The populist Canadian Reform Conservative Alliance, as heir to the Reform Party, has been quite prolific, with proposals for the recall of MPs, an elected senate, free votes in Parliament including votes on major issues, more use of referendums and citizen initiatives, the use of citizen assemblies for constitutional change, an end to patronage appointments,[15] and recognition of municipal government as the first level of government.[16] Their progressive stance on these issues is diluted somewhat by their opposition to any kind of assistance to parties from public funds, a position that belies their populism.[17] The Progressive Conservatives' approach is much more modest: an elected senate,[18] broadening participation in political appointments and giving parliamentary committees increased powers.[19] The federal NDP's proposals are quite

ambitious, including abolishing the senate, introducing proportional representation, strengthening the participation of House of Commons members in the policy and legislative process through stronger committees, transferring powers like treaty ratification and public appointments from the Prime Minister and Cabinet to the House, and setting fixed dates for elections.[20]

Great ideas. Once in power, however, all parties become eerily silent on the issue. Having won under the current system, they become reluctant to change it. Jean Chrétien once promised that one of his first acts as prime minister would be to bring in proportional representation.[21] We are still waiting.

And we should not let them off the hook. Improving democracy in all areas of our public life should be a major plank in all their platforms. Nor should we let governments off the hook; promoting democracy should be one of their prime purposes. But it won't be unless we insist. If we want governance that is more accountable to us, more democratic, it is up to us to make it happen. We do, indeed, get the government we deserve.

2

Direct Democracy

Democracy comes in two flavours: representative and direct. Early democracies, whether that of wandering hunter-gatherers or that of the Athenians, were direct. All the citizens of a community sat down and made their decisions and rules together. People were their own governors. But those societies were very small. In very large societies like ours, where everybody no longer fits around the campfire or into the Assembly, we must choose from among ourselves representatives to make the rules and set the policies our communities abide by.

Representative democracy is often thought of as second-rate, justified only be necessity, but in fact it has powerful advantages:

It allows for democracy in societies so large that democracy might otherwise prove impossible.

It allows citizens to choose their governors from the best among them. In effect, it allows people to choose their own aristocracy. And they do, at least if education represents an aristocracy. In *The Canadian Political System*, Van Loon and Whittington state, "Since 1940, some 70 per cent of MPs have been to university, compared with a general population figure of less than 10 per cent."[1]

Electing professional representatives provides us legislators that have the time and expertise to thoroughly acquaint themselves with the issues. When issues were fewer and simpler, this was less important, but today, when issues are many and complex, it is of vital importance. Citizens at large simply no longer have the time to develop a profound understanding of all the issues facing society. Elected representatives on the other hand, "as full time decision-makers, can weigh conflicting priorities, negotiate compromises among different groups and make well-informed decisions."[2]

The strengths of representative democracy point out the weaknesses of direct democracy in a modern society, in particular the difficulty of obtaining fully deliberated decisions. Nonetheless, direct democracy remains powerfully attractive as the unfiltered voice of the people at a time when

respect for politicians and government has declined. Canadians may very well be ready for more direct involvement in their own governance.

If we had techniques that guaranteed informed decision-making, the attraction of direct democracy would become irresistible. And we do. That, however, will require exploring some relatively new territory. First, let's look at some of the better known approaches.

Firing the Representative

The more commonly mentioned techniques for direct democracy include recall, citizen initiatives and referendums.

Recall offers constituents the opportunity to fire in mid-term an elected representative who they no longer believe is serving their interests. The appeal of recall is puzzling. Elections every three to five years already offer the opportunity to fire representatives whose conduct is objectionable. Recognizing that a legislator is unacceptable, organizing the petition for recall, and carrying out the process might very well take three to five years anyway, so there is little to be gained. In any case, party discipline tends to curb maverick behaviour, and the courts are always available if a member's conduct abuses the law.

The power of recall does serve as a reminder that the elector is the boss, so it may have some symbolic value, but practically it merits little consideration.

The only recall legislation on the books in Canada is contained in British Columbia's *Recall and Initiative Act*, legislated in 1995 by the NDP government. It soon confronted that government with a bad case of déjà vu. The Social Credit government of Alberta enacted a recall bill in 1936, and to its chagrin the first recall petition under the act was aimed at the premier, William "Bible Bill" Aberhart. The legislature repealed the act retroactively. In B.C., voters in two constituencies, aided by outside interests, launched recall attempts against NDP MLAs, including the education minister. Both attempts failed, however. The legislation finally bore fruit in June, 1998, when voters in Parksville-Qualicum gathered enough signatures on a petition to force a recall of their Liberal MLA, Paul Reitsma, who had been caught out writing letters-to-the-editor under false names and dumped from the Liberal caucus. Rather than earn the dubious distinction of becoming the first legislator in Canada to be recalled, Reitsma resigned.

B.C. election law also allows for a court challenge if votes are obtained by "fraudulent means." This was seized upon to initiate a lawsuit challenging the 1996 election on the basis that the government had lied about the province's budget situation. The suit was ultimately thrown out of court by a B.C. Supreme Court judge who ruled that the finance minister of the time had simply made her best judgment of the province's finances: nonetheless, the law and the lawsuit present a whole new perspective on political promises.

Citizen Law

Initiatives allow citizens to develop their own proposals for legislation, a seemingly healthy and obvious way to involve them in their governance. Initiatives have not, however, been seen much in Canada. British Columbia includes initiative law in its *Recall and Initiative Act* that allows citizens to force an issue to a public vote, but it is difficult to use. Petitioners for an initiative must get the signatures of ten per cent of the eligible voters in every riding in the province, and they must do it within ninety days. Once on the ballot, the issue requires approval by fifty per cent of the registered voters (not just fifty per cent of those voting) and at least two-thirds of the electoral districts.

The ten per cent and ninety days seem excessively restrictive, yet they raise the question of how small a group of people we want dictating ballot issues. If only a few citizens are concerned, why bother? New Zealand uses ten per cent and its constitution initiative on electoral reform was certainly a success.

B.C.'s legislation does preclude other problems that have arisen with initiatives. In California, for example, a state noted, perhaps I should say notorious, for its initiatives, one expert commented that with enough money, he could put "any screwy subject you want"[3] on the ballot, referring in part to the use of professional signature collectors, a practice the B.C. law bans.

Funding limits, too, are required to ensure the initiative process isn't simply turned over to the rich. The B.C. act set 1995 spending limits of $0.25 times the number of registered voters for each side for initiative petitions and $1.25 for each side for the ensuing vote, the numbers to be adjusted upward in subsequent years.

In the 2000 federal election, Canadians were taught a salutary lesson about initiatives by comic Rick Mercer, star of the CBC show *This Hour has 22 Minutes.* The Alliance Party had proposed that if a group of citizens could get three per cent (they later waffled on the number) of the citizens who voted in the last election to sign a petition on a resolution then governments would be obliged to hold a binding referendum on that resolution. Mercer immediately recognized that, in his words, "any idiot could get three per cent of the electorate."[4] To prove his point, he set up a web site and invited respondents to support a resolution that Alliance leader Stockwell Day change his first name to Doris. Within a couple of weeks he had over 900,000 supporters of the initiative, more than two and a half times the three per cent the Alliance Party had suggested.

Underlining Mercer's revelation was a poll taken by The Globe and Mail indicating that seventy-five per cent of Canadians did not want a referendum on abortion, the issue most mentioned by the Alliance. If such initiative legislation existed, it would mean that three per cent of the electorate could force a referendum on the other ninety-seven per cent even

though an overwhelming majority didn't want one. This is not an improvement in democracy. It is rather more a tyranny of the minority, even a tiny minority.

Referring to the People

Almost certainly the most popular vehicle for direct democracy is the referendum. Local governments in this country have held thousands of referendums and plebiscites, but they have never become firmly established as a part of provincial and federal governance. In all, provincially and federally, we have had about sixty direct votes and half of those were about booze.[5] Recent times have nonetheless produced some high profile examples, the independence referendums in Quebec in 1980 and 1995, and the Charlottetown Accord referendum, the third of only three ever to be held nationally, in 1992. With the exception of Nova Scotia, all provinces and territories have statutes providing for referendums. British Columbia, Ontario and Saskatchewan also provide for initiatives. The only federal statute is the *1992 Referendum Act*, set up for referendums on constitutional amendments.

Referendums offer citizens a chance to make their own decisions and, when governments are making major decisions like selling off Crown corporations, the property of all the people, without seeking approval of the electorate beforehand, they would certainly seem timely. They are, however, not without major drawbacks.

Simply wording the question is in itself problematic. For the 1980 Quebec referendum, probably because the idea of separation was proving to be too intimidating a prospect, the Parti Québécois government asked instead about sovereignty-association, a concept that could only be defined after the referendum was successful and the two levels of government had negotiated it. The citizens of Quebec were being asked to vote for something that didn't exist. In the 1995 referendum, the question was so convoluted that voters didn't quite know what they were being asked.[6] A CBC-Southam News poll a few weeks before the vote indicated that almost fifty per cent of Quebeckers thought the referendum would allow them to vote for a sovereign country while almost the same number thought it wouldn't. Questions can be both difficult to frame and manipulated by their framers.

Other problems arise from the yes/no nature of referendums. Yes or no sucks one of the vital ingredients of democracy, and one of Canadian democracy's finest traits — compromise — out of the issue.

It also divides, creating an atmosphere of us and them, winners and losers, breeding hostility in the process. Referendums are the hammer of majority rule. Both Quebec referendums, like the 1942 national referendum on conscription which split anglophone and francophone Canada and inflamed Quebec nationalism, were fueled by emotion rather than by reason. Referendums are more in-your-face than face-to-face.

Few issues are as simple as yes or no. Referendums relieve citizens of the need to think below the surface. (Or they attempt to — Canadians rejected the Charlottetown Accord in part because the thing was so complex that even its framers probably didn't understand what it all meant.) Some citizens will research the issue, think it through calmly and thoroughly, and discuss and debate it with others. Some won't. The ignorance component of referendums can, therefore, be very high. (According to David Magleby, a professor at Brigham Young University, on some ballots ten to twenty per cent of electors have mistakenly voted the wrong way.[7]) As we noted earlier, one of the powerful advantages of representative democracy is having decisions made by people whose job is to study issues thoroughly before deciding. Referendums short-circuit this advantage. If we insist that legislatures read bills three times (in the case of Parliament, three times in both the House and the Senate), are we being sensible when we decide an issue in one go in a referendum? A decision made by elected representatives after thorough consideration might well be closer to what the people would decide if they deliberated rather than if they simply voted in a referendum.

The media, too, can be more hindrance than help. We depend on them to inform us fairly about the issues, yet they are interested more in emotion than substance, more in a good fight than a good compromise.

Timing, too, is critical. Whereas a referendum held during a general election may get a turnout that represents a cross-section of the electorate, a referendum held on its own may get a turnout disproportionately representing those who are emotionally involved in the issue or those who have a vested interest.

And then as always there is the question of money. Money may not guarantee victory — the Yes side in the Charlottetown Accord referendum outspent the No side fourteen to one and still lost — but it certainly helps. In the United States, where referendums were introduced early in the last century to reduce the influence of special interests, they have managed to do just the opposite. American studies have shown that big spenders, usually corporations, win over seventy per cent of the time. In one study, every time the corporate side was outspent it lost.[8]

In Switzerland, often considered a model of direct democracy because of the plethora of matters decided by referendums, pressure groups have come to dominate initiatives and referendums. Turnout for these votes is only about thirty-five per cent,[9] although this may be partly due to referendum exhaustion. This, too, might be a problem. The two established democracies that offer their citizens the most voting opportunities, Switzerland and the United States, also have the lowest voter turnouts.

A Fair Question

Some of these problems can be mitigated. For example, Quebec referendum law minimizes the money factor by confining most spending to two

umbrella committees — pro and con — which also receive public subsidies. Committee spending is limited to a specified amount per elector and each elector is in turn limited to a maximum contribution to a committee. Individuals may spend outside of the committees; however, they too are limited to a set amount and cannot pool their spending. The *Canada Referendum Act* mandates that TV networks provide three hours of free prime time for each side.

Initiatives and referendums require spending and media access rules as rigid as elections to ensure equitable debate. And they have other needs. Fair framing of the question is important, and perhaps requires negotiation between the two (and possibly more) sides.

As for yes/no, Deverell and Vezina have suggested a multi-choice ballot which would include, "Yes, strongly support; Yes, with reservations; No, strongly oppose; No, reformulate; and No, postpone."[10] Certainly ballots with a range of choices would make for more intelligent and less divisive decision-making. We might also sensibly restrict referendums to questions that can be framed relatively simply and to issues that are straightforward — if there are such things. Capital punishment, for example, is often offered up for a referendum — seemingly a simple, straightforward issue. But of course it isn't. The types of murder, or other crimes, that might be subject to this ultimate form of punishment, could be handled by providing a range of choices on the ballot. But it isn't that simple either. Capital punishment is usually justified as a means of crime prevention, but opponents argue that it results in more murders, not fewer. The best solution will almost certainly come from calm deliberation, not a battle between hostile viewpoints inflamed by sensationalist media.

If I am being tough on initiatives and referendums as forms of direct democracy, I make no apology. Democracy, healthy democracy, requires a great deal more than the people's voice and the people's will; it requires fully informed, thoughtful voices and wills, and these are often absent, to a greater or lesser degree, from initiatives and referendums. Nonetheless, these tools have a powerful validity in expressing the will of the people directly, so perhaps we must accept them in the spirit of democracy unless we can suggest something better.

Is there something better? Is there a vehicle that will combine the desire for direct participation with the need for deliberation? The happy answer is yes, there is. That answer is citizen assemblies, possibly the greatest thing to happen to democracy since the secret ballot.

From Deliberative Polling ...

Opinion polls provide snapshots of public opinion, useful aides to the democratic process. Unfortunately, conventional polls are just snapshots, applying only to a moment in time. A much more important problem is that they provide snapshots of uninformed opinion. If a poll were conducted on, say, the *Youth Criminal Justice Act*, the pollsters would get an

earful of strong opinion, but how much of this opinion would be informed? How many of the respondents would have even read the act? I wouldn't have. The ignorance factor of polls is disturbingly high, particularly considering that politicians count heavily on polls to discover the people's will and satisfy it. This is less democracy than it is ochlocracy — mob rule. Or just plain old demagoguery.

If a citizen was polled on the *Youth Criminal Justice Act*, she would most likely have a ready reply, but if the pollster informed her that legislation would be enacted on the basis of her answer, we might expect that she would have the good sense to decline a response at the moment and request that she be called back in a month or two after she had time to read the act, gain the views of various experts — a defense lawyer, a police officer, a Crown prosecutor, a member of the John Howard Society, a young offender, a victim, and so on — and discuss it with fellow citizens, including those who agreed with her view and, most importantly, those who did not. Once she had done all these things, she would feel that she had done her homework and legislators would be perfectly welcome to make law on the basis of her opinion. This is what deliberative polling does — allows the participants in a poll to develop informed opinions.

Deliberative polling was invented in 1987-8 by James S. Fishkin, chair of the Department of Government at the University of Texas at Austin, and first published in an article in The Atlantic Monthly[11] as a proposal for a national caucus for presidential nominations. Fishkin later expanded the article into a book.[12] In his words, the idea is to combine "the thoughtfulness and depth of small-scale, face-to-face politics" with "the representative character of … all of us."[13] The participants in a deliberative poll are chosen by a conventional random process. However, they are not immediately asked the question. Instead they are sequestered together, rather like a large jury, in order to become intimately familiar with the issue. They are provided with a comprehensive package of information, access to experts and politicians on all sides of the issue, and ample opportunity to discuss and debate among themselves face-to-face in small groups. Only after this immersion do they offer their opinion. The result is not simply what the public thinks but what the public — at least the public in microcosm — thinks after thorough deliberation. We have the opinion of an ideal citizenry.

Deliberative polls have been held in Britain and the United States. A poll in Britain in 1994 dealt with crime. The process included television coverage, which Fishkin believes is vital in order to give the participants a sense that their views will be taken seriously. The two technologies, TV and scientific polling, are transformed from sound bite and superficiality into a powerful force for direct democracy. According to Fishkin, " … the sample … was almost perfectly representative of the electorate … It really was the entire country in one room." On the results, he commented, "The participants didn't become especially liberal or conservative. Indeed, we

didn't even use such terms. Their considered views … were sharply different from those expressed by any conventional poll or by any political party."[14]

… To Citizen Assemblies

Fishkin's idea is, of course, one version of what we might call a citizens' assembly, a bringing together of ordinary citizens to decide issues.

The participants in an assembly become a sort of mini-parliament although, given the random selection, they are more representative and, given the intensive education, possibly even better informed. Free of any grip of party loyalty, allowed to deal with their fellow participants on an equal, open, intimate and informal basis, they are also more willing to allow the heartfelt views of others to influence their own. The competitive, adversarial nature of conventional party politics is sharply reduced. By bringing people of all sorts together, assemblies create a more consensual, inclusive democracy as opposed to the hostile, partisan, macho democracy of party politics. In effect, they take the "politics" out of decision-making. When argument and the clash of views concern ideas, they are a healthy part of democracy; when they simply concern power struggles between parties, they are wasted energy.

With scientific sampling, all groups in society are equitably represented in an assembly, but they are there as individuals, not as representatives of groups, as they are with party politics or even referendums. Referendums force citizens to take sides, and the majority hammers the minority. As referendums divide people, assemblies unite them; where referendums are exclusive, assemblies are inclusive. And, unlike a referendum, every citizen involved is well-informed.

Assemblies not only bring citizens together as individuals but as equals. They eliminate not only political inequality but social and financial inequality as well. The CEO of a large corporation sits down with the welfare mother; they can get to know each other and understand each other's views and problems. Not only can they conclude the issue under discussion, but they can build bridges for the future. People isolated in their own domains tend to obsess on their own world views, constantly reinforcing their prejudices. Assemblies bring people together, rich and poor, humble and proud, as did the Assembly of ancient Athens.

Particularly important in assemblies is the dialogue between participants. Good talk — vigorous, well-informed conversation, especially debate with those whose views differ from one's own — remains the main ingredient of healthy democracy. It not only ensures better decision-making, it engenders respect for other views and refines the art of compromise. It both educates and civilizes. It offers the possibility of a politics of shared goals rather than a politics of angry difference.

Democracy at its richest, at what it really ought to be, not only allows citizens to govern themselves, directly or indirectly, but it also offers them

an opportunity to improve themselves. Fully democratic citizens are superior citizens: better educated, in the broadest sense of that word, more civil, more moral. Assemblies encourage all this.

Assemblies could either replace or complement referendums. They are cheaper and provide better solutions; however, many people, despite assemblies' accurate representation of the body politic, might still insist on having their own say on vital issues, in which case, referendums would still have their place.

Governance by Assembly

What criteria then would we apply in constructing an assembly? I suggest three:

First, participants would be chosen by random selection. Anything else would not accurately represent *the people* in microcosm. Other means, choosing participants as voices of interest groups, for example — labour, business, the handicapped, etc. — would be slipping back to representative governance. Democracy, after all, is about one citizen/one voice.

Second, attendance would be mandatory, as it is with jury duty. A citizen who refused to attend without good cause would be in contempt. If we relied on volunteers, the voice of the assembly would be skewed toward those with a special interest or those who simply enjoy political activism. That wouldn't do. We seek the voice of the people, *all* the people — the *vox populi.*

And third, if assemblies were to have meaning they would have to have constitutional clout. Their decisions would have to be mandates for government.

Under our constitution, legislatures hold the power to make law. Initiatives, referendums or any other form of direct democracy can be made binding on the executive branches of government but not on the legislatures. That would require constitutional change. We might first enable the process with legislation that made the results binding on executives, i.e. an executive would be obligated to bring the result of an assembly to its legislature. Once gaining experience in the process, we might then enshrine it in the constitution to make assembly results binding on legislatures as well.

We might, further, establish permanent citizen assemblies. Assemblies of appropriate size, say of 150 citizens, could be brought together to deal with an issue within a set period. Once they had deliberated and drawn up their conclusion, that assembly would be dissolved and replaced by another to deal with the next issue. And so on. Assemblies would be another branch of government at all levels of government. Needless to say, the Senate would be quietly retired.

Citizen, or constituent, assemblies have been promoted by groups such as Bob Johnston's Constituent Assembly NOW! and Bert Brown's

Constitutional Conference Committee, although not necessarily to be based on random selection of members. To date they have tended to focus on constitutional matters. Assemblies would indeed be appropriate in dealing with the constitution, given the failure of approaches that gave us Meech and Charlottetown, but if they are set up in the manner I have suggested, they are appropriate for a much broader range of issues as well. Perhaps the first constitutional change we should consider is setting up a permanent federal citizen assembly, whose first item of business would be outstanding constitutional matters.

Fishkin talks about variations on the theme of deliberative polling.[15] The Jefferson Center for New Democratic Processes in Minnesota has experimented with "policy juries" consisting of small groups of citizens that deliberate independently on an issue, then elect representatives to a statewide jury for final recommendations. This system could include a large selection of the population in decision-making. Fishkin comments also on Robert Dahl's idea of connecting a "mini-populus" of 1000 citizens electronically to deliberate on an issue for at least a year. The electronic approach has promise, but not if the face-to-face of citizen participation is lost. Perhaps newer technology can create such communication — virtual dialogue?

The idea of selecting people by lot (sortition) for governance isn't new. The Athenian Assembly chose its Council of 500 this way. The council served as a sort of combined executive/administration, managing the business of the assembly, ensuring that decrees were carried out, supervising and funding officials, administering pensions, etc. Many other offices were also filled by sortition. Although some officers were elected, the Athenians used that practice sparingly.[16]

Citizen assemblies, whether as a permanent part of our constitutional system or just as ad hoc deliberative polls, have the ability to transfer substantial decision-making from legislatures to citizens in a wave of direct democracy that would improve citizens as it involved them. Every citizen would share the prospect of becoming a legislator, and if assemblies were part of all levels of governance, the prospect could be very good. Citizens would expect to be called to assembly duty just as they can now expect to be called to jury duty. The possibility, or even probability, would keep people on their democratic toes and create a more aware and confident citizenry. And, no doubt of some small satisfaction to politicians, citizens would have no one to blame, or credit, for how the country was run, but themselves.

Civil Society

Our concern for political democracy quite naturally focuses first on government in its formal sense: federal, provincial and municipal. We turn now to another set of institutions we use to govern ourselves, institutions that are fundamental to healthy society and sound democracy yet which

are not formally part of the state. Indeed they are often described as non-governmental organizations. I refer to those institutions collectively entitled civil society.

In her Massey Lectures, philosopher and political scientist Jean Bethke Elshtain defined civil society as "the many forms of community and association that dot the landscape of a democratic culture, from families to churches to neighbourhood associations to trade unions to self-help movements to volunteer assistance to the needy," a network that "lies outside the formal structure of state power."[17] In addition to lying outside the "formal structure of state power," we might add outside the formal structure of economic power, as we don't normally think of the pursuit of profit as part of civil society. We think of communities of citizens whose purpose is to help each other or to involve themselves in society in a way they believe is helpful to it.

Civil society includes a remarkable variety of institutions: labour unions and professional associations; co-operatives; charities and foundations; art and sports groups; ethnic, fraternal and social groups; educational organizations; churches; community and condominium associations; and interest groups focused on everything from business to the environment to poverty to government excess to women's rights. Elshtain includes families and we might even include political parties as distinct from government itself. The field is extensive. Jack Quarter has written a book, *Canada's Social Economy*, that deals solely with the economic ramifications of civil society.

We will discuss a number of these institutions, including labour unions, co-operatives and families, in later chapters; discussing the major organs of democratic society leads invariably to crossing the many paths of its civil component. Some groups, such as charities and fraternal organizations, although they may contribute significantly to the Canadian quality of life, are of little interest to us here as they have a marginal effect on the larger society's political life. Some may be intriguing studies in democracy, or the lack of it, in themselves, the contrast between the democratic United Church and the stereotypically autocratic Catholic Church, for example, but that is their business — or problem, as the case may be. We will confine our investigation to those institutions that have a significant effect on democratic life at large.

A particularly important role is played by those civil organizations that might be included under the rubric of "interest groups," sometimes referred to disparagingly as "special interest groups" by critics who feel that their influence is disproportionate to their numbers, or by critics who just disapprove of their views. In Canada, examples of interest groups are legion: business groups like the Chambers of Commerce, environmental organizations like Greenpeace and the Canadian Parks and Wilderness Society; Women's organizations like the National Action Committee on the Status of Women and REAL Women — again, an extensive list.

Unfortunately, although organizations of civil society are an important component of democracy, some are less than democratic within themselves. If they are not democratic internally, they must be suspect, from a democratic perspective at least, in their influence externally.

Two criticisms emerge: questionable funding and undemocratic governance. An example of the former is the Fraser Institute, an advocacy group posing as a charity, funded not by the citizenry at large but by corporations and wealthy individuals. An example of the latter is the rather secretive National Citizens' Coalition, a group that has expressed strong views and engaged in strong actions regarding democratic process yet seems to have little use for democracy within itself. Even Greenpeace, perhaps the most prominent of all NGOs, is questionably democratic in its structure. Membership is open but voting isn't. Greenpeace Canada's policies are determined by a board of directors elected by voting members. Anyone can join Greenpeace as a donor member, but voting members are appointed by the board, the staff and Greenpeace offices in other countries.[18] When the board appoints voting members and staff, and they in turn elect the board, the process is getting dangerously close to incest. Interest groups deserve our democratic applause only when their funding is transparent and derived from citizens, either individually in modest amounts or collectively through government grants, and they conduct their affairs in a democratic fashion.

And when they meet these criteria, they do indeed deserve our applause. They provide citizens an opportunity for direct, collective action on issues that concern them without having to subject those issues to the dilution of party politics. Many people have turned from party politics to an interest group for precisely that reason. Interest groups can bring issues to the fore in a way that political parties, with their broader mandates, cannot. They can also serve to inform parties and governments on issues. Environmental organizations have even taken democracy beyond Homo sapiens, becoming in a sense the representatives in our affairs of species not our own.

Interest groups and all the other institutions of civil society form the skeleton of democracy. Without them, fleshing out democracy in our major institutions would be much more difficult. They are a fundamental vehicle for habituating citizens to democratic process. They inform citizens that they can participate, that they can make a difference — that democracy works. Their absence accounts in large part for the difficulty Eastern European countries are having in transforming themselves into democracies. And, in the new age of the Internet, they form a framework for global democracy.

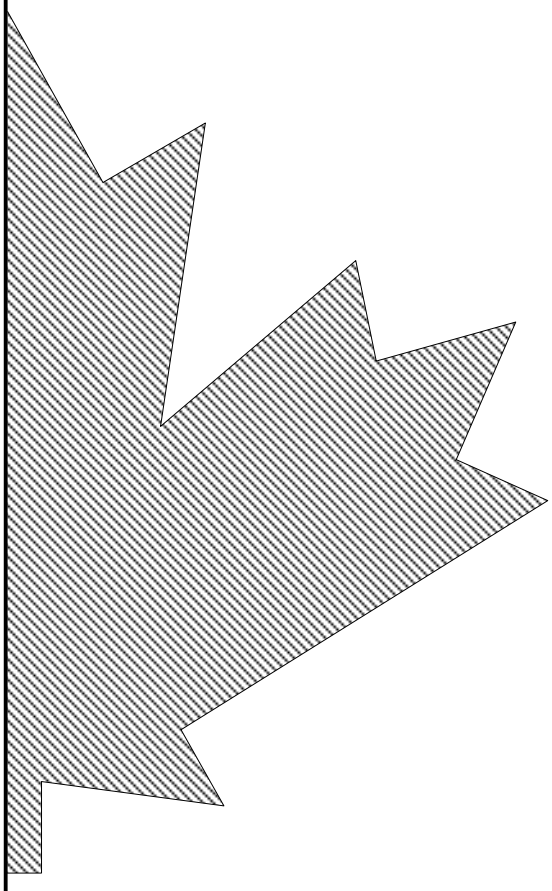
Civil society in Canada is thriving, with about 180,000 registered charities and other non-profit organizations. These include advocacy groups like The Council of Canadians with over 100,000 members and supporters, and the National Action Committee on the Status of Women,

an umbrella group for 604 women's organizations with millions of members; fraternal organizations, including the most famous, the Canadian Legion, with 550,000 members; business and professional organizations like the Chamber of Commerce, representing over 170,000 businesses, and the Canadian Medical Association with 42,000 members; educational groups like Scouts Canada with 248,000 members; charities like the Red Cross with 130,000 volunteers; and so on and on and on. Many of these memberships, of course, overlap. Canadians' participation in the country's 78,000 charities includes not only volunteering but giving. Almost ninety per cent of Canadian adults donate to charity and one in three volunteer. In 1998, 5.4 million of us reported charitable donations on our income tax forms totaling $4.6 billion.

Foreign visitors often comment on Canadians' considerable capacity for volunteering, and rightly so — Canadians commitment to their society, and involvement in it, is movingly impressive.

Part II

The Workplace



3

A Fundamental Conflict

People have fought for rights in their workplaces as long as there have been workplaces. The first labour strike in recorded history took place in Egypt in the reign of Ramesses III (1184-1153 BC) when tomb-builders at a site in Western Thebes, frustrated at delays in receiving their wages, laid down their tools and walked off the job. Over two millennia later, in AD 1245 at the town of Douai in northern France, Europe recorded its first strike. Canada's history of job action began in August of 1794 when voyageurs at Rainy Lake struck for higher wages.

The struggle was rejoined with particular ferocity with the massive changes to the workplace brought about by the Industrial Revolution. Various philosophers entered the fray, from the industrialist/reformer Robert Owen to the revolutionary Karl Marx. The 19th and early 20th centuries saw the development of the principal advocate and guardian of workers' rights, the modern trade union. Workers did not gain democratic workplaces, but they did earn a stronger voice, and they saw major improvements in working conditions. After the Second World War, the struggle abated as the industrial countries settled into a period of unprecedented prosperity. Now a new period of workplace change, often mindless change, driven by advancing technology and obsessive competition, overwhelms working people and undermines the gains they've made. The struggle cries out for renewal.

If we are to have a democratic society, self-governance must inform the workplace no less than it does politics and government. If government is democratic but the workplace remains autocratic, our liberty is incomplete. We are free men and women evenings and weekends, servants during the week. The argument for democratic workplaces starts with the argument for democracy itself, and fortuitously democracy holds particular advantages for the hard-nosed world of business:

Democracy provides the greatest involvement in leadership and allows for the fullest development of people. Workers more involved in leadership,

more knowledgeable about it and more capable of it, will contribute to better decision-making.

Trust is greater in a democratic workplace. By demanding accountability of the supervisor to the supervised, the manager to the managed, democracy develops more "us" and less "we-they." According to Aristotle, "... a state with a body of disenfranchised citizens ... must necessarily be a state which is full of enemies."[1] Democracy enfranchises individuals. It reduces suspicion of authority because individuals become the authority. Decisions are more readily accepted. Ideas flow more freely.

Workers in a democratic workplace gain the maximum control over their working lives. Maximum participation by the individual means maximum commitment to the organization.

Greater control for workers is healthy for both the individual and the organization, particularly now. The insanely rapid change of the 1990s brought escalating, indeed epidemic, stress. A key buffer against stress is a sense of control, which is exactly what democracy provides by giving workers power over the decisions, and the decision-makers, that affect them. The organization gains a healthier, saner individual as well as a more committed one.

To what extent, then, are these advantages being exploited? To what extent is democracy a force in the Canadian workplace? That we will examine in this chapter. We will look at workplace democracy in the various forms, incipient and mature, in which it is manifesting itself. We will look at how well democracy is doing and how a greater promise might be fulfilled.

But first we must get at the root of the problem.

Conflicting Rights

Underlying the relationship between employer and employee, between capital and labour, lurks the stubborn conflict between the proprietary rights of owners and the democratic rights of workers. Owners seek maximum control over their property, and that means maximum control over their employees. Workers seek maximum control over their lives, including their working lives.

Here is the very serious question about whether ownership (property) should have power over people. This question can never be far from the surface in a capitalist democracy. The answer depends to some extent on how much ownership we are talking about. If one man hires another to help him out on an enterprise, we can't expect the hired man to have an equal say in running the enterprise, given that the employer probably has a far greater stake, financial and otherwise. But in a large corporation, where everyone is a hired hand, it's a very different matter.

In a corporation, the owners are the shareholders. Even here, there isn't much democracy. Property votes, not people. The rule is one share/one vote, the rule of plutocracy, not one share owner/one vote, the

rule of democracy. Not that share votes necessarily mean much anyway. Corporations are generally run by top management with little input from shareholders or the ostensible shareholder representatives — boards of directors. Boards tend to be incestuous, self-perpetuating bodies made up of local management and presidents and chairmen of other companies, usually chaired and dominated by the CEO (in itself raising the question of conflict of interest). Directors' duties consist largely of attending a few meetings a year and picking up their honorariums. Nonetheless, management is theoretically accountable to the shareholders as owners of the corporation's assets.

Even as we accept this accountability, we cannot avoid the democratic right of all the employees, not just those at the top of the pyramid, to share in the governance of the organization of which they are members and which so powerfully affects their lives. All the hired hands are equally capable of accepting responsibility for their duty to the owners. There is no overriding reason why a corporation cannot be democratically organized with supervisors accountable to the supervised, managers accountable to the managed, and all accountable to the shareholders within the envelope of owners' rights. The proprietary right would not be threatened by allowing democracy to thrive within the envelope; democracy could have a vigorous life, starting at the bottom, in grass roots fashion as befits democracy, with workers choosing their supervisors and managers, managers choosing vice-presidents and vice-presidents, perhaps in partnership with the board of directors, choosing the CEO.

The current situation is just the reverse. Accountability flows up, against the democratic grain, from workers to supervisors to managers to upper management to, theoretically at least, shareholders. The very essence of natural leadership is subverted. Leaders ought to be accountable to those they lead (democratically, that's the whole point of leadership), but in the corporate structure they are accountable to a higher level of management or the owners, often at the expense of those they lead. The brightest and the best abandon their own tribe to serve or form another with other interests, interests that may be in opposition to those of the workers. Workers must then form tribes of their own: labour unions. This business of people having to form their own tribe to defend themselves against those who ought to be their natural leaders is a perverse but ancient and necessary phenomenon — aggravated by capitalism.

If the spirit of a democracy-saturated society prevailed, shareholders would insist that their organizations be democratic. This, unfortunately, is not the case, so if share ownership remains an excuse for a lack of democracy in corporations, perhaps the powers of governance should be removed from shares. With power residing with shares, not owners, most shareholders own so few shares they have no real influence anyway. Investors in mutual funds, which are now as plentiful as stocks, often don't

even know what companies they own shares in and give no thought to their management.

We can further argue that separating ownership and control, thereby protecting investors from liability, is a reason for buying shares. Little would be lost if shares became simply investment vehicles rather than governing vehicles. After all, when I buy an investment certificate from a bank, I don't expect to run the bank. Shares could be treated similarly; they would still represent ownership but without voting privileges, as is the case with some shares now. If shareholders didn't approve of the way the organization was functioning, they could put their money elsewhere, which is the only meaningful influence most of them have in any case. Everyone within the organization would then be free to work co-operatively and democratically to ensure a successful company that attracted both investors and customers.

This could go a long way to resolving the conflict between ownership and democracy in publicly-traded companies; however, the problem would still exist with privately-owned companies. In public corporations, employees and shareholders are segregated entities — the owners are outside the envelope. In private companies, the owners are often the managers, tucked inside the envelope with their employees. Here the question of whether property should carry power over people becomes acute. In that ancient democracy Athens, this was less of a problem because much labour was slave labour and slaves, even though they were paid the same wages as free men, had no democratic rights. With all due respect to Athenian democracy, that is hardly a suitable solution. The conflict between property rights and democratic rights is not so easily resolved today. One partial answer is the German model, a range of democratic rights for workers mandated by law, from very limited in small companies to substantial in public corporations, a model we will discuss in some detail below.

Much of what we have said for private business applies to government; however with government, the owners are the citizens at large. The employees of government, therefore, find themselves in an interesting situation: they are both bosses and workers. They are citizen owners, concerned with maintaining control over their institutions, but they are also "citizens" of those institutions, concerned with their democratic rights within their "societies." The rights of one are constrained by the rights of another.

This dilemma is not uncommon. The federal and provincial governments frequently quarrel over where one's rights begin and the other's end. Similarly, municipal governments commonly find themselves constrained by provinces. As citizens of both jurisdictions, we are in both camps. We are in nested democracies, provincial citizens and federal citizens, municipal citizens and provincial citizens, in effect quarrelling with ourselves. And so civil servants are "citizens" of the organization they work

in and citizens of the municipal, provincial or federal jurisdiction that owns it. Just as we must seek just accommodations between provincial and federal jurisdictions, and between municipal and provincial jurisdictions, we must seek just accommodations between civil servants and their government employers.

Accommodating the owners when they are the public has a legitimacy that it doesn't have with private ownership simply because this ownership is, unlike shareholder ownership, democratic — all citizens own their institutions equally. Ownership, the proprietary right, is particularly secure in the public sector, protected by layers of power: the power of cabinet, then that of the legislature, and ultimately that of the people. Other than the right to organize associations or labour unions, and that right was late in coming, the democratic rights of civil servants are by contrast hardly protected at all. There is more imposition than accommodation: supervisors imposed on staff, managers imposed on both, and deputy ministers imposed on all. Given that the proprietary right is so secure, there is no reason why noblesse oblige cannot accommodate a thoroughgoing democracy within the envelope of power. Our democratic instincts ought to insist that our employees enjoy self-government in their workplaces. We, the public, should be setting an example.

People generally live up to the responsibility they are given. A democratic workplace gives workers maximum responsibility. As their leaders are accountable to them, they are responsible for their leaders, and accountable to the mandates of their organizations, mandates established by the proprietary right. Responsibility for success falls equally on all shoulders. It is better supported, not less. In the case of the public sector, accommodating both proprietary and democratic rights has a certain symmetry: the employees are carrying out their own mandate — they, too, are citizen owners.

Although the principle of democratic workplaces is strong, the practice is weak. Having established the fundamental reason why, let us now look closely at that practice and look, too, at the promise.

The Amoeba Theory

An article in the Calgary Herald described human resources consultant Drake Beam Morin-Canada Inc.'s vision of the white-collar workplace of the future. It stated, among other things, that "Contract work will become more common than full time work …" and "… bonuses and profit-sharing will steadily replace wages …."[2] Drake Beam managed this peek into the future by surveying 1,213 senior executives and human resources managers.

We are not surprised at management's desire for contract workers. Contract work frees them from the responsibility of collecting personal taxes, from the cost of providing benefits, from union representation of workers' interests and from the constraints of labour legislation; and bo-

nuses and profit-sharing in lieu of wages creates a rat race towards efficiency — all sort of a management fantasy come true. But do working people share the fantasy? Is this the sort of workplace they want? Maybe, but we don't really know — they weren't asked. Drake Beam neglected to survey ordinary white-collar workers about what kind of workplace they would like. Presumably, the workers are expected to tug their forelocks and meekly adapt to whatever conditions their betters impose on them. What concerns us here is not the arrogance, self-interest and insensitivity of Drake Beam and the senior executives, as appalling as it is, but the lack of democracy that it illustrates.

The Drake Beam study reflects the views and predictions of a host of futurists and business gurus like William Bridges, Peter Drucker, Charles Handy, Tom Peters, et al., figures that seem to have a quite extraordinary influence over management. Their very numbers along with their prolific book sales, quite aside from the host of consultants they spawn, indicate an almost mystical passion of North American managers to discover the road to salvation through what Alan Rutkowski calls "guru-centered management systems"[3] — each czar following his Rasputin.

In addition to agreeing on many of the characteristics of the workplace of the future — rapid, discontinuous change, more contracting out, less security, etc. — the gurus' predictions have something else in common: they ignore the wishes of working people. They operate on what we might call the amoeba theory. The workplace is apparently to be determined entirely by management, or by technology, or by what has become the ultimate justification for worker oppression: competition in the global marketplace. Workers' needs or wishes are incidental to the process. Their function is to simply adapt to whatever comes. Like amoebas, they have no influence over the factors that create their environment; their survival depends entirely on reacting properly to the stimuli they receive — adaptable on the shop floor, servile to the big picture. The idea can be summed up by a quote from a booklet Canada Post gives its employees, advising them on how to achieve success in the Information Age: "Take no part whatsoever in resistance to change. If the organization decides to turn on a dime, follow it like a trailer."[4] Or like an amoeba. The message of helplessness is in itself insidious. Democracy requires confidence and a sense of control; a feeling of helplessness leads to dependence and submission.

But predicting the future is a guessing game. The future can't be known — it doesn't exist. To the degree that it can be determined, it will be what the people with power want it to be. Workers can allow others to create their future for them, or they can create their future themselves, if they have the will and the democracy within which to exercise it. The gurus' prescriptions may be sound, but to a democrat they are acceptable only when workers are involved in the restructuring, when democratic means result in democratic ends.

In the meantime, the transition to the new workplace reflects the amoeba theory. It has been a traumatic experience for working people that they have had little say about — rather like a rerun of the Industrial Revolution. One of the great bastions of worker participation, the labour union, struggles to hold its own. Full time work is often replaced with part-time work, the latter often bereft of security or benefits. Companies show an increasing affinity for temporary and contract workers — an easily disposable, divided and conquered work force. Just-in-time used to refer to delivering materials for the production process as needed rather than stockpiling them; now it applies to people as well — one more component in creating "agile management." Labour becomes increasingly subservient to capital.

Not a few social trends are similarly unpleasant: household debt rises; the social security net is strained and unemployment remains high; stress, not surprisingly, is epidemic. The insurance industry tells us that stress keeps Canadians away from work more often than any other cause. And, as if to prove right everything that left-wing cynics say about business, the International Chamber of Commerce has asked the major industrial countries to dismantle their labour laws and cut their social safety nets.[5] We shake our heads in disbelief as stock markets rise when employment falls, and we wait in vain for social benefits to derive from the NAFTA.

These trends describe both a decline in worker power and an environment inimical to democratic progress. Yet the amoeba model is far from complete. For example, the Canadian Auto Workers have muscled automobile manufacturers into accepting limits on contracting out, a victory some labour experts predict will become a national, possibly international, trend. Worker democracy certainly doesn't thrive in the workplace, yet it exists, and it shows promise.

Teams and Empowerment

In the 1970s and 80s, Canadian business managers discovered teams and, like teenagers discovering sex, behaved as if they were the first generation to do so. Workers were invited to participate in shop-floor decisions and redesign their jobs, and phrases like "quality of working life" and "quality circles" entered the workplace jargon.

Teams are, in fact, as old as Homo sapiens. Like all social species, our survival has always depended upon our ability to co-ordinate our activities. Working with our fellow men and women is as natural as speech or walking upright. Nonetheless, inspired by the evangelical prescriptions of statistician W. Edwards Deming, North American management, desperately seeking an antidote to competition from the Japanese who have been disciples of Deming since the end of World War II, grasped the nettle of Total Quality Management. According to Hoffherr et al., a TQM environment includes devolving decision-making to the lowest applicable level,

empowering employees to improve their jobs, and addressing all problems and challenges with teams.[6] The creed of rugged individualism has been replaced with the team ethic and "empowerment." Although TQM has more to do with statistics than democracy, Deming's ideas have always incorporated a dash of humanism. According to biographer Andrea Gabor, "Deming's is a highly humanistic philosophy born of an intrinsically optimistic view of mankind and what working men and women can accomplish, if only they are given a chance."[7]

In any case, a genuine desire does seem to exist among some managers to at least involve workers more in decision-making. And labour has recognized promise here. An American report authored by the AFL-CIO, entitled *The New American Workplace: A Labour Perspective,* states that the new co-operative work methods "increase worker opportunities … bring greater democracy to the workplace … and improve the quality, and reduce the cost, of the goods and services."[8] In Canada, participatory management plans at places like Bestar's furniture plant in Lac Megantic, Quebec, and Petro-Canada's lubricant refinery in Clarkson, Ontario, that involve employees in operating decisions, such as ordering supplies and tracking overtime, have been spoken well of by union representatives.

We might expect that involving workers in this sort of local decision-making would be effective; people are quite naturally most interested in matters closest to them, in those decisions that affect them immediately and directly as opposed to those that affect them in the long term and indirectly.

These latter decisions, however, the big picture ones, are usually the ones which ultimately will have the most effect on workers' lives, and decision-making power gained under the rubric of empowerment does not include them. Workers may be empowered to decide on what day they make red widgets and on what day they make blue widgets, or to choose the team leader, or to distribute overtime, but they aren't empowered to distribute profits, establish investment policy, set corporate wage levels, determine plant locations, decide on layoffs, or even choose the leaders who will decide these things. These decisions continue to be jealously guarded by upper management. Empowerment, or pseudo-empowerment, may often be no more than a tool to tie workers into a corporate vision that they have had no say in creating.

Empowerment is used, too, to impose ever more work on employees, a way to shuck off middle managers and offload their work onto subordinates. The goal is often more to cost-cut than empower — more Dilbert and Dogbert than democratic. Empowerment usually means whatever management wants it to mean, and that may be greater effort or responsibility without any increase in power or compensation. As long as management defines it, "empowerment" remains a bit of a weasel word, deprived of democratic content before it's even applied. Real empowerment would mean something like worker assemblies making major corpo-

rate decisions just as the citizen assemblies we discussed in the last chapter would make major government decisions.

Empowerment Lives

One workplace in which empowerment has long had real meaning is the university, a place that has traditionally cleaved to collegial decision-making. Universities in their formative years, the 12th and 13th centuries, were thoroughly democratic. No one ascended to a position of power who was not elected to it. Universities also had considerable autonomy. In 1215, a good year for rights, Pope Gregory IX authorized the University of Paris to make its own laws. Unfortunately, as the Middle Ages wound down so did many of these powers. By the end of the 15th century, universities had fallen under the heavy hands of bishops and kings, of church and state.

Nonetheless, in Canada today, even though universities are financial creatures of the state, a significant part of the early tradition remains. Faculty are involved in curriculum development and hiring in their departments with further representation in these areas through their membership on university senates. Senates, which include a majority of faculty and are part of the bicameral nature of university governance with boards of governors, may also be involved in searches for presidents, deans, etc. Faculty also have associations to bargain collectively for terms and conditions of work. The prime governing bodies of universities are however their boards of governors and here faculty representation is token. The boards, often replete with members only vaguely familiar with what teaching and research are all about, remain subject to undue influence from politicians and their own administrations.[9]

North America's concept of empowerment is but a pale imitation of Western Europe's where, in every country except Great Britain and Ireland, worker participation is mandated by law and convention. In Germany, worker participation is required at both the shop floor and management levels. Under the Works Constitution Law of 1972, employees in a business with at least five employees may initiate a works council which has a say in staff affairs and a right to information regarding financial affairs. The councils cannot engage in industrial action but may take disputes to an employment court. Government agencies also have workers' councils.

Ownership/management of public corporations in Germany is represented by three entities: a management board that runs the company, a supervisory board (board of directors) that represents stakeholder interests, and the shareholders in general meeting. The supervisory boards appoint the members of the management boards. Corporations with between 500 and 2000 employees must have one-third of their supervisory boards appointed by employees and those with greater than 2000 employees must have one-half appointed by employees. Corporations with

greater than 2000 employees must also appoint a special director to the management board to represent the interests of employees.

Empowerment in Canadian workplaces, not strong to start with, has been further undermined by massive restructuring, restructuring that has often failed to increase productivity but has succeeded mightily in wrecking worker morale, including any potential increase in morale promised by empowerment. According to a survey by Gemini Consulting, trust in management dropped from seventy per cent in the late 1960s to fifteen per cent in the early 1990s.[10]

Bad timing aside, empowerment is nonetheless a step in the right direction. If it isn't democracy — and in the North American context, it rarely is — it is at least benevolent dictatorship. At its most sincere, we might even generously call it proto-democracy, but it has a long way to go to become the real thing.

Solidarity[11]

The Supreme Court of Canada has described labour unions as the "mini-democracy of the workplace,"[12] and indeed they are the one component of the workplace that has consistently and persistently introduced democracy.

Not only are they democratic within themselves, but they offer workers a powerful, united voice to confront the hierarchal, autocratic system of industry. Individually, a worker is hopelessly mismatched in dealing with an employer, who can take away his or her very livelihood, an advantage that cannot be answered in kind. As Buzz Hargrove, president of the Canadian Auto Workers, puts it, in a non-unionized workplace, "one side hires, fires, decides who to promote or demote, chooses technology, organizes work, fixes wages and benefits, and unilaterally declares whether to expand, modernize or close workplaces."[13]

But with unity comes leverage, and unionized workers gain a say in at least some of the conditions that affect their work lives. Nor is the leverage limited to the shop floor. Unions represent workers' interests in the larger society, more effectively some might say than political parties. Business has a host of organizations to promote its interests, Chambers of Commerce, the Business Council on National Issues, the Alliance of Manufacturers and Exporters … the list is exhaustive, but workers must rely principally on unions to research subjects of interest, educate workers on these subjects, and collate and promote workers' views. In Canada, they have a special importance in that through their collective nature they provide not only an effective democratic voice but an effective Canadian voice in those many companies and industries that are foreign-owned. And unions have fought not only to improve the lot of their members but have been instrumental in fighting for social progress generally, often against bitter opposition from business and political leaders.

Labour unionism was a product of the Industrial Revolution, beginning with craft workers and eventually embracing industrial workers as well. In the first half of the 20th century, unions in the private sector won the right to collectively bargain workplace issues with their employers; in the 1960s and 70s, public sector workers won the same right, transforming the labour movement in the process.

In 1961, the union movement combined with the political left to transform the populist, social democratic Co-operative Commonwealth Federation (CCF) into the more labour-oriented New Democratic Party (NDP). The value of this alliance for workers remains questionable. Federally, the NDP has shrunk to a fourth or fifth place party, of limited use in representing anyone's views. On the other hand, legislation favourable to labour has followed the success of the NDP in a number of provinces. Where the NDP does not govern, rights of unions are frequently under attack. The Conservative government in Ontario undid the former NDP government's labour-friendly legislation, even though in the first year of that legislation, Ontario had its lowest number of work-days lost to stoppages ever.[14] A Conservative government also took a swipe at labour in Manitoba. Manitoba's teachers, who gave up the right to strike in 1956 in exchange for binding arbitration, faced legislation in 1996 that terminated their right to negotiate their assigned duties, class sizes or layoff provisions, and allowed arbitrators to consider school boards' ability to pay when setting awards. Unions claimed that Manitoba labour law had become the most regressive in the country.[15] Ralph Klein's Conservatives in Alberta appointed a committee to study introduction of a "right-to-work" law. (The committee rejected it.) This anti-union activity by the Conservatives may be due in part to labour's close relationship with the NDP; perhaps a labour movement open to overtures from other parties would be less marginalized by those parties when they are in power.

Labour's alliance with the NDP is frustrated by the many union members who vote Liberal, Conservative or Alliance. Labour leaders tend to be more progressive on social issues than their members whose sentiments may be left wing economically but often conservative socially. Emotional issues such as crime or immigration or welfare may deliver the votes of union members to a political party inimical to their economic interests. (Business people, on the other hand, are more often able to happily marry their economic and social interests in the same vote.) The argument about whether labour's interests are best served by an official alliance with a party that may or may not match their members' social views, and has difficulty obtaining their members' votes, will continue.

How Democratic the Mini-democracy?

The Supreme Court's description of unions as the mini-democracy of the workplace echoes the union movement's commitment to democracy within and without. The constitution of the Canadian Labour Congress includes

in its purposes, "safeguard the democratic nature of the labour movement ..." and "protect and strengthen our democratic institutions, to ensure full recognition and enjoyment of the rights and liberties to which we are entitled, and to preserve the cherished traditions of our democracy."[16]

Let us consider how well these purposes are achieved by taking a close look at democracy within unions as well as the effect of unions on democracy outside the workplace.

Although outright corruption of unions has never achieved the prominence here that it has in the United States, the union movement has been sullied from time to time, notably in the 1950s when shipping companies, the Trades and Labour Congress of Canada and a Liberal government all conspired to bring in the ex-convict Hal Banks and his thug-ridden Seafarers' International Union to replace the Communist-run Canadian Seamen's Union; and in the 1970s when the Cliche Inquiry revealed extensive loan-sharking, extortion, blackmail and other criminal activity under "Dédé" Desjardins, head of the Quebec Federation of Labour's Building Trades Council.[17] Such instances are rare but point out the need to ensure that unions are operated honestly and democratically, and genuinely represent the workers in the bargaining unit.

Labour legislation in this country attempts to do just that. Unions are subject in all provinces and Canada to the jurisdiction of labour boards which, in the words of Carrothers et al., "are given extensive discretionary powers to give effect to the statutory scheme of collective bargaining."[18] Unions don't have to be certified by a labour board — an employer may accept a union voluntarily without certification — but if they want exclusive bargaining rights and other advantages, certification is essential. And labour boards can taketh away what they giveth and decertify a union. All unions have constitutions which the boards have the right to examine. Union members not only elect their officers, they vote on the collective agreements negotiated by those officers. The governing body of a union is typically its annual or biennial convention where the membership is represented by elected delegates.

Individual members have various protections. Carrothers et al. write, "Most jurisdictions prohibit the union from acting in a discriminatory manner toward any of the bargaining unit members. Several Acts provide for the protection of the employee's employment when he is expelled from the union for reasons other than the nonpayment of union dues."[19] Unions, like all organizations, will always have to deal with conflict between the rights of the individual and the rights of the collective.

Another question revolves around membership. If the *Charter of Rights and Freedoms* guarantees freedom of association, mustn't it also guarantee freedom not to associate? And shouldn't it? Perhaps, but in the case of unions, it doesn't. Again from Carrothers et. al., "All jurisdictions specifically or by implication authorize the negotiation of a term in the collective agreement making union membership a condition of employ-

ment."[20] The Supreme Court has upheld the closed shop provision, ruling that applying the *Charter* to private agreements would create havoc in the country's commercial life. This seems reasonable, or at least consistent. If I contract with a builder to construct a house for me, he decides who can work on the house, not me. If anyone wants a job, they must sign on with him. We accept this situation without a second thought. It would seem only fair to accept the same right for a union that has, through the collective agreement, essentially contracted to do a piece of work. If someone wants to participate in the work, they must join the union. If we are still uneasy, if we still perceive some coercion here, we might further consider the need for union security. If workers are not required to at least contribute to the union that represents their workplace, unions become highly susceptible to union-busting by companies, as indeed they were in the past. Employers, holding the ultimate control over both capital and employment as they do, can easily divide and conquer an association that lacks security of solidarity. If unions are to serve as the mini-democracy of the workplace, they need that security.

A sensible approach to union security was established in 1946. A long and acrimonious strike against the notoriously anti-union Ford Motor Company ended when both sides agreed to binding arbitration. The arbitrator, Mr. Justice Ivan Rand, a Supreme Court judge, settled the issue of union security by stipulating that although employees should not be required to join a union, they should be required to pay dues because they benefited from the union contract, "the law of their employment."[21] The Rand formula is a brilliant and very Canadian compromise. By requiring workers to pay dues to a union as their negotiating agent but leaving them free to join or not, it satisfies both union security and freedom of association.

One last question is what the dues are used for. If they are used, for example, to support a political party, dues-payers who don't support that party have a legitimate complaint. If they are voluntary members of the union, one can argue that they must accept what the full membership democratically decides, but if they aren't, should they then have to make contributions for expenses unrelated to collective bargaining? One might think not, but the Supreme Court begs to differ. It has not only upheld the right to negotiate the collection of dues from non-members as part of the collective agreement, but declared that as a private organization, a union's use of its funds, including donations to political parties or other causes, is beyond the reach of the *Charter*.[22]

Not, however, beyond the reach of legislatures. In 1996, the Manitoba government passed legislation releasing union members from the obligation of paying for their unions' political contributions. The legislation seemed reasonable yet was both unfair and inconsistent; it inhibited unions from contributing to their pet causes but not businesses from contributing to theirs — not surprising, perhaps, considering that the party in

power in Manitoba at the time was Progressive Conservative, a party heavily dependent on corporate contributions. Businesses frequently donate part of the income they receive from us for goods and services to organizations that promote their interests, including political parties. They have neither our approval nor their shareholders', but there's little we can do about it. We don't know which companies are contributing to which causes, and, anyway, it's so common that if we refused to buy from companies whose contributions we disapproved of, we'd have to give up shopping. We simply have to go along with their right to spend their money, which was recently our money, anyway they want. Unions deserve no less consideration. This issue of political contributions from organizations is of very great importance to democracy, and I devote much of the next part of the book to it.

The Big Picture

Although unions contribute vitally to democracy in the workplace, we must also look at their relationship to the larger society. Generally, their activities are confined to workplaces (the overwhelming majority of collective agreements are negotiated peacefully) but occasionally they spill over into the public arena as strikes or lockouts that affect third parties. If third parties are seriously affected through no fault of their own, simple justice, to say nothing of democratic rights, demands that they ought to have protection, compensation, or at least a say in the affair. This, however, is easier said than done. Some jurisdictions have limited the legality of strikes, but it hasn't worked well. Australia outlawed most strikes, yet in 1975 when Canada lost an appalling eleven million work days to strike action, second only to Italy, Australia followed in third place.[23] A mediation commission set up in B.C. in the 1960s, with the power to impose settlements when disputes were referred to it by the government, proved unpopular with both employers and unions. And as I mentioned above, Manitoba teachers gave up the right to strike in exchange for binding arbitration and subsequently the Manitoba government allowed arbitrators to take "ability to pay" into account, leaving the teachers utterly without leverage.

A suggestion that pops up from time to time is allowing third parties to sue unions, or companies in the case of lockouts, for damages. This would provide yet another trough for lawyers, but would be hard to carry out fairly. Fair play would insist that lawsuits be permitted for any loss of revenue arising from the decisions of others. If, for example, a corporation decided to close a factory and move its operations, could companies dependent upon that factory, say a small cafe that served the company's employees, sue for lost revenue? Could the laid-off workers sue? There are a lot of worms in this can.

In any case, the larger society is ultimately the boss. A government can, if it feels the need, legislate an end to a strike or a lockout. At the end of the day, there is no constitutional right to strike.

Challenges

Unions are faced with an assortment of challenges as change grips the workplace, including rapid growth in the service sector, part-time work, contracting out, self-employment, high unemployment and globalization.

The service sector has steadily been replacing the goods-producing sector as a source of jobs, in effect replacing unionized blue collar workers with non-union service workers.

One of the difficulties in organizing service companies is their extensive use of part-time workers. In 1999, nineteen per cent of the work force was part-time, about a quarter of those involuntarily.[24] Part-time work presents two challenges to labour: one, organizing an often transitory work force that frequently operates in small units, and two, convincing governments that they should support part-time workers in obtaining a fair measure of salary and benefits. Saskatchewan, the traditional leader in social progress, has enacted legislation mandating benefits for part-time workers in those firms that provide benefits for full-time workers. The rules are fairly strict and temporary workers are not included, but it's a big step forward.

Heartening to labour is the increased interest in unions on the part of a growing number of young people. Previously unassailably non-union employers like McDonald's, Starbucks and Wal-Mart are being challenged by a generation that realizes even its better-educated members may be stuck in service sector jobs for the long run and might as well make the best of it. This has led to talk of life-long membership in unions "while working at a series of temporary, short-term or contract jobs."[25]

Outsourcing

Contracting out, or outsourcing (buying parts or services from outside individuals or companies, often non-union, to reduce costs), presents an even greater challenge to labour. It not only isolates workers — divide and conquer in action — but drains unions of their members as well.

It can savage workers. In 1994, as part of government cutbacks, laundry workers in the Calgary Regional Health Authority took a major cut in wages and benefits in order to keep their jobs. To no avail. The following year, the authority announced it was contracting out laundry services to a non-union company. Many of the laundry workers were single mothers with few transferable skills. One woman, a single mother with two children, had already seen her pay drop from $10.83 an hour to $8.83, well below the poverty level for a family of three, and now she was to be driven even deeper into poverty. She had worked at her job for fourteen years to create a decent, if humble, place in society for herself and

her children, and now society was wrecking that place. She and her colleagues did not, however, go quietly into that good night. They staged an illegal wildcat strike which quickly became a cause célèbre. Thousands of other health workers supported the strike which threatened to become a massive labour disruption. Over seventy per cent of Calgarians, a population not known for its pro-union sympathies, backed the laundry workers.[26] The action seemed to be popularly recognized as a democratic statement by a minority being run roughshod over by a government of the majority (well, sort of a majority — the governing party was elected by only forty-four per cent of the voters).

The situation was defused when Premier Ralph Klein, a master at sensing the public mood, entered the fray ("blinked," as some journalists would have it) and, to quote from an editorial in the Calgary Herald, "prompted the Calgary board to mend fences with hospital laundry workers."[27] The authority took the hint and agreed to a two-year moratorium on contracting out. The strike was instrumental in turning around health care cutbacks — a "defining moment in recent provincial labour history," according to journalist Dave Pommer.[28] Nonetheless, the most vulnerable workers in the system were left twenty per cent poorer — and that was shameful. The work was contracted out at the end of the moratorium but under greatly improved conditions for the workers, including a comparable wage and first preference for hiring.

Outsourcing to Democracy

Contracting out and privatization don't have to be sticks to beat workers with. They can be an opportunity for workers and for democracy. The laundry workers themselves had made a bid for the work that was twenty-five per cent below the authority's target and ten per cent below the highest of the other bidders.[29] However, their bid was rejected and they were denied an opportunity to maintain decent standards of pay and benefits while increasing their control over their workplace, an opportunity that would in effect have made them their own bosses.

It may of course have only provided a reprieve if they could still have lost the contract in the future. This possibility was effectively dealt with in British Columbia when that province privatized road maintenance in 1987. Although the privatization resulted in higher costs, it was handled in a way that added democracy to the workplace. The government divided highway maintenance into twenty-eight districts and encouraged employee groups to present proposals. Employees were provided incentives to create their own companies or to buy shares in private firms. They were also provided training in business law and management, and if they could develop a proposal that was viable, included a majority of those working in the unit, and was within ten per cent of the estimated cost, they could negotiate with the government without competitive bidding. Even if they didn't meet the criteria for exclusive right, they could still enter a bid for

the contract. If successful, the employee companies could lease equipment and premises from the government. They received no favourable treatment on the second round of bidding; however, if they lost the contract, the successful bidder was required to use their employees — i.e., the employees owned the work. The employee-owners could also remain members of the British Columbia Government Employees Union.[30] Eight employee-owned companies were formed, receiving contracts on ten of the districts. Six retained their union. Regardless of how this adventure turns out, using privatization as a tool for worker ownership holds democratic promise.

A similarly civilized and democratic approach was followed when Transport Canada privatized Canada's air navigation system to the non-profit corporation Nav Canada. Working conditions were negotiated with the unions involved before the transfer. Nav Canada consists not only of airlines. It includes pilots, air traffic controllers, and other employees, i.e. worker-owners. This precedent-setting deal is a model for both privatization and contracting out in that it maintains decent working conditions while increasing democratic content.

In 1988 and 1989, Saskatchewan created four employee-owned firms out of former government enterprises: three small media companies and a forestry company. Ownership of the latter, Norsask Forest Products, created from a government-owned saw mill, was divided between the employees (forty per cent), the Meadow Lake Tribal Council, governing body for several local Indian tribes, (forty per cent), and a pulp company (twenty per cent).[31]

An intriguing initiative in privatization is currently being co-sponsored by the Canadian Co-operative Association, the *Conseil canadien de la coopération* and the Institute of Public Administration of Canada. Entitled Co-operative Alternatives to Public Services (CAPS), the project is studying the delivery of some public services by co-operatives, with at least one pilot project expected to be a worker or multi-stakeholder co-operative. The Canadian Worker Co-operative Federation is working with the public sector unions on the labour view. A government/co-operative partnership would seem a democratic natural.

Unfortunately, contracting out and privatization are generally used to cut costs rather than to create opportunities for more democratic and diversified workplaces, with the cost-cutting coming at the expense of working conditions. In the case of the Calgary laundry workers, cutbacks and contracting out meant a savage reduction in wages from a decent to a subsistence level, combined with the loss of the only democratic component of the workers' workplace — their union. We as a society must decide on our values. Which comes first, economic efficiency or democracy? Not that they are necessarily incompatible, but if the latter has priority, then any economic change must meet one simple but essential criteria: it must

enhance democracy. If it doesn't, we choose the status quo or a more democratic alternative.

Until this criteria prevails, contracting out will tend to exploitation presented as inevitability, resulting in just-in-time workers with lower pay and minimal benefits, largely isolated from legislative or union protection, vulnerable individuals hopelessly outgunned by the power of capital — in business terms, a "flexible" labour force. Capital's view is illustrated by a statement from Jayson Myers, chief economist of the former Canadian Manufacturers Association, about outsourcing, "The whole organization and role of trade unions in the auto industry and other areas of manufacturing is being challenged and threatened."[32]

Labour must, therefore, join the struggle. And it has. In 1996, the Canadian Auto Workers concluded contracts with the Big Three Canadian auto makers that limited management's right to contract out. The deal with General Motors was reached only after a three-week strike. One business expert, Alfie Morgan, professor of business strategy at the University of Windsor, predicts that the struggle against outsourcing, catalyzed by the CAW, "will be the major trend in the labour movement in Canada and eventually across the world."[33] Professor Morgan sees the leader of the CAW, Buzz Hargrove, as a visionary, a man who sees labour's role changing to meet the demands of the "new world order."

That change includes furthering the idea that employees own their work and employers cannot arbitrarily meddle with it. And why shouldn't a worker own his work? No one, except possibly the few remaining Marxists, questions a capitalist's right to own his capital. We take property ownership very seriously. An owner's property can be taken away, expropriated for public use, but only in strict accordance with well-established legal procedures and not without consultation and compensation. Why shouldn't we consider a worker's job as inviolable as money, buildings or land? Hargrove and the CAW have opened a uniquely challenging box of ideas.

The auto workers are not new to trend-setting. It was, after all, their strike against Ford that led to the Rand formula, a milestone in Canadian labour practice. The CAW may have just set another milestone, and this one might be universal.

Employing Oneself

A close relative of contracting out, often the other side of the equation, is self-employment. About one in six working Canadians were self-employed in 1998. Almost half of these were over forty-five, often down-sized white-collar workers taking up self-employment part-time. They are often an integral component of yet another new wave of business management that involves restructuring along the lines of academic and consultant Charles Handy's shamrock organization and inverted doughnut concept of management.[34] (This may sound like a stand-up comedian's Irish policeman

theory of management, but Handy is serious. In his book *The Age of Unreason* — an apt title — he even sketches the doughnut and explains that it's an American doughnut, not the jam-filled English type, which presumably would be much too sweet a model for management.) Companies based on these models operate with a core of permanent employees surrounded by temporary or just-in-time employees contracted as individuals or from an agency.

Self-employment has been around for a long time, of course — workers in the trades or professions, or people just wanting to be on their own. A desire for independence is still the major motivator — and appropriate for people down-sized with good separation packages, ample skills and their mortgages paid off — but often, too, the new self-employment is involuntary, a way for management to use workers more conveniently or simply the result of a lack of jobs. Like part-time workers, which in fact they often are, these people are completely at the mercy of employers, isolated from labour law or union protection. Some employers — Nova Corporation is an example — provide their temporary (and part-time) people with essentially the same wages and benefits as permanent staff and offer them an opportunity to become permanent staff.[35] This civilized approach helps employees to fashion their workplaces to their needs as well as to their employers'; however, it is still leading edge, not at all commonplace, as it should be.

Those professions that have a tradition of self-employment — doctors, lawyers, engineers and others — have long taken their fate into their own hands and provided comfortable positions for themselves by establishing powerful associations backed by monopoly-granting legislation. The legislation is another matter, but labour unions' organizing skills could be of great help to the self-employed in developing associations comparable to those of the established professions. Labour, recognizing this, is now attempting to organize at-home employees, insisting on the right to identify and communicate with them.

Labour not only has to deal with new and changing forms of employment but also with increasing unemployment. Technology marches relentlessly on, replacing workers as it goes. Official unemployment has increased from around three per cent in the late 1940s to around eight per cent in the late 1990s. Real unemployment, i.e. including those who have given up looking for work and involuntary part-time workers, is probably closer to twelve per cent. Not only do the unemployed lose their say in workplace issues, but high unemployment weakens the voice of the employed. It weakens the democratic component.

The best way to reduce unemployment while advancing democracy is not through growth but through work-sharing. It's time for labour to rejoin the struggle for shorter work times in order to spread the work around. Labour fought hard for the ten-hour day and then for the eight-hour day. The six-hour day, or thirty-hour week, is long overdue. Sharing

the work will combine a sustainable approach to full employment with more worker leverage.

The Global Challenge

Labour's biggest challenge is more than big, it's global. As employers globalize their operations, they increase their ability to divide and conquer — in effect to blackmail — employees both locally and internationally. The ubiquitous slogan "We must compete in the global marketplace" has become a hammer for bashing any proposed improvement in working conditions, indeed for bashing any attempt to halt a decline in working conditions. Workers in one country are pitted against workers in another in what has been referred to as a race to the bottom. I doubt that Canadian workers want to wage economic war against workers in other countries, victoriously putting German workers on the dole, lowering the pay of Japanese workers, despoiling Mexico's environment or confining southeast Asian children in factories. The adversary isn't foreign workers, it's the global corporations that are prepared to exploit resources — natural, financial, market or human — anywhere, anytime. The reason that global corporations are so influential, often seeming to have more power than citizens even in democracies, is precisely because they are global, capable of acting beyond the constraints of the nation-state. If labour wants to be a player, to introduce the voices of workers into a global marketplace that is becoming a global workplace, it too must globalize. It must form global organizations that can act as swiftly and surely, and influence governments as effectively, as global corporations. It must balance competition in the global marketplace with solidarity in the global workplace. As governments become less able to defend workers, or less willing, unions must take up the slack.

Labour has always co-operated internationally, but has largely confined action to the bounds of the nation-state; however, examples of international activity are multiplying. According to Canadian Dimension, when the CAW was striking General Motors, they received "pledges of financial support in the millions of dollars from virtually every major union in Canada and some from abroad."[36] Early in 1997, Canadian dockworkers took part in a day of solidarity with their colleagues in twenty-seven countries in support of English dockworkers striking against the downsizing of the Liverpool docks. Later in the year, the International Transport Workers Federation, with five million members in over one hundred countries, used the threat of an international boycott to force the United Arab Emirates to revoke the visas of a group of Australian "industrial mercenaries" training in Dubai for possible use as strikebreakers on the Australian waterfront.[37] The Canadian Union of Public Employees is building partnerships with unions in Mexico, South Africa and other countries. "In pursuing its aims of promoting global solidarity as a response to globalization,"[38] the Canadian Labour Congress has an international program that

includes working with other national labour organizations and workers to promote unionism, enhance social rights, promote economic and political democracy, support efforts to regulate international capital and financial markets, and strengthen the United Nations and world courts. Acting in the international spirit, the CLC has taken Canada before the United Nations dozens of times for violating public-sector bargaining rights. In 1997, the CLC joined labour unions around the world in seeking meetings with the South Korean government about tough new labour laws they had enacted. Emissary Jean-Claude Parrot, CLC executive vice-president, commented, "The CLC feels it is doubly important that Korean workers see our presence and hear a message directly from Canadian workers that most Canadians do not take labour and democratic rights lightly."[39] Whether because of the international presence, or because the legislation was met with some of the worst labour unrest in the country's history, the government backed off and brought in a compromise bill much more favorable to labour.

According to Julius Lukasiewicz of Carleton University, "several International Trade Secretariats have been formed as world umbrella bodies for unions … The Secretariats are the instruments through which union activities, such as strikes and refusals to work overtime can be coordinated internationally, and financial assistance provided."[40] Lukasiewicz goes on to say that some trade secretariats are establishing corporation councils to facilitate co-operation between unions in the same transnational corporation in different countries to prevent "divide-and-rule tactics in the negotiation of contracts."[41] In 1994, the International Confederation of Free Trade Unions gained its own seat at the UN. Craig Heron of York University has suggested reviving the idea of the universal union-membership card.[42]

The workers of the world, it would seem, are uniting. Without this kind of international effort, unions will have increasing difficulty maintaining local and national influence. With it, they can build a whole new level of worker power.

Solidarity Forever?

Unions, like workers themselves, have been battered by the related phenomena of high unemployment, technological change and globalization. Rapid change provides new challenges and the unions are faced with many. That they are adapting is illustrated when David Coles, a national representative of the Communications, Energy and Paperworkers Union, comments, "Many unionists understand that large, united yet diverse unions are best suited to confront the increased individualism occurring during the information age,"[43] and uses his own union, which includes members from graphic artists to coal miners, as an example. Unions have been pushing to include corporate restructuring and new managerial practices in collective bargaining to ensure that workers have a say in

change and to ensure that change takes workers' interests into account. Most importantly, unions have become much more aggressive in their organizing efforts. The Auto Workers are organizing coffee shops, the Steelworkers are organizing Wal-Marts, and both are organizing telephone call centres. The Steelworkers intend to spend one-quarter of their total budget on organizing and have opened an institute to train young organizers. Other unions, too, including the CAW and the Canadian Union of Public Employees, are boosting their organizing budgets significantly. Unions are returning to grassroots methods and aggressively moving into the services sector and small business.

As representatives of over a third of Canadian workers, unions hold tremendous potential for advancing the interests of workers and of workplace democracy. This promise can best be realized by a union movement that rises above narrow self-interest and reaches out to the larger community. And this, too, is happening. Stan Marshall, CUPE executive assistant to the national secretary-treasurer, describing the changing union culture, observed, "We are no longer engaged in business unionism where workers treat their membership like an insurance policy — they pay their dues and they get their insurance … We want to mobilize people so they become more active in our communities and politically."[44] Opposition to the Harris government in Ontario has regenerated the social side of the labour movement in that province with unions finding themselves in solidarity with antipoverty groups, students, churches and other activists interested in social justice. In return, strong public support helped convince the Harris government to back down on legislation that would have limited public-sector workers' right to strike.

Unions have many critics, but they remain popular with their members. An Angus Reid survey reported that two-thirds of union members would like to see their children sign a union card and seventy-three per cent said that without unions, wages would be lower and working conditions poorer.[45]

Some free-enterprisers argue that unions aren't needed, that in a free market workers can always quit and take another job if they don't like the one they've got. Not only is this a glib attitude to a person's living, in a democratic society it's no answer at all. It's rather like telling someone who lives in a country run by a dictator not to complain because if they don't like it they can move to Canada. Maybe they can, but running away isn't much of an answer. And if there's no "Canada" for a worker to run to, if all employers are dictators, as in fact almost all are, then exchanging one dictatorship for another isn't much of an answer either. The freedom to leave your job isn't democracy. The right to participate fully in the decisions that affect your work life is. Any foe of unions who calls himself a democrat must come up with a reasonable alternative for creating democracy in the workplace; otherwise, he cannot be taken seriously.

4

Worker Owners

The idea that workers ought to own or at least control the means of production has paralleled the growth of modern capitalism. Or preceded it. As early as the 11th century, craftsmen in Europe were forming themselves into guilds to protect their livelihoods. Early in the Industrial Revolution, utopians like Robert Owen idealized workplaces that belonged to workers. Men like Marx and Engels went further to advocate a society re-created in the name of the workers. This latter prescription was ultimately and tragically perverted out of all recognition into brutal dictatorship, bringing workers little in the way of control of their workplaces or anything else. Our political democracy/capitalist economy approach has avoided the dictatorship of the state but not, unfortunately, of the workplace. Nonetheless, two styles of worker ownership, one top down through share ownership, the other bottom up through co-operation, are making their presence felt.

Sharing the Spoils

Capitalists quite naturally favour ownership from the top, i.e. share ownership, presumably believing that this is the most ideologically correct — and safest — way to give workers a sense of control and an interest in the success of the venture. Everybody becomes a capitalist. This approach is growing in Canada, through ownership by individual workers and through union-based investment and pension funds. Given the individualistic preferences of capitalists, to say nothing of their antipathy towards unions, the former is much preferred by management. Unions, on the other hand, suspicious of the divisive tendencies of individual ownership, and possibly of capitalist thinking generally, incline towards collective ownership.

With voting power allocated by share rather than by owner, share ownership is more plutocracy than democracy. And, as we have noted, shareholders tend to be subservient to upper management. The question

then is whether workers actually gain much power by individual share ownership or whether it's just a gesture to stimulate their loyalty and mitigate labour problems. The answer depends to some degree on how many shares the employees hold. If they hold relatively few of the shares in a large company, it's hard to see any shift toward democracy at all. If they hold a large block, even a majority, particularly in a smaller company, they might develop a real influence in the company's operations.

Employee share ownership has never been as popular here as it is in the United States where, according to Richard Long of the University of Saskatchewan, employee share ownership plans (ESOPs) enjoy a "massive fabric of tax incentives."[1] Although our governments have been less generous, some provinces offer programs with tax incentives that encourage ESOPs,[2] and the phenomenon has gained in popularity. Some provinces have also provided ad hoc support for worker ownership to save companies in grave financial trouble.

Share ownership by employees inspired by a desire to avoid bankruptcy is sometimes described as "lemon socialism."[3] Such cases range from workers becoming minority shareholders to workers literally buying out the company. An example of the former is the well-publicized case of Canadian Airlines. After a series of debilitating losses, Canadian's employees agreed to forgo $200 million in wages in return for shares in the company.[4] The company was eventually devoured by Air Canada anyway.

A more ambitious example is Franklin Supply Company Ltd., a major oil field supply and equipment company based in western Canada. Faced with bankruptcy in 1990, through a combination of employee stock options, profit-sharing and empowerment, Franklin turned itself around, increasing sales, hiring more people and taking over competitors. President John Gilbank claimed, "Every individual gets all the numbers and knows at the end of every month how they did."[5] Combining approaches as Franklin did increased worker participation and ownership while improving financial performance. It has even earned itself a name: emancipation capitalism. According to journalist Sherwood Ross, "In effect, it attempts to convert employees into managerial shareholders."[6] Employees at all levels get "the information they need for intelligent decisions; the authority to make them; the training to understand company finances: a stake in performance outcome." Emancipation capitalism sounds a little like socialism.

The success of bought-out companies depends on the type of buyout. After studying a number of buyouts, Long reported that over half of the "lemon" buyouts he examined failed financially, whereas all of those resulting from restructuring or the retirement of owners succeeded financially although some did eventually lose majority employee ownership.[7]

An example of the latter that brought a commendable degree of democracy to its workplace is Windsor Factory Supply in Windsor, Ontario. The founders of the company arranged for the employees to buy it out

through a deferred profit sharing plan. By 1995, the firm was owned completely by its 125 employees, with virtually all full-timers with over two years experience owning shares. The employees are kept fully informed of key financial information, vote on distribution of the company's annual surplus, elect from among themselves the board of directors which in turn appoints the president, and elect the employee evaluation committee which evaluates all employees. The company is a financial success as well as a democratic one: sales, staff and share values have all increased, and wages top the industry average.[8]

Algoma

The largest worker buyout in Canada, documented in detail in Jack Quarter's *Crossing the Line,* was the Algoma Steel Corporation in Sault Ste. Marie. When it was bought out in 1992, Algoma had almost 6000 employees. In an attempt to rescue the debt-ridden, money-losing operation, the Canadian branch of the United Steelworkers of America, guided by a head office publication *The Steelworkers Guide to Employee Ownership* and experienced American consultants, led the way to a restructuring that was agreeable to the company, the creditors, the community and the two levels of senior government.

The plan included sixty per cent share ownership by employees (since reduced to twenty-five per cent by further equity issues) with four union representatives on the 13-member board of directors. The remaining board members include the CEO, a director chosen by the supervisors and seven others acceptable to all parties. In addition to conventional shares, employees hold voting shares, one per worker, which entitle them to vote on "four major issues: the sale of the company; investments by Algoma outside the Sault and Wawa, and outside the steel industry; any major operating change in the company not approved by eight board members; and the issuance of stock that would dilute the workers' share below 50 per cent."[9] The regular shares were distributed equally to all employees and are held in trusts, one for union members and one for supervisors. The special voting shares are exercised through a workers' co-operative.

The company is managed by a joint steering committee composed of nine senior management and nine senior members of the United Steelworkers. According to an annual report, "Together with the CEO and senior managers, the joint steering committee is responsible for jointly managing fundamental business processes and objectives, including the strategic plan, employment levels, annual business plans, general business goals, technological change and human resources."[10] Integral to the process are structures that increase the participation of workers in decision-making. According to Quarter, "Through the union role on the board of directors, the employee co-operative's role as the final authority over major decisions, and the gradual creation of greater participation for em-

ployees in decision-making, the traditional role of management at Algoma is being changed."[11]

Financial necessity, in Algoma's case, became the mother of democracy. Leo Gerard, national director of the United Steelworkers of America at the time of the restructuring, suggested that if the idea was successful, Algoma would become the model for Canadian manufacturing.[12] We can only hope.

Unfortunately, an enlightened approach to management has not saved Algoma from its financial problems. In 2001, it sought protection from its creditors as it continued to struggle with a heavy debt load and, like steel companies throughout North America, with cheap imports and high natural gas prices.

Labour Capitalists

In the Algoma buyout, the workers' shares were held in a trust. Collective ownership of shares tends to give the workers more influence in a company's affairs than individual ownership. Group ownership of shares by workers is also becoming increasingly important through labour-sponsored investment funds and bulging pension funds.

Labour-sponsored investment funds are in effect labour-run mutual funds for small investors, designed to provide capital for small and medium businesses. Some plans allow employees to set up a vehicle to purchase all or part of their employer. The first labour-sponsored investment fund, the *Fonds de solidarité*, was designed in Quebec by the *Fédération des travailleurs et travelleuses du Québec*, as a result of labour leaders' concern about the job losses, investment relocations and other ramifications of the 1981-83 recession. The federal government amended the *Income Tax Act* in 1988 to set up the first national fund, the Working Ventures Canadian Fund, under the auspices of the Canadian Federation of Labour, and today enabling legislation including tax and other incentives has been passed by most provincial governments. British Columbia, Ontario, Quebec and Saskatchewan have plans that allow employees to set up a company (and, in the case of Quebec, a co-operative, called a worker-shareholder co-operative) to buy shares in their employer's company. According to Peter Loach, a mutual fund analyst with Nesbitt Burns Inc., "Labour funds are still the only way for the average Canadian investor to participate in private placements of share offerings by companies with large growth potential."[13] (Labour economist Jim Stanford is less fulsome. Because anyone can invest he refers to the term "labour-sponsored" as, "in many cases a cynical, Orwellian distortion of the English language."[14])

Investors receive a tax credit, including RRSP eligibility, and a fund may receive government assistance in order to maintain share values until it breaks even. The funds are long-term investments, requiring an investment term ranging from seven years to retirement. Dozens of funds with

hundreds of thousands of small shareholders hold billions in assets, the two largest, *Fonds de solidarité des travailleurs du Québec* and Working Ventures Canadian Fund, holding $3.5 billion and $772 million respectively.[15] *Solidarité* is the largest source of venture capital in the country.

Although some unionists are worried that the funds are leading workers to, as Bob White wrote when he was president of the Canadian Auto Workers, "'buy into' capitalism and the culture of tax breaks,"[16] the funds also give unions considerable influence, if they choose to take it, in the conduct of business. The funds can, for instance, invest only in unionized companies, or in companies that keep jobs in the community, or for that matter, companies that embrace workplace democracy.

One labour fund, the Crocus Investment Fund, sponsored by the Manitoba Federation of Labour, essentially exists for the cause of workplace democracy. It is legally obliged to commit most of its assets to investments that enhance worker participation and ownership. Stock purchased by the fund in a company is transferred to an employee trust that operates on the principle of one worker/one vote. The fund provides financial training for the firm's employees. It also, like some other funds, conducts social audits of firms it intends to invest in covering items like personnel management, environmental practices and safety standards.

Labour-sponsored investment funds measure success socially as well as financially. They bring a range of advantages to communities and working people, not the least of which are helping to keep economic control within provinces and within Canada, and reducing the fundamental capital/labour conflict, both of which enhance democracy. They have even attracted international attention. According to the Canadian Labour Market and Productivity Centre, "Legislators and labour movements in the United States and European countries … are currently observing the Canadian funds as novel approaches to bipartism and tripartism due to government's partnership role in giving them legal status, guidance and monetary aid — in the realm of national investment decision-making."[17]

Pension Capitalists

Potentially, the heaviest hitters for labour in investment circles are not labour-sponsored investment funds but pension funds. Pension funds control assets of hundreds of billions of dollars. The Ontario Teachers' Pension Plan Board alone has over $70 billion in assets, a loud voice in any market.

Most important are trusteed funds, taking up about ninety per cent of pension plan investment in capital and financial markets. Trusteed funds are administered by trustees on behalf of the plans' sponsors, which may be employers, unions or both in a joint sponsorship. Labour has been steadily increasing its control. James Fleming claims in an article in Report on Business Magazine, that trusteed funds own "big chunks of just about every sizable publicly traded company in Canada."[18] According to

Keith Ambachtsheer of the Canadian Investment Review, "Pension funds are the only actors with the clout to oppose corporate management when it's necessary."[19]

Unions also invest their pension funds directly into projects of immediate benefit to the members. The Carpentry Workers' Pension Plan, at times partnering with other plans, has invested in a number of housing projects in British Columbia. Taking their lead from B.C., fourteen Alberta unions combined pension plan money to set up The Prairie Land Corporation, the development company that built Prince's Island Estates in Calgary, one of the country's most prestigious downtown addresses, and has ambitious plans for more housing and possibly infrastructure work. Needless to say, the corporation insists that sub-contractors hire under collective agreements. By combining pension investment with job creation for their members, unions have discovered a marriage of great convenience.

The size and clout of pension funds offer workers, through their unions, a great opportunity for economic and even political influence if they wrest control away from management, as they are increasingly doing.

The size and clout may also be misused. The investment managers who control the funds are even now being accused of muscling corporations, distorting markets and possibly even causing layoffs by financing mergers and demanding that companies yield maximum short-term profits. The managers are not engaged in political games; they are simply attempting to maximize return on investment, a goal that undoubtedly meets the union members' desire for generous pensions and which may in fact be required by law. The point is that this power could be wielded for other purposes if unions controlled the funds and if their members and the law would allow it. It could be used to promote a variety of goals, including more union shops, greater local investment, and yes, even more workplace democracy.

The concentration of power might, however, pose a problem for democracy in the broader society. Big money has always wielded power, of course, and it would seem churlish to object if the power was being wielded through democratic organizations like unions rather than through wealthy individuals or corporations, but if the power interferes with the wishes of other citizens in the larger society then a caution is in order. Part of the answer could be to include broader citizen representation on the boards of the funds.

The Canadian Labour Congress has proposed the ultimate in group shareholding, a concept that would avoid the problem of control by one interest group as well as diminish the marketplace imperative of maximum return — a national investment fund. The proposed fund deserves our close attention; however, its potential contribution to democracy goes well beyond the workplace so we'll leave it for a general discussion about democratizing wealth in a later chapter.

Although share ownership has the capacity to increase workplace democracy, it retains the capitalist principle of control by property rather than by people. Algoma introduced an element of control by the employees, by the workplace citizens so to speak, with its creation of the voting share: one worker, one vote, to be exercised through a worker co-operative. This worker co-operative, however, remains embedded in a public corporation. The true worker co-operative — an enterprise owned and operated by the workers themselves — represents the purest form of workplace democracy, so let us turn our attention there.

Worker Co-operatives[20]

The first worker co-operative was formed by a group of cotton workers, the Rochdale Co-operative Manufacturing Society, who set up their own mill in Rochdale, England, in 1854. The Rochdale principles, established for a consumer co-operative that the workers had created earlier, have inspired and guided co-ops ever since. They have been revised every thirty years or so, the current set being drafted after a long series of consultations, in 1995. These include voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; co-operation among co-operatives; and concern for community.

The Rochdale members ran their co-op from top to bottom, participating in shop floor decision-making and electing the board of directors. Ironically, the co-op's considerable success spelled its demise. Deciding to expand, the members faced a common problem of worker co-ops — raising capital — so they sold voting shares to outside investors. These shareholders eventually gained more votes than the worker-members and voted to convert to private ownership.

Worker co-ops have cropped up sporadically in Canada since the 1870s, but they exhibited little staying power until the 1940s with ventures like the farm co-ops set up by the government of Saskatchewan for returning veterans and Harpell Press Co-operative in Quebec. In 1945, James-John Harpell, a Robert Owen type character, retired and sold his business to his workers. Harpell had earlier founded a model community in Quebec for his workers as well as an institute for educating them.

Worker co-ops now own and operate enterprises that include ambulance and taxi services, aquaculture, cable and radio services, construction, entertainment, food processing, forestry, health foods and printing. As of 1998, there were 273 worker co-ops in the country, with 15,905 members and $577 million in revenues. They are represented nationally by the Canadian Worker Co-operative Federation and in several provinces by regional federations which work, to varying degrees, with the CWCF.

The modern inspiration for worker co-ops is the phenomenally successful Mondragon group in the Basque region of Spain. Inspired by a parish priest, Don José María Arizmendi-Arrieta, who had in turn been

inspired by Robert Owen and Rochdale, this system now has tens of thousands of worker-owners in dozens of worker co-ops, enterprises that include construction, household appliances, machine tools, etc. In addition to the worker co-ops, Mondragon includes housing co-ops, a consumer co-op, a research institute, a training institute recognized as a university, and a credit union with hundreds of branches and billions of dollars in assets. Mondragon has worldwide sales, and corporate offices and production plants in dozens of countries.

This community nature of Mondragon, particularly its own financial base, is of special importance. Co-operatives often lack the connections, expertise and capital required to start successful enterprises. Mondragon's credit union helps neophyte co-ops with both their financing and business planning. Canada, unfortunately, has no Mondragon. Our credit unions are creatures of their members, not of a co-operative community.

Labour unions, who might be expected to be helpful, have not been particularly forthcoming, perhaps seeing the often long hours and low pay required to get a co-op started as a bad example for labour. They may also be concerned about undermining the conventional management/worker relationship. However, as Jack Quarter points out in *Partners in Enterprise*, plant closings are forcing unions to consider worker buyouts, and worker co-ops are one option. In Quebec, the leader in workplace democracy and home to most of Canada's worker co-ops, labour federations have helped establish worker-owned enterprises, but elsewhere the interest is spotty, although the Canadian Labour Congress is an associate member of the CWCF.

Government help, too, has been uneven although governments of all stripes have provided some funding for development and resource groups, with the stronger support coming from the New Democratic Party and the Parti Québécois. Among the provinces, only Quebec is seriously involved in promoting worker co-ops, although British Columbia is funding a development group. Ontario has helpful legislation on the books but no programs operating. In the Maritimes, the Regional Co-op Development Centre, which is involved in starting a number of new worker co-ops, is working with the Nova Scotia Department of Community Services and Economic Renewal Agency on a co-operative development initiative.

In late 2000, the CWCF obtained $1.5 million plus administration expenses in federal funding for a two-year pilot project to help capitalize worker co-ops. The Worker Co-op Fund is limited to converting other types of businesses to worker co-ops where jobs are threatened (keeping people off EI) or where half the jobs in new co-ops are for EI recipients. Nonetheless, the CWCF is optimistic about the project and hopes to follow it up with a much larger fund.

Given that worker co-ops are small democracies, government assistance should be at least as generous as that offered to conventional small

business, something it has not been in the past. The new *Canada Co-operatives Act*, with most sections governing worker co-ops drafted by the CWCF, will at least put federally incorporated worker co-ops (this requires operations in two or more provinces) on a firmer legislative footing. The real advantage of this legislation, however, is being felt as provinces with antiquated co-operative acts use the federal act as a model.

The co-operative sector itself has not been very community-minded when it comes to bringing co-ops from different sectors together, tending to leave each to its own. The sector has not equipped the Canadian Co-operative Association, the umbrella group for anglophone co-ops, or any other organization, with the resources or tools to assist groups with worker co-op development.

Enter the Fundamental Conflict

Consumer and producer co-ops have long exhibited the dichotomy of having democratic ownership/control for members but a conventional dictatorial relationship for their employees — second-class stake-holders, we might say. In some cases, this is mitigated by the ability of employees to become members themselves.

A case in point is the Calgary Co-operative Association, which has been described as "the most successful co-operative enterprise in North America."[21] Most successful or not, it is the largest retail co-operative on the continent with $631 million in sales, 355,000 members[22] and 3,500 employees, most of whom are unionized and all of whom are co-op members. Because co-ops have one member/one vote rather than the one share/one vote of private business, the employees of Calgary Co-op have considerable clout if they rally their forces.

This they did in 1994. Following a stormy contract dispute, during which management by-passed the union to appeal to employees directly for wage concessions, union members threatened to show up at the 1994 annual general meeting in force. The board of directors countered by running newspaper ads calling for the association's members to attend and vote against union-supported amendments to the by-laws. The meeting was described in the Calgary Herald as being "in the grand tradition of Prairie populism" with members "suffering heat and impatience as Co-op member after member rose to speak."[23] The union emerged victorious with two union-endorsed candidates for the board defeating incumbents and the adoption of by-law amendments that allowed union members to sit on the board for the first time and required the board and executive to reveal their perks and salaries. In many co-ops, however, employees are not eligible for membership and have, therefore, no say in the co-op even though they are obviously major stakeholders.

The Co-operators Group, a federally incorporated holding company owned by provincial, regional and national co-operatives from different sectors, is attempting to correct this democratic omission by uniting

workers, consumers and the holding company in "multi-stakeholder co-operatives." The group owns Canada's largest general insurance company, as well as a number of other insurance companies, and has branched out into other enterprises, including the multi-stakeholders. The group provides initiative, financing, and connections for the new enterprises, a role similar to Mondragon's credit union. Both staff and clients may volunteer to become members and share in the equity of the enterprise. Each of the three stakeholder groups — staff, clients and the group — are assigned a share of voting rights and board representation. The Co-operators set up three of these co-ops: a data services company, a property development and management company, and a communications company. Only one, the property development and management company, is still operating. The other two were disbanded, not because they didn't work, but because the group no longer saw them as part of their core business. Nonetheless, the group considered the data services company to be both a success and a good model for multi-stakeholder ventures.[24]

Other multi-stakeholder co-ops include fishers/fish-processing plant workers and parents/workers day cares. As John Jordan of The Co-operators points out in *Partners in Enterprise*, an appealing feature of multi-stakeholder co-ops is that they can not only bring democracy into the workplace, but they can also apportion it according to the interests of various stakeholders, creating a truly co-operative community of workers and consumers.[25]

Despite many successful enterprises, and even though they continue to start up from coast to coast, worker co-operatives remain a tiny part of the Canadian economy. Nonetheless, they are an intensely democratic form of economic activity. Not only are they democratic within themselves, they offer the added benefit of keeping economic control local, and within Canada, of particular importance to us with our excessive amount of economic influence in the hands of foreign organizations, a phenomenon aggravated by increasing globalization. They therefore deserve strong encouragement, through tax policies and other measures. They deserve, too, co-operation from the larger co-operative community to provide financial and entrepreneurial mentors. Co-operatives have always been the product of idealism. Perhaps these turbulent and uncertain times will spark the ideal of countering the growth of corporate power in the workplace with the growth of democratic ownership of the workplace. Here is the perfect solution to the fundamental conflict between democratic and proprietary rights.

A Spiritual Note

A discussion of co-operative communities would not be complete without mentioning religious communes such as the Hutterite Brethren, major players in agriculture with over twenty thousand members on hundreds of colonies in Alberta, Saskatchewan and Manitoba. The Hutterites are

democratic in that they elect their leaders, or at least the men do, but their society is so coercive as to be hardly free — better described as communal than co-operative.

The mainstream Christian churches aren't about to go communal, but they are sympathetic towards co-operatives. The World Council of Churches has advocated worker-owned enterprises as a method of transferring economic power from transnational corporations to societies without concentrating it in the state. Individual churches — Roman Catholic, Anglican, United and other Protestant churches — take similar approaches. According to Catholic theologian Gregory Baum, Pope John Paul II sees worker co-ops "... as an end in themselves, as the most human mode of organizing work, as an enterprise that allows men and women to work for themselves, to realize themselves through their work and at the same time to labor in the service of the wider community."[26] Amen.

The Time Problem

Democracy takes time. Working people must have time to practice democracy not only in the workplace but in the wider world. Alexis de Tocqueville, the great chronicler of American democracy, suggested that ordinary working people often choose bad leaders because they lacked time for the "manifold considerations and the prolonged study" necessary to choose good ones. [27] Deliberation — acquiring knowledge, discussing and debating issues — is time-consuming. If we want to devolve more decision-making to the people, particularly in those areas where little or no democracy currently exists, we need more time than we are committing now. Furthermore, tumultuous change is taking place, change that may or may not be beneficial, change that needs close scrutiny and careful deliberation that it isn't getting. Time is a commodity that seems curiously in short supply in this age of exotically advanced technology, yet governing ourselves in a complex society takes a great deal of it.

Two of the periods in history most noted for progress in self-government, Athens in the 5th century BC and the American colonies in the 18th century AD, had at least one thing in common: those who were fortunate enough to be citizens had lots of time on their hands. Having slaves to do much of their work left them free to think, to create, to deliberate and even to write declarations of independence. But democracy always requires time. Today we don't have slaves to provide it. At least not human ones. We do have a slave of sorts, however, a much more productive one in fact, one that allows everyone to be a citizen — technology.

As technology advances, our ability to consume goods and services tends to lag our ability to produce them. Rapid technological change creates, therefore, a perennial problem of overproduction and, as a consequence, unemployment — human constantly replaced by machine. Part of the solution to this problem, and one of the benefits of technology, has

been reduced work times. With less work required, we sensibly shared what work was available. Early in the 19th century, shortly after the Industrial Revolution, people were working 3600 hours a year — seventy or eighty-hour work weeks. Since then, working people have struggled to reduce working hours to a level compatible with the increasing ability of machines to do our work for us, to sixty hours a week at the turn of the century and to forty by 1960. Despite working less we have prospered more, as we might expect from replacing manpower with machine power.

Since 1960 we have seen some of the most extraordinary technological development ever, including the introduction of the personal computer, yet the average work week for full-time workers has hardly changed at all, even though we have increasingly struggled with an unemployment problem. Indeed, we are working harder than ever. In 1960, seventy per cent of families consisted of two adults with one working full time outside the home, the other full time inside the home — two people, two jobs. Today, in most two-parent families, even those with small children, both parents work outside the home. As do most single parents. But the home work still has to be done so the situation now is two people with three jobs, or even one person with two jobs. And of course many people, particularly salaried people, work more than the standard forty hours, often in fear of losing their jobs if they don't, a phenomenon that increased with the downsizing binge. The Canadian Council on Social Development reported in 1996 that parents in two-parent families were working an average of 5.7 weeks a year more than they were in 1984.[28] The number of Canadians working over fifty a hours a week increased by twenty-seven per cent between 1976 and 1993.[29] Moonlighting has tripled in the last twenty years. As the opportunity to share work steadily increases, we share it less.

Our challenge is to increase time for the overemployed and increase work for the underemployed to create a new balance of meaningful work for all who seek it with time for everyone to fully participate in all aspects of self-governance. Various methods of accomplishing this offer themselves for consideration, job-sharing, longer holidays, banning overtime, mandating a four-day work week or a 1,600-hr work year among them.

The Netherlands has adopted work-sharing comprehensively. A high proportion of their work force is part-time but these workers get the same benefits as full-time workers, including pensions. The Dutch work 1,400 hours a year on average, lowest among the industrial countries, yet their economy is booming, with unemployment around six per cent.[30] Working less, a great deal less, is obviously no barrier to prosperity in a highly technological age.

Workers need not fear a decline in their living standards with shorter working hours. As we have noted, the great decline in work hours over the first 150 years of industrialization resulted in higher standards of living, not lower.

Benefits in productivity occur immediately. Human Resource Development Canada's *Report of The Advisory Group on Working Time and the Distribution of Work* (The Donner Report) estimated that about one half of a reduction in hours would be made up by higher productivity.[31] As far back as 1930, W. K. Kellogg, a truly visionary capitalist, went to a thirty-hour week by shortening the work day in his plants from eight hours to six in order to save jobs. Kellogg was later able to say, "the efficiency and morale of our employees is so increased, the accident and insurance rates are so improved, and the unit cost of production is so lowered that we can afford to pay as much for six hours as we formerly paid for eight."[32]

Anders Hayden presents a thorough treatment of shorter work hours and the resulting benefits from an economic and environmental perspective in his book *Sharing the Work: Sparing the Planet*.

Shortened work hours would give us time for participation in politics at all levels, from involvement in our community associations to membership in provincial and federal political parties. We always have time to complain about politics and politicians, shortened work hours would give us time to do something about it. We would have ample time for direct democracy, for citizen assemblies. And part of the time could of course be used for participation in workplace democracy.

In order to fulfill this promise we might need greater education in the ways of democracy, and greater expectations; thus later, in Chapter 13, we will see how the challenge of democratic education meets the challenge of time for democratic participation.

Adding up the hours that are necessary for full participation in self-governance, one wonders if the four-day week or the 1,600-hour year still isn't too much. Perhaps we should consider this just a step which, once adjusted to, will lead on to the three-day week or the 1,200-hour year. Time, with the able assistance of education, could provide the opportunity for a golden age of democracy. Technology now allows us to do this. It allows us to begin replacing the work ethic as our first priority with a democratic or citizenship ethic. I am reminded of Herbert Marcuse's observation, "The reduction of the working day … is the first prerequisite for freedom."[33] When Marcuse made this observation, he was simply echoing the sentiments of the Athenians 2500 years earlier who believed that men were not free if they had to spend most of their time earning their livings.

In Conclusion

A century ago, groups like the syndicalists and the guild socialists theorized societies with production controlled by associations of workers.

Guild socialism visualized worker guilds controlling their own industries which in turn would be owned by the state. Although the guild socialists would have the state own the means of production, they were highly distrustful of centralization and would, therefore, allow minimal

powers to the federal government. Real power would lie with the highly democratic guilds. According to Dame Margaret Cole, in her biography of the most prominent guild socialist, her husband and colleague G. D. H. Cole, the movement sought "... 'status' for the worker. By this they meant pride in and responsibility for the work he was doing; and this could only be achieved by making him in actual fact responsible, through the Guild in which he would choose his foreman, have a say in the choice of his managing director, and play his part in determining the policy of his industry in large matters as well as in day-to-day decisions."[34]

This sentiment, while remaining as relevant as ever, reminds us of how little progress we have made towards democracy in the workplace, how we remain hobbled by the conflict between democratic and proprietary rights. To many people, their workplace is the most important place of all; how particularly unfortunate that it is also usually the least democratic. The great majority of Canadian workers, in both the public and private sectors, labour under top-down, hierarchal managements — in a word, dictatorships — when, in a democracy, they ought to hold the right to participate equally at all levels of their enterprises. Even labour unions still largely concede "management rights" to capital, thereby confining workers to the role of producers, not people responsible for the larger decisions, not citizens in their workplaces.

The key question, of course, is what kind of control/ownership workers themselves want. It must, after all, be their choice if it is to be democratic, and it may differ from one group of workers to the next. Workers in a small shop may want something different from workers in a large factory, part-time workers something different from full time workers, professionals something different from tradesmen, and so on. Democracy should prevail in each instance, allowing workers to choose what is best for them. Flexible workplaces should come to mean flexibility for workers to choose their own style of governance. Here is a role for labour unions: to create discussion and debate among workers on the subject of democracy and how they feel it should be incorporated into the workplace generally as well as specifically for them. Education has historically been a principle function of the labour movement. Just as democratic citizens need to be educated in the workings of their society, democratic workers need to be educated in the workings, including the management, of their enterprises. We talk a lot about training these days; an integral part of training should be training in the democratic control of workplaces. Workers need to be involved not only in setting the terms of work but in defining what work is and who it belongs to.

Algoma is an example of a number of approaches, including a serious attempt to educate workers in decision-making at all levels. Algoma includes worker equity shares, worker special voting shares, worker representation on the board of directors, worker involvement in management, a worker co-op — tentacles of democracy reaching throughout the corpora-

tion. Unions have consistently set standards for wages, benefits and safe working conditions to be followed by industry generally, including non-union workplaces; through examples like Algoma, unions could now set the standards to be followed for workplace democracy.

At the moment, however, Algomas are rare. With the exception of unions, the approaches to democracy we have discussed are more promise than practice. They need help. They especially need powerful support from government. Governments should be supporting democratic workplaces as a national principle — democracy is a national principle, is it not? They can do this with both the carrot and the stick. They can provide incentives through the tax system (what better service for a tax to deliver than democracy?) and through outright grants to support worker ownership. And they can do it by legislation that empowers workers, through elected works councils and worker representation on boards of directors, for example, and legislation that makes it easier for workers to organize. And they can do it by example. Governments have in the past set examples — in pay equity and minority hiring, for instance — they can do it now by democratizing their workplaces.

Civil service workplaces are obviously not amenable to worker ownership, nor is this necessary when ownership is already lodged within the framework of democratically elected government. (Privatization of government services and Crown corporations, however, does provide an opportunity to establish worker-owned companies, and can therefore be an instrument of democracy.) Nonetheless, civil servants deserve democratic governance and should be provided it within the constraints of public policy as set by elected governments. At one time, civil servants were "servants" in the most subservient sense of that term — meek folk to be seen and not heard. Unions have raised their voices, but only governments can provide them with democratic workplaces. All our political parties pay lip service to democracy but when in power they don't apply it to the workers they manage. They should be setting an example. They are not.

Government assistance to worker ownership, particularly to co-operatives, may be challenged by private entrepreneurs as unfair competition. The response is obvious — and the same as when they object to unions — democratize their workplaces and it won't be necessary.

In the last chapter, I described a workplace of the future predicted by a consulting firm from a survey of managers, a workplace with little security, with bonuses and profit-sharing replacing wages. In the amoeba model of society, workers accept the edict of no security and adapt.

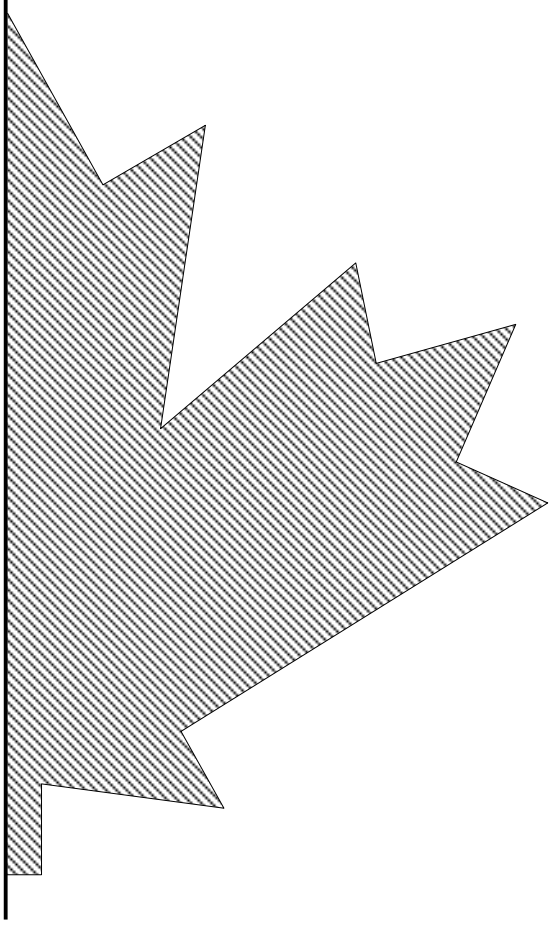
In a democratic model, if they don't want security, well and good, but if they do, they will demand it, and they will get it. If they want wages rather than bonuses and profit-sharing, they will have that, too. They are citizens in a democratic society and they determine their future, not technology, not corporations and not competition with anthill societies in a global marketplace. Like the Bolshevik's perceived need early in the 20th

century to create a new Soviet man because the benighted Russians simply weren't up to communism, modern management apparently sees a need to create a new workplace man because we simply aren't up to global competition. But management and their assorted gurus shouldn't be deciding the workplace of the future — workers should. If this isn't possible under capitalism, then capitalism should be changed, but the direction of power and accountability must be reversed, with capital answering to labour and community, with power in the hands of workers and management accountable to workers.

These are not the easiest of times for workers to enhance their position. High unemployment and rapid change, often change for its own sake, overwhelm working people and their organizations, keeping them off balance. I will discuss these two problems, and propose answers to them, in later chapters. But aside from the challenge to workers, there is a challenge to every political party. Any party that doesn't include a program for workplace democracy in its platform isn't serious about democracy.

Part III

Wealth Rules



5

Capitalism Corrupts

"A conflict as old as the American republic: The conflict between political democracy and a capitalist economy."[1] These words come neither from a treatise by a Marxist academic nor from a labour union newsletter. Quite the contrary — they come from that eminent chronicler of the business community, Business Week. Although Business Week was applying the words to the United States, they apply equally to Canada. Capitalism is about accumulating wealth, and because wealth readily translates into power, capitalism is also about accumulating power, political as well as economic. Democracy, on the other hand, is about sharing power, about equality.

The greater the accumulation of power, the less the equality, and the greater the threat to democracy. With the growth of multinational corporations in the 20th century, and the accelerating power of these corporations with globalization, democracy is faced with its greatest challenge since the collapse of communism. The corporate sector, through its lobbyists, political largesse, media control and sheer economic force, has become the single most influential interest in Canada today. To make matters worse, many corporations are foreign-owned. Their influence not only isn't democratic, it often isn't even Canadian.

Our mission is to examine the state of democracy comprehensively, so we will concern ourselves with how the accumulation of wealth affects a range of our institutions from politics to the media to education. We will consider, too, what we might do to free democracy from the influence of wealth. But first, we need to look at the source of wealth in our society, the marketplace: its values, because democracy is after all a system of values, its relationship to capitalism, and capitalism's taxing of the marketplace for its political purposes.

Sins and Successes of Commerce

The biggest drug dealers in Canada are not the stereotypical swarthy men with gold chains hanging around their necks and blondes hanging off each arm. They are for the most part law-abiding citizens, good husbands and fathers, and friendly neighbours. At least in their personal lives. But when they don their dark suits and pick up their briefcases, these respectable family men metamorphose into commerce men, the CEOs of Imperial Tobacco, Rothmans, Benson & Hedges and JTI-Macdonald, dealers in nicotine — an addictive recreational drug that kills tens of thousands of Canadians and millions of people world-wide every year.

We should not, however, single out the bosses in the tobacco business. Their companies include accountants, secretaries, janitors — a diverse host of employees who voluntarily serve this nefarious trade. Nor are only tobacco companies involved. Farmers grow the tobacco, small and large retailers sell the cigarettes, governments collect taxes from them, and sports and other cultural bodies long-enjoyed generous donations. We shouldn't be too self-righteous about the pervasiveness of the drug trade in places like Colombia; it weaves an extensive, albeit legal, web right here in Canada.

Nor must we single out the noxious weed. Even an industry that deals in what must seem to be the most innocent of products, baby food, has exhibited the morals of a drug dealer. Not only is baby formula less healthy than breast milk, but in undeveloped countries water for mixing with the formula is often contaminated. Nonetheless, baby food companies have found third world countries, where mothers tend to be poor and unsophisticated, and easily intimidated by modern technology and persuasive sales techniques, to be rich markets for baby formula. Millions of deaths have resulted. This ugly business ran rampant until various non-governmental organizations waged the legendary baby food war against the companies in the 1970s and 80s, the key strategy of which was a boycott of Nestlé, the major player in the industry. As a result, in 1981 the World Health Organization established a Code of Marketing of Breast-milk Substitutes. Nonetheless, baby formula is still pushed, and millions of people die or suffer reduced health throughout their lives, at enormous cost to all of us, because they were weaned on this product.

These may be extreme cases, but they are massive. Millions die while our economy realizes billions of dollars, and they represent a pervasive influence at work in the marketplace: the corrupting nature of commerce. We can provide example after example — advertising alone is replete with them — without falling back on the old standby, the used car salesman. The sad fact is that most of us who find ourselves in commerce are to some extent used car salesmen, Jekyll and Hydes, Dr. Jekylls in our personal lives, Mr. Hydes in the marketplace. We engage in constant moral compromise; as in war, our conventional morality often disconnects.

We do so collectively as well as individually, internationally as well as nationally. When Prime Minister Jean Chrétien slogs through Asia with "Team Canada," peddling the Canadian advantage, he is prepared to dine with any devil who might turn a dollar for us, including mass murderers like Deng Xiaoping of China and General Suharto of Indonesia. On those rare occasions when we apply economic sanctions over moral issues, as in the cases of South Africa and Nigeria, we choose countries with which we have little trade. When we sign trade agreements like the North American Free Trade Agreement, we hold our noses as we add clauses that minimally protect workers' rights and the environment. Monetary subsidies to encourage a country's own industries are rigorously proscribed as unfair, yet blatant subsidies such as union busting and low environmental standards deserve only cavalier afterthoughts.

Our relationships within businesses are affected as well as our behaviour without. Most business people are undoubtedly decent folk who prefer to treat their employees well. Unfortunately, in a competitive market, decent business people don't set the standards. If the unscrupulous competitor down the street exploits his workers with low wages, he can run the good guys out of business with low prices. They must reduce the wages of their employees to compete. The law of the lowest common denominator prevails. Praise and reward go to the CEO who wrings the most profit out of downsizing the most employees. As a letter-writer to The Globe and Mail put it, "The free market is not a benign self-regulating force which benefits all who strive, but rather a form of economic anarchy whereby the economically powerful (... employers) dictate to the economically weak (... employees)."[2] Dr. Jekyll may want to be a generous and fair employer, but Mr. Hyde, he of the invisible hand, must compete. In a moral system, the good man sets the standards; in a market system, he does not. Good employers, not just employees, are victimized.

In the words of a self-confessed Jekyll and Hyde, Ray Kroc, one of the world's most successful businessmen and founder of McDonald's, "I believe in God, family, and McDonald's — and in the office, that order is reversed."[3] Paul Gagnon, chairman of the Small Explorers and Producers Association of Canada, expressed a similar sentiment. As Alberta oil companies, who on principle are opposed to government handouts, rushed in rather unseemly fashion to grab exploration grants offered by the Manitoba government, Gagnon observed, "If it's beneficial to us, we'll overlook our basic core philosophy."[4]

Yet even as we find fault with the values of commerce, we recognize that we have not yet discovered a better vehicle than the marketplace for distributing the goods and services required for daily living. The free market has historically offered people the greatest choice, a fine democratic value in itself. Today, it offers Canadians an extraordinary variety of products.

Consumer culture also tends to encourage equality and undermine tradition and rank. And the market has been more than just a place of trade. Throughout its history, it has been a meeting place, for community members and even, on a broader scale, for cultures — a place to socialize, to get to know strangers and foreigners and establish rapport with them. In Athens, the market was an integral part of the democratic process, a place to exchange ideas and information as well as goods, a place to debate issues, a public forum.

This doesn't sound like the place of commerce we just described. And it isn't. The modern marketplace retains some of the characteristics of the traditional marketplace, but it also contains significant differences. In the traditional marketplace, local people buy goods and services from other local people, essentially their neighbours. In the modern marketplace, the major players are corporations who act on a global scale rather than a local one, and have enormous power over thousands of employees, customers and communities. Imperial Tobacco and Nestlé aren't citizens sauntering down to the local market to exchange goods and gossip with their neighbours; they are giants dominating a marketplace of bewildering complexity that often overwhelms its customers. The modern marketplace is so different it demands a new name. We might call it, given the preeminence in it of capitalists, the capitalist marketplace.

Individualism and Isolation

The traditional marketplace is not capitalism; it is a free market with millions of small decisions made by all of us in relative equality. The modern or capitalist marketplace subsumes the traditional one and overlays it with very big decisions made by small elites. It retains elements of the traditional marketplace, but even these are often transformed.

How free, for example, are the choices we make in a capitalist marketplace? Advertisers spend billions of dollars advertising products. Much of this is spent not on useful information like price and availability but on manipulation — flashy, creative, occasionally entertaining information of little value to informed choice. Useful information is available elsewhere, of course, but much less accessible. If the manipulation works, that is if we can assume advertisers aren't foolish enough to throw money away, then our choices may be a great deal less free than the "free" market would suggest. Considering further that research and development of new products is dominated by corporations, not by us directly, we might wonder if we buy what we need or what we are offered.

Furthermore, choices in a modern marketplace have ramifications well beyond their immediate intent. Market choices arise from self-interest. If we lived solitary lives, pursuing our self-interest would affect us alone, but we don't. The choices that we make as individuals affect other members of society, including those who don't make those choices.

Each marketplace choice has a web of consequences that involves many, perhaps ultimately all, members of society.

A man may buy cigarettes thinking he is only satisfying his own craving with his own money, and perhaps contributing to the financial well-being of those who grow tobacco and those who manufacture, transport, and sell cigarettes, and perhaps to the governments who tax tobacco and the sports associations who receive grants from the tobacco companies, but he is also involving the rest of us if we have to pay the cost of his smoking-related cancer or stroke, to say nothing of the cost to those who get cancer or stroke from his secondhand smoke.

Someone who shops at Wal-Mart may think she is simply saving a few dollars because goods are a little cheaper there, but by encouraging a non-union employer, she may be indirectly lowering wages overall, including her own, and by handing money over to a foreign enterprise that shifts it out of the country, she may be undermining the Canadian economy. The market may thus set individuals against each other and against the community. Acting on her own, the Wal-Mart shopper is reluctant to pass up an opportunity to benefit her family even if doing so would be in the broader public interest. She doesn't know if anyone else will accept the sacrifice, and if she accepts the sacrifice alone, it will do little good, anyway. She makes not so much an *individual* choice as an *isolated* choice.

The marketplace, traditional or capitalist, but particularly the latter, tends to atomize us, treat us as unconnected individuals, when in fact we are social creatures. Isolation is unnatural to us. We live in communities, not cells. We are virtually defined by our relationships with others. Individualism is more than wearing your own style of clothes and listening to your own style of music; at its finest, it is deliberating with your fellow citizens to make choices that are in the best interests of the community. It is making your unique contribution to the public good. Our freedom depends after all on civic engagement. As Steven Wineman points out in *The Politics of Human Services*, "Autonomy cannot become widely available without social co-operation and mutual regard."[5]

Choices that we make together as a society may be very different from those we make in isolation, as we pointed out in Chapter 2 when we compared conventional polling to deliberative polling. According to Canadian Perspectives, "In St. Albans, Vermont, the Environmental Board rejected a Wal-Mart land-use permit based on impact assessments estimating $39.9 million in lost sales per year from existing stores, a displacement of 200,000 square feet of retail space, a net job loss of 200 and an erosion of the tax base."[6] Here, individual citizens abandoned isolation, acted collectively through elected representatives who were mandated to get thorough, expert advice, and discovered that what may have seemed in the self-interest of individuals wasn't after all. They then made their choice in the best interests of the community as a whole. The whole was very different from the sum of the parts. Acting alone as consumers, rather than

collectively as citizens, they may not even have known what the ramifications of their decisions would be.

Because marketplace decisions are made in isolation, we can never know what the aggregate result is and if that's what we really want. Only if we decide collectively can we hope to know. Decisions made in isolation are decisions made in ignorance, ignorance of the views and feelings of others. We cannot even be entirely certain of what we want until we know what others want. In a purely market society, we become trapped in our individualism. The market has neither collective conscience nor collective will, so it can never comprehend the collective good and can act on its behalf only accidentally.

Plutocratic Decision-making

The greatest divergence of the capitalist marketplace from a traditional marketplace is in the area of what we referred to as its overlay of "big" decisions. In a traditional marketplace, whether one is opening a shop or buying a product, the decision is personal, involving only buying and selling, and the effects local. In the capitalist marketplace, many decisions only indirectly involve buying and selling but affect thousands of people, even entire communities, decisions like opening or closing factories, moving production to another country, altering the environment in significant ways, replacing full-time work with part-time work, directing advertising at children, owning media, and so on. These decisions are not made by the people they affect, by employees, by customers, by citizens, but rather by small elites, by plutocrats. They include little social consideration and no democratic involvement.

In Canada, plutocratic decision-making includes an additional irritant — many of the plutocrats are foreigners. Dozens of our top corporations are controlled from abroad.

An example of the effects of colonial decision-making is the savaging of 7,900 Canada Safeway employees in Alberta. In 1993, Safeway Inc., the American owner of Canada Safeway, threatened to abandon the Alberta market unless its employees accepted a $45 million cut in wages and benefits, ostensibly in order to meet increasing competition. Calgary Herald columnist Barry Nelson suggested another reason. In 1986, Safeway Inc. managers staged a leveraged buyout of their own company for $5.2 billion U.S. In 1989, Canada Safeway, debt free at the time, borrowed $490 million toward a $539 million dividend to Safeway Inc. to help pay the debt on the buyout. Interest payments on the loan were remarkably close to the $45 million Canada Safeway was demanding in wage and benefit cuts from its employees.[7] The reduced wages became a new benchmark for supermarket employees in Alberta. In 1997, Safeway employees went on strike to regain their lost wages and to get a better deal for part-time workers. Many thousands of Albertans were directly affected by all of this, and all Canadians indirectly affected, as millions of dollars

flowed out of their country, but they had no say in the decisions involved, decisions which had little to do with anything but the greed or ego of Safeway Inc. managers.

We do not of course need foreigners to teach us about greed. Conrad Black's Hollinger Corp. completed its monopoly of Saskatchewan's daily press with its purchase of the Saskatoon Star Phoenix and the Regina Leader-Post in early 1996. The next day it fired 170 employees. Hollinger admitted the papers were profitable, but said they weren't profitable enough. John Solomon, MP for Regina-Lumsden, referred to "corporate job massacres"[8] while stating his intention to push for an inquiry into media concentration and for a code of corporate citizenship — reasonable goals considering the people of Saskatchewan had no say in whether or not they wanted their primary public forum entirely under the thumb of one out-of-province citizen.

Safeway's threat to pull out of Alberta if it didn't have its way was typical of a corporate lever sometimes referred to as a capital strike. Whereas labour strikes tend to be subjects of disapproval, in some cases banned outright, capital strikes seem to carry a divine right. The mere threat of withdrawing capital, or simply to not invest it, tends to send governments scurrying to placate the angry investment god.

The traditional marketplace's virtues are founded on two criteria: decisions by individuals to enter transactions must be free, i.e. voluntary, and the transactions must be mutually beneficial. Are these criteria satisfied when an employer, like Hollinger, fires dozens of workers? Hardly. Only the employer acts voluntarily. The great majority of those involved are not free to choose — they have no say in the decision at all. They are coerced, and coercion is anathema to a free market. And is the transaction mutually beneficial? Obviously not. Beneficial to the employer, whose profit will increase, but not to the employees unless they can find other jobs at better pay. If they can't, if they are unemployed for a long period, or if they can find only lower paying jobs, the transaction may be a disaster. This sort of decision utterly fails to meet the criteria necessary for virtue in a marketplace. It is precisely for this reason that I introduce the concept of the second, capitalist, marketplace, to distinguish between the two types of transactions, one voluntary and mutually beneficial, the other coercive and unilaterally beneficial. Capitalism may include elements of a free market but it must by its very nature exclude others.

When the marketplace facilitates personal economic choices, it enhances people's power over their lives and contributes to freedom and to democracy. Even consumerism has merit. Passions for rock music, fast food and the latest style running shoes tend to universalize; they break down ethnic and religious barriers, and challenge or dismiss the values of hierarchies. They tend to egality.

However, when the marketplace keeps the larger economic choices to itself it advances neither equality nor democracy. We recognize this when

we pre-empt a superstore's decision to enter a community if it means bankrupting local merchants, destroying jobs and undermining the ability of the community to support itself. Yet we freely allow corporations to close a factory, lay off hundreds of workers and move south because they bust unions better there. The people affected, the workers as well as the wider community are excluded from the decision. Democracy is not done.

Making the larger economic decisions democratically may slow them down. It may detract from the vaunted efficiency of the marketplace, but efficiency is not necessarily a democratic value. Democracy takes time. The market puts product ahead of process, yet process — the ways in which we associate — is the most important in human terms, and certainly in democratic terms.

A Comment on Values

The contradiction that we described earlier, between our commercial selves and our social selves, arises from a conflict between market values (acquisition, individualism and competition) and social values (sharing, consensus and co-operation). These values are capable of living in relative balance, even harmony, in a traditional marketplace, where vendors simply try to make a living and consumers try to meet the needs of daily life, but they lead inevitably to conflict in a capitalist marketplace, where vendors endeavour to maximize profit and consumers, isolated in their decision-making, rely increasingly on the accumulation of goods to find satisfaction. The market of exchange becomes a market of acquisition. Capitalism is after all not simply about making money but about accumulating it. It is about greed.

Greed is very powerful. One of the tragedies of human nature is that the forces of darkness — greed, fear, anger, envy, hate, etc. — are more effective motivators than the forces of light — love, kindness, tolerance, etc. (It is hard to imagine Hitler mobilizing the German people as effectively as he did by preaching love and tolerance.) And of all the dark motivators, greed is the most persistent if not the most powerful. The Ojibwa had a bogeyman they called Weendigo, who Gordon Jaremko, in a review of Basil Johnston's book *The Manitous*, describes as "… the spirit of greed. It is a hideous, man-eating and insanely unhappy giant that comes in both genders. It can never get enough to eat. It stays skinny and only gains height. The taller it grows, the hungrier it gets and the worse its torment becomes."[9] Weendigo sounds disturbingly like a global corporation contemplating its market share.

Even market values that have merit in small doses, such as competition, are carried to excess by capitalism. Market competition doesn't reward those who become the kindest, the wisest, or the most democratic, just those who become the richest. It does, however, have the saving grace of adding excitement, efficiency and innovation to enterprise. The problem, as all Canadians know, being faithful hockey fans, is that competition re-

quires tight constraints or it quickly degenerates into barbarism. Capitalism tends to do just that, pushing competition to the extreme, the goal always to maximize profit and the accumulation of capital. Competition becomes the ally of greed. "Capitalism," author David Rieff observes, "is the bull in the china shop of human history."[10] We might well wonder if it is an economic system or a macho pathology.

Occasionally, greed even squares off against competition — and usually wins. Competitors, often unsatisfied with the slim operating margins that vigorous competition tends to provide, conspire to reduce the competition to a more gentlemanly and lucrative level by forming a monopoly. Professionals, the wealthiest of the toiling masses, have made a veritable tradition of this, shielding themselves behind multi-page legislative acts that protect their fees from the ravages of the open market. When competition, a fundamental market value, no longer serves greed, even it is abandoned.

A profit-driven philosophy devalues anything that doesn't create wealth. We mouth the importance of "family values," yet when a poor, single woman stays home to raise her children, because home work produces no profit she is accorded the lowly status of welfare recipient, lowest rung on the social ladder, and provided with little more than a subsistence income. Family values, apparently, aren't valuable enough to merit a decent reward. In a world of market values, if you can't put a price on it, it's worthless.

Even healthy values aren't immune from co-option. Teams have recently become de rigueur in the workplace. They require co-operation, which is good, but this co-operation is not for its own intrinsic merit, not for a social purpose, but, as with hockey teams, to help our guys beat their guys, i.e. to increase profit — co-operation in the service of competition. Even good service to customers is less because they are fellow human beings deserving of courtesy and more because they've got money and you want it. For years a Tourist Industry Association of Alberta slogan admonished Albertans to "Smile – You're a tourist attraction!"

The argument for capitalism, essentially the argument for greed, is that it creates wealth, which in turn creates opportunities for all citizens to both improve their material well-being and to participate in discussion, debate and decision-making about those things that affect their lives. Certainly, sufficient wealth to guarantee all citizens a decent standard of living will provide a secure base for democracy. We might note in passing, however, that the Plains Indians were democratic yet owned only what they could carry on their backs, and that India has practiced democracy for generations while plagued with poverty. We might even argue that technology creates the wealth, and greed, through capitalism, just maldistributes it. In any case, capitalistic greed has been the major cause of social infighting over the past two hundred years. If it has excelled at creating wealth, it has also excelled at creating inequality. Through its

success in the latter, it even managed to inadvertently create communism, its own archenemy, which was defeated only when the social values challenging capitalism succeeded in mitigating its inequality. If a certain amount of wealth in a society contributes to democracy, the trick is to encourage the wealth creation but discourage the greed.

Adam Smith's idea that individuals pursuing their own isolated interests would maximize the public good was dubious to begin with and has failed to prove itself since. In all fairness, Smith meant this to apply only to certain economic matters, not to every facet of our lives,[11] and he couldn't have foreseen a marketplace with values so badly bent out of shape by capitalism. He advocated a marketplace of small buyers and sellers, not giant corporations. With the rise of neo-liberalism, we seem to be increasingly subject to what the Mexican scholar and diplomat Carlos Fuentes refers to as "economic fundamentalism,"[12] a pseudo-religion which promises that the market will answer our every problem.

Even government, keen to follow "good business practice," mires itself in market values. "Good business practice" means genuflection to the bottom line. If a businessman's bottom line tells him to fire a hundred people, he fires a hundred people, and that is the end of that. But in the big picture, it isn't the end at all. A hundred people are now unemployed. Some will collect employment insurance, some will end up on welfare, some will incur higher health costs, some will suffer alcoholism and family breakdown, and so on. And the taxes required to pay for all this are reduced. The businessman ignores the ramifications of his actions and can hardly be blamed for doing so for he is an acolyte of the market — his value system demands that he take care of himself even at expense of the wider world. But governments have to consider the big picture, the real world. They, on behalf of all of us, have to pay the costs of unemployment. When government departments lay people off, they ought to consider the real costs, all of them, not just their budgets. They ought to take a social view, not a market view, but increasingly it seems they do not.

Ironically, even industry may suffer from its blinkered market view. If one business lays off a hundred people, it may indeed be more profitable. But if others follow, the effect accumulates, buying power decreases as unemployment increases, the economy stagnates, and those individual businesses become less profitable, not more. Market values divide and conquer. Perhaps theories based on invisible hands shouldn't be taken too seriously.

Those things of greatest importance to society and to democracy — family values, civic virtue, sense of community, compassion, equality — have nothing to do with, and are often antithetical to, the values of the capitalist market. The struggle for democracy over the last two hundred years, indeed the struggle to create an equitable and compassionate society generally, has been largely a struggle to contain the forces of capitalism, to replace capitalist values with social values, against individual

capitalists in the 19th century and increasingly against corporate capitalists in the 20th. The struggle has been particularly successful since the Second World War. With the welfare state, we seemed at last to have civilized the capitalist market. Yet if we had begun to think that, except for a bit of mopping up, Western history was over, we were premature. In the last few years, market values have begun to run rampant again. CEOs chant their mantra "We must compete in the global marketplace" as global corporations undermine the nation-state and democracy along with it.

This then is a propitious moment to examine the influence of wealth, of the capitalist marketplace and its attendant values, upon the state of our democratic project.

The "Business Tax"

Two institutions hold the keys to the money vaults of the country. One is concerned about the welfare of society generally, the other about its own welfare only. One is concerned about compassion, equality and democracy, the other about profit. One is democratic, the other is not.

The first is government, the second is business. Most of the money most of us will ever have we will eventually hand over to one of these two. Governments collect their share by taxing us. This is the way we pay for the services government provides us, or perhaps I should say the services we provide communally. We are very much aware of these taxes. We fill out an income tax form every year and the media and a variety of tax-obsessed organizations hardly let us forget it.

We are very much less aware, and it is never discussed in the media, that we are also "taxed" by business in order to support its social and political pursuits. Every time we buy a pair of underwear or a box of corn flakes, we pay the cost of manufacturing, transporting and retailing the product; we pay for a profit; we pay for advertising; and we pay a "tax" — a little something extra for business largesse.

Hidden in the price of everything we buy are all the expenses that business incurs, including the expense of funding its friends and favourites. Via this "tax," we support the Chamber of Commerce, The Business Council on National Issues, the Alliance of Manufacturers and Exporters and a host of other business associations, lobby groups and public relations firms (apparently there are now more public relations professionals in North America than journalists). We support the Liberal Party, the Conservative Party and the Alliance Party. We support arts and sports organizations whose sponsorship is seen by business as amenable to their image. And, perhaps most insidiously, we support those organizations generally referred to as think tanks but which Linda McQuaig refers to as "idea launderers"[13] and Herschel Hardin as "dogma tanks"[14] — the Fraser Institute, the C.D. Howe Institute and the inappropriately named Conference Board of Canada, organizations that front as economic institutions in order to serve up business-flavoured views as science.

"Tax" in this context appears in quotation marks only because it isn't usually thought of as a tax. In fact it isn't usually thought of at all; it is simply buried and ignored in the cost of consumption. But it is there and we may quite properly think of it as a tax — a "burdensome charge," a "forced contribution."

It is impossible to avoid. You may prefer not to buy products from companies that contribute to groups you don't approve of, but because this is private business, you can never be sure who contributes to whom. And almost all businesses contribute to one or more of the sorts of organizations I have mentioned. Even discovering who owns a business can be a challenge, corporate ownership has become so vast and complex. Short of retiring to the north woods and living off nuts and berries, you will consume goods and services, you will pay the business tax and you will support a panoply of business-approved special interest groups. You are not free to choose.

The Alliance Party and others have criticized the federal government's funding of special interest groups. They ask why taxpayers should have to support groups they may disapprove of. A good question. But they don't ask the same question on behalf of consumers, even though we pay a great deal more to support special interest groups as consumers than we do as taxpayers. I doubt that this inconsistency — I won't say hypocrisy — is intentional, that the Alliance overlooks this coerced subsidization of business-approved special interest groups because they share an economic philosophy. I suspect they simply haven't thought it through. We can't blame them. The invisibility of the business tax is one of its most insidious features. It is so embedded in our social structure that we simply never think about it. We can only speculate with dark amusement about how many Marxists fail to realize that they support the Chamber of Commerce and the Fraser Institute every time they go shopping.

Government grants merely ensure that some nonbusiness-approved special interest groups have a voice in public debate. This is a modest, almost trivial assurance compared to tapping into the business tax, but at least some balance is achieved. The balance is strictly limited, however. Groups receiving government grants are expected to serve a public interest, not a political one, such as the National Action Committee on the Status of Women promoting equality for women, or the National Anti-Poverty Organization improving the prospects of the poor. For those groups that are too partisan for government help but on the wrong side of the philosophical spectrum to partake of the business tax, raising cash means slogging from door to door, or from mail-out to mail-out, accumulating small contributions, and facing a huge disadvantage in public debate and political influence.

This distortion of public debate and political influence by the business tax is one of democracy's biggest and most intractable problems.

The tax allows the business community, most disturbingly the corporate community, to propagandize us and influence our leaders, all with our own money, and often in ways that are difficult to discover and understand. We pay to undermine our own democracy. The Business Council on National Issues, composed of the CEOs of 150 of the largest corporations in Canada, autocrats all, is only vaguely understood by most Canadians even as they fund it, yet it is possibly the most influential organization in the country. (When Tom D'Aquino, president of the BCNI, presented a slide-show on global warming to the Ottawa bureaucracy, deputy ministers from 17 federal departments dutifully attended.[15]) Even more offensive, many of the corporations represented in the BCNI are foreign-owned. The business tax thus funds not only a corporate voice but a foreign one — democracy is doubly assaulted.

Curbing the Business Tax

But what to do?

Dealing with this problem is extremely difficult because it involves basic freedoms, freedoms of speech and association. We do not want to infringe on these freedoms, yet we do want to give every voice a roughly equal opportunity to be heard, the very thing the business tax undermines. Freedom isn't enough, equality is essential too. Freedom untempered with equality advantages not democracy but he who can afford the biggest voice. It can pervert democracy into a tool for the wealthy to preserve their power.

To begin with, we might stop granting charitable status to business tax-funded organizations whose job is to wave the corporate banner. Revenue Canada grants charitable status to a group if its purpose is to relieve poverty, advance religion or education, or benefit the community in a way the courts have deemed charitable, but withholds status if at least one of its purposes is political. Such purposes include "persuading the public to adopt a particular view on a broad social question" or "attempting to bring about or oppose change in the law or government policy."[16] Extraordinarily, this opens the door to an organization like the Fraser Institute, presumably because it "advances education," but closes it to the Council of Canadians, presumably because its interests are political. Yet the Fraser Institute is as tireless in advocating right-wing views as the Council of Canadians is in advocating left-wing and nationalist ones. Furthermore, the Fraser Institute is supported by wealthy individuals and corporations, including foreigners, while the Council of Canadians is supported by ordinary Canadian citizens. Foundations set up by the wealthy, ostensibly for charitable purposes, are also able to take advantage of tax law to subsidize groups like the Fraser Institute. Revenue Canada's interpretation of what a charity is seems blatantly undemocratic and in need of revision. Advocacy groups should either be in or out. Including them could benefit democracy by encouraging participation, but donations

would have to be strictly limited in amount and restricted to ordinary citizens, rather like donations to political parties ought to be.

We should go even further. We should restrict contributions to any organizations that have a political component. Contributions to a group that isn't transparently charitable or serving some other apolitical purpose, such as amateur sports or professional organization, should be limited in amount and restricted to individuals. If an organization like the Fraser Institute engaged in any political activity — and this would be broadly defined — it would lose its charitable or non-profit status. It would no longer be allowed to accept money from businesses, only from individuals and only in modest amounts. Needless to say, it would have to be democratically constituted. Its freedom of speech would in no way be compromised, just the right to have the public pay for it via the business tax. Businesses should not be spending our money promoting their agendas.

We could go further yet and politically neuter corporations. The right to incorporate could include a restriction on political activity of any kind. If a corporation violated this restriction, it would be charged with an offence under the law or even have its charter revoked. We might remind ourselves that corporations operate at our pleasure, to provide us economic services, not to involve themselves in our democratic process.

The particular problem of business tax funding of political parties is tied up with political funding generally, a topic thoroughly deserving a discussion of its own, so we will attempt to untie that knotty problem in the next chapter.

The democratic goal must be to confine participation and influence in public affairs to individual citizens and ensure those citizens a reasonably equal opportunity to play their part. Eliminating the pervasive influence of the business tax is an essential part of that goal.

6

The Political Fix

The first law of thermodynamics states that energy may be changed from one form to another but can be neither created nor destroyed. Political power is much the same. It is a constant. It can change its form from monarchy to plutocracy to democracy, but the amount remains the same. And every society contains the same amount, differing from other societies only in the distribution. Throughout most of Western history, the main agent of distribution was that prince of the free lunch, inheritance, interrupted occasionally by theft. Political power, as well as land and wealth, were handed down from generation to generation, except when freebooters of one kind or another took up arms and effected a more violent transfer. Those not to the manor born made little encroachment on the wealth and power of those who were.

The Industrial Revolution changed all that. It not only expanded wealth creation, it expanded the distribution of wealth, divorcing it from inherited land and rank. Power flowed along with the wealth, of course, and went to those with money — capitalists — regardless of their accident of birth. The capitalists, however, were as jealous of their privileges as the aristocracy had been, and the wealth, although distributed more broadly, was nonetheless distributed as inequitably. Those who created it got a lot less of it than those who manipulated it. The long and bitter struggle against this state of affairs resulted in a fairer distribution of both wealth and power. All people, first men, then women, got a better share. Western countries took on the veneer of democracy. Inheritance's importance greatly declined, particularly in providing political power, although it still puts golden spoons in a lot of mouths.

The 19th century saw the growth of individual capitalism, the 20th of corporate capitalism. The latter held a certain promise for democracy. By allowing shares to be widely distributed, ownership and therefore power could also be widely distributed. Unfortunately this promise has only been marginally realized. Corporate capitalism divorces control from ownership

as far as the vast majority of shareholders are concerned, concentrating it in the hands of top management and those shareholders who own large blocks of stock, i.e. the very rich.

One thing has not changed. Wealth still converts into political power, and as the corporate sector grows, as corporations expand into global giants, that power threatens political democracy, insinuating itself into our governance in a number of ways, including corruption of the political process.

Rules of Order

In the last chapter we saw how the business tax influences our society through a variety of institutions at our expense. Not the least of these is politics. Despite federal and provincial legislation to control both ends of the electoral money flow — political contributions and election spending — big money continues to taint the political process.

Prior to 1974, the two main parties, the Liberals and the Progressive Conservatives, were funded almost entirely by a small number of corporations. In order to encourage broader participation in the process and even out the odds for all parties, essentially by establishing the principle of public funding, the federal government passed a new *Canada Elections Act,* since replaced in 2000, to allow political parties to be reimbursed for part of their expenses.

Parties that receive at least two per cent of the votes cast, or five per cent of the votes in those constituencies in which they run candidates, are eligible to receive 22.5 per cent of their expenses, and candidates that win at least fifteen per cent of the vote are eligible for fifteen per cent of their expenses.

Election spending is restricted to $.62 per elector (times an inflation factor) for parties and $2.07 per elector for the first 15,000 electors, $1.04 per elector for the next 10,000 and $.52 per elector for the rest, for candidates. Leadership and nomination campaigns are not subject to these regulations. Parties are required to disclose their revenues and expenditures annually and after each election, including a list of all donors who give more than $200. Naming of donors in itself contributes to a more open process. The *Income Tax Act* offers tax credits to individuals and corporations for contributions to registered political parties.

Unfortunately, not only are corporations allowed to contribute to parties, and enjoy a tax credit, but foreign-owned corporations, as long as they do business in Canada, are included in the privilege.

Provincial politics, too, was hit with a wave of reform in the early 1970s, perhaps due to the skepticism about plutocratic politicking manifested in the 1960s. Ontario's *Election Finances Reform Act* of 1975, described by David Johnson of McMaster University as a "child of scandal,"[1] was an early model. It instituted a tax credit scheme identical to the federal approach along with disclosure, reimbursement of election expenses

to candidates, limits on commercial advertising during elections, and limits on contributions to parties and constituency associations. In 1986, the act was amended to include reimbursement of election expenses to parties and limits on all campaign expenses, and to raise annual contribution limits to $4,000 to a party and $750 to a constituency association or candidate. (Raised in 1998 to $7,500 and $1,000 respectively.) Ontario was the first jurisdiction to impose disclosure on leadership campaigns.

The most democratic regime in the country is almost certainly Quebec's. After assuming power in 1976, the Parti Québécois imposed its commitment to grass roots financing with amendments to Quebec's *Election Act*, already a pioneering document in Canadian electoral law. Contributions to parties from institutions were forbidden. The process was to be for citizens only, with a maximum annual contribution per elector of $3000. Parties can spend $.50 a voter and candidates $1.00 a voter in their ridings, on election expenses. Disclosure is also required in Quebec. The province provides an annual subsidy to parties, reimbursement for election expenses and tax credits for contributors. Private contributions remain the parties' major source of income.

Manitoba has now aspired to Quebec's high standard, introducing legislation in 2000 that banned contributions to political parties from institutions and limited individual contributions to $3000 a year. Only Manitoba residents may contribute. The legislation also strictly limits political advertising outside the election-writ period and third-party election spending. Campaign spending remains limited to about $1.40 per voter. The acting leader of the Progressive Conservative opposition, Bonnie Mitchelson, referred to the legislation as "self-serving,"[2] a not surprising comment considering that her party was getting over sixty per cent of its election funding from corporations.

For an example of "low impact legislation,"[3] as political scientist Doreen Barrie calls it, we look to Alberta. This province's approach has been to limit and disclose contributions and let expenses take care of themselves — control of input as opposed to the federal emphasis on control of output. Alberta imposes no spending limits on election campaigns and provides no election expense reimbursements, but it does provide fairly generous tax credits to encourage individual contributions. Unfortunately, ceilings on contributions are also generous: A contributor can donate up to $15,000 to a party and $750 to up to five constituency associations in a year, and $30,000 to a party and $1500 to up to five candidates during an election campaign. During an election year, a contributor could give up to $41,250, rather more than your average citizen could manage.

Most jurisdictions now have some or all of the kinds of rules mentioned above. Up to three kinds of public funding — tax credits, reimbursements, and annual funding — assist the political parties. Like its big sisters, the municipal electoral process, too, has its funding rules. Always the creatures of the provinces, municipalities are bound by provincial leg-

islation. In Alberta, for example, in keeping with the low impact philosophy of the provincial government, the *Local Authorities Election Act* allows local government to pass a by-law requiring disclosure of campaign contributions and expenses. Ontario on the other hand, in its *Municipal Elections Act,* imposes limits on both contributions and expenses of candidates in local elections and requires a statement of same listing donations over $100. It also mandates that a candidate's surplus contributions be held in trust for the next election or revert to the municipality if the candidate doesn't run again.

Efficacy?

And does all this work? To a degree, yes. The federal Conservatives and Liberals have reduced their dependence on the corporate sector, virtually their sole sugar daddy prior to 1974. The new rules provide the parties with a broader base of revenue and more money between elections while constraining their election spending. Unfortunately, despite the enticement of tax credits for contributions, few electors contribute to a party or candidate. The Quebec system has been more successful in gaining individual contributions, partly no doubt by eliminating contributions from organizations, even though its tax credit is less generous than other jurisdictions and most donors don't claim it. The Ontario system focuses on regulating contributions and election expenses and has had success with both, expanding the range of party support, encouraging small donors (although the number is still small), rejuvenating constituency organizations, and both reducing campaign expenses and evening them out. Disclosure seems to have been effective in opening the process up. Disclosure seems to have helped in Alberta, too, where it is the major component of that province's minimalist approach. The public sees the process, and big spenders are discouraged from buying a candidate. Despite the lack of spending restraints, election spending in Alberta isn't excessive by Canadian standards. The system overall, federal, provincial and municipal, is much improved over that prevailing prior to the 1970s.

Major loopholes remain, however. Federally, for example, the size of donations is not limited, and money donated to riding associations rather than candidates or parties, or to leadership campaigns, often very expensive exercises and critical to the political direction of parties, does not have to be identified.

Prior to the 1999 provincial election, the Ontario Conservative government not only raised the contribution limits to favour wealthy supporters, and increased spending limits, but also exempted polling costs from spending limits and then proceeded with massive polling to identify audiences and target their advertising. According to political-science professor Robert MacDermid, who has studied political financing in Ontario in detail, the Conservatives "changed the whole nature of politics in this province … They've made them into big-money affairs."[4]

Thus wealth still has its way. The business-friendly Conservatives simply overwhelmed their opponents with money in the ensuing election, raising $6.2 million to the Liberals' $1.7 million and the NDP's $.5 million, receiving more from corporations than the other two parties received combined from all sources.[5] In the 1997 federal election year, the winning Liberals received twice as much money from corporations ($11.7 million) as they received from individual citizens ($5.7 million).[6] In the 1997 Alberta election, the Progressive Conservatives, with financial support from business communities in Calgary, Montreal, Toronto and Vancouver, raised almost three times as much money as their two opponents combined and spent twice as much.[7] This suggests rule by the corporation rather than rule by the people, more plutocracy than democracy, an injury added to by the insult that many of the plutocrats are foreigners who have no right to be involved in our politics at all.

Other than businesses, the only organizations that make contributions of any size are labour unions. In 1997, unions donated $2.1 million to the federal NDP, about a quarter of its revenues.[8] This is minor compared to business donations to the Whigs and Tories and mitigated by the fact that labour unions, unlike corporations, are in themselves democratic. Federally, the Bloc Québécois alone follows the truly honourable route and accepts donations from individuals only.

Pay-off

Tight relationships between business and politicians can be immensely rewarding for both parties. Premier Ralph Klein of Alberta, a dear friend of business, can attract audiences of well over 1000 at $350 a plate for his dinner speeches,[9] not quite on the U.S. scale where Republicans have charged $250,000 for lunch with Newt Gingrich or the Democrats a bargain-basement $100,000 for a private dinner with Bill Clinton,[10] but good money nonetheless. Not up to Ontario premier Mike Harris's standard, however. Harris raised $2.4 million from one dinner with Toronto's business community, top tables going for $12,000 each.[11]

This kind of money in your war chest doesn't guarantee victory in the next election, but it certainly improves the odds. Any politician of real interest to the business community can attract this kind of largesse and any politician who isn't of real interest or — God forbid — even antagonistic to business can't, and finds him or herself at a major disadvantage.

Nor does the generosity necessarily end with retirement from politics. Politicians who have been kind to business are rewarded with consulting fees, corporate directorships and other gratuities that suggest politics is only an apprenticeship for making real money. Brian Mulroney, perhaps the best friend the corporate sector ever had in government, has reaped a whirlwind of reward. Stevie Cameron claims in *On The Take* that businessmen raised $4 million for Mulroney's political afterlife. Not that he needed it. In addition to his legal work, he gets fat fees for speaking en-

gagements, hundreds of thousands of dollars for advisory services, seats on the boards of international corporations, stock options — a long and lavish list.[12] Whether there is a connection between Mulroney's performance in government and his post-political income isn't clear, but the general connection between corporate service and corporate reward certainly is. Politicians well know there is a life and a living to be earned after politics. In *Double Vision*, Greenspon and Wilson-Smith state that in 1994, Finance Minister Paul Martin's friends, "disappointed with his first budget, let him know that if he didn't toughen up the second time around, when it came time to return to the business world after politics he could be perceived as someone who had fallen well short of expectations."[13] Indeed.

Sometimes the line between government and business almost seems to dissolve. Following its election in 1993, Alberta's Klein government instituted a rash of reforms that met with strong approval from the business community. One such reform was the creation of the Alberta Economic Development Authority, a body composed almost entirely of leading figures in the business community. The authority, chaired by the premier himself and co-chaired by business leaders, doesn't simply advise government; its "recommendations" are automatically implemented. In the words of Calgary Herald columnist Barry Nelson, "The new authority gives the private sector unprecedented power to guide and influence the provincial government's economic development activity."[14] Business has become an unelected partner of the Conservative Party of Alberta in running the province's economic affairs. Needless to say, environmentalists have not been accorded the same authority in running the province's environmental affairs nor labour unionists in running the province's labour affairs.

The corporate sector was also well taken care of by their protégé Brian Mulroney. They wanted the Free Trade Agreement with the United States; he didn't — at least not at first. When he was campaigning for the leadership of the PCs in 1983, he said, "Don't talk to me about free trade … Free trade is a threat to Canadian sovereignty,"[15] but, not surprisingly given his patrons' wishes, he eventually came around and promoted the FTA vigorously. Unfortunately, he couldn't convince the people. In the 1988 election, over fifty per cent of the voters chose parties that opposed the agreement. If we had a proportional representation electoral system, it would have sunk, but with plurality the Conservatives formed the government and the FTA was in.

Another handsome favour was the abolishment of the Economic Council of Canada. Funded by the federal government, the council not only provided sound, dispassionate opinion to help Canadians formulate their economic views, but it also served as an excellent source of data for independent economists, such as academics, who can't afford extensive data-gathering. However, in 1992, the Mulroney government terminated

the council. We are now left largely in the hands of private organizations for economic analysis, and needless to say, corporate-friendly, business-tax supported outfits like the Fraser Institute, the C. D. Howe Institute and the Conference Board of Canada have the loudest voices.

The Liberals have not departed significantly from the Mulroney model. In opposition, they were vigorous opponents of The North American Free Trade Agreement. In power, receiving the bulk of their income from the corporate sector, they reconciled themselves to it, insisting on only modest changes. And emphasis on unemployment, the peoples' principal concern, quickly turned into emphasis on the deficit, business's principal concern.

Just as business can reward, it can punish. The NDP, out of antipathy and principle, receives little support from business small or large. Denied the business tax, and with union support filling only a relatively small portion of its coffers, the NDP must rely on individual citizens for its income. (Not that it does all that badly — in 1997, it received as much funding from individuals, exclusive of contributions through union membership, as the governing Liberals.) And business can do more than deny, it can assault. In 1995, the mining industry in British Columbia announced that it would spend a million dollars in the next provincial election, in apparent pique at the NDP government, particularly its environmental policies. The industry had not been happy about the government's decision in 1993 to preserve the Tatsheshini area in northwestern B.C. as park land, thereby ending plans for the Windy Craggy open-pit copper mine. The same industry spent heavily to defeat Dave Barrett's NDP government in the 1970s.[16] Environmental commitment can carry a price.

Solutions

The compatibility between wealth and the behaviour of any particular government it helps into office does not necessarily indicate fee-for-service. Acting in concert with the agenda of wealth may simply indicate parallel interests, coincidence more than influence, nothing more than shared philosophy. Nor does wealth's support of politicians, through direct contributions or through opinion-moulding groups supported by the business tax, guarantee success. Brian Mulroney's errand-running for the corporate sector contributed to the thrashing his party eventually received at the polls. But the influence of wealth does ensure that over the long run, government will be dominated by parties amenable to its interests, and at our expense. The political process is corrupted.

The question is what to do about it. The rules in place have curbed some of the worst excesses, but a substantial problem remains. A Calgary Herald editorial illustrated the problem when it noted that the Reform Party was wrestling with debt as grass roots donations dried up, and went on to cynically, but perhaps realistically, suggest that Reform "has no choice but to cosy up to the … corporate elite,"[17] which it has done with

considerable success as the born-again Canadian Reform Conservative Alliance.

Corporate involvement removes democratic decision-making from citizens and puts it in the hands of non-democratic organizations. Contributions from wealthy individuals distort the equality that democracy requires. Wealth, institutional or individual, should be removed as a factor in the electoral process.

We are beholden to law or to government to the degree that we have a say in making that law or choosing that government. If we have an equal say, we are equally bound. If we have less say, we are less bound. None of us, I suspect, really wants a system where those with wealth have their say by paying the bills for political parties while those without wealth must resort to the streets.

Democracy should present no such problem. It should belong to all the people equally. All the people should, therefore, fund it equally. Mel Hurtig, publisher and nationalist, advocated a method of doing this in *A New and Better Canada* where he wrote, "... each Canadian (some 18 million) who files an annual tax return, would be charged $1.00, the price of a cup of coffee, to pay for the financing of federal political parties ... The funds would be allocated ... on a formula based in part on how many seats the parties hold in the House of Commons combined with their quarterly standings in the national public opinion polls. Some modification of the formula would also provide for the entry of new parties ..."[18]

The amount Hurtig suggests may be low, considering that the total funding of all federal parties currently runs about $40 million a year, and closer to $50 million in an election year. Averaging election and non-election years, this works out to over $2.00 per elector. Hurtig's concept, however, is fundamentally sound. Furthermore, Democracy Watch has pointed out that taxpayers would save at least $50 million a year (close to $3.00 per elector) simply by eliminating the corporate tax deduction on lobbying expenses,[19] something that ought to be done anyway.

Hurtig's formula for allocating such funding, by some combination of seats in the House and opinion polls, would not fairly represent the population under plurality, of course, but would under proportional representation. In the absence of proportional representation, we might consider other methods of allocation. We might, for example, allocate on the basis of party membership, thereby encouraging parties to seek new members. The current system of tax credits for donations and reimbursements for campaign expenses seems to reward parties more for getting and spending money rather than for winning votes and earning popular support. Allocation based on membership could be troublesome, however: candidates for party nominations peddling quickie memberships has become one of the sleazier practices in Canadian politics. The Lortie Royal Commission recommended that parties and candidates should be rewarded for

winning votes, and proposed $1.60 per vote, $.60 for the party and $1.00 for the candidate, but not to exceed fifty per cent of their expenses.[20]

Perhaps the best way to allocate would be to simply allow citizens to make their own choice by ticking off a box on the tax form that listed all the registered parties. If the funds are to be collected and allocated from the income tax, we would need to somehow include those who don't pay taxes, perhaps by a deduction from pension or welfare income.

Public funding could be extended to provincial politics as well. It could also be applied to municipal politics, even if parties aren't involved, by allocating funds to candidates on the basis of the votes they receive above a reasonable minimum.

Taxpayers currently contribute to the federal parties through tax credits and reimbursement of election expenses, so public funding isn't new. Abandoning the current vehicles along with private funding and adopting an approach like Hurtig's need cost no more. Private contributions to parties would simply be transferred to the income tax. We already pay corporate contributions through the business tax, so no additional cost would be encountered by eliminating that source, and individual contributions would be spread out among all of us rather than limited to a few as is presently the case. What counts is that we can replace a partially democratic method with a thoroughly democratic one. After their work for the Lortie Commission, Michaud and Laferrière concluded, "Canadian electors think that democracy is so important that it is beyond price."[21] Happily the price, in dollars at least, is not high and easily affordable by all.

Private contributions should not be abandoned entirely. Public funding would make parties public instruments of the democratic process, and that is a good thing, but they might want to maintain a degree of independence, and individual contributions would help them do that. It would also discourage them from becoming lazy by prompting them to seek wider support, and it would help new parties get off the ground. We would be obliged, however, if we intended to maintain a democratic regime, to impose two criteria: contributions could be made by individual citizens only, and they would be limited to an amount that the great majority of citizens could comfortably afford.

Hurtig suggests that the public funding "be administered by an arm's-length, independent board composed of distinguished citizens who are not connected with any political party,"[22] while Deverell and Vezina, authors of *Democracy, Eh?*, propose, "The entire system of financial disclosure and compliance with spending limits should be overseen by a new Canada Elections Commission … composed of one representative from each registered political party, a judge of the federal court, the Canada elections commissioner and the chief electoral officer."[23] The system would require full financial disclosure by the parties and insist on thoroughly democratic constitutions. Referendums could be included in a similarly equitable system.

Third Parties

Money is a fluid commodity. A system that confined political party spending within democratic constraints might see a flow of money to third parties. Business interests might feel that hefty donations to advocacy organizations like the Fraser Institute would better serve their political goals than a democratically-constrained, conservative political party. In the 1988 federal election, pro-free trade groups spent seventy-seven cents for every dollar spent by the Conservative Party on advertising while free trade opponents, with limited access to big money, spent only thirteen cents for every dollar spent by the two parties opposing free trade.[24] Constraints on spending should be at least as strict for third parties involved in election campaigns as for political parties, particularly considering that they often represent dollars rather than citizens.

The 2000 *Canada Elections Act* limits a third party's spending in a federal election to $150,000 total, $3,000 per candidate. Parties must register contributions for election advertising and issue a report after the election that includes a list of advertising expenses and the names of those who contributed over $200. Contributions cannot be accepted anonymously or from non-residents. The act is a sensible approach to limit a drift from democracy to plutocracy. It serves as just the kind of approach that ought to be applied to third parties that involve themselves in politics at any time.

This and earlier attempts by parliament to limit third-party advertising during elections have been rejected by Alberta courts on the grounds that they violated the *Charter of Rights and Freedoms*. The rulings have not been appealed to the Supreme Court. If — let us hope, when — they are, the court will almost certainly strike them down. As part of a 1997 ruling on the validity of Quebec's referendum law, the court expressed its approval of limits on third-party spending during elections and referendums and its disagreement with the Alberta court's decisions, virtually inviting an appeal of those decisions. The court observed, "Limits on independent spending are essential to maintain equilibrium in the financial resources available to candidates and political parties and thus ensure the fairness of elections."[25] We may hope, then, that reasonable constraints will ultimately be acceptable under the *Charter*. They would certainly be, in the words of Section 1, "reasonable limits … demonstrably justified in a free and democratic society."

The Supreme Court does not, apparently, want to see us caught up in the current American dilemma where their constitution, or at least the U.S. Supreme Court's interpretation of it, is undermining democracy. The U.S. Supreme Court has ruled that the first amendment forbids restrictions on independent expenditures supporting or opposing candidates in elections, and forbids also restrictions on corporate expenditures during referendums. In the words of American judge J. Skelly Wright, "The Court

thereby effectively declared open season for the influence of concentrated wealth upon initiative and referendum campaigns."[26] Wright suggests that the court has equated spending with speech. It also seemed incapable of distinguishing between individuals and corporations. The court's rulings reveal the insidiousness of wealth: it manipulates the American constitution's first amendment into corrupting the very thing it was meant to safeguard — free speech. It has managed to make an ass out of even constitutional law. Rather than a pillar of democracy, the amendment as interpreted threatens to become a tool for the rich to maintain their political dominance. Despite a raft of evidence showing how big spending has corrupted American elections and referendums, the U.S. court seems incapable of comprehending that, in Wright's words, "Expenditure limits and other curbs on campaign finance practices are analogous to rules of order at a town meeting."[27] The analogy is apt, and fortunately our Supreme Court has the wit to recognize it.

Limits on contributions, too, must be applied to everyone in the political game, not just political parties. The rules for political and third parties should be similar: contributions from organizations banned and contributions from individuals strictly limited — the rules we considered when we discussed the business tax. The maximum for third parties might be higher than that for political parties as they would not receive public funding. In order to qualify for donations, any group engaged in advocacy, with advocacy stringently interpreted, should be required to register as such, and full disclosure would apply. If controls of this sort were imposed on contributions to political groups of all kinds, there might be little need to place limits on campaign or other advocacy spending by either political or third parties. They would be free to spend their money as they saw fit.

Controls such as we have discussed here should apply all the time, not just during election and referendum campaigns. Rules to equalize speech do not preclude free speech; they do not prevent anyone from expressing any idea; they simply ensure that everyone has the same opportunity to have their say.

Having a Say

The *Canada Elections Act* requires radio and television networks to make up to 6.5 hours of prime time available for paid advertising by political parties during election campaigns, allocated on the basis of the seats won and the per cent of the popular vote in the last election. Stations can sell additional time if they wish. The act mandates free time as well, although it doesn't have to be prime time.

The system has not been entirely satisfactory, with almost all of the time being consumed by the major parties. Given the extraordinary importance of TV and the large number of voters who make up their minds during the campaign (about forty per cent), and given also the equally extraordinary expense of TV advertising, we should think seriously of

banning paid election advertising altogether and mandating extensive free time. A number of countries, including Australia, France, Great Britain and Sweden, have banned paid time while most of those who allow it subject it to tight regulations and provide free time. The United States, where democracy is now tripping over the first amendment, is an exception, apparently content to allow a big bucks free-for-all with no limit on paid time and no free time. This isn't what Canadians want. In a survey conducted by the Lortie Commission, seventy-five per cent of respondents supported spending limits on campaign advertising in order to reduce the advantage of wealth.[28]

Free time would have to be allocated fairly, particularly in regard to smaller and newer parties. What must certainly be avoided is the sort of collusion between the major parties and the networks during the 1993 election that kept the National Party, a party running 171 candidates, out of the leadership debates altogether. The most consistent approach to allocating broadcast time would be to use the same formula as the one used for distributing public funding.

If the Internet continues its winning ways, buying space in the press and time on TV may become relatively less important in elections as parties and other groups depend increasingly on the new technology.

Political equality is fundamental to democracy, and in an era when speech must be bought and paid for, political equality means equal access to funding. We have made much progress towards that equality, but corporate wealth continues to interfere. We have major reforms left to make.

7

Media Monopoly

Not-so-free Speech

The Plains Indians and the ancient Athenians had little trouble disseminating information or discussing issues in their democracies. Their societies were small; each citizen could meet and talk face-to-face with virtually every other citizen. In a society like ours, with thirty million citizens, this becomes impossible; consequently, we rely on the mass media to provide us with information and even to conduct discussion and debate. The mass media is our version of the talking circle or the marketplace. Free speech, in the broad sense of public information and discussion, becomes freedom of the press.

Media speech, however, is not free. Speech over coffee tables and back fences may be free, but media speech is expensive. A television station or a daily newspaper is a costly property, and today TV stations and newspapers tend to be owned in bunches, putting their ownership in the realm of corporate, increasingly global corporate, business. American journalist A. J. Liebling's observation, "Freedom of the press belongs to those rich enough to own one," is more relevant than ever. Actually, Liebling was only half right. Freedom of the press also belongs to those who advertise, and that, too, is a very expensive business. A quarter-page ad in a local daily or thirty seconds on prime time TV costs many thousands of dollars. Nonetheless, commercial television networks depend on advertising for a hundred per cent of their revenues, daily newspapers seventy to eighty per cent. Advertising — not information, not ideas, not debate, not even entertainment — is the main business of the mass media.

The media are doubly the servants of wealth. They are owned by business, and they are in thrall to it via advertising. This is a fact. Our job is to determine what it means: What is the effect on the mass media's democratic function as public forums? Does it yield a bias in the information we receive? In the points of view we read and hear? Does it hinder the

democratic process? And what might we do about it if it does? In order to answer these questions, we will look at the two phenomenon apart and then together.

Fruits of a Commercial Media — Ownership

The need for objectivity in the mass media has never been greater. In the past, there were many newspapers with many owners, providing opportunity for a great variety of views and news. Today, newspapers are relatively few, and ownership is concentrated and corporate. Many of Canada's larger cities have only one or two daily papers. One media baron alone, Conrad Black, at one time controlled almost sixty per cent of Canada's 105 daily newspapers through his company Hollinger Inc. Hollinger owned every daily newspaper in Newfoundland, Prince Edward Island and Saskatchewan. Through his newspaper holdings, Black effectively controlled the national news gathering co-operative, Canadian Press, and its subsidiary, Broadcast News, which together provide content to almost all Canadian newspapers and hundreds of radio stations, television stations and cable outlets. Much of this power has now been assumed by the Asper family whose CanWest Global Communications bought out most of Hollinger's Canadian holdings. (Not all the power, however — CanWest's papers are managed by a company two-thirds owned by Black.) The Irving family, a corporate conglomerate in itself, owns every English-language daily in New Brunswick. Power Corp. controls all Quebec's French-language newspapers except Le Journal de Montreal (owned by yet another conglomerate — Quebecor).

Television ownership parallels the press with most TV stations belonging to corporate networks. The country's largest private network, CTV Television Network Ltd., is owned by BCE Inc., which also has interests in a number of specialty channels. Even the cables that deliver TV are monopolized, with two companies, Rogers and Shaw, controlling three-quarters of the market.

And, in the manner of the moment, media ownership is converging yet further. In addition to its newspaper holdings, CanWest owns Canada's other major television network. BCE owns not only the country's leading Internet network, Sympatico-Lycos, but the leading national daily newspaper, The Globe and Mail, for good measure. Quebecor Inc., instrument of the Péladeau family, owns, among other things, the Sun newspapers and the cable company Groupe Vidéotron. When the Canadian Radio-television and Telecommunications Commission (CRTC) indicated it might impose regulations to separate the newspaper and television news divisions of CTV and Global, the two networks came up with remarkably similar "voluntary codes."[1]

The only major exception to corporate control of the mass media is the CBC. The rest is the domain of a handful of oligarchs.

Concentrated ownership should impose an imperative on the mass media to select their news objectively and provide a full range of views in analyzing that news. If the mass media are to serve democracy today, bias should be a luxury of the past, best left to the minor media.

Is corporate ownership providing the objectivity and variety we need? After all, the corporate sector does have its own agenda. Does this agenda influence news and editorial content? The Statement of Principles of the Canadian Daily Newspaper Association, which represents about eighty per cent of the daily press, suggests not. The statement says in part: "The newspaper should strive to paint a representative picture of its diverse communities, to encourage the expression of disparate views and to be accessible and accountable to the readers it serves, whether rich or poor, weak or powerful, minority or majority."[2] If the media in general adhered to such principles, we would have a perfect servant of democracy.

Unfortunately, much of the media doesn't. Media magnates in this country have great power and aren't shy about applying it. David Radler, president of Conrad Black's Hollinger Inc., (and member of the board of the Fraser Institute) once commented, "... If editors disagree with us, they should disagree with us when they're no longer in our employ. ... I will ultimately determine what the papers say and how they're going to be run." Radler claims he knows what people want to read because he stays at Holiday Inns and attends Grand Old Opry concerts.[3] Or as Black himself wrote in his autobiography, "Newspapers, especially quality newspapers, remain powerful outlets for advertising and information (and political influence)."[4] The parentheses are Black's, meant to suggest, perhaps, that the political influence is a mere afterthought. Black described his purchase of The Jerusalem Post as "buying a good deal of influence relatively cheaply."[5]

Another Black, David Black, who owns the longest string of weekly newspapers in British Columbia, said after being criticized for forbidding pro-Nisga'a Treaty editorials in his papers, "I have a right to dictate the editorial stance, everyone knows that. The papers are mine and I can do what I want with them."[6] When asked if he used his newspaper to promote his own views, John W. Bassett, former publisher of the Toronto Telegram, replied, "Of course. Why else would you want to own a newspaper?"[7] When neophyte newspaper owner David Asper was criticized for inserting an opinion piece in his papers he indignantly declared, "Newspaper proprietors in Canada and the world have consistently influenced and participated in the content of the newspaper. ... we're going to carry on in that tradition."[8] Why the critics were singling out poor Mr. Asper for simply doing what newspaper owners traditionally do is something of a curiosity, if not a hypocrisy.

Sometimes the influence leads to veritable purges. When Conrad Black took over the Ottawa Citizen, he set about transforming a local, liberal paper in a generally liberal community into a conservative, pro-

business paper. The membership of the new editorial board, including two Fraser Institute alumni, was described by Doug Saunders in The Globe and Mail as reading "like a conservative think-tank."[9]

In 1990, three months after the NDP was elected in Ontario, Hollinger moved its head office from Toronto to Vancouver. It could not, however, escape the socialist hordes. Shortly after its arrival on the west coast, the NDP was elected in B.C. In 1995, the Conservatives regained power in Ontario and sure enough, early in 1996, Hollinger dutifully announced plans to move back to Toronto. Hollinger president Radler dispelled any doubt about the reason with the comment that the move "is a recognition of the change in Ontario …."[10] Such shenanigans would be downright silly if we weren't talking about the man who owned most of Canada's daily papers.

A bias isn't surprising. Media owners are business people and business people are mostly conservative, often liberal, rarely socialist. They share the views and interests of their peers and carry those views and interests into the media world. Those views then percolate down. Subordinates know what the boss wants and find life much simpler and, if they are ambitious, more rewarding if they accommodate the boss. And less rewarding if they don't. Globe and Mail columnist Eric Reguly, commenting on the censorship of articles he wrote about Rupert Murdoch's business empire when he worked at The Times (owned by Murdoch), observed, "Mr. Murdoch wasn't the problem; the problem was the mid-ranking employees who feared him and wanted to endear themselves to him." Reguly went on to say, "Eventually, I took the path of least resistance and steered away from Murdoch-centric stories."[11] The partnership agreement between the co-owners of the National Post formalizes such understandings by stating that the national daily must give "advance notice of … any editorial position which could reasonably be viewed as … adverse to the interests of CanWest."[12] Hugh Winsor, columnist in the rival Globe and Mail, observed, "The ink-stained wretches at the Post and Southam … have been reminded who owns the ink."[13]

When Jim Travers resigned as editor of the Ottawa Citizen after Black's Hollinger took it over, he explained, "I entirely support Black's and Hollinger's point of view that their editor should support the views of their proprietors. When I looked at my views, I saw some significant differences."[14] The new editor-in-chief, Neil Reynolds, one-time president of the Libertarian Party of Canada, observed," I would say that Mr. Black and I generally share the same political views."[15] Precisely.

Could we expect the flamboyantly conservative Conrad Black to hire socialist publishers? Or would one of his publishers want a socialist editor flaunting his views on the editorial page? People hire subordinates they are comfortable with, like Black's Mr. Reynolds.

It is no coincidence that talk show hosts on commercial radio and TV, with the exception of the CBC, generally slant to the right. We can imagine

the reluctance with which business owners, to say nothing of their advertisers, would tolerate a persistently left-wing, or anti-corporate, view on the airwaves for a couple of hours every day. Even when owners insist that they don't interfere with editorial views but at the same time demand maximum profit, they are with a wink and a nudge insisting that their publishers stay sweet with advertisers.

Ownership of the mass media by the business community presents a tangle of conflicting interests. Foremost is the perennial conflict between wealth and democracy, between governance by the few and governance by the many. Then there are the conflicts between the interests of business and those of other groups in society, even with the public good itself, on everything from environmental laws to labour standards to consumer protection. How can the corporate media be seen as objective commentators on these areas? Corporations who own media have investments in other industries — how are their media to be seen as dispassionate observers of these industries? How can they report objectively on organized labour, the traditional foe of capital, or on the behaviour of advertisers, their patrons? Any government perceived as having such massive conflicts of interest would collapse in disgrace.

Our mass media is rather like a town hall meeting where the richest man in town gets to set the agenda. Town hall meetings are a democratic institution, and if everyone can speak their mind without fear, a free institution, but what does the democracy and the freedom mean if discussion always revolves around issues chosen by one man or by a small group of men and their loyal servants, as is the case with our media? Democracy and freedom become very superficial virtues indeed.

Concentrated ownership not only leads to concentrated bias but to fewer outlets and to a certain news illiteracy. Coincident with our limited choice, we have almost the lowest newspaper readership in the developed world. Norwegians, with 15 newspaper titles per million population buy 598 papers per day per 1,000 population; Canadians, with 3.2 titles per million population buy a mere 123 papers.[16]

Fruits of a Commercial Media — Advertising

Advertising is yet another form of the business tax. We may not approve of it, but we pay for it every time we buy something. Some advertising does provide a public service: knowing when bananas are on for half price or when a new laser printer is available can be useful. Unfortunately, much advertising — most television advertising — chooses not to provide useful information about products and prices but rather to sell products by exploiting fears, creating fantasies, and promoting lifestyles — in short, by propaganda. As Don Green, co-founder of shoe company Roots Canada, put it "We're definitely not in the commodity business. We're in the brand marketing and lifestyle business."[17] The object isn't so much to serve needs as to create wants. And that it seems to do. An American analysis

found that TV viewers spent an additional $208 US per year for every hour of television they watched. Harvard economist Juliet Schor observed. "It's the lifestyles depicted there that inflate our sense of what's normal."[18]

Neil Postman, in his book *Technopoly,* discusses the roots of mass advertising. He talks about how, in the 1890s, the American publisher Frank Munsey discovered that he could get a huge circulation by selling his publication for less than it cost to produce it and then reap equally huge profits by selling advertising for a mass audience. Newspapers had been heavy on advertising well before Munsey, but he certainly helped entrench it as their *raison d'être.* Advertisers followed with the discovery of their own that "the magical and even poetical powers of language and pictures" sold products better than rational information[19] — great for creating images and for market share wars, but useless to the public good.

Useless, perhaps, but expensive. In this country, we spend $12 billion extra on goods and services every year in order to feed advertising's appetites, roughly $390 for every man, woman and child. You may not like your daily paper, you may not buy it, but you pay for it, or at least most of it. You may not watch commercial TV, but you pay for that, too.

We are paying to propagandize ourselves. We are quite likely the most propagandized people ever. No other people, not the Soviets under Communism, not the Germans under Naziism, have been subjected to such incessant indoctrination, manufactured by such brilliant, creative minds, as we have. (Although in fairness to the Nazis, John Ralston Saul suggests that modern advertising owes a great deal to Leni Riefenstahl's film masterpiece *The Triumph of the Will,* which she made for Hitler in 1935.[20]) We are not being propagandized in a political or theological ideology but in the ideology of the marketplace, the buy-buy-buy ideology of consumerism. Kalle Lasn, editor of Adbusters magazine, refers to it as "arguably the biggest psychological experiment ever carried out on the human race."[21]

At one time, this may have seemed innocent, even beneficial in an economy dedicated to growth, or it may at least have seemed neutral. Not anymore. Ask an environmentalist. Ask anyone interested in the health of the planet. At a time when we are drawing down the planet's resources, while at the same time polluting it, growth has become suspect and consumerism far from neutral. This is a political and moral issue, a case of marketplace values vs. social values, materialism vs. the public good. And the commercial media has chosen sides.

Our indoctrination starts early. Saturday morning cartoon shows for preschoolers are rife with sales pitches for everything from toys to cereals. Insiders in the business talk about developing "pester power" or "the shin-kicking factor" — nagging mommy and daddy until they buy it for you.

We often wind up in the ridiculous position of waging war against ourselves. The baby food industry, in the name of "choice," sells new mothers on the bad choice of formula while sensible people struggle

against the industry's multi-billion dollar resources to promote the good choice of breast feeding.

Another case in point is cigarette smoking. Common sense dictates that any publicity about a habit that kills forty thousand Canadians a year should discourage it. Yet tobacco companies have fought for years against legislation limiting the promotion of their vile product, sometimes with success. Anti-smoking groups, preaching responsibility, are on the side of the angels but are badly outmatched by the deep pockets of the companies. A schizophrenic society instructs its youth to smoke and not to smoke.

Advertisers defend their rights with an appeal to freedom of speech, and freedom of expression is indeed essential to democracy, but it is not license. Hawking an addictive drug that kills more Canadians every two years than the Axis killed in the entire Second World War, particularly keeping in mind who much of the propaganda is aimed at — addicts must be hooked in their teens if they are to be hooked at all — wanders far into the territory of license, if not social suicide. It is a perversion of free speech and deserves little defence.

Yet another example is the case environmentalists have assembled against the use of beef, a case that has earned a comprehensive public debate. However the environmentalists' ability to present their case is overwhelmed by the beef industry's ability to advertise. Big Macs and Ronald McDonald are household words, but the beef industry's appalling drain on the planet's resources, including devastation of the rain forests to provide grazing land,[22] is a seldom told story. Rain forests, possibly to their terminal detriment, can't advertise.

A sensible society would promote that which is beneficial to society, not that which is harmful or which merely makes a profit, an obvious concept utterly distorted by advertising.

Attempts to fight fire with fire, ad with ad, have had limited success. In 1994, Adbusters magazine ran an anti-car commercial on the CBC program *Driver's Seat*. Anti-ads had been rejected by the CBC until 1992 when President Gerard Veilleux nobly defended Canadians "legitimate opportunity to be fairly heard."[23] Adbusters, exercising their "legitimate opportunity," contracted two slots on *Driver's Seat* for their "Autosaurus" ad. (Apparently, two slots was all they could afford.) When other sponsors threatened to drop the show if "Autosaurus" persisted, the CBC obediently dropped Adbusters. In an ensuing court case, the Supreme Court of British Columbia concluded that the CBC had broken its contract with Adbusters but failed to declare that it had violated any constitutional rights to free speech. Apparently, in the fantasy world of television, it is politically correct to ask people to buy stuff but politically incorrect to ask them not to buy stuff.

Corporate advertisers have less of a problem. Just before the global warming treaty talks in late 2000, the Calgary Sun included a "special

supplement" chock full of stories about the positive environmental efforts of energy companies. Ed Huculak, advertising director for the Sun, explained, "Our editorial team and our advertising team do work together quite closely in terms of trying to correlate the product." Editor-in-chief Chris Nelson insisted that the supplement wasn't "advertorial" because the writers worked freely within the assignment — the companies' positive efforts. "The subject is narrow, so it limits itself," he explained.[24] Clever.

Images in a Crooked Mirror

Aside from the consumer ideology created by advertisements, when the mass media is dependent upon advertising for its very existence, the selection and presentation of news also becomes suspect. Commercial television, with each program dependent upon advertisers for its survival, is perfectly designed for corporate censorship. If a program is displeasing to the corporate sector because it assaults the corporate agenda or is just too controversial, it won't find advertisers and will quietly, without fuss, disappear. To quote John Ralston Saul, "The intelligent master never forbids."[25]

Furthermore, advertisers demand mass audiences. This means the media must maximize their market share. They must appeal to the easiest emotions and the most superficial thinking; they must sensationalize and dumb down; they must seek out the lowest common denominator.

This corruption of motive not only distorts public debate, as the advertising itself does, it also distorts our image of society. An example is the public image of crime. News in the daily press, and both news and entertainment on TV, is obsessed with crime, the more violent the better. The Sun newspapers feed on crime like crows on road kill — eagerly and raucously. The media create a picture of a society riddled with crime, crimes that are horrifically violent, and criminals that are depraved monsters.

The truth is that Canada's crime rate is declining (the murder rate is the lowest in over thirty years), only eleven per cent of crimes are classified as violent and most of those are common assaults, which do not involve weapons or serious bodily harm.[26] But this isn't sensational, and sensational sells more papers, and therefore more products, than analysis. When Rick Linden, a sociologist at the University of Manitoba, pointed out that crime had increased through the 1970s and 80s because of a baby boom surge of young men through the population (crime is a young man's game) and that it is now declining because these men are aging, his views, supported by Statistics Canada data,[27] received limited attention from the media. This was not the stuff of flamboyant headlines or sound bites on the six o'clock news. Yet this is precisely what an intelligent debate on crime requires. David Cayley presented a brilliant series entitled "Prison and its Alternatives" on CBC radio's *Ideas* program that discussed approaches to crime which are less punitive, less reliant on courts, more

reliant on community and focused on respect for the victim. These possibilities, too, have received short shrift in the commercial media.

As we would expect, Canadians' perception of crime reflects the mass media picture. A 2000 Ekos Research Associates survey reported that forty-four per cent of Canadians believed that crime was increasing while only twenty-two per cent believed it was declining.[28] Homicide expert Elliot Leyton suggested that we were in a "violence panic."[29] In response to the news that American TV networks had increased their murder coverage sevenfold while the U.S. murder rate had dropped twenty per cent, researcher Robert Lichter commented, "The networks have discovered … you can scare people into coming back tomorrow to watch the news again."[30] Quite aside from the tragedy of people, particularly older people, living with unnecessary fear, the informed debate that society needs to have about crime is difficult to achieve when our information-providers distort reality. And the mischief goes further. Unfounded fear creates mistrust, alienation and isolation that undermines democracy itself.

Television may even be creating its own obsession. Thousands of studies suggest that violence and television-watching are strongly connected. An epidemiologist at the University of Washington, Brandon Centerwall, has suggested that the sharp rise in the murder rate that began in the 1950s was generated by television-watching.[31]

An article in The Globe and Mail entitled "If it bleeds, it leads" describes the CTV newsroom putting together an 11:00 o'clock news show. Reporter Mark Sikstrom asks about a story on a school being set up for sex-abuse victims, "Is this thing a potential lead? I mean, there's lots of crying potential, lots of emotion." Anchor Lloyd Robertson replies, "Sounds pretty good." The story is used. A detailed report on cultural policy is dropped. A report on Great Lakes pollution gets one sentence. The lead story is the O. J. Simpson trial.[32] The legendary American television producer Fred Friendly once observed, "Because television can make so much money doing its worst, it often cannot afford to do its best."[33]

The media passion for sensation seeps into other areas as well. A U.S. study found that "the media devoted almost sixty per cent of their 1988 campaign coverage to the political horse race and to candidate conflicts, and only about thirty per cent to issues and candidate qualifications."[34] Canadian media are no different. Discussing media coverage of civic politics, Catherine Ford, a Southam national columnist and former editor, wrote, "Certainly, in this business it is routine to look for what doesn't work."[35] By concentrating on what doesn't work, the media does a fair job of turning us against our own institutions.

We should not blame all of this on advertising; some of it may simply be due to the love of gossip which has been long with us. Thomas Jefferson observed, well before the advent of mass media, that the press, "like the clergy, live by the zeal they can kindle, and the schisms they can create."[36]

Democracy needs news and opinion that informs and encourages reasoned debate. The corporate media, by providing news and opinion designed principally to excite passions, undermines democracy and becomes the ally of demagoguery. Mike Harcourt, former premier of British Columbia, who The Globe and Mail once accused of preferring compromises to spilling blood, observed that the media, "equate success in politics, not with co-operation and consensus, but with violent action."[37]

Commercial television, at least in Anglophone Canada, not only presents a distorted image of Canada, more often than not the image isn't even Canadian. Whereas almost all prime time programming on the CBC is Canadian content, less than twenty per cent of private sector programming is. Michael Valpy of The Globe and Mail comments, "private TV broadcasters in English-speaking Canada are basically foreign broadcasters," and advises, "We cannot be tourists in our own culture."[38] Indeed we cannot. If we are to function as effective citizens in our society, we must understand it, and to understand it, we must hear a comprehensive range of Canadian voices. Commercial TV doesn't help us do that. It gives us American TV which doesn't even give Americans an accurate view of their society.

Advertising and Opinion

In addition to the media seeking mass audiences to attract advertisers, and biasing information as a result, there is the question of how much advertisers influence editorial opinion. Does he who pays the piper call the tune? The media insist not: editorial and advertising are kept at arms length, they claim. Maybe, but when the piper is getting seventy to a hundred per cent of his revenue from advertising, we are obliged to have our doubts.

Advertisers' influence has been known to extend beyond their demand for a mass audience. Patrick O'Callaghan, one of Southam's more colourful and innovative publishers, was dumped from the Calgary Herald in 1988 when the paper ran a series of consumer articles that included suggested retail prices for new cars. The city's automobile dealers apparently didn't appreciate the information being offered to consumers and were pulling their ads. Southam chiefs, who had not appreciated O'Callaghan's independent ways for some time, took advantage of the advertisers' displeasure to retire him to quieter pastures.[39] Maclean's advertising sales vice-president, Charles Hodgkinson, admitted that multinational corporations will often reschedule ads to avoid running them in editions that cover sensitive political issues. Considering the media's dependence on advertising this no doubt puts a bit of a damper on covering controversial topics. Maclean's illustrated just this sort of concern when it dropped Maritime fiddler Ashley MacIsaac from its 1996 Honour Roll, worried about how his sexual activities might affect advertisers and readers.[40] According to Rick Salutin in The Globe and Mail, for a century the T. Eaton

Company "kept any mention of the many union drives at their stores out of Toronto's papers, based on their clout as the biggest advertiser in the city."[41]

An advertising-addicted media has to be less than human not to worry about offering a forum to business-unfriendly or advertising-unfriendly opinions. Ideas on the left are almost certainly unwelcome. Ideas like voluntary simplicity, or bionomics, the rapidly growing concept of an environmentally-based economics, are anathema to consumption and so to a media whose mandate is to promote consumption. To society, these are new ideas, new promises — to the mass media, they are threats. They have little chance for a fair hearing amidst the consumerist propaganda of a commercial media.

In some cases, small town newspapers for example, the distance between editorial and advertising vanishes. Here the editor and the advertising manager may be the same person, a person who has to look his advertisers in the eye every day and probably socialize with them in the evening. Are small town papers conservative because small towns are conservative, or because small town businessmen/advertisers are conservative? As long as they are the servants of advertising, we can never know. Editorial and advertising is blurring, too, on that small-townish medium, the Internet, as marketers become increasingly skilled at insinuating sponsored information into public information.

Ironically, while we are inundated with advertising, while the information we receive is often framed by it, we neither respect nor like it. A Roper Starch Worldwide survey reported that only thirty-eight per cent of people around the world believe ads provide good information and thirty per cent that ads respect intelligence.[42] While some people might be surprised that the figures are even that high, advertisers may feel that thirty-eight per cent is all they need. A Financial Times of Canada survey found that two out of three business people thought advertising was untruthful or misleading.[43] Business people! And advertising is about as popular as it is credible. According to a Canadian Radio-television and Telecommunications Commission survey, eighty-seven per cent of Canadians thought there were "far too many commercials on television most of the time."[44] Those who confidently claim that the market provides people with what they want seem to be overlooking advertising.

Advertising is a commercial imposition, not a democratic choice — many people might very well prefer to pay for their information and editorializing directly rather than via the business tax route of advertising. Advertising, at least sensible advertising, can serve consumers well. However, credible or not, admired or not, it also distorts and imbalances the information we receive and continues therefore to be problematic for a democratic society. To quote Ronald Collins and David Skover, authors of *The Death of Discourse*, "On the eve of the twenty-first century, America's

marketplace of ideas has largely become a junkyard of commodity ideology."[45]

A Limited Spectrum

Because the influence of both ownership and advertising reflects the same interest — wealth, or more specifically the business community, particularly the corporate sector — separating the effects is difficult. Often they coincide to the point they are indistinguishable.

Regarding bias in the news, the Canadian Daily Newspaper Association's Statement of Principles says, "The newspaper keeps faith with readers by presenting information that is accurate, fair, comprehensive, interesting and timely. ... Sound practice clearly distinguishes among news reports, expressions of opinion, and materials produced for and by advertisers." Most media may be "accurate" and "fair" as far as information within individual stories is concerned, but when it comes to the selection of stories, it is quite a different matter. This is critical. News, after all, is what the media decide is news. During the 1995 Quebec referendum campaign, the Francophone media played up comments by Standard Life Assurance president Claude Garcia (supporting the No side) and Newfoundland premier Clyde Wells (opposing special status for Quebec), and the Anglophone media played up Quebeckers getting Canadian passports and moving money out of the province. What was news in Quebec wasn't news in the rest of Canada and vice versa. Prime Minister Chrétien weighed in complaining about pro-separatist bias on Radio-Canada. No doubt these media were simply providing the information that they thought was most newsworthy to their respective communities, but the point is that information selection, i.e. determining what is news, is an arbitrary process, subject to bias.

Of particular importance is television news. Dismissed by the literati as essentially sound byte accumulations offering a superficial look at the more sensational events of the day fleshed out with weather and sports, it must nevertheless not be underestimated. Polls show that most Canadians rely on TV for local, national and international news, and they think it more reliable and more thorough than either radio or newspapers. Furthermore, in a series of sophisticated experiments, political scientists Shanto Iyengar and Donald Kinder proved that TV does not simply follow issues that the public considers important but is in fact an agenda-setter. In their words, "By priming certain aspects of national life while ignoring others, television news sets the terms by which political judgments are rendered and political choices made."[46]

The press primes the business aspect of our national life shamelessly. The Globe and Mail, Canada's leading national newspaper, often has a larger section covering business than the sections covering national and international news combined. As author Herschel Hardin has pointed out,

while daily newspapers have extensive business sections they have no section on the public sector.[47]

This lack of attention paid to the public sector is extraordinary, considering that it includes health, education, foreign affairs, and a host of other services vital to the country. These are, moreover, services that we provide to ourselves and own as a community, services in which we have a more direct interest. An editorial in The Globe and Mail stated in a confessional moment, "Most people are unaware of what the federal government is doing unless some controversy erupts in the media."[48] Exactly, dear editors, and why is that?

The bias against public service news is serious enough in keeping us in the dark about government services, but even more seriously it alienates us from government itself. If we are ignorant about foreign aid and other public sector activity, if suspicions are allowed to fester and grow, fuelled by forces interested in diminishing government, we begin to think of government as against us rather than of us. Our one democratic instrument of any real power is undermined. The media tendency to choose what government news it does present on the basis of scandal rather than substance doesn't help, particularly when, in contrast, the business section is replete with constructive news about the private sector. Editorially, politicians and the public service generally are criticized vigorously, enthusiastically and incessantly. A columnist in the corporate media can construct a career out of vilifying politicians and government but will prudently avoid inflicting similar abuse on business. Politicians can fight back, if at some risk to their careers, but they will rarely defend government itself — it's too useful as a scapegoat. Civil servants are expected to quietly endure any maliciousness heaped upon them.

The business community is largely spared the scrutiny and criticism focused on government. Scrutiny of government, if objective and not just sensation-seeking, is an important function of the media, and editorial comment contributes to public debate, but business, particularly corporate business, deserves equal scrutiny and comment. It is, after all, government's premier antagonist in the struggle for social and political power. And whereas government is democratic, accountable to us, business is dictatorial and accountable only to profit.

The major victim of control of the mass media by the corporate sector is the political left. The dominance of the political spectrum by liberal and conservative parties, and the dominance of the media by the business community, may be mere coincidence, but I doubt it. In the United States, where the only major medium with a degree of independence from business, public television, is but a pale imitation of our CBC, the left is particularly weak. The political spectrum there, mirroring the mass media spectrum, runs from ultra-conservative to liberal. Many Americans seem to think that liberal *is* left-wing. They can hardly be blamed — when virtually all their mass media are owned by one special interest group, they

have nothing to compare to, no way of detecting a bias. In both countries, the left is precluded from any real power in the daily press. In Canada, a few left-wing publications, doomed to operate without the blessing of corporate advertisers, struggle on, small players with limited audiences. Political debate is crippled.

Organized labour's appearances in the press, other than in critical editorials, is confined largely to the occasions of strikes, which often become the sensation of the day.

The message is clear: business people are successful and important, civil servants are nobodies, and union leaders are trouble-makers.

Imagining Balance

If we imagine an objective editorial board, driven by a social rather than a market imperative, we see a very different selection of news and views. All sectors of society are covered. Business is no longer the favoured child either editorially or in the news. Corporate behaviour is scrutinized as thoroughly as government behaviour. The economic section includes business, labour and workplace news. It relies on economic indicators that truly reflect the health of society in preference to the socially and environmentally challenged gross domestic product. We find a consumer reports section — something much more useful to consumers than advertising. Indeed, advertising claims are, when necessary, challenged. We see a solid public service section; a great deal more coverage of scientific, technological and environmental news; and, I suspect, a much-shortened sports section. We see a much-reduced emphasis on crime and sensation generally. In other words, we see a very different-looking medium. It presents a different world, the real world.

We might even go further and imagine a left-wing editorial board although it is probably an impossible dream in a mass media owned by and beholden to the corporate community, and in a world where one daily newspaper costs hundreds of millions of dollars, well out of the range of left-wing pocketbooks. If one existed, it would no doubt present a world as biased as that of the business press, but at least we would have balance and a meaningful choice.

Bias, of course, is always to some degree in the eye of the beholder. We tend to find what we are looking for. If we are left-wing, we are convinced we see a right-wing bias in the media; if we are right-wing, we may be equally convinced of a left-wing bias. The Fraser Institute's National Media Archive predictably finds the media biased against the right and the public media less balanced than the private. Media watchers of other political persuasions, such as NewsWatch Canada, find bias in the NMA's own publication, and arrive at different conclusions about bias using the same data.[49]

Moral conservatives swear they see a "liberal" bias in the media and perhaps they do. Journalists tend to be more open-minded, more cosmo-

politan and better educated than the average citizen — indeed they almost have to be to do their job — so their views may very well be more liberal. We might call this a bias although it seems an odd way to describe rejection of dogma. Moral conservatives have not done well in the past half-century, what with women coming out of the kitchen, homosexuals out of the closet and minorities out of the shadows, but we don't really want to cover that ground again, do we? And surely there's no need to go on debating evolution for as long as we debated heliocentricity.

In any case, this is all subjective. What is not subjective is the ownership of the mass media by one special interest group, and its financial dependence on that same group through advertising, a group with its own agenda. Our media is oligarchic, not democratic. This is the hard, irreducible fact we must deal with if we are to have the independent and accessible forums democracy requires.

Toward a Democratic Media

Nicholas Fraser, writing in Harper's about Austria between the First and Second World Wars, had this to say about the journalist Karl Kraus: "Kraus was the first journalist to see that it was pointless to talk nobly about serving truth when the machine of 'public opinion' — a set of collusive arrangements between press magnates and advertisers, abetted by an indifferent state for whose representatives public morality had ceased to be important — existed to service the appetite for spectacle."[50] Fraser's view is a dark one, but it holds disturbing truths for us. The Canadian media are in the grip of magnates and advertisers who are essentially one and the same, the state's interest in a publicly owned media seems to be waning, and the media are unduly attracted to spectacle.

Why do we tolerate such a critically important servant of democracy being in this condition? Part of the answer, a very small part I hope, may be apathy. Another part, and I suspect this is a very large part, is ignorance about how the business tax works. The CBC debate serves to illustrate. We debate endlessly about the cost of the CBC to the taxpayer, but never mention the cost of the private media to the consumer. Many want to privatize the CBC because it eats up too much of their taxes or they don't like paying for programs they don't watch. Ideas about privatizing the CBC or making CBC radio accept advertising may sound like "common sense"; however, they reveal a profound ignorance about how media financing works. The commercial media is as greedy for public subsidy as the CBC, but because the subsidy is advertising — a tax buried in the cost of all the products we buy — it escapes notice. In fact, while CBC TV and radio cost us $25 per Canadian per year in tax money, commercial TV and radio cost us $125 per Canadian per year in advertising (business tax) money. Some benighted folk even believe commercial TV is free! Or that they only pay for the newspaper they subscribe to. Or that they aren't supporting those dreadful radio talk shows because they never listen to

them. We pay a form of the business tax to support the commercial media whether we like it or not, supporting programs, even entire media, we disapprove of — but this doesn't enter the debate.

The private media deserve to be more a subject of debate than the public media precisely because they are servants of a special interest group and not of the general public. But no such debate exists, and this brings us to the last part of the answer to why we tolerate the condition of the media — yet another conflict of interest. We cannot reasonably expect the corporate media to involve us in a debate that would threaten their very existence. Consequently, they offer us the wrong debate. We should be debating public-izing the private media, not privatizing the public one.

How and where are we to have such a debate, or any debate that is not framed by "arrangements between press magnates and advertisers"? How do we put the mass media in the employ of free speech and democracy rather than in the employ of advertising and profit? Obviously, we need public forums, truly public forums, forums owned by, controlled by, and accountable to the public, forums that allow for thorough debates on the business tax, on press concentration, on corporate governance, on all those issues that discomfort wealth. In short, we need the CBC without the advertising. And we need more. We need a strong public presence in the daily press — a national, publicly-owned newspaper.

Ideally, in a democracy, all public forums, the places where we obtain information, and discuss and debate issues, would be the property of the public, as the marketplace was in ancient Athens. Given the double grip business has on our forums and how deeply embedded this grip is in the physical and philosophical structure of our society, complete public ownership is not a likely prospect. Nonetheless, it should be the long term goal for major forums such as TV networks and the daily press.

By contrast, smaller media, those that represent individual or special interest voices more than forums, a category that includes most magazines, local radio stations and Internet discussion groups, should be encouraged to proliferate. The more voices, the healthier the democracy. The Internet has particular promise as an accessible, relatively cheap public forum.

Firming Up *the* Public Forum

Nationalists defend the CBC on the bases of national unity and a vigorous Canadian culture. Both are worthy goals. But an even more important reason is the democratic imperative to provide a full range of vigorous and equitable democratic discussion. The marketplace media will not do this. The choices they offer the public, whether news, opinion, or entertainment, will always be constrained by what is good for business. If that coincides with the public good, everyone wins — if it doesn't, the public good loses.

The question then is how to move toward greater public control of the mass media. To start with, we must set CBC TV and radio on a firm foundation. In 1997 four former presidents of the network — Al Johnson, Pierre Juneau, Tony Manera and Laurent Picard — declared, "It is impossible, under current conditions, to meet the corporation's mandate as set out in the *Broadcasting Act*."[51]

Funding through the tax system is clearly too much of a political football. The Pierre Juneau task force recommended scrapping all commercials on CBC TV except for those on sports programs and suggested various options for supporting the network, including a communications distribution tax that would replace the GST on cable, satellite services and long-distance phone calls. Heritage Minister Sheila Copps proposed a tax on movie tickets and video rentals. Another possibility is to have the CRTC lease channels to other radio and television networks and use the rents to fund the CBC. Or we could borrow a page out of the British Broadcasting Corporation's approach and impose license fees on radios and television sets.

Yet another approach would be to insist that advertising, currently a business-dominated form of propaganda, pay its dues to freedom of speech. Advertising revenues for all media run over $12 billion a year. If we taxed this sum at a rate of fifteen per cent — we might call it a "free speech tax" — to be paid by advertisers into a media fund, we could raise $1.8 billion a year for public press and broadcasting. This would not only stabilize revenues for advertising-free CBC TV and radio, it would provide ample revenue for a national daily newspaper. We would ultimately pay the free speech tax ourselves of course through the business tax, just as we pay for all advertising, but then we must ultimately pay for public forums whether we own them or not anyway. This way we would be telling business that if they're going to spend the public's money on advertising, they will have to spend some of it in the public's interest. Liberty costs more than eternal vigilance.

Purists might complain that this would be rather like taxing tobacco — breaking bread with the devil. To the degree that advertising promotes consumerism, wastes resources and distorts the media, they would be right, but the free speech tax could, in addition to raising revenue for public forums, serve another purpose. It could suppress advertising by raising its cost, just as raising taxes on cigarettes reduces smoking. Marketplace media might have to become more dependent on selling information and ideas, and less on selling advertising space, helping to level the playing field between business-approved and other voices.

A publicly owned newspaper could raise the standards of the commercial press just as the CBC has raised the standards of commercial television. According to Peter Desbarats, former dean of the Graduate School Of Journalism at the University of Western Ontario, "Competition between public and private broadcasters has benefited both, with the

public broadcaster tending to set the pace for the industry. ... Canadian network news and information programming, on radio and television, compare favourably with the best in the world, a claim that cannot yet be made for newspaper journalism in this country."[52] High standards have made the CBC the most trusted of the TV networks, even among Progressive Conservative supporters[53] who we might expect to be suspicious of publicly-owned media. We could expect the same from a public newspaper. We would, for example, expect the paper to reject insult journalism and insist that columnists make their points solely on knowledge, reason, wit and good writing. The paper's mandate would be to ensure a full range of opinion and news. It would have strong local editions.

A public sector with a strong TV, radio and newspaper presence would be a good start but only a start. The corporate media would still dominate. Ultimately the corporate press and TV empires will have to be broken up or public-ized. Up until 1968 when the CRTC was set up, the CBC was both broadcaster and regulator, intended to be the core of broadcasting in Canada supplemented by private broadcasters. That isn't a bad model to return to. And the private broadcasters wouldn't have to be all commercial media; they could just as well be aggressively-subsidized non-profit media. Just as we recognize that the importance of the media to democracy, to the public good, justifies public support for the CBC, we might recognize the value of public funding, via tax incentives or grants, to assist in developing greater media diversity.

As democracy's public forum, the mass media ought to be fundamentally devoted to public service and only incidentally, if at all, to consumerism.

Potpourri

Various groups, including the Communications, Energy and Paperworkers Union, the Newspaper Guild, the Canadian Labour Congress, the Canadian Teachers' Federation, the Friends of Canadian Broadcasting, the Assembly of First Nations and others — a formidable alliance — have formed the Campaign for Press and Broadcasting Freedom to combat the shameful concentration of media ownership in this country. The campaign is committed to educating the public about the dangers of media concentration and obtaining federal legislation to combat it. They are proposing a range of measures to diversify ownership and ensure accountability for accurate reporting and diverse content, including limits on the number of media outlets companies can own and revising the *Competition Act* to ensure media mergers are in the public interest.[54]

Other means of promoting a democratic mass media also deserve consideration. John Deverell and Greg Vezina, in their book *Democracy, Eh?*, suggest a specialty cable channel "devoted to the expression of diverse minority views."[55] Vezina is co-founder of The Democracy Channel Inc. which proposes to "put political reform on the public agenda, provide

equal opportunity exposure for all registered political parties, give a soapbox to 'inventors, social planners, activists — people with ideas,' and encourage broad public participation through video mail and national open line programs." Sounds like the kind of thing all media should be doing, not just one cable channel.

James Winter, in *Democracy's Oxygen,* points out that a dues checkoff of a dollar a month from the five million members of organizations affiliated with the Action Canada Network, an umbrella organization for activist groups including labour unions, would raise $60 million a year for a "progressive, national daily newspaper."[56] We need hardly add that a progressive newspaper would be run democratically with the newsroom staff choosing their own editors as is commonly done in Europe and as ought to be done here as well.

Some observers have suggested that organized labour use pension fund money to create its own media to balance (or oppose) the corporate media. With hundreds of billions available in these funds, a small fraction of each year's interest could support a media empire. It too would no doubt be biased, but it would provide a real alternative. We could have at least one newspaper chain outside the private club of corporate ownership. Or perhaps labour could simply use the funds to buy up chunks of media corporations and put directors on the boards that are more favourable to labour interests. In 1996 the Ontario Teachers' Pension Plan participated in the purchase of the Sun newspapers; however the deal was purely financial. Ontario teachers didn't use their equity to muscle a more labour-favourable editorial opinion out of the notoriously right-wing Suns.

Although we have been concentrating on national media, the provinces, too, can play a role. A number of provinces, including Alberta, British Columbia, Ontario, Saskatchewan and Quebec, have had publicly-owned radio and television for years. Alberta's CKUA, established in 1927 at the University of Alberta, preceded even the CBC. Unfortunately, in a singularly regressive step, Alberta privatized its system. The provinces should be developing new and innovative ways of using their systems to involve citizens in democracy, not peddling them off to the private sector.

In addition to creating public forums, we can counter the influence of advertising. The free speech tax would help. Mandatory counter-commercials are another option. Opponents of controversial commercials could be guaranteed equal opportunity to respond at an affordable price, perhaps free, if they could make a case to an independent body such as the CRTC that the public interest deserved another view. The *Broadcasting Act* almost seems to require this for radio and TV when it states in Section 3i(iv), "The programming provided by the Canadian broadcasting system should provide a reasonable opportunity for the public to be exposed to the expression of differing views on matters of public concern." Counter-commercials were effective in ending cigarette advertising on TV and radio in the United States — the truth, apparently, proved to be too much for

the tobacco pushers. Freedom of speech without equality of speech becomes a tool for propaganda, not democracy.

Ideally, readers would be able to choose. They would only pay for the news, opinion, entertainment *and advertising* that they wanted. Pay TV offers commercial-free programming, but of course subscribers still pay for commercial-laden channels, even if they don't watch them, via the advertising portion of the business tax. Indeed, they pay twice — once to the cable company, and once on everything else they buy. There is, it seems, no escape.

Herschel Hardin, in his book *The New Bureaucracy,* reports on an extraordinary survey of marketing and sales directors in Britain. As sales people, they were in favour of commercials on the BBC, but as members of the public and TV viewers, they were strongly opposed[57] — yet another example of commerce man vs. social man. It also indicates that people's dislike and distrust of advertising can be turned into action against it. Adbusters magazine has done very well by not only rejecting advertising in its pages, but by making anti-advertising its *raison d'être.* From a small start in Vancouver, it has gained an international readership.

A Final Note

In dictatorships, government is the enemy of a free press. In democracies, government enacts much legislation that affects the media, from broadcasting acts to tax law, but where information and opinion are involved, it holds little command over the press. Wealth, particularly corporate wealth, is the enemy. When a small group, even one man, can affect the way we perceive ourselves, in effect change our culture, not through the force of his ideas but through his money, we are less a democracy than a plutocracy.

Through its media arm, wealth decides what the issues are, provides the information on these issues and frames the debates. Giovanni Sartori of Columbia University describes our governing institutions as subject to an "echo-effect."[58] The mass media create public views through selection of news content and editorial opinion; polls reflect the public's adoption of these views; and the politicians, increasingly reliant on polls, respond to "public opinion." The public's concern about crime exemplifies Sartori's echo chamber. As does suspicion of government.

The echo chamber is magnified further by public relations firms. Some pundits believe that as much as forty per cent of "news" derives from press releases. According to Ruth Douglas, publisher of News Canada, the largest PR firm of its kind in the country, "One hundred per cent of the stories our staff write for clients on a fee basis are picked up by the print and electronic media."[59] Conglomerates that own both large PR firms and ad agencies manipulate the media masterfully on two fronts.

Wealth is ambivalent about democratic government. It wants to control it, yet remains suspicious of it — its main rival for power. Its media

arm reflects this suspicion and drags us into it. Our challenge is to create a mass media, a public forum, that does not oppose us to government but that involves us in it, that presents information and opinion with a breadth, a depth and an objectivity that allows us to not echo views but to develop views rooted in our own hearts and minds.

It is time to confront the enemy.

8

Co-ops and Crowns

The Challenge

Maude Barlow, chairperson of the Council of Canadians, suggests that in the 1970s the corporate sector set an agenda to "change the culture" of Canada and refers to an emerging "corporate state."[1]

Ms. Barlow's view is rather conspiratorial; nonetheless we might, if we trace the history, see some evidence for this. During the 1960s and into the early 1970s, a lot of people, particularly young people, staged a veritable revolution against consumerism and capitalist values generally. In the 1972 federal election the NDP made its best showing ever, aided by leader David Lewis's campaign against those "corporate welfare bums" who were paying few if any income taxes. A bad taste still lingered in many people's mouths over the corporate assault on the report of the Carter Royal Commission on Taxation which had advocated a more equitable tax system. In 1982 the Catholic bishops issued a report, *Ethical Reflections on the Economic Crisis*, laying out their hopes for an economy dedicated more to human needs and less to profits. According to Tom Harpur, the Toronto Star's religious editor, the report found wanting "the basic principles of the current capitalist system."[2] This support low and high for less buying and more sharing may indeed have shaken the corporate sector.

In any case, some stirrings to shift society back toward a market orientation did take place. The C. D. Howe Institute was set up as a corporate think-tank in 1973. Michael Walker formed the Fraser Institute in 1974, with the generous help of corporate donations, "to redirect public attention to the role of competitive markets in providing for the well-being of Canadians...."[3] In 1976, the CEOs of the top corporations in the country formed the Business Council on National Issues, modelled on the American Business Roundtable established four years earlier, to better promote their common interests. Thomas d'Aquino, president of the BCNI,

responding to the bishops' report, talked about a council plan to reconstruct Canada to bring about "fundamental change in some of the attitudes, some of the structures and some of the laws that shape our lives."[4] Included in that "fundamental change" was the North American Free Trade Agreement, convincingly portrayed in an article by Toronto Star reporter Linda Diebel as nothing more nor less than "a straightforward corporate strategy," engineered by people like U.S. industrialist David Rockefeller and Henry Kissinger.[5] Diebel quotes Rockefeller in words eerily similar to d'Aquino's: "We face serious patterns of thought and behaviour that require modification if a free trade system is to function effectively."[6]

In March, 1996, the BCNI funded a conference on the constitution (fifteen BCNI CEOs attended) which was to draw up a proposal for presentation to the federal and provincial governments. The idea of autocrats, some representative of foreign interests, involving themselves in our constitutional discussions, and using the business tax (our money) to fund it, is infuriating. Add all this up, combine it with the growing encroachment of the corporate sector into education and research, and a conspiracy does start to suggest itself.

But it is hardly necessary. Given the intrinsic power of wealth, no coordination is required. Through the business tax, the business sector can finance a host of organizations to promote its interests. Through its media arm, it can frame discussion and debate about issues in ways that are at the very least harmless to capitalist values if not outright supportive of business interests. By dominating political financing, it can ensure favourable legislation and reward into old age the politicians who pass it into law. It has always held the upper hand in economic matters in our capitalist system; with globalization, that power has increased. And now its tentacles reach into education, preparing the next generation for consumerism, and into public research, setting the future to its agenda.

The business tax extends a fifth column into environmental debates, with companies setting up their own environmental organizations or funding ostensibly neutral ones.

Government invitations to corporate philanthropy to help meet social needs allow corporations to set social priorities, to decide who should get help and who shouldn't, decisions that belong to the citizenry. Corporate good deeds are funded by society through the charitable tax deduction, or the business tax, but they are dictated by the corporations' interests, not society's.

Everything is slowly remodelled according to a corporate design. Conferences of democratic leaders are subsidized by corporations — like jazz concerts or automobile races. The rule of wealth grows as the rule of government shrinks. Governments co-operate by keeping corporate taxes low, by inviting corporations into social arenas and by privatizing ownership to them. John Ralston Saul, discussing growing corporatism in *The Unconscious Civilization*, refers to it as "a coup d'état in slow motion."[7]

Be it conspiracy or coincidence, the rule of wealth must be challenged. The challenge is formidable when our public forums are owned and controlled by that same wealth; nonetheless, democracy demands no less. We have already talked about ways to neutralize the business tax, to rid politics of corporate clout, and to create a more democratic mass media; now we want to talk about democratizing wealth generally, in the broader economic sense. A cornucopia of ideas awaits.

Democratic Alternatives

That wealth interferes with the proper functioning of democracy is not news, even though some of the ways that it does, such as through the business tax and control of the media, are not broadly realized and discussed. Canadian historian Frank Underhill, writing in 1938, said, "There are interests in this country who do not want effective government at all. They do not want to have their opportunities for making profit as they see fit regulated by any government."[8] Underhill could have been writing about neo-liberals or global corporations today. We have seen how the interests he refers to still powerfully and pervasively influence society, to the point where the corporate state looks more like a reality than a threat.

The BCNI, composed of the lions of the corporate sector, has apparently indicated interest in a dialogue on the role of the corporation in society. Perhaps even corporate CEOs, or at least the democrats among them, are becoming uneasy with the unseemly growth in their power as the nation-state declines and the global corporation rises. But before any dialoguing can be done about the role of corporations in Canadian society we must consider what legitimacy they would bring to the table. If Canada is to be a democratic society, they bring none at all. They are autocracies — top-down, hierarchal organizations. We have gone to war to ward off dictatorships yet with global corporations we have dictatorships that can, like communism, operate within and across our borders. Indeed, these economic monsters loom as the greatest threat to democracy since the fall of communism. It's hard to imagine a democratic measure too severe to bring them to heel.

In the following discussion, then, although we will include democratizing wealth generally, we will concentrate first on democratic alternatives to the capitalist corporation. Let us start by revisiting the conventional alternative, our old friend from Chapter 4, the co-operative.

Co-operation in the Marketplace

Co-operatives were established in the 19th century as a more equitable and democratic alternative to capitalist production and consumption. They appeared quite early in Canada, generated by ideas immigrating from Europe and the United States, but the movement didn't become firmly established until 1900 - 1914, with prairie grain growers the first to apply co-operation on a large scale.[9] Producer co-ops were hit hard by the

Depression but recovered strongly. Consumer co-operatives set their roots during the 1930s. In 1934, prairie farmers took on big oil and incorporated the world's first co-operative refinery in Regina, Saskatchewan, the "co-operative province." According to co-op historian Brett Fairbairn, "Petroleum became the dynamo of the Co-operative Retailing System, the lucrative commodity that powered the system's expansion and sustained it down to the present day." The Antigonish movement in the Maritimes also grew rapidly in this period, largely through the promotion of credit unions. Growth continued apace in the 1940s with a strong educational component. Co-operatives produced a range of publications, including the Saskatchewan Wheat Pool's The Western Producer and the United Grain Growers' The Country Guide, delivered to 185,000 homes.

The movement has continued to expand successfully. Co-ops have co-operated among themselves to create regional wholesalers and "third-tier" organizations like the national Canadian Co-operative Association. Although, as we noted in Chapter 4, worker co-ops have made only limited inroads into the Canadian economy, co-operatives overall are significant players. With over 5 million memberships and 80,000 employees, non-financial co-ops alone do a business of $29 billion a year.[10]

The distinction between worker and producer co-operatives is somewhat arbitrary. For our purposes here, I will define worker co-ops as those where the workers both own the means of production and produce their product collectively; and producer co-ops as those where the workers produce independently but market their product collectively.

The most prominent producer co-ops are those in the agricultural sector, including the mighty wheat pools of the prairies. Formed in 1923-4, inspired by farmer antipathy toward the Winnipeg Grain Exchange and the fiery speeches of Aaron Sapiro, California proselytizer for co-ops and a man once described by Frank Underhill as "one of the greatest evangelists the west had ever seen," the pools were a splendid example of both prairie populism and democratic rejection of exploitive capitalism.

However, times change, and the Saskatchewan Wheat Pool, largest farmers' co-op in the country with 74,000 members and annual sales over $3 billion, has gone a little bit capitalist itself. In 1996, after passionate economic and philosophical debate, it converted member equity into shares and, in order to raise capital, floated shares on the market. The farmers maintain control through their Class A voting shares — the market issue is non-voting Class B shares — so the co-operative movement still thinks of the pool, now a publicly traded co-op so to speak, as a family member.

An aging membership withdrawing millions a year in equity and a perceived need for continued diversification pushed the pool into the markets for cash. Raising new money is a problem that has plagued successful co-ops since Rochdale. The Alberta and Manitoba pools merged in

1998 to form Agricare, now the second largest grain handler in the country after the Saskatchewan Wheat Pool.

Agricultural marketing co-ops operate in all provinces. In 1998, they included 641,000 producers and did a collective business of $20 billion. They sell grains, oilseeds, almost all dairy products, livestock, poultry and eggs, and fruit and vegetables.

Also in the agricultural sector, although perhaps better described as consumer co-ops, are the supply co-ops, which provide farmers with a variety of their needs, including animal feeds, fertilizers, seeds, and machinery. Two hundred and fifty-seven co-ops with 364,000 members are active in this area.

Other producer co-ops are involved in forestry, fisheries and arts and crafts.

Money and Co-operation

Financial co-ops, probably the most familiar among consumer co-ops, constitute a major part of Canada's financial life. Credit unions and caisses populaires, with 9 million members in 1998, control over $125 billion in assets.[11] They operate in every province and have been innovators in financial practice. Credit unions pioneered, among other things, daily interest checking accounts, automated teller machines and ethical investing. VanCity's Citizens Bank established itself as Canada's first virtual bank, conducting all its business on the Internet. A 1996 AC Nielsen survey sponsored by the National Quality Institute rated credit unions number one among financial institutions in quality service.

The heavyweight of the financial co-operatives is the *Mouvement des caisses Desjardins*, based in Lévis, Quebec. Desjardins is an alliance of about 1,200 caisses populaires, most in Quebec but others in Manitoba, Ontario, New Brunswick and Florida. It has 5.6 million members, more than all other credit unions put together, 34,000 employees (the largest private sector employer in Quebec) and $80 billion in assets.[12] Two-thirds of Quebeckers bank at caisses. A subsidiary, *Investissement Desjardins*, provides development capital to Quebec companies and has holdings in industries that include snack foods, steel products, transport services, armoured courier service and wine-making. Desjardins includes full service and discount brokerage firms, sells mutual funds and travel services, and was the first bank in Canada to sell car and home insurance directly from its branches.

Like Mondragon in Spain, Desjardins is rooted in ethnic community and the Roman Catholic Church. The Mouvement was inspired by the Québécois nationalist Alphonse Desjardins early in the 20th century, with the first caisses often operating out of church basements. Also like Mondragon, Desjardins has a central banker, the *Caisse central*.

Of particular interest to us is the Mouvement's passionate commitment to democracy. Each caisse is autonomous, run by its members, and

dedicated as much to community service as profit. Needless to say, the president of Desjardins is elected. Mouvement Desjardins is powerful proof that a very large business can be both highly successful and thoroughly democratic, proof that the seemingly unwieldy nature of democratic decision-making is not a deterrent to success in the marketplace.

Financially, the independence of the caisses is both an advantage — they pay a small business tax, half the rate paid by the banks, and a disadvantage — their network operating costs are much higher than the banks.

Credit Unions in English Canada, hampered by their incorporation as provincial institutions, have launched an initiative to create a new, national "bank," federally regulated, to provide financial muscle and mobility of membership.

Insurance co-operatives, including the Desjardins and other large firms such as The Co-operators Group Ltd. and the CUMIS Group, are among the largest insurers in the country, with over 10 million policy holders.

Retail

Just as co-ops are highly successful bankers, they are highly successful retailers. In Chapter 4, we noted that the Calgary Co-operative Association is the largest retail co-op in North America with its 355,000 members and $631 million in annual sales.

Another prominent success story is Mountain Equipment Co-op which started out in 1971 when groups of outdoor enthusiasts in Calgary and Vancouver got together to combine their purchasing power. MEC now has a third of the Canadian market in outdoor gear with stores in Calgary, Ottawa, Toronto and Vancouver, as well as mail-order. Including international sales, it has 1.3 million members in 130 countries. Gordon Jaremko, in an article in the Calgary Herald, described MEC as "a monument to market power achieved by an enterprise driven by just about every impulse except the conventional profit motive."[13] In 1995, competitors challenged MEC's non-profit tax status but were turned away in ignominious defeat by Revenue Canada.

In true co-operative fashion, retail co-ops band together to buy through regional wholesale co-ops, the two largest being Federated Co-operatives Limited in the western provinces (334 member co-ops) and Co-op Atlantic in the four Atlantic provinces (172 member co-ops).

Co-operative housing, which shelters a quarter of a million Canadians, has provided not only a co-operative alternative but also a highly successful social service. Housing co-ops, in return for government financial assistance, set aside a number of their units for low-income people. A Canada Mortgage and Housing Corporation study in 1992 reported that co-ops' operating costs were seventy-one per cent less than government-run public housing and nineteen per cent lower than municipal non-profit

housing, largely because residents are member/owners, in charge of their own communities.[14] The study credited the skills that members develop in running their co-ops for their higher rates of educational upgrading, re-entry into the work force and formation of small businesses, relative to residents of public housing.

Co-operative Community

As we discussed in Chapter 4, consumer co-ops have, like other employers, not always been on the best of terms with their employees, a situation mitigated in part by the ability of their employees to become members and have an equal say in the governance of their organizations. Producer co-ops, however, do not offer membership to employees. Although co-operative membership is open, it is only "open to all persons able to use their services,"[15] and producer co-op employees do not usually use the co-op's services. Co-ops are, however, committed by international co-operative values to "democracy, equality, equity and solidarity."[16] Unfortunately, they often confine these values to their members and ignore workplace democracy for their employees. Co-ops, like governments, ought to be leaders in furthering democracy within their organizations.

A greater sense of co-operative community between consumer, producer and worker co-ops would help. Insularity between the various types tends to prevail. We have nothing quite comparable to the Mondragon experience of comprehensive co-operation. The closest thing to Mondragon's community of co-ops is found in the Evangeline region of Prince Edward Island, described in detail in Paul Wilkinson and Jack Quarter's book *Building a Community-Controlled Economy* and the National Film Board documentary *We're the Boss*. The region is an island of Catholic, francophone Acadians in a sea of anglophone neighbours. The co-operative community has included a variety of consumer, producer and worker co-ops including a credit union that assists in financing commercial and community enterprises. In the case of Evangeline we once again note the importance of ethnic/religious ties in inspiring co-ops. In most of the country these ties are absent or weak, and growing weaker in our increasingly individualized world.

Nonetheless, Wilkinson and Quarter conclude after studying the Evangeline experience that the necessary community consciousness can be created in communities without the same traditions. Community development co-operatives, defined by the Centre for the Study of Co-operatives as "a process by which people obtain the power to affect the social and economic conditions in their communities, following priorities that they themselves set"[17] — are active in many relatively small communities, particularly in Saskatchewan. Recognizing that "every major co-operative in Canada today was sponsored originally by some larger social movement,"[18] these co-ops attempt to develop locally-controlled enter-

prises by encouraging local initiative combined with start-up funding and organizational assistance from established co-ops and government.

The More Than Worthy Alternative

Consumer and producer co-ops represent an essential democratic alternative to private corporate enterprise. They are not only democratically run, they are successful without profit being the only bottom line, and they have close ties to their communities, a valuable component of democracy in itself and something that the corporate sector lacks. Although they may not be for everybody — we have noted the strong cultural ties of some of the more successful like Mondragon and Desjardins — they are a vital part of a democratic economy. They deserve the strongest encouragement from government through tax and other policies.

Governments unfortunately have not outdone themselves in promoting this alternative. David Laycock, former research associate with the Centre for the Study of Co-operatives at the University of Saskatchewan, observes that a characteristic of the relationship between co-operatives and governments in this country has been "a low level of state financial support or promotion of co-operative economic development projects, relative to that provided to the private sector."[19] Co-ops are treated the same under the *Income Tax Act* as other corporations. Most credit unions, however, have paid income tax over the years at a lower small business rate as opposed to the higher corporate rate.[20] Co-ops generally have received less in the way of investment tax incentives than the private sector.

Support for the co-op sector from the provinces, who have the primary responsibility for legislation in this area, has varied considerably from government to government and party to party. In keeping with the tremendous vitality and variety of the movement in Saskatchewan, the Co-operative Commonwealth Federation established a Department of Co-operatives after its election victory in 1944. In 1987, despite the fact that four of the ten largest businesses in the province were co-ops, a Conservative government shut the department down. The government maintained a directorate, however, and in 1997, under an NDP government, co-operatives received equal billing in the title of the Department of Economic and Co-operative Development. The Saskatchewan government, along with the University of Saskatchewan and major provincial co-ops, sponsors the Centre for the Study of Co-operatives. Manitoba's Department of Co-operative Development was eliminated by Premier Gary Filmon's Conservatives in 1988. In Quebec, too, the co-op presence in government, relatively strong under the Parti Québécois from 1976 to 1985, declined under the ensuing Liberals. In other provinces, attention to the co-op sector has generally been limited.

Opportunity for input at the federal level increased when the Co-operatives Secretariat was created by the Mulroney government in 1987 to strengthen ties with the sector. The secretariat "is dedicated to economic

growth and social development of Canadian society through co-operative enterprise."[21] Government assistance to co-operatives remains, however, at a low level. The Co-operative Alternatives to Public Services (CAPS) program mentioned in Chapter 3, a project to study the delivery of public services by co-operatives, represents both a welcome government/co-operative partnership and a democratic approach to privatization. Given the success of the government/co-op partnership in housing, other ventures merit serious consideration.

Co-operatives themselves, noted for their independence, have not always been aggressive in pursuing assistance from government, although that may be changing. The Canadian Co-operative Association and *Le Conseil Canadian de la Coopération* are presenting a National Co-operative Development Partnership Program to the provincial and federal governments for support. The program "aims to revitalize co-operative development in the areas of youth, northern and native communities, rural development, alternative service delivery mechanisms, the social economy and community capacity building."[22] CCA Chief Executive Officer Lynne Toupin stated it is about "re-nourishing the roots of our movement."

This is vitally important as co-ops have tended to stray somewhat from their sense of social movement toward a more purely economic function. In the past, spreading the gospel was very much a part of co-operatism, particularly by groups such as the Saskatchewan Wheat Pool on the Prairies and the Antigonish movement, led by people like the international figure Father Moses Coady of St. Francis Xavier University, in the Maritimes. Even the CBC got into the act in the 1940s with its *Farm Radio Forum*, a series based on discussions in Canadian homes that paid considerable attention to co-operatives.

An evangelical approach from the co-op sector is needed as much today as ever as economic control drifts away from communities to the global marketplace. The sector needs particularly to reach out to youth, and this it does with various co-operative groups across the country holding seminars, summer camps, and other activities and programs to bring more young people into the movement. And just as the business sector has entered the schools to promote competitive enterprise through organizations like Junior Achievement, so co-ops have entered the schools to promote the much worthier co-operative enterprise. In Saskatchewan, for example, the Department of Education has approved lesson material developed by the Canadian Co-operative Association for the grades seven to nine social studies curriculum. According to the CCA Intersector, "The material includes case studies illustrating how people use co-operation to empower themselves for community and economic advancement."[23] Thus is democracy attached to economics in the minds of our young people.

In the meantime, co-ops continue to succeed and contribute democracy to our economy. They contribute by creating democratic structures and by creating community control and self-reliance. For this they should

be rewarded. They deserve recognition and support from our governments. Unfortunately, at the moment, political parties and governments seem to be focused myopically on the capitalist sector as the sole engine of economic activity and as a result may have developed a blind spot to a democratic alternative.

The Crown Corporation

Before we revisit corporations generally, we must visit that quintessentially Canadian version, the Crown corporation.

Crown corporations, companies owned by the federal or provincial governments but operated like private enterprises, have been an integral part of building Canada. They have kept at least parts of our economy within the reach of democracy and offered us a means of providing for ourselves as a community while meeting social objectives in the bargain. Air Canada, along with its fellow Crown corporation Canadian National Railways and the privately-owned, publicly-subsidized Canadian Pacific Railway, helped tie a diverse nation together. Air Canada managed at the same time to become one of the world's most innovative and well-run airlines, winning Air Transport World's prestigious Technical Management Award in 1982 and Passenger Service Award in 1985 over 700 competitors.[24] Mother CBC has also been instrumental in tying our far-flung regions together while providing excellence in news and entertainment and the opportunity for a range of voices to be heard. Within the provinces, Crowns like the prairie telephone companies connected Canadians to Canadians while provincial power corporations have lit millions of our homes. Saskatchewan in particular has found the Crown corporation useful for its development with enterprises in such industries as insurance, telecommunications, transportation, forestry, oil and gas, electric power and mining, including the Potash Corporation of Saskatchewan, the world's largest producer of the mineral. Saskatchewan also established the model for monitoring Crown corporations with its holding company Crown Investment Corp.

Enhancement of community is not all that Crowns offer democracy. They offer also an economic tool that answers directly to the public interest, to everyone, not to a small minority of wealthy shareholders, most of whom may be more interested in profit than community, many of whom may not even be of the community. Like co-operatives, they carry enterprise beyond greed. And ironically, even though they are in some sense political creatures, they do not, as private corporations do, corrupt the political process through contributions to political and third parties.

Democracy is our primary concern; however, we might mention some economic advantages of Crowns as well. Here, too, they serve their communities, ensuring that neither profits nor research and other spin-offs are exported. They provide an eye for government to monitor industries, an increasingly good idea in an increasingly global world. They don't en-

gage in capital strikes or other forms of corporate blackmail. And, as Herschel Hardin points out in *The Privatization Putsch,* the added competition of another corporate culture adds to the choice and vitality of the marketplace.

Questions About Crowns

Despite their advantages, these are not sanguine days for Crown corporations. Governments have been peddling one after another to the private sector. A number of those mentioned above have been sold. Crowns are a diminishing breed. As is the local accountability they brought with them. During the privatization binge in Saskatchewan (an "ideological orgasm" according to Hardin) after the election of a Conservative government, Premier Grant Devine announced, "We're going to turn this province over to the people of Saskatchewan."[25] Only months after the open-market shares of SaskOil went public, seventy-five per cent were owned out of province.

Nonetheless, Crowns do at times seem to justify their sale. Often, for example, they exhibit the annoying habit of losing money. Petro-Canada, set up by the Trudeau government to maintain a Canadian presence in the oil industry, ultimately cost us $10 billion before we sold it, according to the anti-public enterprise Peter Foster in *Self Serve*, his rabid critique of the company and the people associated with it.[26] The CBC costs us about 760 million tax dollars a year. Crowns are a venture into the market and are therefore subject to market risk.

The question is, are they worth it? In the case of Petro-Canada, overwhelmingly no; in the case of the CBC, overwhelmingly yes. Petro-Canada was a case of bureaucrats and politicians recklessly venturing public money into a difficult, boom-and-bust business. The CBC, by contrast, is worth every penny and more. It contributes mightily to our unity, to intelligent broadcasting, to the promotion of Canadian talent, and it is the only truly public forum that we have. And there's always the consolation that commercial broadcasting costs us a great deal more.

We might also note in passing that private entrepreneurship isn't entirely risk-free for the public either. When the Reichmanns went bankrupt with their Canary Wharf venture and stuck four Canadian banks for $1.3 billion, who paid? The banks? They complained about loss of profits and sued over the affair, but they quite probably just passed the cost along to those of us who do pay off our loans, and who also pay bank charges. And then there are government grants, low-interest and guaranteed loans, and other handouts to business. Consumers/taxpayers share the cost of business fiascos as they do the cost of government misadventures. One of the cardinal principles of business, after all, is if at all possible use other peoples' money.

Another question that Crowns pose is how big we want government to be. As Hardin points out in some detail in *The Privatization Putsch,* public sector industries function as efficiently as private ones, and as a 1986

OECD report noted, even when a public enterprise isn't working well it can often be set right as much by altering the government's practice toward it as by privatization.[27] Nonetheless, democracy smiles upon the dispersal of power, even that held by democratically elected governments if they become too large and monolithic. And Crowns in themselves can become large and monolithic — Ontario Hydro and *Hydro-Québec* come to mind. If there are no pressing social goals for a government enterprise, goals that can be better met by government ownership, then a case for privatization exists.

Not much is gained of course if the end result is just a transfer of ownership and control from big government to big business, from the democratic giant to the undemocratic giant. This is particularly the case if the privatization takes place into a monopoly market, as may be the case with utilities. If the public is dependent upon the monopoly for a service, privatization creates a veritable aristocracy, receiving its profit from its captive market like a tithe. In this feudalistic arrangement, the owners realize a fantasy come true, a guaranteed-profit-forever venture, capitalism without the risk. Monopolies public or private are generally best avoided, but if a market is by nature or by need a monopoly, the only ethically viable owner is the public. It is, after all, competition, not ownership, that provides efficiency.

The answer to the question of whether Crowns lead to undesirably big government lies largely in how independent they are. If they are highly independent, more creatures of the people than of a particular governing party, they add little to the monolith of government. Herein lies a dilemma. We want Crowns to operate without political interference, but we want them to be accountable to us, perhaps even to serve a social purpose for us, which means answering to our elected representatives. We want them at arm's length from government yet responsible to the mandate we give them. We want politics out but governance in.

To achieve this, we need three things. First, Crowns must have clear mandates. Second, their mandates should be monitored by independent boards of directors selected by committees that accurately reflect the legislature (to ensure that the directors answer to the legislature and not the executive). The directors should also represent a range of community and stakeholder interests. Third, funding for Crowns should be made as independent of executive whim as possible.

Yet another question raised by Crowns is a deficiency they share with their sisters in the private sector: a lack of workplace democracy. They structure themselves in the same hierarchal top-down style. As instruments of a democratic state they ought to be mandated to workplace democracy. Like government itself they ought to be setting an example. And if they are to be privatized, they should wherever possible be privatized into democratic organizations like worker co-ops. One essential question

in the test for privatization should be, does it add democracy? If it doesn't, then it needs re-thinking.

Democracy is the whole point of Crown corporations. They serve their communities while giving people control of their economy. When we can ensure that control by other means, we might just as well let the private sector take the risks of entrepreneurship, but when we cannot, or when there is some other overriding public interest, the Crown deserves consideration. And when we consider Crowns, we should concentrate on democracy, in the workplace and in the economy generally.

9

Democratizing Wealth

The Tax Man Meets the Free Banquet

"There is no such thing as a free lunch" — Milton Friedman, American economist.[1]

A rather silly thing for an economist to say. The free lunch has always been a great deal more important to economics than economists have. In its most common form, inheritance, it has been throughout history the main route to property, wealth and power. Keeping in mind the aristocrats, monarchs and assorted plutocrats that have sponged up its largesse, and the very large amounts they have sponged up, we might more appropriately refer to the free banquet. It is not as important today as it once was but it still bestows massive wealth and therefore power, even in an ostensibly democratic country like ours. We need only think of the media barons who were born with platinum spoons in their mouths, men like Conrad Black, Ted Rogers and Ken Thomson, to see that the free lunch still invests an aristocracy.

Canadians inherit tens of billions of dollars a year, a figure that's rising rapidly. Much of this is in relatively small amounts, of no great concern to democracy. But the large chunks, the kind that allow for augmenting already substantial fortunes, the kind that substantially increase inequity and the maldistribution of power, are of great concern. We need to constrain the free banquet. We need, at the very least, an inheritance tax. Even though we have more billionaires per capita than almost anyone and a handful of families control much of the value of the most important companies on the Toronto Stock Exchange, we are one of only three OECD countries, along with Australia and New Zealand, that doesn't have a wealth tax of any kind.

A tax on inheritances and gifts that was trivial at the level of a family home or small business but escalated rapidly beyond say a million dollars so as to capture most of large fortunes would be a good start toward

breaking up large concentrations of wealth while easing the tax burden on the middle class. We might go a step further and impose a small annual wealth tax on the assets of great fortunes. We had no use for a Family Compact when we were a colony; we should have no use for one now that we are a mature, democratic nation.

As Linda McQuaig points out in *Behind Closed Doors*, our lack of estate or inheritance taxes heaps contempt on the work ethic. If we believe in the virtue of work, of paying our own way, and I suspect most Canadians do, our tax priorities are upside down: income inherited is not taxed, income from investments is partially taxed and income from work is fully taxed. Ethically, inheritance income ought to be taxed the most heavily of the three, precisely because it is unearned. It doesn't even create incentive, which is the main capitalist argument for wealth. (If the poor get something for nothing, we argue that it discourages incentive.) We ought at least to revive the principle of the Carter Commission which insisted that income ought to be taxed without regard to its source. As Carter prosaically put it, "A buck is a buck is a buck."[2] We ought also to return to the more progressive tax system that existed before the top tax rates were dramatically reduced for both individuals and corporations in the 1980s.

Taxing Big Brother

We might take a peek as well at corporate concentrations of wealth. Whenever schools, or charities or other public institutions need more money, we hear the refrain that the government hasn't got it so help must come from the private sector. We are caught up in a big lie. If corporations can afford it and governments can't, obviously corporations have too much money and governments too little, an untenable situation at any time but particularly when there is more money around than at any time in history. Unfortunately, we all to often tend to live the lie and rather than increase corporate taxes we pass more of the social realm off to the corporate sector. We pay either way: through income taxes if government does the funding, through the business tax if corporations do the funding. The difference is who has control: us through our elected representatives or the corporate sector. When business involves itself in areas formerly confined to government, we often applaud the donors as responsible corporate citizens. We should not be applauding the diminution of democratic government and the growth of the corporate state. Democracy is not served by transferring decisions about the redistribution of wealth from society to special, plutocratic interests and allowing them to set priorities. It is government's job to represent our common values.

Corporate income taxes have been making up a decreasing share of the tax burden, declining from twenty per cent of federal revenues in the early 1960s to fourteen per cent in the late 1990s. All business taxes combined dropped from thirty-seven per cent of all government revenue to about twenty-five per cent in the same period.[3] Corporations have at their

beck and call the best brains available to exploit avenues in the *Income Tax Act* — rate reductions, tax exemptions, tax deferrals and tax credits — quite aside from good old-fashioned loopholes, to minimize their taxes. When reduced corporate taxes are made up by increased personal taxes, the middle class, who pay the lion's share of income taxes, develop hostility toward government. This phenomenon saps not only the middle class's faith in democratic institutions but also their willingness to support the equality that democracy requires.

Yet there is a valid argument against corporate income taxes. The reasoning is that corporations simply pass their costs, including their taxes, along to the rest of us via higher prices (something we discussed at length in the section on the business tax) so in effect we pay them, not the corporations. Furthermore, if a corporation exports goods, its taxes are added to the price foreign consumers pay, making Canada less competitive.

Why not relieve corporations of income taxes and improve our national efficiency? The lost taxes could be compensated for by higher taxes on dividends. Currently, share-holders in a corporation who receive dividends get a dividend tax credit to account for the tax paid by the corporation. This credit would quite naturally be removed once corporations were relieved of paying taxes, and each dollar of dividends would be taxed like any other dollar of income. Withholding taxes on dividends leaving the country would ensure that foreign share-holders paid their share.

The argument is worthy of consideration; however, we shouldn't lose sight of the possibility of using corporate taxes for other purposes. By tying taxes to size, for instance, corporations could be encouraged to break up into smaller, more democratic-sized units. Taxes would be a constraint on the growth of large, undemocratic structures. By tying taxes to ownership, Canadian enterprise could be encouraged over foreign enterprise, helping to keep decision-making local. Taxes could even be based on the degree of democratization in a corporation. If, for example, a bank restructured along the lines of Desjardins, that is it based itself on small, autonomous, local branches run democratically by their customer/members, it would be pay no taxes. A bank that retained its current hierarchal, top-down monolithic structure would pay a high rate of taxes. Taxes, creatively applied, could become a weapon in the service of democracy.

Increasing taxes on the wealthy, particularly the free banquet wealthy, balanced with decreasing taxes on individuals and small businesses is an essential part of creating the equality that democracy thrives on.

A Fair Share

An equitable distribution of wealth must of course include an equitable distribution within the workplace. In Canada, CEO compensation packages (salaries are often a small part of executive pay when bonuses, stock options, etc. are figured in) on average run about the middle of the pack.

A 1996 Towers Perrin study of international compensation indicated Canada's ratio of average total remuneration for CEOs to the average of manufacturing employees was thirteen, sixteenth out of twenty-two countries surveyed, well below those of Great Britain and the United States although higher than Japan and Germany's.[4]

Executive incomes are stealing ahead though. CEO compensation has been rising much faster than the average worker's, and the rewards for some top executives is lavish. In 2000, John Roth of Nortel Networks, pulled in $155 million, mostly in stock options, even as the company's share price headed toward collapse. In 1996, Ken Thomson, Chairman of Thomson Corp., earned $1.5 million in salary, a pittance, but he was mollified with $330 million in dividends from his family's stock in the corporation. Excessive executive pay has been referred to by Richard Finlay, chairman of the Centre for Public and Corporate Governance, as the "mad cow disease of North American business,"[5] and he points out that even the lowest paid CEO of Canada's five biggest banks makes considerably more than the prime minister, all provincial premiers and the Chief Justice of Canada put together.

One small bank is setting an example for management/worker pay equity. Citizens Bank of Canada caps its CEO's salary and bonuses at twelve times that of its average employee, a quite reasonable range. The bank is tiny, and it is simply following the rules of Vancouver City Savings Credit Union which set it up; nonetheless, it makes an interesting comparison to the Bank of Montreal, where the compensation ratio of CEO to average employee is closer to 130, ten times that of Citizens Bank.[6]

Workers, quite aside from how they compare to management, can pursue equality among themselves. Unions can pay attention to different pay scales among groups of workers, with an eye to equal pay for work of equal value and no more than a reasonable difference for work of unequal value. By promoting equitable salary ranges among themselves, working people are in a better position to demand the same from management. Organized labour to its credit is a strong supporter of generous minimum wages. If labour solidarity is to mean anything it must mean that better-paid unionized workers concern themselves with the welfare of poorly-paid non-unionized workers.

Our major challenge in restructuring wealth goes beyond the workplace. It involves ensuring a portion for the poorest among us, the working and the non-working poor, so that they are guaranteed roles as citizens and not as beggars. They are not doing well at the moment as their twin guarantors of at least a small piece of the pie falter. Minimum wages struggle to keep up with inflation and welfare rates are punished. B.C.'s minimum wage, the highest in the country, keeps pace with the cost of living while neighbouring Alberta's lags behind. Alberta hasn't been the kindest to welfare rates either although its tightening-up hardly matched Ontario's twenty-two per cent cut.

The working poor need inflation-indexed minimum wages, reduced taxes (a system where even minimum wage-earners may wind up paying income taxes, as is the case now, seems vaguely ludicrous) and unionization to advance their place in society.

A Basic Income

The non-working poor continue to manage by some small miracle on the marginal largesse of social welfare; however, programs remain cumbersome to deliver and subject to political scapegoating. A better approach would be welcome. One possibility is the oft-proposed, never-realized guaranteed annual income. An ancient concept, it dates back at least to Demosthenes who, in 348 BC, proposed a regular stipend to every Athenian citizen for the performance of whatever state duty best suited him (the Assembly failed to adopt the idea). Two hundred years ago, the revolutionary Tom Paine detailed a scheme for annual allowances in his *The Rights of Man*. One approach to a GAI is a negative income tax, suggested by George Stigler in 1946 and later by Milton Friedman in *Capitalism and Freedom*.

Under such a system, each of us would fill out our income tax form every year and those whose income fell below a certain level would receive an allowance from the state to bring them up to that level — something like the tax credits for low-income earners in the present system but much more substantial. The minimum income level would be set so as to guarantee everyone a frugal, but dignified, standard of living, modified for age, number of children, handicaps, etc. It could replace a host of current programs including welfare, employment insurance, grants to students and artists, and old age pensions. Considering the bureaucracies that would be eliminated, it might even be cheaper than the current systems. Even if it wasn't, with our gross domestic product of a trillion dollars — over $30,000 a year for every man, woman and child in the country — we can afford it.

It might also be surprisingly productive. People who wanted to advance their education, work on an invention, start a small business, or write a book on democracy, would be free to do so without stigma. They might more than pay off our investment in them. In order to provide an incentive to work, the grant would decline as a person earned income but never as much as the additional income earned — a person would always be better off working.

Social programs would not disappear. They would be targeted at specific problems. For example, if we wanted to reduce the products of dysfunctional family life — crime, drug abuse, teen-age pregnancies, child and spouse abuse, etc. — we would develop programs for families in need of parenting skills. These programs, like the GAI, would be available to everyone.

Some proponents, referring to a GAI as a basic or "citizen's income,"[7] have even suggested it should be provided to everyone, the universality giving it greater appeal to the middle class. All additional income would be subjected to taxation.

A GAI should be more than legislation. The welfare state is legislation and subject therefore to the whims of the moment: generous in good times and mean in bad, the very opposite of what we need. If we are to found Canada in at least minimal economic equality, a basic income must be constitutionally guaranteed. Our constitution, like most constitutions, even legendary ones like that of the United States, has surprisingly little to say about the most fundamental rights of all, the rights to the basic necessities of life. Constitutions guarantee rights such as freedom of speech and assembly, vital rights indeed, but of limited value to men and women who lack the even more basic rights of adequate food and shelter. Freedom of speech, for all its splendour, is small consolation to a starving citizen. Perhaps the oversight occurs because the people who draw up constitutions are invariably warm and well fed. Rights to the basic necessities are not only fundamental to life, they also serve as a basis for the economic equality needed for democracy. Before we become utterly exhausted of constitutional disputation, let us include the most fundamental of guarantees.

Carnoy, Shearer and Rumberger, in *A New Social Contract*, proposed an economic bill of rights that went beyond protecting the poor. Theirs would guarantee all citizens a decent job (a real right-to-work law) for those willing and able to work; decent health care, education, pensions, food and shelter; a healthy environment and democratic participation in the workplace.[8]

Redistributing wealth is a good start in democratizing it — but only a start. It is after all no more than one of the principle functions of government in a democratic state. We need to go further and ensure that the control of wealth, too, answers to the democratic imperative.

Maintaining Control

In almost everyone's scheme of things, small business is a healthy part of democracy. The limited size of its enterprises precludes excessive hierarchy within and excessive influence without, both enemies of democracy. Big business, certainly corporate business, on the other hand, functions dictatorially within itself and exercises excessive influence on other institutions, from economics to politics to the media and even to education. Since the dawn of the Industrial Revolution and even earlier, various philosophers and statesmen, Jean Jacques Rousseau and Thomas Jefferson not the least among them, have from time to time insisted that small, independent enterprise is essential to a free society while capitalism is inimical to it.[9] We need spend little time on small business then in considering democratic control of our economy. Corporate business, how-

ever, demands our close attention. Our concern is not the free market but the capitalist market. Co-operatives and Crown corporations offer democratic control, but we need also to look at how the private corporation fits in and how we might ensure its accountability to the democratic project.

The Americans' long-standing concern about the incompatibility of concentrated wealth and democracy is instructive. Jefferson, an anti-capitalist, was opposed to industrializing his country, believing that freedom required the independence provided by an agrarian way of life. He worried about large-scale manufacturing creating landless, dependent factory workers on the one hand and excessive ambition on the other. Observing that "Merchants have no country,"[10] he expressed his desire that Americans would "crush in its birth the aristocracy of our monied corporations which dare already to challenge our government to a trial of strength."[11]

His hopes were not realized. The United States industrialized despite Jefferson. Large corporations were the result and early in the 20th century, progressives like supreme court justice Louis Brandeis revived the argument of big business as the enemy of democracy. More recently, U.S. historian and philosopher Christopher Lasch expressed similar concerns while yearning nostalgically for the yeoman society of small farmers, tradesmen and small businessmen that he saw as prevailing in early 19th century America.[12]

Jefferson, like Rousseau before him, believed private property to be of the utmost importance, so important that a free society required every citizen to have a roughly equal share of it. In Rousseau's words, "No citizen shall ever be wealthy enough to buy another, and none poor enough to be forced to sell himself."[13] Jefferson believed that capitalism corrupted this equality. Although we have always lacked the Americans' passion for individualism, here in Canada too the small business concept — the little guy — carries a certain cachet.

The small scale society is an appealing myth but I wonder if the myth isn't as outdated as the reality. Big can be good. Compare your grocery bills after shopping at the supermarket and after shopping at the corner grocery store. Or compare the variety of products offered. And even the undemocratic corporations we have now generally offer their employees more than small business, with better pay and benefits, more opportunity for advancement, better educational opportunities, etc., and a better opportunity to participate in the one major democratic presence in the workplace — labour unions. In some ways at least they offer more opportunity for democratic workplaces than small businesses. During the Alberta Economic Development Authority's right-to-work study in 1995, a number of corporations, including Canada Safeway and Westfair Foods, supported the unions in successfully opposing right-to-work laws. According to Canadian Dimension, the Harris Government in Ontario was "inundated by letters from corporate CEOs … asking them to rethink their plan

to scale back worker' rights...."[14] I doubt that small business would be quite as supportive of organized labour and workers' rights. We must democratize corporations, yes, but let's not throw out the proverbial baby.

Rather than fantasizing about the Rousseau/Jefferson/Lasch ideal of a small enterprise economy, we might better set about keeping the advantages of larger enterprises while simultaneously keeping those enterprises under our democratic thumbs. In addition to democratizing them, we can regulate them, set codes of conduct for them, influence investment and, in our more generous moments, offer them favours to do our bidding.

Regulation

If large enterprises can be both successful and democratic, and they obviously can — co-operatives prove it — why not enjoy what they have to offer? Democratic corporations might in themselves be considered part of a society of self-governing communities. Our challenge is to restructure them to fit into a democratic society.

Which is not to say that they are allowed to run amok now. Even the most rabid free-enterprisers recognize the need for government to referee the free market with, at the very least, anti-monopoly legislation to maintain healthy competition. In current practice, regulation goes well beyond that. Regulations — executive decrees made by cabinet ministers supported by statute — account for most legislation. The federal and provincial governments enable dozens of regulatory agencies whose job is to confine industrial behaviour within the bounds of the public good. They regulate communications (Canadian Radio-television and Telecommunications Commission), energy production and supply (National Energy Board, utility boards and commissions), investment (securities commissions), liquor (licensing boards), transportation (Transportation Safety Board of Canada) and other industries, performing both administrative and quasi-judicial functions. Their work encompasses most aspects of our lives. They are particularly important — essential in fact — for regulating in areas of monopoly.

Regulatory agencies serve democracy in a number of ways: by ensuring equitable behaviour by and between corporations; by giving visibility to government decisions thereby helping citizens to hold both government and industry accountable; and, by accepting submissions and holding public hearings — common practices of regulatory agencies — giving individual citizens and interested groups access to the system.[15] In the name of fair play, citizen groups are often granted funding or awarded costs to prepare their submissions.

Agencies are sometimes accused of being captured by the industry they are regulating. Or of being servants of the party in power. Neither accusation has shown much substance over the years, although the occasional scandal does erupt. When Premier Ralph Klein attempted to appoint a close political colleague to the chair of the Alberta Energy and

Utilities Board, the all-powerful regulator of the provincial energy and utility industries, the popular premier met a storm of protest. Even business objected, despite its close ties to the Klein government. When Dr. George Govier, a former chairman of the Energy Resources Conservation Board, a man of impeccable integrity and Alberta's most respected civil servant, went public to deplore the choice, Klein dropped the appointment.

The incident illustrated both Canadians' commitment to the integrity of their regulators and the need for impartial appointment in maintaining that integrity. All-party legislative committees are probably the best bet for achieving impartial appointment to boards or commissions, to the bench and to other positions of public trust.

Regulation has been under fire lately, partly because it is accused of interfering with our global competitiveness and partly because of the rise in neo-liberalism. Modern neo-liberals fail to distinguish between the capitalist and the free markets and as a result tend to favour capitalism over democracy. If they rid us of needless regulation, good for them, but people are not I think prepared to hand economic decision-making entirely over to the benevolent graces of either global corporations or the untrammelled free market.

Democracy Watch, an Ottawa-based citizen advocacy group, suggests we borrow an American idea for monitoring both big government and big business. Some state governments require utilities to periodically include a small flyer with residential customers' utility bills, inviting them to join a "Citizen Utility Board" for a small fee. About three to five per cent of customers join. The Illinois CUB has apparently saved consumers a hundred dollars for every dollar in membership fees by challenging rates, quite aside from giving consumers a voice in the industry. Democracy Watch suggests we could set up similar organizations to monitor financial institutions, telephone and cable services, utilities, Canada Post, and government services. As Duff Conacher, spokesman for Democracy Watch, says, "CUB-like groups would help balance the marketplace and policy-making by giving citizens a stronger voice. Reaction by industry and government to the CUB proposal is also a simple test of whether they are concerned as much about the deficit of democracy in Canada as they are about financial deficits."[16] Democracy Watch's approach wouldn't democratize corporations but it would at least, as Conacher suggests, reduce the democratic deficit.

A Corporate Code

To reduce the democratic deficit even further, we might not only regulate corporate public behaviour but corporate internal behaviour as well. Corporations have been restructuring themselves a great deal lately, most of which is of little use to democracy and does nothing but illustrate their dictatorial natures and their lack of accountability to the community. In Part II we discussed democracy within the corporate structure as well as

within the workplace generally, a topic that melds into and is part of the topic of economic democracy as a whole. After looking at the basic owner/worker conflict, we inquired into the degree of internal democracy in private and public corporations, and considered how it might be enhanced. Democratizing workplaces, central to a democratic economy, is the major challenge in restructuring corporations, but we want also to restructure corporations to democratize all their decision-making. We move from micro to macroeconomic democracy, so to speak.

We might start by legislating corporate codes of conduct. In *Downsize This!*, Michael Moore's hilarious accounting of American foibles, he asked rhetorically (or perhaps not so rhetorically), "If we wouldn't let GM sell crack [cocaine] because it destroys our communities, why do we let them close factories? That, too, destroys our communities."[17] Moore was angry about the community decay he saw in his home town of Flint, Michigan, as a result of General Motors moving production elsewhere. He went on to suggest that they pay reparations for what they had done. He has a point. Just as there should be no taxation without representation, there should be no downsizing without representation. Corporate leaders should not be allowed to unilaterally make decisions that wreak hardship on people and entire communities, or at the very least they should be held accountable for what they do.

Corporate codes of conduct, mandated by law as part of corporate charters, would do just that. They could start by imposing democracy at the top. Boards of directors would not only have to include worker representatives but community representatives and possibly consumer representatives as well. Voting power could either be removed from shares, as we discussed in Chapter 3 (this would go a long way to reduce the power of major shareholders over both the economy and society as a whole), or shareholders could elect a portion of the directors. The codes would not stop with democracy at the top. Corporations would be required to institute democratic governance throughout their organizations from the workplace to the boardroom. Democracy is as worthy a corporate goal as profit.

And the codes could set standards for socially responsible behaviour in other areas such as accountability to communities and responsibility to the environment. Targets could be set for corporations to satisfy the codes, monitored by the enabling authority. Corporations not meeting their targets would be punished accordingly. Richard Grossman and Ward Morehouse, co-directors of the Program on Corporations, Law & Democracy, have suggested that "dysfunctional" corporations, specifically those that have knowingly caused the death of their customers or employees — tobacco companies leap to mind — should be subject to a "death penalty," a legal mechanism for revoking their charters.[18]

The federal government's approach to codes has been timid and voluntary. It publishes a how-to guide, put together by representatives of

business, consumers and environmentalists, as an aide in developing and monitoring a company code.

Mandatory codes would undoubtedly be met with complaints about more rules inhibiting corporate competitiveness but these rules are, as is so often the case with rules, brought about by the culprits themselves. Corporations are just too big, too powerful, too unaccountable, too undemocratic. If they want fewer rules they can easily avoid the imposition of codes by democratizing themselves.

A small spark of democracy has recently been struck in the usually docile ranks of small shareholders. A maverick shareholder in the Royal and National banks, Yves Michaud, won a Quebec Superior Court order forcing the two banks to allow shareholders to vote on his proposals to cap top executives' pay and to separate the offices of CEO and chairman. The votes were lost at the annual general meetings but at least Michaud has stirred up interest in shareholder rights and may prompt other shareholders to force corporate discussion on matters they deem important. He may even have initiated a long-overdue debate on corporate governance generally.

Big Money

Central to controlling corporate structure is controlling what makes it run, and that of course is investment. Democratizing wealth must include democratizing investment. Small scale investment doesn't concern us here — we can leave that to small scale investors — but large scale investment, with all its social ramifications, is very much a public matter. Big investment decisions, including corporate mergers, plant closings, foreign investment, and many others, affect society broadly and therefore require a broad accountability. In Chapter 4 we focused on how the right sort of investment could help bring democracy to the workplace and we discussed a range of vehicles that worked to that end. These included direct tools such as employee share ownership and worker co-operatives, and indirect tools such as labour-sponsored investment funds and pension funds. We mentioned that the latter offered workers influence on the wider economy as well as in the workplace by, for example, encouraging local business ventures and environmentally sound practices.

Regarding the wider economy, we briefly introduced The Canadian Labour Congress's proposal for a national investment fund. The idea behind the fund is to divert private capital more to social objectives and to give labour and community more say in directing the economy. The fund would be "mainly financed by compulsory deposits on the part of major financial institutions"[19] who would receive a modest, below market rate of interest, rather like the reserve requirements banks once had to maintain with the Bank of Canada. The fund would be directed by representatives from "the labour movement, other national organized popular movements, business and all levels of government."[20] The CLC sees the fund operating

at both federal and provincial levels, a federal board dealing with investments of national importance and provincial boards with those of regional interest. It also envisions subsidiary bodies to deal with particular industries and to support worker co-ops and community development corporations. In order to achieve social objectives as well as financial ones, the fund would seek a positive rate of return but not necessarily a market one.

The idea of a social rate of return is largely missing from conventional investment, where market values alone reign supreme. Also progressive is the CLC's concept of having communities and other social groups, rather than just business, represented in investment decisions, directly and through their governments, although we might inject a small note of caution about governance by groups, by special interests, rather than by the people as a whole.

The CLC suggests that pension funds, too, could be encouraged to make a small portion of their assets available to the investment fund, but voluntarily. We discussed in Chapter 4 the immense clout of pension funds in the stock markets. These funds are sleeping giants when it comes to influence in the economy and in society generally. Understandably, they are primarily concerned with maximizing rates of return — their members pensions must come first — but even a modicum of their assets could be highly effective in achieving social objectives approved by their members.

The *Caisse de dépôt et placement du Québec*, a Crown corporation that manages the portfolio for public pension and insurance plans in Quebec, uses part of the funds it manages — $125 billion in assets — to promote Quebec business. Through the Caisse, the province exploited hydroelectric development to turn Quebec companies into international competitors. Created by a special act of the Quebec National Assembly in 1965, the Caisse now "manages the largest portfolio of Canadian stocks," and has the "largest retail portfolio in Canada."[21] This may be a case of cultural imperative melding into economic imperative; nonetheless, the Caisse's activities are a good example of large scale investment as servant of the people.

The granddaddy of all pension funds is the Canada Pension Plan. Finance Minister Paul Martin, in the process of shifting the CPP away from pay-as-you-go and building up its reserve, initiated investment in the bond and stock markets. With the contributions Martin has scheduled, the plan is expected to swell to well over $100 billion in the first decade of 2000 — a powerful portfolio. If we are to invest it in the markets, it could be used like the CLC's proposed investment fund, to meet social and publicly-accountable economic objectives. It would of course be invested first and foremost to ensure a solid pension base but within that constraint it could be used to satisfy other goals.

Another way of bringing citizens into pension investment would be to scrap the CPP and allow people to direct their own pensions. If people chose their own plans, we would achieve both diversity of investment and greater control for individuals over their futures — not a bad thing in a democracy. Investing in a plan would have to be mandatory, as it is under the CPP, to ensure that everyone had a pension, and the plans would have to be blue chip government-approved to ensure the funds were secure. Those individuals with little interest or expertise in investing could participate in something like a Canada Savings Bond plan; those with interest and expertise could venture into the stock and bond markets — something for everyone. Either way, directed socially by government or by individuals in a free market, we can use the national pension system to bring democracy into the world of investment.

A unique form of government investment are the heritage funds of Alberta and Saskatchewan. These funds, accumulated from natural resource revenues, have been used to help diversify the two provinces' economies by investing selectively in the private sector and Crown corporations, and by financing small businesses, family farms and social housing.

Various forms of investment programs and organizations, funded from both private and public sources, have appeared in the attempt to stimulate local economies. These include various community development corporations (defined by Jack Quarter as "non-profit corporations designed to assist the development of the community in which they are located"[22]) such as New Dawn and the Human Resource Development Association in Nova Scotia. These efforts, along with other components of the social economy, are described in Quarter's *Canada's Social Economy*. Promoting local economic control fits the democratic ideal but is problematic in an individualizing, globalizing and urbanizing world, and remains at a low level in the Canadian economy. It offers a substantial challenge. A marriage of the massive pension funds, or the CLC's proposed investment fund, with community development corporations might well meet that challenge.

Government Favour

An old and very Canadian tool for influencing investment is the kind favour of government. One of the first and most famous favours was the granting of $25 million and 25 million acres of prairie land to the Canadian Pacific Railway for tying the new nation together. Since then governments at all levels have provided subsidies of various kinds to shape investment decision-making. Through the tax system they have subsidized research and development, promoted investment over consumption, and encouraged small business, manufacturing and other sectors. They have offered grants to enhance culture, to provide employment in high-unemployment areas and to assist struggling companies and industries.

They have attracted foreign money by making it a criteria for immigration. And so on — a widely-used carrot.

Quebec is particularly interventionist, currently emphasizing its *Société générale de financement,* a government-run venture-capital fund. The fund, seeded with public money, targets key sectors of the economy. Determined to stay on top of the information economy, the Quebec government is subsidizing a $700 million complex of office towers to house electronic commerce companies in downtown Montreal. It will provide $1.5 billion in tax credits to companies that move to E-commerce Place in its first ten years. Quebec Premier Bernard Landry is unabashedly nationalistic about the project. "This is an interventionist government," he boldly declares in this era of government downsizing, "We make no apologies for that."[23] Adding further to local and democratic control, half-owner and developer of the project is *Mouvement Desjardin,* Quebec's massive credit union.

Subsidization is frequently attacked by both left and right. The right is suspicious of big government and insists that subsidies distort the market. The left sees subsidies as handouts to the rich unless the subsidies capture a degree of ownership. Nonetheless, economic partnership between industry and government has been part and parcel of creating Canada in the way its people wanted it created and can prove useful in the future. But it also contains grave dangers. It can descend into blackmail by industry — no favours, no investment. It becomes particularly insidious when cities and provinces, and even countries, bid against each other for the hand of business. It is a useful tool to be used with great discretion.

From Strategy to Vision

We have seen that through co-operatives, Crown corporations, regulatory agencies, investment vehicles, the tax system and other methods, Canadians are by no means unarmed in the struggle to control their economy. Do we want to go even further? Ideas for further embedding economic decision-making in democracy present themselves.

Carnoy, Shearer and Rumberger suggest democratic control of key areas of the economy, such as finance, transit, land use and energy, in order to establish a framework within which the market would operate. They envisage workers and consumers being so intimately involved with the economic decisions that affect their communities that the difference between politics and economics virtually disappears.[24]

Our closest brush with this sort of concept was during the Trudeau decade 1968-79. Concerned to promote Canadian economic success, particularly in manufacturing, the Liberal government embarked on a range of initiatives and policies, including a reduction in corporate taxes and the introduction of write-offs to increase investment in manufacturing and processing; tax credits to promote research and to encourage investment

in slow-growth and high-unemployment regions; a reduction in trade barriers to secure larger markets and promote rationalization; creation of the Foreign Investment Review Agency to monitor and direct foreign investment; establishment of a Ministry of State for Science and Technology; procurement from Canadian sources; and creation of the Canada Development Corporation (CDC), a company designed to enter important new industries either alone or in partnership with the private sector.[25]

The results were a mixed bag. Foreign control of nonfinancial Canadian corporate assets declined from thirty-five per cent in 1968 to twenty-four per cent in 1984, Trudeau's last year in office. All was not well with the agencies, however. The Foreign Investment Review Agency took itself too seriously in the government's eyes; instead of focusing on important cases it became involved in those of lesser import, thoroughly annoying the Americans in the bargain. The CDC, too, disappointed the government. By the early 1980s, the Liberals were directing the Canada Development Investment Corporation to divest the government of its investments in the CDC and other areas. Nor did business develop any particular enthusiasm, despite any benefits it may have realized through lower taxes and tariffs, and investment opportunities. This isn't surprising, given the antipathy of business to government involvement in the market and the still-significant degree of foreign investment. The industrial strategy, for what it was worth, began to fall apart. Reflecting on the lack of consensus, Joel Bell, former economic advisor to the prime minister, commented, "In retrospect, it is apparent that the ingredients for an active plan were missing,"[26] and ascribes part of the failure also to "too much direct involvement."[27]

The intent of the strategy was always to enhance Canada's international competitiveness, albeit with local measures. With the advent of the Mulroney government in 1984 the measures, too, turned decidedly international, culminating in the signing of the North American Free Trade Agreement. Any national framework for economic development has since been systematically de-constructed.

Reaching back further into our history, we find a proposal for a strategy much more like Carnoy, Shearer and Rumberger's than the Trudeau government's mere framework. In 1933, in the midst of the Dirty Thirties, with capitalism staggering, that child of the depression the Co-operative Commonwealth Federation produced the Regina Manifesto. Promising to eradicate capitalism, the manifesto talked about public ownership of key industries, managed with the participation of workers and without the "rigidity of Civil Service rules." Overall economic planning was to be the responsibility of a National Planning Commission.[28] A grand vision — however, as capitalism recovered even the CCF altered its goals.

Pinko Fantasies

In the future, we might consider an even more comprehensive vision and revisit communism — a democratic version of it, of course.

The nation-state's first attempt at communism, the Soviet Union, went very badly, producing a crushing combination of incompetence and brutality. It got off to a bad start, beginning in a nation emerging from feudalism even though its chief theorist, Karl Marx, had made it clear it was to be the evolutionary sequel to an advanced and decaying capitalism. Furthermore, it began in a nation with a tradition of brutal and oppressive czars and, in keeping with that tradition, quickly enthroned the most brutal and oppressive czar of them all.

Its biggest weakness, its fatal flaw, was its lack of democracy. Quite aside from the notion that such a massive enterprise as the Soviet Union could be run in all respects from the centre — particularly a centre in constant fear of its master — the rigid, dictatorial hierarchy mocked democracy while rendering ridiculous the idea that here was a system that served the people. Unfortunately, this form of communism became the model for those that followed, although most were able to manage with less brutality.

A new form, a democratic form, just might work. If workers, farmers and others managed their own enterprises, made their own decisions and chose their own and the nation's leaders, dictatorship and its accompanying brutality would be precluded. People responsible for their own enterprises and benefiting from the success of those enterprises would preclude the incompetence problem. The state would still own all enterprises. It would provide assistance to enterprises in trouble and help to establish new enterprises and phase out old ones. Common needs such as social services and infrastructure would be funded proportionately more by the more successful enterprises, according to rules established by the democratic citizenry as a whole, in keeping with Marx's principle, "from each according to his abilities, to each according to his needs."[29]

The idea of a philosophy climbing out of the abyss isn't new. Christianity, ostensibly a doctrine about loving God and man, has had to morally resurrect itself from the Inquisition (Europe's first holocaust), the Crusades, witch hunts, and various other peccadilloes. Communism, too, may yet recover from its sins. The modern version is still very young.

While philosophizing along these lines we might think about ridding ourselves of the very concept of "owning" property, and about developing a better approach to allocating it, one based on need and service and equality and flexibility. Driven as it so often is by greed, ownership of property has indeed been the root of much evil.

Having reached the stage where we have the technical ability to provide amply for everyone, where our biggest concern is equitably distributing what we can produce while not exhausting our planet, it's time to

think about post-capitalist society. We have accepted capitalism because of its capacity to generate wealth even while we have constantly fought its capacity to generate inequality. Now perhaps its job is done and it's time to look for a permanent cure for its inherent inequities, for a more humane, more moral, more sustainable economic system.

In Conclusion

When the Berlin wall, the line in the sand barring democracy from eastern Europe, fell in 1989, people on both sides of it heaved a huge sigh of relief. A system that had promised so much for ordinary people and then utterly betrayed that promise had ended, and it had ended, thank God, not in the bang of a nuclear holocaust but in a whimper of exhaustion. Yet, ironically, this system that had done so much wrong to the people who lived under it had proved useful for those who had not. Pope John Paul II is reported as saying, "Now that communism has gone, the church has to be on the side of the poor; otherwise they will go undefended."[30] The presence of an alternative had constrained the excesses of capitalism. If wealth pushed too hard, the hammer of communism loomed in the background. Whether it was people in the first world demanding better working conditions from capitalist employers or people in the third world demanding liberation from capitalist nations, communism's presence served notice that they had better be heard. Now the alternative is gone. Even the mediator, democratic socialism, having accomplished much of what it set out to do, has lost its focus. The field has been left to resurgent capitalism.

The values of the market, particularly the capitalist market, are in the ascendant. Commerce man dominates social man. As Frank Stronach, billionaire head of Magna International, puts it, "You know the golden rule. He who has the gold makes the rules."[31] Democracy idles while the corporate state thrives. The latter wields a formidable array of weapons with which to foist itself upon us. Not the least of these is the business tax in its various forms, the very best kind of weapon because it is supplied by the victims themselves, and for the most part unconsciously. The corporate armoury includes the most powerful weapon of all in a free society — the mass media. And then there is the purchase of politics. The corporate state dominates economics, and insinuates itself and its interests and values into other institutions including, with an eye to the future, education. Capitalism has done more than outlast communism; it has replaced it as the major threat to democracy.

Society begins to look just a little like Marx's bourgeois democracy. Marx saw the democracy of his day as a fraud, a democratic facade behind which the rich remained firmly in control, allowing the masses only as much freedom as would not seriously threaten the interests of their betters. The mass media, excepting the CBC, is a near classic example: ostensibly free, in fact owned, controlled and in thrall to the corporate sec-

tor, allowing as much dissent as a handful of wealthy owners and their advertisers are willing to tolerate.

The values of the modern bourgeoisie are not the values of most of us. A survey by Ekos Research Associates of 2,400 Canadians at large and 1,000 members of the corporate, political and bureaucratic elites revealed radically different values between the two.[32] The elites' top ten values, in order of importance, were competitiveness, integrity, minimal government, thriftiness, excellence, self-reliance, freedom, prosperity, a healthy population and a clean environment. The public's top ten were freedom, a clean environment, a healthy population, integrity, individual rights, security and safety, equality for all regions, self-reliance, respect for authority and collective rights. The elites' number one, competitiveness, ranked twentieth for the public, and the elite's number three, minimal government, was dead last. Particularly noticeable was the elite's greater emphasis on economic values and the public's greater concern with human values.

An Angus Reid survey showed similar results. According to the Reid survey, Canadians at large felt by a more than two to one margin that job creation was more important than deficit reduction, and protecting social programs more important than reducing taxes, whereas the ten per cent who described themselves as wealthy felt that deficit and tax reduction had higher priorities. Reid commented, "It's an elite driven issue ... It's as if a fog settled over Canada in the past few years and the only voice governments hear ... is the voice of the wealthy."[33] As if to echo Reid's comment, federal finance minister Paul Martin declared that deficit reduction would remain his top priority[34] and in his 1999-2000 budget set tax reduction well ahead of social concerns.

If we are to clear the fog Reid refers to, we need to reapply ourselves to the task of building democracy. We have been distracted lately by debt, by unemployment, by threats of secession and by technological and global change that diminishes us and saps our confidence. Perhaps we have been too distracted, or perhaps we simply take democracy too much for granted, but we are largely ignoring a re-invigorated challenge to our self-governance from its old foe wealth, particularly corporate wealth. In this book we have seen how we might meet this challenge on its various fronts by eliminating or at least diminishing the insidious business tax, by making our public forums truly public and removing them from the grip of wealth and the servitude of commerce, and by making politics accountable to all, not just to the clients of bagmen. We have discussed also a range of possibilities for democratizing wealth itself and ensuring that the economy is the servant of democracy, our possibilities ranging from tinkering to major structural change, from encouraging co-operative enterprise to redistributing income, to tighter control of corporations and investment, to democratic communism.

We Canadians are not much for titanic revolution. A mix of moderate approaches, with democracy as the only common theme, would almost certainly be most consistent with our traditions and values as a way of meeting the challenge. Confining wealth within reasonable boundaries and inhibiting its translation into power would be most amenable, at least in the short term.

We want, I suspect, to maintain a balance: government big enough to ensure a compassionate, equitable, smoothly-functioning democratic society, and no bigger. Big government is necessitated by the complexity of modern society. It is also the result of big business. Without big government we would become creatures of the market, not the free market of simple buy-and-sell but the capitalist market of corporate control.

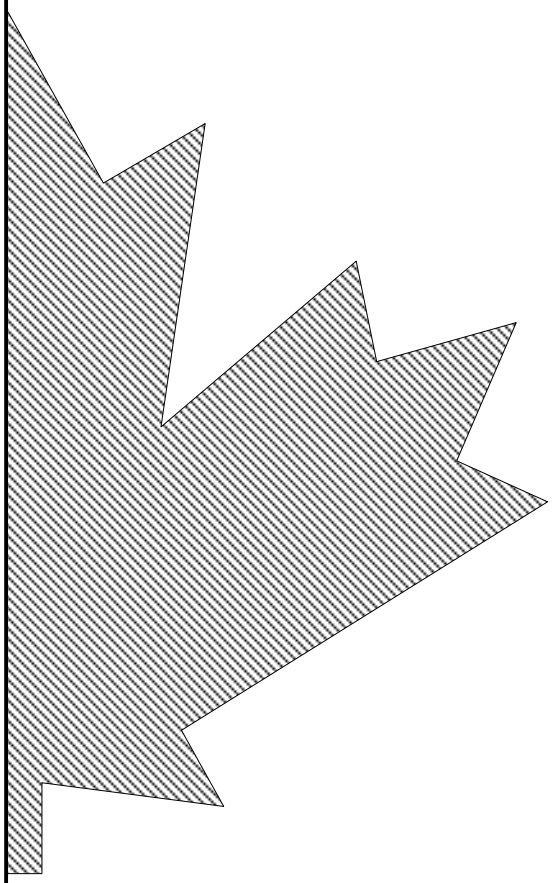
If downsizing government meant redistributing the downsized power equally to all citizens, most of us would applaud. But it doesn't. Capitalists are much better positioned to absorb that power than the rest of us. If government stepped out of broadcasting, control of the mass media, of communications, of public discourse, would flow to the corporate sector, not to the citizens at large; if the government reduced standards in the workplace, power would flow to employers, not employees; when government reduces its macro-economic decision-making, economic power flows to corporations, increasingly global corporations, not consumers, not citizens. The very reason that government gained these powers in the first place was to remove control from the few who used it selfishly and without regard to the public good, in order to exercise the moral discipline capitalism has never been capable of.

If we want to minimize government's role in the economy, we need democratic alternatives to corporate control of the economy. We need citizen power. We need worker, consumer and community decision-making. We need economic institutions that create democracy as effectively as they create wealth. In the sound tradition of Canadian compromise, we need a combination of carrot and stick, the carrot to small enterprise and to co-operative, democratic large enterprise; and the stick to undemocratic, hierarchal enterprise. As part of the package, economic democracy must embrace workplace democracy. Workplace democracy in itself would go a long way to rendering wealth impotent. The struggle must be waged within and without.

And we must go even further. As the economy globalizes, so must democracy. Many of the things we have talked about can only be achieved, or at least best achieved, through co-ordination with other countries, other communities. But that is a plateful unto itself. We will leave it for Part IV where we will discuss globalization and its effects on democracy at length.

Part IV

The Change Problem



10

Technology Overload

"Embrace change." Yet another of the mindless slogans that dot the verbal landscape of the new century. The last period of western history noted for great change was the 1930s. In Western Europe the change was known as fascism. Those that embraced it engaged in the most ignoble act in the history of their continent, those that opposed it the most noble. Few centuries have taught the dangers of mindlessly embracing change as well as the 20th. Nonetheless, great change is afoot, whether we like it or not apparently, and much of this change affects democracy. The two areas of change that concern us here are technological progress and globalization, two highly dependent phenomenon with the former fuelling the latter.

We will look first at technological change, at what it has done for us and what it has done to us, and compare what drives it to how it should be driven. Globalization will get our closest scrutiny, however, as it is arguably now the major shaper of change to democracy. We will look at how the nation-state, as the premier vehicle of democracy, is changing under globalization, focusing on the sources of that change. We will identify the root problem and then talk about dealing with it so that as far as globalization is concerned we can begin to embrace democracy first and change, at least useful change, second.

Let us proceed immediately to technological change, then, and discuss how it affects democracy in itself as well as how it contributes to globalization.

King Ludd Had a Point

In the early 19th century, groups of British weavers, angry at seeing their jobs lost to power looms, attacked the machines and destroyed them. They rioted under the name of King Ludd, a possibly fictitious character described variously as a village idiot named Ned Ludd and a youth named Ludlum who destroyed a weaving machine his father had told him to fix.

The revolt soon succumbed to flogging, jailing, transportation and hanging, and the Luddites passed into history, leaving only their name to ponder upon.

As a former engineer, I long shared the common view of the Luddites as benighted fellows, tragically incapable of embracing change. I have revised my opinion. Not that I oppose technological change, nor do I condone vandalism as political statement, although when workers can neither vote nor form a union, as was the case at the time, strong measures may be justified as a last resort.

My sympathy for the Luddites arises from the simple fact that they were subjected to innovation that would not only throw them out of work but would change their entire way of life, their values as well as their employment, and it was being done without their consent, or even participation. It was imposed change, and therefore — to a democrat — illegitimate change. Prior to the Industrial Revolution they did not live in a democracy but they at least had control over their work. They were craftsmen. Now they were to become servants of the machines and, in turn, of the owners of the machines. They were to be dehumanized. As John Ralston Saul has pointed out, King Ludd was warning against change, change that firmly allied technology to market values rather than social values, change that created such desperation that it would culminate in both communism and fascism before it was brought to heel.[1]

In the 1950s we thought we had brought it to heel as we confidently predicted a future of leisure and pleasurable work, with machines doing the dirty jobs. The fantasy has not materialized. Instead we find ourselves faced, like the Luddites, with technological change that seems to run roughshod over us in mindless service to the market. Millions of workers are now monitored by the machines they work on. First machines replaced workers, now they replace supervisors. Work becomes less pleasant, more stressful.

In the United States, the heirs of Luddism have reacted in a particularly American way. Whereas the original Luddites tried not to harm people, author Jeremy Rifkin reports that in the United States "homicide is now the third major cause of death in the workplace" and "murdering of employers has tripled since 1989."[2] This is not the Canadian way, yet stress in the workplace is epidemic here too. Canadians are now working harder than they did in the 1950s and according to a study reported in the Canadian Health Monitor, workplace stress is the greatest cause of potential health problems, with sixty per cent of workers saying they have experienced health problems because of job stress.[3] This may be due more to the insecurity caused by workplace restructuring than anything technology has done, but the point is that technology hasn't brought us to the promised land. We have seen some of the most spectacular technological change ever, including the silicon chip and its marvelous offspring, yet we might properly wonder if there was any point to it. If we anthropo-

morphized technology, we could accuse it of treason. But technology isn't sentient, it is the inanimate servant of whoever controls it.

This brings us to our concern about technology and its rapid change from the perspective of democracy. We have two questions: first, given that it has a major affect on our way of life, do we have democratic control over it? And second, does it affect democracy itself?

Let us consider the latter first.

What Does It Do for/to Us?

The end of the last century saw perhaps the most peaceful and yet the most sudden decline of an empire ever. Soviet Communism breathed a last tired breath — and died. The reign of one of the great dictatorships of the 20th century was over. Gwyn Dyer, in his CBC *Ideas* series "Millennium," suggested that this almost gentle collapse was precipitated in large part by modern communications. He believes that television and other forms of mass media have become so pervasive and powerful that dictators can no longer shelter their subjects from outside influences. If democratic ideas don't loosen their grip, rock and roll will. Others suggest that the main reason was Chernobyl — the rot in the system could no longer be hidden.

The two explanations illustrate the two sides of modern technology: one constructive, the other destructive, sometimes terrifyingly so.

The mass media exemplify both. Dyer states categorically that mass societies cannot have democracy without mass communications. He advances the enticing theory that our natural state, i.e. as we lived as small groups of hunter-gatherers, was democratic, but it was corrupted by the development of large, complex civilizations, precisely because we could no longer communicate effectively. We could no longer deal face-to-face with each other and with our leaders to manage our affairs. We needed someone to impose order — to dictate. Various forms of authoritarian governance emerged and the result has been millennia of rigid, hierarchal rule, finally undermined by the development of mass communications. We return to our natural democratic state as we regain our ability to discuss and debate our collective affairs with all members of our society.

Modern media can magnify the voices of individuals to national or even international volume. On a trade mission to Asia, Prime Minister Jean Chrétien was upstaged by 13-year old Craig Kielburger from Thornton, Ontario, who was simultaneously touring Asia crusading against the excesses of child labour. Publicity surrounding the boy's crusade shamed the prime minister into a meeting with Craig which resulted in belatedly adding child exploitation to the trade agenda. Craig's media magnetism carried him to the United States where he was profiled on *60 Minutes* and various newspapers including the Washington Post. He appeared on *The Today Show, Good Morning America* and the *Jim Lehrer Newshour*, and addressed the Democratic Party's policy committee on consumer and cor-

porate responsibility. Shameful practices like child labour would at one time have been discreetly hidden in back streets, safe from public view, but now one small, if highly articulate, boy can talk to the world. Iniquities have become much harder to hide. Readier access to and rapid, pervasive communication of information serves democracy.

Despite this service the mass media are, as we discussed in Chapter 7, highly imperfect vehicles, mostly owned by and in thrall to one special interest group. This group quite naturally tends to use the media for its own purposes, often at the expense of democracy.

The technology of mass media can in itself undermine democracy. Television is a good example. When I was growing up in a small town in southern Saskatchewan, back in the dark ages before TV, on Saturday nights the place was jumping. Older folks were having coffee with friends in the two cafes, teenagers were driving up and down main street pursuing whatever teenagers pursue, men of all ages were playing snooker in the pool hall, and often a Saturday night dance at the community hall, attended by young and old, carried on into the wee hours. Now, even though the town is much larger, on Saturday nights the place is dead.

The reason of course is TV. Television pulls us out of our communities and isolates us. We huddle around our sets in the sanctuary of our living rooms like Neanderthals huddled around campfires in their caves, except they were with their communities and we are alone. Having isolated us, TV then proceeds to terrify us. Both news and entertainment present a grossly exaggerated picture of the amount and degree of violence in society. TV tells us that the streets we have abandoned to the night are frightening places, sites of unending mayhem. The message and the medium combine to turn us away from our own society, to fear it.

Robert Putman, director of the Centre for International Affairs at Harvard University, writes, "Heavy television watching may increase pessimism about human nature. Each hour spent viewing television is associated with less social trust and less group membership."[4] While time spent viewing TV has increased to over six hours per household per day in the United States, Putnam notes that the number of citizens who attended a public meeting on town or school affairs fell from twenty-two per cent in 1973 to thirteen per cent in 1993, labour union membership fell from thirty-three per cent of workers in 1953 to fifteen per cent in 1992, and the frequency of social evenings with neighbours and membership in fraternal organizations has steadily declined.[5] With the multiplicity of specialty channels, family members are even isolated from each other, each member pursuing his own fantasy in his own room on his own TV set.

Considering the extraordinary power of television in modern society, this anti-social, community-busting capacity is profoundly disturbing. Democracy requires confidence in our institutions — or confidence that we can change and improve them — and face-to-face deliberation of issues. Television undermines both. And it does so most insidiously. Be-

cause it is done in part by the technology itself we hardly understand what is happening. And because we are isolated, we tend to obsess ourselves with the messages we are most receptive to, demonizing those we disagree with in the process, rather than talking issues out with other people, including those we disagree with, and putting issues in perspective. It's hard to demonize someone you're face to face with.

This is the conundrum of electronic communications: they add marvellously to our ability to communicate, but in the most important way of all to democracy, face-to-face, they detract. Television doesn't discuss with us, it doesn't even argue, it just tells us — classic one-way communication. And what it tells us is often more superficial and sensational than substantial. The crime panic is a good example.

Paradigm Shifts

This is not new, of course. Print, beginning with Gutenberg and his bible in the 15th century, shifted us away from the communal nature of oral traditions toward individualism. Now we are being shifted again by the latest electronic communication marvel, the Internet.

But which way? Sanjy Singh, of the University of Alabama, predicts the Internet will become "the centrepiece of our whole existence, our social life, our working life, family life, politics."[6] Someone will no doubt suggest that Mr. Singh get a life; nonetheless, the Internet does have enormous potential. By allowing individuals to communicate instantaneously and cheaply around the globe, it offers citizens a powerful tool for organizing locally, nationally and internationally. The possibilities for enhancing democracy are obvious. But we should balance our enthusiasm with the knowledge that the technology in itself will affect us, as TV technology does now and as print has done for five and a half centuries.

The Internet can create a nice, gossipy kind of community, yet the individuals in that community are still physically isolated, the communications individual and distant, rather like print but more difficult to curl up with, or perhaps like the telephone but with no human voice at the other end. The keyboard and the monitor are cold. It will take visual add-on, perhaps virtual reality over the wires, to approach the warmth of the oral tradition. And the Internet doesn't serve individuals only. It also serves plutocratic organizations like global corporations who use it for purposes that confound democracy.

As Marshall McLuhan pointed out, when a new technology is introduced we don't just have the old system with the new technology.[7] Everything is changed. Our values change along with our physical world and often we are quite unaware of it. Author and communications theorist Neil Postman draws the analogy of removing a caterpillar from an eco-system: you don't just have the old system without a caterpillar, you have a whole new system. When the automobile arrived, we didn't just have the old system with a new means of transportation; we developed a new way of living.

When television appeared, we didn't just have the old system with a new form of communication; our perceptions of our society, our attitudes towards it and our social behaviour changed. TV and the car are big technologies, but even small ones echo and re-echo throughout society. This is what the Luddites saw and were enraged at. They didn't like their way of life being changed without having any say in it. And neither should we. Not if we are democrats.

Technology's capacity to do for us or to us has been intensely debated since the Industrial Revolution. From a democratic point of view it has on the whole been beneficial, and as we are a high-tech country we have appreciated those benefits as much as anyone. The mass media provide the means for mass societies to discuss issues and come to democratic resolutions. Modern technology can provide everyone, not just an aristocracy, with a decent material standard of living, freeing even the poor from concerns other than brute survival, making possible both the education and the time democratic citizenship requires. On the other hand, if we don't learn to constrain it, as we didn't for example in the case of the Atlantic fisheries, we could so savage our planet, even changing the climate, that we could be returned to the most primitive struggle for survival ever, not as small but solid groups of hunter-gatherers but as mass societies descending into chaos. Liberty might not fare well in an orgy of technological abuse.

The Industrial Revolution, born out of new technologies, triggered an unprecedented struggle for equality and democracy. In its wake came great advances in public education, mass literacy, civil rights, democratic government, labour unions and progressive political parties. Capitalism, too, greatly advanced, and we might ask whether the Industrial Revolution generously provided the means for democratic progress, or whether the social and work conditions created by capitalism were so abominable that a struggle for progress became inevitable. I suspect both.

Which of these forces drives change in the future, benefit or reaction, will depend largely on who controls technology, on who is served and who is the servant. As we experience another great wave of technological change generated by the computer we would, I am sure, prefer to avoid waging the struggle with capitalism all over again.

Who's the Boss?

Technology often seems to be a tyrant. It creates changes, possibilities, imperatives, that we seem bound to respond to. Once again we may invoke the amoeba theory, with technology creating an environment in which we all swim, an environment over which we have no control, prospering only by reacting properly to technology's stimuli. But technology, although created by sentient beings, is not in itself sentient, consciously constructing a world for us to live in. Nor is it the law of God or the law of Chance. It is directed. We direct technology to suit our purposes. Or at

least some of us do. The tyrant is not the machine but man — specifically, commerce man. Since at least the Industrial Revolution, technology has largely been in the service of capitalism. Technological change has been driven less by community consideration and need than by capitalists acting in their own self-interest and that, as John Dewey pointed out, is why we tend to think of science and technology in terms of materialism.[8]

When we refer to applied research we usually mean applied to profit — that, after all, is what patents are about — and today even pure research is being pushed in that direction. The public good often benefits, but usually as the passive partner. And often some publics don't benefit at all. In 1997, a collaboration between the World Health Organization, the World Bank, and several large drug companies to research malaria, a disease with no cure that kills one to two million people a year, collapsed when the companies backed out. A spokesperson for the industry explained, "The people who need [the drugs] cannot afford them and there is thus no market of commercial interest."[9] In a similar vein all research on vaccines for AIDS has focused on subtype B, prevalent in the developed world, and none on subtype C, common in Africa, by far the most affected region. Africans, the world's poorest people, offer little scope for handsome profits.

We often seem to lack even the consciousness that, as willful as technology may appear, it does answer to those with the money to direct it. Corporations wouldn't spend large sums on research and development if it didn't take technology where they wanted it to go. One wonders what the result would have been if we had had the technological advance without the capitalism.

Corrupting the Ivory Tower

The influence of corporations over even pure research has become particularly insidious in the universities. Here is where we could once rely on the dispassionate search for knowledge. Not any more. As government grants shrink, universities become increasingly dependent on commerce. Technology-transfer programs and partnerships with corporations become the rage. In 1995, the University of Waterloo made $1.4 million from patents and royalties. The University of Calgary has set up a subsidiary, Universities International Inc., "to develop profit centres around ideas and technology generated at the university and to work with private-sector companies to generate new products."[10] "Our ultimate goal," says president Beverley Sheridan, "is to provide new streams of revenue for the university." York University has invited corporations to sponsor courses, one of the perks of which is to have their logos displayed on course material — no word yet on whether students are absorbing Nike swooshes along with their sociology. Other universities are naming entire faculties after generous donors.

This may sound all very helpful for cash-strapped universities but raises the questions of whose in charge and whose values dominate. The Canadian Imperial Bank of Commerce (CIBC) has donated $200,000 toward technology transfer and commercialization at the University of Alberta. Jo-Anne Raynes, managing director of the CIBC's knowledge-based business, commented that the CIBC would keep in touch and possibly attract clients, adding "We're not just donating this money and walking away."[11] Exactly. When universities seek clients and business partners, and sell ideas as products, a major philosophical shift has occurred. The role of the university as a place of independent inquiry serving the whole community begins to blur into the role of an entrepreneur serving the corporate sector.

Consider a feature in the Ottawa Citizen on the use of BST, a genetically engineered hormone for cattle. The feature included a proponent of BST, an opponent, and two University of Guelph scientists to supposedly provide impartial views. A subsequent letter to the Citizen pointed out that much of the scientists' funding came from Monsanto, a manufacturer of BST.[12]

When the editor of the Canadian Medical Association Journal tried to enforce a policy that editorials about a product be written only by experts without ties to the firm that made it, he discovered that it was simply too difficult to find such experts. "There are very few researchers in Canada that aren't doing research in one form or another for pharmaceutical companies,"[13] he observed. How do citizens make responsible decisions when information from their own scientists is tainted?

At the University of Toronto a generous grant by financier Joseph Rotman to the university's business school is conditional upon the Rotman Foundation's right to request an independent investigation of the faculty if peer reviews indicate problems in attaining an "agreed-upon" vision. If a government made its funding similarly conditional it would almost certainly be accused of interfering with academic freedom. When the U of T student newspaper, The Varsity, ran an article questioning corporate influence, university president Robert Prichard harassed the author.[14] (The same Mr. Prichard had been known to lobby the federal government on behalf of a drug company that promised the U of T a large donation.[15]) A Globe and Mail editorial observed, "And so arrangements are made whose intimacies expose both universities and their donors to historically rooted doubts about the wisdom of it all."[16]

Acquiescence in the arrangements seems to pay. Whereas McGill University expects scientists to reveal conflicts of interest, Queen's University doesn't ask about researchers financial ties to companies paying for clinical trials. Coincidentally, McGill gets about sixteen per cent of its funding from industry, Queen's about twenty-five per cent. The University of British Columbia, particularly lax in its conflict-of-interest rules, receives thirty per cent.[17]

The deepening relationship between the corporate sector and higher education isn't merely the result of ad hoc arrangements. A group of university presidents and corporate executives has formed the Corporate Higher Education Forum, along the lines of the American Business Higher Education Forum. The forum places members on each other's boards, promotes less government involvement in higher education, and works for closer ties between business and education.[18]

Most insidiously, governments are coercing universities into the arms of the corporate sector. The government of Alberta, for example, has linked provincial funding to post-secondary institutions' success in luring private-sector support. Funding from the federal program Canadian Foundation for Innovation requires "partners" to provide sixty per cent of grants. According to Jim Turk, executive director of the Canadian Association of University Teachers, "This gives the private sector effective veto power over who gets public money, renewing ongoing questions about the implications for the integrity and independence of university research."[19] Donald Forsdyke, of the department of biochemistry at Queen's says, "The major criteria for deciding among candidates for a research position is likely to be, not their research excellence, but … whether their research is likely to gain industry approval. This situation will prevail as long as government maintains its matching-funds policy."[20]

Universities can maintain their integrity and independence only by accepting those gifts that come with no strings attached, a good example of which is the generous $50 million donated to the University of British Columbia by Vancouver scientist and prospector Stewart Blusson. Mr. Blusson will have no scholarship or building named after him and stipulated only that the money go to basic research.

The university can only be true to itself and properly serve its community by engaging in an independent search for truth. It must be able to observe society objectively and comment upon it and criticize it free of outside allegiances.

Can a partner of the corporate sector, of one special interest group, do that? Can a school of management heavily funded by industry study bioeconomics as readily as neo-classical economics? Can scientists do research on organic farming when research is funded by companies who make fertilizers and pesticides? Can medical researchers study herbal products when they aren't patentable and therefore open to large profits by corporations? Can studies of interest to democracy — political science, history, sociology, etc. — studies that might even lead to occasional critiques of the capitalist system, hope to compete for priority with studies partnered by corporations that produce profits? Probably not.

Even the appearance of objectivity is eroded when a university names a school of journalism for a media conglomerate, as happened when the University of British Columbia paid homage to Sing Tao Holdings. We are seeing market values wax and social values wane on our campuses. The

university, too, is becoming the servant of the corporate state. When university research is driven by business interests, the expansion of our knowledge is not shaped by an impartial search for the truth, nor by social need, nor by democratic forces, but by commercial forces, by the search for profit. In pointing out that studies reported in the prestigious New England Journal of Medicine showed that research funded by the pharmaceutical industry was significantly more favourable to the industry's products than independent research, Arthur Schafer, director of the Centre for Professional and Applied Ethics at the University of Manitoba, observed, "Presidents of our most prestigious universities and hospitals may find that their institutions may not expand and flourish unless they play the role of humble courtier to corporate royalty."[21] This tendency is precisely backwards: society should be increasing its say in corporate research, not the corporate sector increasing its say in public research. Democracy is losing ground.

If we are to have democracy, technology must, like other determinants of our way of life, be controlled by citizens, all the citizens, not by a handful of people pursuing their own material self-interest. Allowing a self-chosen minority to decide what technology will offer us is unacceptable.

We are not so much concerned about what is offered item by item but in the direction that sets of choices take us. For example, do we want media that isolate us or media that bring us together, that offer opportunities for public deliberation or that simply provide increasing amounts of information? Do we want workplaces designed for eight miserable hours a day efficiently producing ever more stuff, or do we want workplaces designed for less than eight hours of enjoyable and productive activity? Who, after all, are workplaces for? Do we want technology designed to create local self-reliant industries, or do we want technology designed for transnational production? Do we want technology that creates efficiency and lays off workers, or technology that creates jobs and lays off machines? Do we want technology that serves materialism, or do we want technology that serves social and environmental needs? We ought, at the very least, to be talking about these things, about who the boss should be.

Technology and the Workplace

Some dialogues have begun. For example, a number of unions have negotiated technological-change clauses into their collective agreements. As well they should. Workers should at a minimum be partners in making changes to their workplaces.

Governments have provided some support in this area. The *Canada Labour Code* mandates that where a collective agreement applies, an employer must give the union notice of technological change that affects a significant number of employees. The union may then insist on renegotiation of the collective agreement to account for the change. Unfortunately, the idea is more reaction than participation. The *Manitoba Labour Rela-*

tions Act has a similar provision. New Brunswick insists that all collective agreements contain provisions regarding advance notice of technological change. British Columbia and Saskatchewan have gone further and included workers in the change process. Unions have the right to negotiate an adjustment plan for proposed change that may include alternatives, counselling and training or severance terms for affected workers, and a bipartite process for implementation. Even the B.C. and Saskatchewan labour codes stress adaptation to change rather than the innovation or rejection of it, but they are a step in the right direction.

Non-union workers deserve the right to be included in the change process as well. In *Progress Without People*, David Noble presents a technology bill of rights that was produced at a conference of scientists and engineers in New York in 1981. The bill mandated, among other things, that new technology contribute to full employment, that any cost savings or productivity gains be shared with local workers, that governments have the right to levy a replacement tax to compensate them for costs of unemployment created by new technology, that new technology should contribute to workers' knowledge and skills, that new technology should not be detrimental to the environment, that new technology could not be used to monitor workers, and that workers had the right to participate in all deliberations that could lead to new technology being introduced.[22] The bill nicely sets out the kinds of things workers ought to demand from technological change rather than simply adapt amoeba-like to it.

Research too can help. Given the vast amount of research dedicated to the production of new products for market-share wars, we could use more research dedicated to improving workplaces. Research that focuses on production is generally directed at greater efficiency, which usually means replacing men and women with machines. Why not research directed at making workplaces more attractive and creative places to be, or even at developing new forms of work that are highly satisfying? Rather than always enslaving work to the product, why not make the product serve work? Rather than always asking how to improve products, why not ask how to improve labour? At the very least, people deserve to be involved in the design of technology that affects what they do for a living.

The Mondragon group of co-operatives has a research facility mandated to humanizing work. Mondragon has the advantage that its workplaces are democratic. That alone will help to ensure that workers have a say in the deployment of technology, not only in workplaces but in products produced.

And when the products produced represent technological change, we all deserve a say, and not just if we buy the products, because whether we buy them or not they will permeate our society and affect each of us. A major new technology can have a greater affect on us than a major new law, and we don't allow law to be made arbitrarily.[23]

A Voice for the Public

Canadians have long had an influence on technological development beyond their marketplace choices, of course. Direct democracy has had a say in such areas as fluoridation of water supplies, for example. The MacKenzie Valley Pipeline Inquiry, led by B.C. Supreme Court justice Thomas Berger, was a remarkable grass-roots exercise in public input to a major technical project. The inquiry listened to hundreds of native people who would be affected by the development, visiting them in their own villages. It also held formal hearings for other interested parties. The inquiry's report, *Northern Frontier, Northern Homeland,* became the federal government's best-selling book ever.

Inquiries and royal commissions, although not the democratic instrument citizen assemblies are, can be very useful in bringing expert opinion and public views to bear on questions of technological change.

Government initiatives in other areas too, including communications and transportation, have directed technology toward broad social objectives. Governments have funded research in areas like agriculture, defence, forestry, fisheries and the environment generally, partly for economic reasons and partly for the preservation of heritage. Government subsidies, too, have pushed industries in desired directions. Legal requirements for environmental assessments of major projects have given the public a direct voice. And the universities have been provided what independence they still have by the public purse.

Richard Sclove, in his book *Democracy and Technology*, suggests "a law requiring corporations and government agencies to publicly file a succinct Social and Political Impact Statement prior to introducing or importing a significant technological innovation."[24] The SPIS would be based on the environmental impact assessments now commonly required. He suggests further that potentially affected citizens, interpreted broadly, could be impanelled to help prepare or oversee the preparation of an SPIS, and that if the basis for predicting the consequences is weak, social trials could be conducted. The latter would be rather like market research, a fitting approach — a tool for determining a technology's market value being used to determine its social and democratic value. Those technologies showing high social and democratic value could be encouraged, others discouraged. We want, after all, not only to determine technological change democratically but to develop technology that in itself contributes to democracy.

Dutch universities involve the public in research through "science shops," which accept for study requests from public-interest groups and unions. Approval of a request requires that the group not be commercially motivated, be able to apply the results and be unable to afford the research on its own, although some shops accept requests from groups that can afford to contribute to the research costs as long as their requests are

socially motivated. Much of the work is done by students supervised by faculty as part of their normal workloads so costs are minimized. Other European countries are copying the Dutch example.[25]

In Sweden, research in emerging areas is funded by the Council for Planning and Coordination of Research. The council, made up of six scientists, five MPs, three labour representatives, one employer representative, and three members at large, was designed to give the public influence over national research priorities.[26]

The Board of Technology in Denmark appoints panels of ordinary citizens to attend conferences on new technologies. The panels question experts, deliberate among themselves and report their conclusions, which are widely publicized by the board. The Netherlands and the United Kingdom have adopted the idea, and the European Union is considering it.[27] The Danish model is enticingly similar to the concept of citizen assemblies that we discussed in Chapter 2, differing only in that the panels are selected by a government body rather than randomly. Add random selection to the Danish approach and we have, in yet another arena, society in microcosm doing what it ought to be doing, making the decisions that affect its future.

Which brings us back to citizen assemblies. Of all the ideas we have considered, here again lies the greatest promise. An assembly could for example consider the direction we want to go with energy. Do we want to continue to rely primarily on conventional sources? Do we want a more rapid shift toward environmentally-sound sources? Do we want a carbon tax to promote conservation? How do we want to encourage any changes? With tax incentives? Subsidies? Or mandate energy companies to move research, development and production in the appropriate direction, rather like some jurisdictions have so successfully done with automobile emissions? All these questions need not be answered by one assembly but could be built on by a series of assemblies, with assembly recommendations binding on both government and industry. This approach would ensure that technology changed in directions we the people want, not in directions determined by special interests, especially not those interests with very deep pockets interested solely in making them deeper.

The word to emphasize here is "directions." We can't predict all the results of new technologies. We are not prophets. Even the inventors of technology often have very little idea where their new technologies will lead. Nor do we want to be constantly looking over researchers' shoulders. But we do want science, most particularly applied science and technology, moving in directions broadly determined by public deliberation. For example, do we want more security in our work lives or less? If we want more, then technology ought to create change that provides it. We cannot know what else it might provide but if we don't set the direction we can be sure that it will serve masters whose interests may not include workplace security at all and who may even prefer less of it. At the very least, if we

bring technology under democratic control we will be aware of what it is doing to us and be in a position to discuss, debate and change its direction. We need, one way or another, to politicize technology.

Rate of Change

Quite aside from the effects of technology on society in themselves, the rate of technological change is in itself so rapid we don't have time to reflect on those effects, to assess whether they are taking us where we want to go. We simply amass ever more technology and become even more subservient to yet another mindless slogan of our times, "There is no alternative."

American writer and TV critic Harlan Ellison, who has unkindly accused television of being "responsible for the stupidity of our times," comments on technology generally, "I am not a Luddite. But I believe that we should work at the level of technology that best does the job, and anything beyond that is just merchandising to get us to buy toots and whistles we don't really need."[28] A bit overstated perhaps but we do have a tendency to evaluate our success as a society more by our technological, or at least material, progress than by our social progress. At times it seems that we consider progress to be technological change and nothing else. We are obsessed with efficiency at the expense of reflection. We might be well advised to put the brake on technological change, certainly at least on its market imperative, slow down, and make sure social values are the boss, not market values. Even the founder of cybernetics, U.S. mathematician Norbert Wiener, appealed for a slower pace of automation.[29]

We might remind ourselves that our modern healthy way of life was brought about by only four technological advances — clean water, effective sewage disposal, good nutrition and immunization — and only one of these is high-tech. Throw in literacy and the mass media to satisfy democracy's need for good communications — print alone would suffice — and we realize that most technology may be nice to have but isn't necessary for a healthy democratic society. We might also keep in mind that technology may advance ever more rapidly, and information pile up even more rapidly, but our intellectual capacity, to say nothing of our wisdom, to handle it remains pretty much the same. More technology fleshes out our material way of life but it imposes no need to proceed with change at more than a leisurely, non-disruptive pace. The rat race of "embrace change" is masochistic.

Technology now allows us to produce enough wealth to ensure everyone a decent standard of living, and we are grateful, but perhaps it's time to turn it away from the service of competition and materialism toward the service of important values: equality, compassion, pleasant work, a healthy environment and of course, democracy. Technological change

must be human-centred and citizen-controlled. If it isn't, it would no longer seem to serve much purpose.

11

Global Excess

On the 6th of September, 1522, fifteen survivors on the sailing ship *Vittoria*, all that was left of Ferdinand Magellan's fleet that had sailed from Seville three years earlier, returned to Spain. Four other ships and 250 men, including Magellan himself, lay scattered along a route westward from Patagonia to the Cape of Good Hope, but humankind, for the first time, had tied the globe together. Globalization had begun.

The *Vittoria* was laden with spices from the Moluccas. Magellan, in the employ of Charles of Spain, was attempting to break the Portuguese hold on the eastern spice trade by sailing west rather than east — by taking advantage of the entire globe. Then, as now, economics was the prime mover in globalization.

Global trade has been around for almost five centuries, and even earlier traders peddled their wares across broad areas of the world, but recently the globalization of trade has greatly intensified, driven by rapidly advancing electronic technology. Indeed, globalization in the modern sense is characterized by the ability to almost instantaneously distribute ideas, information, and capital. This technology allows for a speed and complexity of trade that would have amazed Magellan. The new global commerce in turn affects social and political life to a degree that might also have amazed him. Canada, as a trading nation, has a powerful interest in these changes, an interest that goes well beyond trade. Of primary interest to us is the decline in power of the nation-state counterpointed by the rise in power of the global corporation.

Whither the Nation-state?

Whether the nation-state declines or not is in itself irrelevant. It has done good service as the primary political and social jurisdiction, but as needs change more suitable ones may emerge. And clearly, needs are changing. The environment, for example, used to be a local concern. Not any more. When global warming and ozone depletion threaten the entire planet, the

argument "don't tell me what to do on my property" becomes as silly as it is selfish. And with nuclear, biological and chemical weapons poised to do their dirty work, war is everybody's business, not just the belligerents'. So globalization imposes itself upon us even outside of economics, and global problems require global structures. How the nation-state fits into all this is problematic. The United Nations 1993 Human Development Report commented, "The nation-state now is too small for the big things and too big for the small."[1]

Our problem here is that the nation-state as the major repository of government is also the major repository of political democracy. There are other levels of democratic government within the nation-state and other democratic institutions, but even these operate within the purview of the nation-state. If the nation-state withers away, we want to be sure democracy doesn't wither away with it.

Unfortunately, there is a lot of withering going on, driven primarily not by environmentalists or peacemakers but by the heirs of Magellan, the men and women of commerce.

The Money Traders

A few hundred international currency traders, including big banks, mutual fund managers and other investment dealers, shift trillions of dollars around the world every day. These commercial adventurers travel the globe not under sail but by the modern miracle of telecommunications. Their influence is impressive. In February, 1995, Finance Minister Paul Martin brought in a budget that pleased the financial markets. Indeed it may have been designed in part for that very purpose. Nonetheless the Canadian dollar dropped in value. Why? Not because of anything we did but more likely because currency traders, concerned about the American government's decision to support Mexico in its financial crisis, took a run at the U.S. dollar and it dropped to post war lows against the yen and the mark. Canadian banks responded to the drop in the loonie by raising their prime lending rates half a per cent, thereby dampening our economy. We genuflected to the markets, but they punished us anyway.

If currency traders speculate rightly or wrongly that a currency is overvalued and due to go down, they may buy short. That action alone, given the influence accruing from trading in vast amounts of money daily, can erode confidence in the currency and it will, self-fulfilling prophecy, indeed fall.

The freewheeling financial markets are often defended as useful overseers of profligate national governments. In the words of David Laidler, an economics professor at the University of Western Ontario, "Market volatility is about a healthy market challenging unhealthy national policies."[2] Quite aside from the outrageously undemocratic phenomenon of exchange markets challenging elected governments, the term "healthy" doesn't seem to quite fit the behaviour of financial markets. When a foreign exchange

analyst in New York sent out the word that polls were showing seventy per cent support for separation in Quebec's 1995 sovereignty referendum, financial markets "went crazy."[3] Anyone even superficially familiar with Canada would have realized that this was a ridiculous rumour. But not the global marketeers. The analyst who spread the rumour, Mary Beth Slack of Currency Watch in New York, commented, "Frankly, there is so little understanding [of Canada] in the United States that people react very strongly."[4] Bertrand Marotte, writing for Southam News, referred less tactfully to "knee-jerk, rumour-fed frenzy and unnecessary instability."[5] Neither used the word "healthy." The Internet, with its global equivalent of back-yard gossip, will no doubt add greatly to the rumour-mongering and further decrease the already severely-abbreviated attention span of the dealers.

In 1997, in the midst of the Southeast Asian financial crisis, Malaysian Prime Minister Mahathir bin Mohamad compared the world's most powerful currency trader, George Soros, to a drug trafficker and accused him of wrecking the economies of small nations. Mr. Soros denied the charges and, not to be outdone, referred to Mr. Mahathir as an autocrat and a "menace to his own country."[6] Who is right in this spat is debatable; George Soros's power is not. In 1992, he almost single-handedly drove down the British pound, forcing it out of the European Monetary System. The British public's respect for their government went down with it. The power of money traders is nicely illustrated when just one of their number is on a par with nations. Soros himself has said, "The main enemy of the open society, I believe, is no longer the communist but the capitalist threat,"[7] and has suggested, in a curious echo of Prime Minister Mahathir, that a global system dominated by finance would disintegrate.[8] Echoing the latter view, the Ottawa-based North-South Institute issued a report in mid-1998 handing much of the blame for the Asian crisis to "the failure of private markets caused by rapid financial and capital market liberalization."[9]

Canada has long subjected itself to the whims of foreign investment, but at least that investment used to be in constructive enterprise. Thirty years ago about ninety per cent of foreign-exchange transactions went into trade or investment. Today less than twenty per cent does, the rest goes into speculation. We are now susceptible to the vagaries of the world's largest lottery.

Global Colossi

Despite the arbitrary and undemocratic influence of global money shuffling, the major threat to the nation-state is not global investment but the global corporation. These autocratic organizations are experiencing a rise in power that now places them as equals, in economic terms at least, to nations. Over half of the hundred largest economies in the world are corporations. They control a third of the world's assets — and they are grow-

ing. Robert Kaplan, writing in The Atlantic Monthly, referred to them as "nothing less than the vanguard of a new Darwinian organization of politics."[10] Their rise in power is so rapid even the terminology has struggled to keep up. Once referred to as multinational corporations, indicating they operated in a number of nations, they are increasingly referred to as transnational corporations, describing how they increasingly operate not so much within a number of borders but across and often with seeming disregard for national borders. I will simply refer to them as global corporations.

U.S.-based Nike Inc.'s 1994 purchase of Canadian manufacturer Bauer Inc., the world's largest maker of hockey skates and protective gear, illustrates the modus operandi of at least one global giant. Nike's chairman, Philip Knight, assured Canadians, "We plan to have Canstar [as Bauer was then called] continue to operate as an autonomous organization without any change to its structure, operations, management or personnel."[11] Bauer president Pierre Boivin later admitted some production might be outsourced to Asian plants but reassured Canadian workers, "The bottom line is that there are no plans for layoffs."[12] Nor was there any need — sales were brisk and profits sound. Nonetheless, hardly two years after the sale, Bauer announced that its Cambridge, Ontario, plant would close by the end of 1998. Four hundred unionized workers faced layoffs. Nike said it was Bauer's decision and they only endorsed it. Some work was to be transferred to Bauer's remaining plant in St.-Jérôme, Quebec, the rest outsourced. A spokesperson for Bauer guaranteed that they would not close St.-Jérôme. Union representative Georges Leduc responded that with Nike nothing could be taken for granted.

Actually something can. Nike's real business is marketing, not manufacturing. It sells where it can get top price and subcontracts manufacturing to wherever it can get bottom wage, leaving the dirty work to local manufacturers in the name of autonomy. Unionized plants that provide decent wages and working conditions, like Bauer's in Cambridge, don't fit well into the scheme. One view among workers had it that Nike's plan all along was to get the Bauer name and expertise, then train Asian workers to make the skates. A paranoid view perhaps, but Canada's skate manufacturing industry, a natural for us, was nonetheless raped.

In Chapter 7 we talked about corporate control over the media. This concern, too, has globalized. In their book *The Global Media: The New Missionaries of Corporate Capitalism*, Edward Herman and Robert McChesney calculate that nine corporations, including Disney and Time Warner, control most of the global media. And new mergers take place constantly. McChesney suggests they are marketplace-driven with no particular interest in democracy or other social agendas. When the Chinese government mentioned that the BBC bothered them, Rupert Murdoch, the world's premier media lord, making his pitch to get into the largest TV cable market in the world, quickly dropped the BBC from his cable menu.

McChesney also opines that since comedy and drama are hard to translate into other cultures, global media corporations tend to make and promote simple-minded action flicks which translate very easily. He says that media conglomerates seek "a depoliticized citizenry that has given up the belief that things could ever be different."[13]

As technology and trade agreements facilitate their ability to operate across borders, global corporations increasingly find democracy a hindrance and the nation-state useful only as a source of bureaucrats to make and enforce rules for the benefit of trade and investment. As their transnational capability increases, their influence over the nation-state, whose power is bound largely within its borders, also increases. In *Global Reach,* Barnet and Muller comment, "The men who run the global corporations are the first in history with the organization, technology, money and ideology to make a credible try at managing the world as an integrated economic unit. ... What they are demanding in essence is the right to transcend the nation-state and in the process to transform it."[14]

Global corporations can dictate a range of government policy. If they don't like the tax regimen or any other local circumstance in a country or province or city, they can make broad hints about moving down the road to a more amenable locale. Whether due to this sort of blackmail, or just generous political support, the corporate federal tax rate has been dropping for years. The federal government sets corporate priorities higher than citizens' priorities in its budgets, first placing deficit fighting over unemployment reduction, then tax reduction over health care. According to Canadian Dimension, when a group representing the Alternate Federal Budget visited with Finance Minister Paul Martin, he complimented their analysis but "indicated that the market requires Canada to make debt reduction and low inflation the focus of economic policy, and the power of corporations to move investment prevents the government from raising taxes on business."[15] Governments have fallen all over themselves in haste to privatize and deregulate power from themselves to the corporate sector in the name of free markets.

The relative rank of governments and corporate leaders is illustrated at the annual meeting of the World Economic Forum in Davos, Switzerland, where government leaders, elected and autocratic alike, kowtow before the world's top corporate executives, the emperors of business. The *Encyclopedia of Associations* states that the forum, "integrates leaders from business, government, and academia into a partnership committed to improving the state of the world."[16] The forum's concept of "improving the state of the world" is nicely illustrated in its publication the World Competitiveness Report where it has rated Singapore, a virtual dictatorship, the top country in the world. William Thorsell, former editor-in-chief of The Globe and Mail, said about the forum, "It integrates the most powerful, wealthiest and most capable sector of global society — corporations — with the most important governments."[17] Egyptian president Hosni

Mubarak referred to the forum as "a precursor to the 21st-century institutions."[18] Mr. Thorsell sums up the power structure of the new global order very nicely, leading into Mr. Mubarak's ominous prediction. Democracy won't be running this show.

We might remember, if only for curiosity's sake, that Adam Smith coined his famous phrase "the invisible hand" while arguing that entrepreneurs best promoted the public good by investing at home rather than abroad.[19] He was of course taking issue with that unholy collaboration of merchants and government known as mercantilism.

When governments are in bed with corporations they don't have to be told to privatize and deregulate any more than hookers have to be told to wear low-cut tops and miniskirts — they know what the boys want. And what about those governments less inclined to give good laissez-faire? Governments that promote Crown corporations, or co-operatives, or worker rights? When economic buoyancy depends on the favour of global corporations, those governments will not fare well, regardless of how strongly they appeal to the people.

Trade Agreements

Although the global assault on the nation-state is occasioned by technology, particularly in the hands of commerce, our government is doing its bit by submitting us to transnational agreements designed less it seems for our benefit than for the benefit of global corporations. Our reward, presumably, will trickle down in due course.

The catalyst for debate about these arrangements was the Free Trade Agreement with the United States. Democratically, this agreement was not auspicious. Most Canadians opposed it and in the 1988 federal election voted for parties that reflected their disagreement. However, because of the idiosyncrasies of our electoral system, the Conservatives, the incumbent proponents of the agreement, were elected (with forty-three per cent of the popular vote) and proceeded to pass the FTA into law.

The Conservative government soon eclipsed the FTA by negotiating the North American Free Trade Agreement, the controversial NAFTA, which brought Mexico into the bloc and opened the door for other Latin American nations. The Conservatives, gun-shy from the FTA debate, avoided opening up the NAFTA to the same kind of intense public discussion, and Prime Minister Brian Mulroney signed the agreement with U.S. president George Bush and Mexican president Carlos Salinas de Gortari in December, 1992.

The Liberals had been highly critical of both the FTA and the NAFTA while in opposition but warmed up to them once in office, possibly influenced by receiving over half their campaign expenses from the corporate sector, the major boosters of the agreements. Shortly after their election in 1993 the Liberals implemented the NAFTA virtually unchanged.

Like many international agreements, the NAFTA imposes limits on self-government within the signing countries, quite aside from the international obligations imposed. This is usually an unwanted but unavoidable consequence of achieving the goals of an agreement. What is different about the NAFTA is that this *is* the goal. In his book *Navigating NAFTA*, Barry Appleton, a trade lawyer who represented the Mexican drug company Signa SA de CV in the first lawsuit against Canada under the NAFTA section which protects investors, concludes:

> The NAFTA represents the supremacy of a classical liberal conception of the state with its imposition of significant restraints upon the role of government. All international trade agreements entail some self-imposed limitation on governmental authority ... However, the NAFTA appears to approach an extreme. It does this by the extensiveness of its obligations which attempt to lock in one perspective of governmental role for all successive North American governments.... the NAFTA will mark the transformation of the predominantly American view into the North American view.[20]

As examples of the locking-in, Appleton refers to "restrictions on the policy-making capacity of the Parties, that reserved measures may never be changed ... in a way that would make them more trade restrictive" and "provisions which require government monopolies, at the federal level, to follow only commercial considerations when dealing with delegated authority from governments."[21] If, for example, a provincial government has privatized a public service, unless it has specifically exempted it from a NAFTA challenge no future government, regardless of the wishes of the people, could get it back.

The NAFTA doesn't simply impose constraints necessary to facilitate trade, it limits the possibility of philosophical views contrary to "a classic liberal conception of the state" and the political parties representing them from being presented to the electorate as viable alternatives. In a sense, it precludes socialism. This may bring satisfaction to some conservatives but not to democratic ones, not to those who believe all views deserve an opportunity and citizens an opportunity to choose from among them. They will recognize that the NAFTA undermines democracy. Most insidiously, by locking in restrictions on government essentially in perpetuity, it deprives future generations of the right to create their own kind of society.

Corporatists, on the other hand, are no doubt delighted. The NAFTA provides corporations with unprecedented powers. Traditionally, international legal disputes are settled between states; the NAFTA, however, provides a dispute process for an investor (a broadly defined category in the NAFTA) to bring a claim directly against the government of another NAFTA party, and it can all be handled in secret. Citizens concerned about violations of labour or environmental laws are not so favoured; disputes in these areas can only be initiated by the national governments, and only as

a result of governments not enforcing their own laws. Citizens may take an environmental complaint to the secretariat, but the dispute settlement procedure can only be initiated by the Council of Ministers, the governing body of the environmental commission.

If, for example, a Canadian environmental group complained to the commission that our federal government was not enforcing its regulations to protect fish habitats, even if an investigation proceeded no fines or trade sanctions would result. The complaint, if successful, would simply be recorded. Only if a government complains can penalties be imposed.

A Capitalist Agenda

The corporate bias is no surprise. According to Linda Diebel, in a special report to The Toronto Star, NAFTA is "a straightforward corporate strategy pushed by, among others, … David Rockefeller; … Henry Kissinger, a Rockefeller family protégé; James Robinson III, until recently Chairman of American Express and a key player in the U.S.-Canada deal; Kay Whitmore, chair of Eastman-Kodak …; and Donald Fites, chairman of Caterpillar Inc."[22] Diebel further reports that the positions of Canadian corporate lobbies on the NAFTA were "carbon copies"[23] of those expressed by American corporate groups.

But is this what our leaders intended? Did the signatories intend not so much to facilitate trade as to impose philosophy? It would seem so. Peter Murphy, the chief negotiator for the United States in the FTA talks, commented to Marci McDonald, Washington bureau chief for Maclean's magazine, "The Canadian agreement is a political one — to make sure you don't go back to those policies like the National Energy Policy."[24] The U.S. State Department, in a briefing document for President George Bush, stated that Washington wanted, "to prevent a return to inward-looking, nationalistic policies of the 1970s, especially in energy, investment, banking and services."[25] Considering that the NAFTA is even broader than the FTA and restricts government even further, we might reasonably assume the same U.S. intentions prevailed. According to political scientist Ian Robinson, "one of the NAFTA's most important economic functions, in the Salinas administration's view, is to reduce national sovereignty by binding future Mexican governments to the privatization and liberalization strategy of the current government."[26] Given Brian Mulroney's life-long service as a corporate errand boy and his *When Irish Eyes are Smiling* attachment to the U.S. administration, this would in all probability have been quite suitable to him as well. Apparently, not only does the NAFTA undermine the Canadian people's right to choose their own forms of government, but that was the intention. In short, it was a betrayal of democracy.

Although we are discussing the NAFTA under the subject of globalization, from a global perspective it is hardly a free trade agreement at all. It is more about creating a larger America than a smaller world. And what freedom it does create is for corporations, not for people. A Canadian

company can move freely to Mexico to exploit cheap labour but a Mexican worker cannot move freely to Canada to exploit high wages. Workers become captives of corporations.

Canada may have been better off, democratically at least, confining its trade agreements to the General Agreement on Tariffs and Trade, a considerably more global agreement with dozens of members compared to NAFTA's three.

Even this more global world is, however, becoming more interventionist. The GATT's concern, since its birth in 1947, was trade in goods. On January 1st, 1995, the GATT was superseded by the World Trade Organization, a very different creature with a much broader mandate including trade in services and intellectual property rights. It also has a considerable interest in non-tariff trade barriers to the extent that MP Bill Blaikie, NDP critic for foreign affairs and international trade, refers to it as "a sea change in the architecture of international governance that threatens democracy on several fronts."[27] That Blaikie's concern is not simply left-wing paranoia is amply illustrated by the fact that corporations put up most of the money to host the 1999 WTO meeting in Seattle, a generosity that borders on corruption. (At the Summit of the Americas conference in Quebec City, corporations paid from $75,000 to sponsor a coffee break up to $1,500,000 to sponsor a gala for the Prime Minister.)

Blaikie offers various attempts by communities to control their environment that have been construed as non-tariff trade barriers, including regulation of carcinogenic residues found on vegetables in California, recycling rules for beverage containers in Denmark and support of low generic drug prices for medicare in Canada. Blaikie's concerns seem further justified by a recent WTO panel that overturned a European ban on imports of hormone-treated beef from Canada. Canada and the United States had challenged the ban claiming Europe was disguising an impediment to trade. The panel ruled that countries could not ban a product on the suspicion it was harmful but had to scientifically prove that its harm to health or the environment outweighed trade interests. Governments, apparently, can make law affecting trade only if it meets the test of Article 20 of the GATT which states that exceptions aimed at protecting the public must be not beneficial or helpful but necessary. Whether or not "necessary" means people dropping dead in the street or birds dropping out of the sky will, perhaps, be the subject of further rulings. Precaution, a sound principle for sensible people, is apparently a dirty word to the WTO.

Rulings like this one suggest that the WTO, like the NAFTA, may very well suppress innovation and progress in social and political matters in favour of trade. An emphasis on trade without ties to environmental accountability and worker rights gives dictatorships a competitive advantage, allowing them to keep costs in these areas low by coercing environmentalists and workers. And, as Blaikie points out, global corpora-

tions are able to exploit those advantages without having to deal with "elected representatives, labour leaders, environmental groups, or other representatives of the community interest."[28]

The Agenda Challenged

Global corporations are, or were, looking forward to an even more agreeable arrangement courtesy of the Organization for Economic Co-operation and Development. The OECD was developing a Multilateral Agreement on Investment intended to extend the open-border investment guarantees of the NAFTA to all twenty-nine member countries of the OECD. The agreement was unobtrusively wending its way through negotiation until the Council of Canadians, alarmed at some of its proposed conditions, made an issue of it. Opposition gathered. Maude Barlow, chairperson of the council, described the MAI as "a global charter of rights and freedoms for transnational corporations"[29]; Tony Clarke of the Polaris Institute claimed, "The ability of governments to use investment policy as a tool to promote social, economic and environmental goals will be forbidden"[30]; and Elizabeth May, Executive Director of the Sierra Club, observed, "The MAI creates a new package of rights for corporations and a new package of obligations for governments. It creates no new rights for governments, and no obligations for corporations."[31]

The critics were concerned about provisions like those that would require countries to offer foreign investors the same incentives as nationals, and preclude countries from insisting that foreign companies hire locally or do a certain amount of research locally. They were concerned that private investors would in effect achieve the status of governments. Renato Ruggiero, Director-General of the WTO, which is developing its own multilateral investment treaty, seemed to echo the critics when he declared, "We are writing the constitution of a single global economy."[32] Canadian critics allied with an international coalition that included the International Forum on Globalization, a group that ran a full-page anti-MAI ad in The New York Times. A number of provinces including Alberta, a bastion of free enterprise, expressed reservations about the deal.

Stung by the opposition, Sergio Marchi, federal minister of trade at the time, responded, "I will not sign … an MAI that does not fully support key Canadian values and safeguard vital Canadian interests. … We have absolutely no intention of leaving the government open to the prospect of being hauled before an international tribunal by companies or investors."[33] Marchi added, "The [MAI] is about creating new jobs and prosperity in Canada by attracting more foreign investment and protecting Canadian investment abroad. But these important objectives will not be achieved at the cost of Canada's rigorous labour and environmental laws."[34] And indeed Ottawa had a long reservations list in its negotiating bag which included allowing Investment Canada to review foreign takeovers, the right of the government to adopt any social program, to main-

tain foreign ownership restrictions in select industries and in privatized companies, to apply tax measures that favour Canadian investors, to discriminate against foreign investors in social services, and so on. Milos Barutciski, representing the Canadian Chamber of Commerce at the negotiations, stated that even business groups recognized that governments wouldn't sign on without many exceptions written in.[35]

And indeed the exceptions did the deal in — at least temporarily. Country after country requested exceptions, prompted no doubt by increasing public concern, so in April, 1998, the OECD delayed signing the agreement indefinitely. Opponents, armed with the Internet, had won a victory. The next stage, declared Maude Barlow, is for advocacy groups to get involved in determining what goes into trade agreements, rather than just opposing the negotiators' proposals.[36] The Council of Canadians, chaired by Ms. Barlow, and the Polaris Institute have prepared a draft of an alternative MAI modelled on the Universal Declaration of Human Rights and the United Nations Charter on the Economic Rights and Duties of States.

Organized opposition to the MAI turned out to be a preamble. Concern about trade agreements seemingly designed principally for investors, particularly global corporations, even at the expense of the environment, of workers rights and human rights generally, and of democracy, has resulted in a broad coalition of interests organizing against a globalization designed to benefit capitalism alone. Mass protests at the World Trade Organization meeting in Seattle in late 1999 were but one manifestation of this new activism. For example, the Council of Canadians and the Canadian Union of Postal Workers have approached the courts to remove jurisdiction from NAFTA tribunals, claiming Canadians' constitutional rights are threatened and the secret tribunals preclude our courts' ability to protect those rights.

Even the proponents of the trade agreements are having second thoughts. As Canadian Trade Minister Pierre Pettigrew said, "It's important that we listen to what [the opponents] have to say. We should not pretend to have a monopoly on knowledge."[37] In the negotiations for a free-trade agreement of the Americas, Prime Minister Chrétien has pledged, "Through our consultations with the civil society, we will ensure that the views of all of our citizens are reflected in the development of the [agreement]."[38] We can only hope that Mr. Chrétien ensures that his pledge be honoured, particularly considering that while the draft for the agreement was being negotiated behind closed doors in Miami, only corporations were allowed access to the documents. The prime minister has also said, in a speech to the Mexican senate, "We must be vigilant and firm in ensuring that the essential promise of the democratic way is fully realized."[39] We must indeed.

The United States has insisted that organized labour be included in WTO talks and that labour standards be accepted by third world nations,

and European nations want a forum of the WTO and the International Labour Organization to examine issues involving globalization, labour and trade. Canada has requested — unsuccessfully so far — that a statement be added to the NAFTA investment chapter to make the complaint process more public and to preclude the rules being used to attack a nation's social, environmental or labour policies. Trade Minister Pettigrew has declared that he will never again pursue investment rules that allow foreign counties to sue our government.[40] Maude Barlow observes, "Since we won the MAI, it's been a total change."[41]

Global trade is global corporation trade. The largest five hundred global corporations control most world trade and most international exchange takes place between corporations. Trade agreements certainly serve them. Whether or not they serve us is moot; that they contribute to the building of corporate empires, autocratic empires, is not.

What is the Problem Here?

John Maynard Keynes, commenting on internationalism, said, "Ideas, knowledge, art, hospitality, travel — these are the things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible; and, above all, let finance be primarily national."[42] Keynes was talking about the conservative virtue of self-reliance — let us be open to the world but let us take care of our own needs.

Certainly ideas and knowledge, or at least information, are now international, travelling about the world borne by electrons. And art … well, to the dismay of cultural purists everywhere, rock and roll has become the global music. But finance, too, and economics generally, has become instantaneously global. Self-reliance seems almost quaint in light of currency trading, global corporations, the NAFTA and the WTO. But Keynes may have been concerned with more than material self-reliance. The globalization of ideas, knowledge and art does not threaten democracy — indeed, it almost certainly enhances it — but the globalization of economics does.

Or at least it has. Government, our means of controlling economics, of ensuring it is our servant and not we its, has been lagging in the globalization race. Although political democracy has done very well recently — most national governments in the world today have become, ostensibly at least, democratic — it remains trapped within the nation-state. Ironically, as more nations become democratic, globalization undermines democracy's power. Barnet and Cavanagh, in their book *Global Dreams*, comment that there "appears to be a direct connection between economic integration and political dissolution," and go on to conclude that "the world faces an authority crisis without precedent in modern times."[43] The nation-state is being squeezed from within by citizens demanding more

accountability and from without by globalization that diminishes the possibility of that accountability.

Democracy, with its slow, deliberate ways, may even be seen as an impediment to trade in an age when financial transactions can take place in milliseconds.

Two hundred years ago, political power, as always the tool of economic power, lay with capital. Labour was pure servant. But generations of struggle for labour unions, labour laws, extension of the franchise and ultimately the welfare state, brought ordinary people a measure of economic power and consequently a measure of control over political institutions. Governments became increasingly their governments and the protectors of their welfare.

Now, as global corporations break the bounds of the nation-state and its political institutions, the balance of power reverts to that of the Industrial Revolution. Capitalism has slipped its leash. Two hundred years of progress begins to erode, and labour, indeed society generally, is once again increasingly at the mercy of capital and market forces. A minority prospers increasingly at the expense of the majority. The class struggle is rejoined. "We must compete in the global marketplace" becomes the mindless mantra of the new world order, almost as if after thousands of years of philosophical inquiry we have finally discovered the answer to the question, "What is the purpose of life?" The obsession with market share is toxic to social progress: wages cannot be raised (although profits can), benefits cannot be increased, security cannot be offered, part time workers cannot be protected, the poor must accept less — the sordid list is endless.

The atmosphere is particularly unconducive to democracy. People feel a lack of control, a sense of helplessness that leads to apathy and scapegoating, the sort of helplessness and insecurity that led to fascism in the 1930s. The confidence and trust that democracy requires are lacking. When decisions that affect people's lives are made by panels of the WTO, they are so distant they are more like forces of nature that we can do nothing about than decisions of men and women that we can influence. And when they enhance investment rights at the expense of local sovereignty in not only economic matters, but in environmental and social matters as well, we are doubly overwhelmed.

It simply won't do. If the economy doesn't serve the environment and society generally, and if it doesn't enhance citizens' control over their lives, what good is it? Just as we had to develop democratic structures to control the capitalist market within the nation-state, now we have to develop democratic structures to control capitalism within global society. We must bring global political change up to the pace of global economic change.

12

Global Democracy

The World Shrinks …

It seems we are now living in Marshall McLuhan's global village. Many forces have conspired to push us in this direction. Technology's largesse has made communication instantaneous and travel easy. Environmental damage and war affect every living thing on earth. Currency traders and global corporations have their way with us. Human rights increasingly become an international concern. The globe has shrunk such that international governance has become both a necessity and an opportunity — an opportunity to break down barriers, to mitigate the dangers we collectively face and to offer everyone the best we are capable of. Many of the changes that we discussed in Parts II and III as democratic improvements to the workplace and to the mastering of wealth are increasingly hard to institute nationally. They require global consideration and adoption.

Unfortunately, globalization's principal emphasis is not on improving the environment, making peace or enhancing human rights. These require co-operation and globalization as we know it is much more concerned with competition. Capitalist values are in the ascendant over social values. Unrestrained competition and greed will, as they always have, create barriers, not break them down; encourage hostility, not mitigate it. The values in play are almost more anti-global than global. Is this, we wonder, the kind of world people want?

We really don't know because they aren't being asked. Both technology and globalization sweep along with a dearth of reference back to the people they affect — all of us. We need to create structures to ensure that we are asked, to ensure that the new world is ordered by the people of the world. We need environmental, labour and social equivalents of the World Trade Organization. We need the global welfare state. Above all we need global democracy. If we are to yield sovereignty in order to expand our

community to the globe, we must also expand democracy to the globe. We must develop transnational democracy.

We can start by bringing the current masters of the universe, the currency traders and the global corporations, to heel.

Reining in the Rogues

James Tobin, a Nobel Prize-winning American economist, has suggested a one per cent tax on all foreign currency exchange transactions. Given the $3 trillion or so a day exchanged, the daily take would be in the order of $30 billion. A more modest tenth of a per cent would yield $3 billion a day, a trivial hundredth of a per cent, over $100 billion a year. Tobin's tax would achieve two worthy goals: it would dampen the markets, adding a much-needed sober second thought to transactions, and it would generously provide for any institutions we required for global democracy. The United Nations budget could be covered a few times over. (In March of 1999 the House of Commons, with support from all parties, voted 164-83 in favour of a Tobin tax, the first parliament to do so.)

At the very least, currency markets should be regulated sufficiently to curb excessive influence over the policy-making of democratically elected governments. Government's right, if not obligation, to regulate markets has been recognized even by free-marketers back to Adam Smith. If we can extend this right to negotiate a world-wide General Agreement on Tariffs and Trade, we can extend it to negotiate supranational regulations for financial markets. Responding to events in Asia, Finance Minister Paul Martin commented, "I've felt we had to go much further in terms of supervision and international regulation and that has been borne out by the Asian crisis. Transparency was not sufficient."[1] He is pushing finance ministers in other countries to give the International Monetary Fund and the World Bank greater supervisory powers over international financial markets. Finance ministers from the Group of Seven (G7) countries have endorsed the proposal.

We can challenge the supremacy of global corporations, too, in various ways. We could simply break them up and limit them to a democratically manageable size but corporate giants have their uses and perhaps are better reined in than ruined.

We could return to protectionism, a tempting retreat, at least in ensuring that Keynes' "goods homespun," particularly cultural goods and goods that make for a compassionate and equitable society, are in no way disadvantaged to goods foreign, and ensuring, too, that we can practice financial self-reliance, but for a trading nation, increasing protectionism is probably not a wise course, certainly not unilaterally, and it might erode global possibilities on other fronts.

A better approach would be one consistent with developing democracy and restoring power to citizens while not sacrificing trade opportunities. Parallel to international trade agreements we could negotiate regulations,

including anti-trust rules, and codes of conduct for global corporations. Just as we need codes for corporations' national conduct, we need codes for their supranational conduct. As Barnet and Müller note in *Global Reach,* global corporations should be treated as social institutions, not private ones.[2] The Organization for Economic Co-operation and Development has a quite extensive set of guidelines for corporate behaviour regarding labour, the environment and human rights, complete with national contact points where citizens can take complaints, however the code is voluntary. Mandatory codes could not only cover corporations' treatment of workers and the environment but also push them towards democratic governance. If they were in themselves democratic, they would become much less of a dictatorial and imperialistic threat to democratic nation-states.

Codes of conduct could be supplemented by a corporate tax that would take effect the moment a corporation stepped outside of its native land into the international arena. The global tax could be used for international obligations such as environmental protection or simply distributed to countries on the basis of how much business a global corporation did in each. The United Nations could levy and collect the tax. Corporations use globalization to reduce their taxes — now we would use it to fairly tax them. Part of the power that global corporations hold over nation-states and thus over democracy because of their ability to jump borders would be curbed. The tax would also discourage global activity by corporations to some degree — the higher the tax, the greater the effect — helping to keep them national and more amenable to local control.

We might even consider taking them over entirely and restructuring them as thoroughly democratic organizations committed to public service. If they are to be the major vehicles of international trade, they might properly be used as international civil servants. They could be owned proportionately by the countries in which they operated and run like global Crown corporations or as co-operatives with countries as members, their voting shares dependent upon how much business a corporation did in each country. We might even optimistically expect that the obsession with market share might be replaced to a modest degree by a sense of public service.

Trade Agreements Revisited

Our pseudo-global agreement the NAFTA, largely a creature of global corporations, could use some restructuring as well. Some critics still dream of restructuring it out of existence as far as Canada is concerned (apparently even former staunch promoters like ex-premier of Alberta Peter Lougheed are having serious second thoughts[3]), but a complete disentanglement would be difficult unilaterally, which of course was the intent in the first place. Nonetheless, the NAFTA does provide for withdrawal with six months notice. More importantly, it also provides for amendment. As

Chodos et al. point out in *Canada and the Global Economy*, "NAFTA is very much a reflection of the governments that brought it into being. … [but it] is a living organism. The shape it takes will reflect the will of the governments of the day."[4] Governments more committed to high labour standards, environmental integrity and national sovereignty, to say nothing of democracy, can breed a healthier organism. We might keep this in mind when we elect a federal government.

When we consider the NAFTA, we should also keep in mind that it isn't a step toward globalization but rather toward the Americanization of North America. In economic matters, the premier global structure is the World Trade Organization.

Nations are strongly drawn to the WTO for its ability to enhance wealth-creation through increased international trade. In April, 2000, in addition to the 137 members, another thirty-one countries were lined up trying to get in — a popular club. The sovereignty that nations have to forgo to join does not seem to be much of a deterrent. Even communist China and Viet Nam were signing up, neither known for taking incursions upon their sovereignty lightly. They know that this is part of the price of globalization.

Canadians can understand this by considering our various levels of government — if we want a federal government, if we want a Canada, we have to yield some provincial sovereignty. Globalization is simply the same sort of sacrifice at the next level. The question always is, is it worth it? The GATT has done journeyman work in reducing barriers, particularly tariff barriers, between nations. Great things are promised for the WTO as well. GATT economists have predicted a $510 billion US increase in world income each year by 2005, $116 billion of it for the developing countries, from trade in goods alone.[5] Whether these sunny predictions will come true, and whether they will be worth the loss of sovereignty, is something we must wait for the future to tell us.

The item that concerns us most particularly, although it matters little to nations like China or Viet Nam, is whether the sovereignty we transfer is handled democratically. Decision-making at the WTO does seem to meet that criteria. The highest authority is the Ministerial Conference which can decide upon all matters affecting the package of agreements to which the members are committed. It includes all the members and meets every two years. The General Council, which concerns itself with the day-to-day work, meets as necessary and reports to the Ministerial Conference. It also includes all the members. It further convenes as the Dispute Settlement Body to oversee the settlement of disputes and as the Trade Policy Review Body to monitor members' trade practices. The members elect a Director-General to oversee the bureaucracy, the WTO Secretariat. Each member country has one vote. Votes require more than bare majority to succeed (three-quarters to adopt an interpretation of a trade agreement or waive an obligation for a member; all or two-thirds to amend provisions of

agreements, depending on the nature of the provision; and two-thirds to admit new members). The WTO prefers to make decisions by consensus rather than by voting.

Despite its democratic structure, the WTO contains a number of disturbing elements, including the secretive nature of its hearings of challenges to national or local laws. The cases are heard in private before a panel of three trade experts; third parties are not allowed to present unless invited; and documents need not be made public. The panel may recommend that a country change its law and if it doesn't the WTO may subject it to a fine or trade sanctions. Appeals are meaningless in that panel recommendations are adopted automatically unless the WTO members vote unanimously to reject them.

Considering that WTO panels are in a sense a global supreme court, they ought to behave like a court and conduct their affairs in public. Citizens of the countries involved deserve no less when their laws are to be overridden, an extremely serious matter when those laws are derived democratically, particularly if they are to be overridden by bureaucrats that could quite possibly be from dictatorships. Transparency is of particular importance at the global level. Organizations like the WTO, even if run democratically, are very distant from the ordinary people whose interests they should ultimately be representing, and require therefore especially close scrutiny.

Another concern is the selective nature in which the WTO promotes trade. Countries like China are allowed in even though they condone coerced labour and largely ignore their horrendous environmental problems, giving them two major competitive advantages. Yet for some inexplicable reason these are not considered to be subsidies. The WTO thus turns itself into a fraud, striking down barriers or subsidies that interfere with the corporate interest but allowing those that may be of value to corporations.

The problem therefore is not so much a lack of democracy within the WTO but a decline of national control, a distancing of citizens from decision-making, and the strengthening of economic over social matters, all of this combining to transfer power from the nation-state to global corporations.

Trade Agreements for People

The answer is to build rights for people, all people, workers as well as investors, into the agreements and to build in controls over global corporations. We might build financial responsibility in as well — preclude tax havens, for example — not just facilitate profit-making.

For a start, negotiations of trade agreements should be transparent, with the public kept fully informed of progress. Hearings on challenges to national laws under the agreements should also be conducted in public; all affected parties should have a right to be heard; and decisions should be based on social and environmental factors as well as trade. It goes

without saying that all decisions should be consistent with the United Nations Universal Declaration of Human Rights. (Apparently an early draft of the final declaration from the Singapore WTO meeting included a statement reminding the members that they all subscribed to the UN Universal Declaration of Human Rights, but it was later deleted.)

The United States, France and Norway, pressured by their labour unions, want to fight labour abuses, including child labour and unfair wages, through the WTO, arguing that they provide unfair trading advantages, which of course they do. These countries suggest that the rules be enforced by trade sanctions. Developing countries on the other hand tend to consider this effort protectionism and some vigorously oppose it. The WTO looks to remain a very unbalanced institution for a long while to come, which is unfortunate because with its popularity it is uniquely situated to set and demand high standards on the environment, social conditions, worker rights and democratic governance.

Linking these standards to economic standards is quite possible. The European Union does it. Indeed, if we are to have trading blocs, the European Union serves as a model of what one ought to be. The EU has the power to enforce labour and environmental standards for its member nations, unlike the NAFTA which only obliges members to set high standards and obey their own laws. In the EU, workers have the right to pursue jobs anywhere in the Union; in the NAFTA only investors have that mobility, giving them a considerable advantage. The EU also has a supranational parliament; citizens across the union are directly represented in the EU's decisions. The NAFTA includes no parliament and whereas investors can lay claims directly against foreign governments, citizens with labour or environmental concerns cannot. (Not that we would necessarily want a parliament, dominated as it would be by the United States, and in any case the possibility of the Americans tolerating anyone else having a say in their decision-making is remote — so much for sleeping with elephants.) Citizens of the EU can take their own governments to court when national regulations conflict with benefits from EU policies.

High standards need not impose equal demands on rich and poor nations alike but should expect poorer nations to improve their social and environmental performance as their economies improve. Although workers' wages must depend on the level of their countries' economies, there is no good reason why their rights should — democracy isn't just for the rich. The suppression of worker rights and low environmental standards are as much a tilt in the playing field as a subsidy or a tariff. Recognize this and the race can be to the top rather than to the bottom.

We need a broader discussion about what we as citizens want from trade agreements and organizations. The benefits of the proposed MAI were obvious for investors, vague for the rest of us, yet this treaty, with its serious social as well as economic ramifications, was subjected to almost no public debate until groups like the Council of Canadians forced it into

the open. Negotiations were dominated by bureaucrats and private-sector advisory committees. When queried about the agreement during the 1997 election campaign, Minister of International Trade Art Eggleton said it wouldn't be laid out for the public until it was initialled. At that point it would have been pretty much take it or leave it. To his credit, Eggleton's successor at Trade, Sergio Marchi, opened up the negotiations to a parliamentary committee.

We might have had a referendum on joining the NAFTA, as the United Kingdom had on joining the European Union; however, given the inherent weaknesses of referendums, a better idea would have been a series of citizen assemblies.

The very idea that our national laws can be subjected to the rules of a global bureaucracy like the WTO without vigorous debate about it is deeply disturbing. A House of Commons trade subcommittee recommended, "In future negotiations regarding matters of as widespread importance as the MAI, the government should undertake an open and transparent process so that public disclosure and consultations can be carried out in a timely manner, to the extent that this is strategically possible."[6] The committee also suggested a full analysis of the effects on the country's economy, environment, social programs and culture.

We are a trading nation (exports make up almost half of our gross domestic product) and we have a strong international consciousness, but democracy must come first. And if we truly want globalization we need to work towards democratic global structures in all areas, not just the economic.

Structures for a Global Village — the World of NGOs

As global corporations extend their reach beyond that of nation-states and thereby increase their power over them, citizens' organizations too, if we are to have global democracy, must develop global power. National governments remain the primary representatives of peoples in the larger world but they, unlike global corporations, are constrained by their jurisdictions. Organizations in other areas recognize this and, although they are lagging the global corporations and lack the influence that comes with economic muscle, they too are developing global presences.

In Chapter 3 we talked about the need for organized labour to develop international capacities and its growing response to the challenge. Unions are recognizing that if they think they are going to be key players in the economy by acting locally, now that national is rapidly becoming local, they are deluding themselves. The clout that unions have locally fades away when employers can shift operations to non-union locales. Unions need to be able to deal with global employers globally.

Environmental organizations have been particularly active internationally. Greenpeace has gained global influence largely because, like a global corporation, it operates across borders. When Greenpeace, and

more significantly the International Fund for Animal Welfare, couldn't persuade the Canadian government directly to ban the kill of seal pups, they simply switched their attention to European governments and let them do the persuading. Bringing in a former French movie star to cuddle a pup probably didn't hurt. Most environmental groups are less flamboyant but effective nonetheless in bringing another voice to the global arena.

As are many other non-governmental organizations. A series of United Nations conferences illustrates the scope of NGO activities: the Environment and Development Conference in Rio de Janiero in 1992, the Conference of Human Rights in Vienna in 1993 and the Fourth World Conference on Women in Beijing in 1995. These events all had NGO forums in conjunction with the main conferences. Organizations that had traditionally been limited to advising their own national governments now had the opportunity to join forces transnationally. At the environmental conference, NGOs put together thirty-nine treaties on various subjects that included suggestions for further action and co-operation. NGOs have been particularly active in human rights internationally, an area especially important not only intrinsically but because of the threat to human rights by global economic competition. Thirty thousand women registered for the Women's Forum at the Beijing conference, bringing together perspectives from around the world on everything from nuclear testing to the dismantling of social safety nets. The UN even holds an annual conference of NGOs.

We talked in Chapter 5 about the international battle NGOs waged successfully against the baby food companies to obtain a code for marketing breast milk substitutes, and in Chapter 11 about the equally successful campaign by the Council of Canadians and its allies against the MAI. NGOs have had other successes against global corporations. After an international campaign by a coalition of citizen groups, including unions, to expose appalling working conditions at Mandarin International in El Salvador, a supplier to The GAP clothing chain, public opinion helped convince The GAP to sign a precedent-setting agreement that it would improve working conditions, rehire workers fired for union activity and allow human rights groups to monitor its suppliers. Some of these groups have formed the "Labour Behind the Label" Coalition to improve garment workers' conditions internationally. Human-rights pressure groups were instrumental in convincing Dutch brewer Heineken NV to cancel plans to build a brewery in Myanmar (Burma) and to end all exports to that country, notorious for its repressive military dictatorship. The recent international agreement to ban land mines was brought about by an intriguing coalition of NGOs and middle powers, inspired by Nobel Peace Prize-winning Jody Williams who turned email and faxes into global weapons for peace. Foreign Affairs Minister Lloyd Axworthy suggested that the coalition go on to deal with the proliferation of small arms. The stature of NGOs was nicely illustrated at the United Nations' Earth Summit in 1997

when Greenpeace international executive director Thilo Bode, speaking on behalf of environmental NGOs, received the same amount of time for his address as did Prime Minister Chrétien.

NGOs that previously focused on national issues are recognizing the need to develop international alliances. The nationalist Council of Canadians, dedicated to preserving Canadian sovereignty, has become a founding member of the International Forum on Globalization, "a network of activists, economists, researchers and philosophers from 19 countries working to respond to globalization and its effect on the environment, communities, human rights, and democracy."[7] The council has also developed what it calls a Citizens' Agenda, "a declaration of our rights in a global economy."[8] The council has sensibly recognized that local or national democracy is now threatened without a strong global voice.

Not that NGOs acting locally are without influence on the international front. Canada's votes at organizations like the UN and the WTO are after all rooted in this country, and even though corporations may have the biggest clout, if citizens make their voices heard through NGOs, echoes will be reflected in our delegates' votes.

Some NGOs have taken a page out of the corporations' book and become active internationally in trade. Alternative trading organizations help organize small producers in the third world and act as intermediaries to bring their products to consumers in the developed world. The focus is on ensuring that the producers get a fair price for their products. One wonders why governments can't place more emphasis on fair trade if NGOs can.

The Canadian Council for International Co-operation has brought NGOs, co-ops, unions, educational organizations and other groups interested in overseas development together in a coalition committed to achieving "global development in a peaceful and healthy environment, with social justice, human dignity, and participation for all."[9] The council supports development projects in Africa, Asia and Latin America and public education programs in Canada.

In the economic arena, one thoroughly democratic non-governmental institution operating internationally is the co-operative movement. Local co-ops belong to associations at the provincial or state, national, regional and world levels, including the International Co-operative Alliance and the World Council of Credit Unions. These two institutions together, and they don't represent all co-op movements, include almost 900 million members. The Canadian Co-operative Association, assisted by the Canadian International Development Agency, has international development projects in over twenty countries that range from helping set up credit unions in Ukraine to assisting agricultural co-ops in Latin America. In 1997, the World Council of Credit Unions bestowed a Distinguished Service Award on the CCA for its valuable work in sharing Canadian co-operative experience with the world. This effort is important not only for the economic

prospects of these countries but also for global democracy. Co-ops provide local control combined with the co-operation of peoples from the local to the world level, unlike global corporations which, obsessed with market share, demolish local control and plague the world with relentless competition. Co-ops are centred around people's welfare, not profit. They are an excellent model for global economic development, a superbly humane and democratic answer to global corporations. They deserve the greatest encouragement.

Unfortunately, not all NGOs are as democratic as co-ops, sometimes raising the question of who they really represent. Greenpeace, one of the most prominent NGOs, has frequently been criticized for its lack of democratic accountability. In her book *Cloak of Green*, Elaine Dewar suggests that many environmental NGOs are so heavily subsidized by business and government that they are little more than corporate fronts.

NGOs are an enormously diverse group and will no doubt have diverse problems, proper governance among them. Nonetheless they do journeyman service for people power on the global front. They promote interests often poorly represented globally; link the local to the global; bring together diverse peoples to discuss issues of global interest and give them a voice in setting international standards; and offer the global community an informal form of direct democracy. They are the global civil society, and a healthy civil society is vital to healthy democracy.

Structures for a Global Village — The United Nations

Having mentioned the NGO components of various UN conferences, we should now turn to the organizer of the conferences itself — our principal institution for global governance, the United Nations.

The UN is not in itself a paragon of democracy. Rather like our political system, it tends to vest power in the executive branch, in this case the Security Council, which consists of five permanent members — China, France, the Russian Federation, the United Kingdom and the United States — and ten elected members. Resolutions of the General Assembly, where all members of the UN sit, are only recommendations to the Security Council. The General Assembly may however consider any matter within the scope of the UN Charter; it elects the ten non-permanent members of the Security Council, approves the UN's budget and, together with the Security Council, elects the International Court of Justice. It also appoints the secretary-general, the administrative head of the organization, but only on the recommendation of the Security Council.

The permanency of five members on the Security Council, each of which has veto power, is an obvious problem, particularly when three of them are, in this post-colonialist age, no longer the most important of nations and heavily over-represent one part of the world.

One member, China, illustrates another problem. Its 1.3 billion people have no more representation in the General Assembly than the 280,000

people of Iceland. It does, at least, have a seat on the Security Council; India, with almost a billion people, doesn't even have that. Each Icelander has in effect over 3500 votes for each Indian's — a tad short of the one citizen/one vote ideal.

And China illustrates yet another problem. Like a number of UN nations, it is represented by a government its people did not choose. Are the Chinese people being represented at the UN? Or the Chinese Communist Party? Or just a ruling clique? We don't know — from a democratic perspective the representation is fundamentally illegitimate. The Icelandic delegates may in fact be representing more people than the Chinese delegates.

Clearly, the UN desperately needs a reformed Security Council, proportional representation and, to confront perhaps the most intractable problem, some assurance that countries represent their people legitimately.

The UN's ragged record on human rights, too, has come in for criticism and rightly so. Its Universal Declaration of Human Rights, on the other hand, remains a beacon for human progress. As various observers have pointed out, the United States won a revolution in the name of man's inalienable rights — then practiced slavery for 76 years. Let us, therefore, have a little patience with the UN.

One organization that has something to teach the UN about democratization is the European Union. In addition to its ruling Council of Ministers, the EU has established a European parliament. Votes in the council are roughly dependent on each country's size and parliamentarians are elected by citizens of the EU according to proportional representation. Unfortunately the parliament's powers are so restricted that it finds itself constantly in conflict with the Council of Ministers, resulting in a lot of unhappy Euro-MPs; however, the parliament does have budget authority, which gives it a wedge to develop greater influence. Weaknesses aside, the idea is sound and could serve as a model for the UN. It would get around the problems of undemocratic governments (if elections were supervised by the UN and ultimately a condition of membership) and of the disparate sizes of member countries. It would promote democracy, foster a sense of global citizenship, and bring the UN closer to the people.

The Commission on Global Governance, an international group of twenty-eight public officials co-chaired by Ingvar Carlsson, former prime minister of Sweden, and Shridath Ramphal, former secretary-general of the Commonwealth, proposed, among other things, consideration of a citizen assembly "as a deliberative body to complement the General Assembly, which is representative of governments."[10] The idea is intriguing. Global citizen assemblies could be part of UN governance just as they could be an increasing part of our local, provincial and national governance. They would reduce the distance from decision-making that globalism creates.

Other methods of choosing UN delegates suggest themselves as well, particularly if the nation-state is going to decline as the primary source of constituencies. Delegates could be chosen by other constituencies — by women, or by aboriginals, for instance. Or we could have transnational political parties as they do in the EU.

For all its problems and for all their gravity, the UN is the best we've got. As we discussed in Chapter 1, our political representation is far from perfect, too. (As are some of our proposed solutions — we even have Canadians seriously suggesting a senate with equal representation from Ontario and Prince Edward Island.) We should be able to live with an imperfect UN. It is our only global government (if I'm not underestimating the WTO) and it actively pursues, however imperfectly, those issues of equality, decency and human rights that have found little room in economic agreements or may even be subverted by them. Here is the best bet for enhancing global democracy. In the words of the House of Commons External Affairs Committee, "the world needs a centre, and some confidence that the centre is holding; the United Nations is the only credible candidate."[11]

Global Government

UN organizations like the International Labour Organization and the UN Commission on Human Rights, as well as conferences like those mentioned above and the World Summit for Social Development in 1995, provide the forums necessary for democratic discussion of and the development of global strategies for matters more important than facilitating trade. Organs like the UN Children's Fund, which the New York Times once referred to as "one of the most successful humanitarian programs the world has ever known,"[12] and the World Health Organization even form a rudimentary global welfare state.

On the justice front, the UN made a major step forward in 1993 when it set up the International War Crimes Tribunal for the Former Yugoslavia to investigate and prosecute those responsible for the horrors of Bosnia. A year later Rwanda was added to the tribunal's mandate. The tribunal, in no small part because of Canadian chief prosecutor Louise Arbour, developed a solid reputation. The international community is now working on a permanent international criminal court to try parties accused of genocide, crimes against humanity, war crimes and crimes of aggression. The new court will be independent of the United Nations, and therefore of the Security Council veto, enabling it to act even when that body is divided. The court will be able to act against crimes committed in internal conflicts as well as those between nations.

Perhaps the next step is to bring trade, too, firmly under the umbrella of the UN: specifically, recreating the World Trade Organization as a special UN agency, like the International Labour Organization. The GATT was, after all, originally intended to operate under such an agency. Here is the

place to consider global tax regimes and controls on international currency traders and global corporations. Globalized economics might also serve as a useful tool for enforcing international law, by the use of sanctions and exclusion from trade agreements. Mercosur, the customs union between Argentina, Brazil, Paraguay and Uruguay, provides for the suspension of privileges in the event of a "rupture of democratic order."[13]

Unfortunately, the UN's performance on global corporations is not promising to date. It established a Commission on Transnational Corporations in 1973 (later the Centre for Transnational Corporations) with the mandate to draft a code of conduct for them, but has since closed the centre and abandoned finalization of the code. This round has gone to the global corporations.

Global corporations also manage to gain excessive influence on UN organizations whose mandate affects them. A recent study of Codex Alimentarius Commission meetings (Codex is the UN body that sets international food standards) showed that more global food and agrochemical companies participated than countries. Nestlé, the world's largest food company, sent more representatives to committee meetings than most nations.[14]

UN organs that deal with economic matters have generally made a limited impression. The UN Conference of Trade and Development, for example, whose principal function is to promote international trade but which meets only every four years, is routinely ignored by member nations. Making the World Trade Organization a special agency of the UN and reducing or eliminating the role of agencies like the Conference of Trade and Development might invigorate the UN on economic matters while bringing broader concerns into the WTO.

Michel Camdessus, former head of the International Monetary Fund, indicated that he wanted the organization to become a truly global central bank.[15] If this means operating more under the aegis of the UN rather than under the G7, as is currently the case, and giving the fund power to regulate currency speculators, Camdessus's plan deserves consideration.

Developing the UN as the democratic representative of global aspirations is a logical approach in a shrinking world. The institution needs lots of work on its democratic practice; fortunately, ideas abound. The Commission on Global Governance's report, *Our Global Neighbourhood,* contains a raft of well thought out reforms to improve the UN as the centre of global governance, including holding a world conference on governance, enlarging the Security Council to make it more representative and limiting the veto power of its permanent members, revitalizing the General Assembly, international taxation and reducing budget dependency on the larger contributors, giving the Trusteeship Council trusteeship over the global commons, "strengthening international law and the International Court of Justice in particular," convening a forum of civil society and establishing a "Right of Petition" by which civil society could bring attention to situations where the security of people is endangered by their own government, and

enhancing the UN's capacity to advance the rights of women.[16] The report is highly recommended reading for those interested in the future of the institution.

Seeking a Balance

> "What [opponents of the WTO] demand is that the international regime follow the same key principle that underpins domestic governance in the 20th century: a relative balance between the market, social justice and environmental protection. These opponents can be rallied behind a strengthening of the international trade regime by deploying as much vigour in co-operating and negotiating on non-economic issues as is shown in trade rounds."[17] – Pierre-Marc Johnson, former premier of Quebec.

We cannot sensibly consider the state of democracy in Canada without considering external influences. Globalization is upon us. And it can be a very good thing. It offers us for the first time the possibility of thinking of ourselves, of all members of Homo sapiens, as one people, as global citizens.

Globalization involves, however, loss of sovereignty for the guardian of our democracy, the nation-state, and for other levels of community as well. We are presented with two challenges. First, we want to maintain as much national and local sovereignty as is optimum for democracy, in accordance with the principle of subsidiarity: decisions should be made at the lowest level competent to make them. We also want to be able to create our own kind of local society, not be homogenized into some global average. The globe in turn needs diversity in everything from pop culture to political systems in order to compare and improve. Second, we want to ensure that any democracy that slips out of the grip of the nation-state is assumed by democratic structures at the global level, not expropriated by undemocratic forces. In summary, an ideal global society would be one which provided a generous amount of local autonomy within a framework of global rules. We want to achieve that balance and we want to achieve it democratically.

In our local community we want to be good neighbours. We want to get along with other people on the block and engage in common projects with them, and we hope they will be there for us in an emergency, but we don't want them coming into the house and telling us how to raise our kids. We want to maintain a reasonable amount of privacy. And we want, too, to maintain a reasonable amount of self-reliance, particularly in our financial affairs. Communities — and nation-states are just communities writ large — are much the same. They want good relations with other communities and want to co-operate with them for the good of all, but they also want to maintain a modicum of privacy and self-reliance. Here, trade organs like the NAFTA and the WTO present a problem. They can be

too intrusive. They can interfere with local matters: our culture, our self-reliance, how we encourage and own our industries, and the relationship we want between the state and the market.

And the intrusion tends toward the lowest common denominator. A high environmental standard can be challenged as a trade barrier when it should be the other way around: trade that doesn't meet high environmental and social standards should be challenged. All values are reduced to market values. Power that communities, particularly nation-states, are losing is being assumed not by transnational democratic organizations but by transnational investors. Global corporations are the new imperialists, and they are not democratic. Nation-states betray democracy when they construct agreements designed to enhance the power of one-dimensional, imperialist oligarchies, and democrats are hard-pressed to develop enthusiasm for globalization that enhances the power of autocratic organizations.

Michael Sandel, professor of government at Harvard University, poses a question that ought to be asked about any economic entanglement: "What economic arrangements are most hospitable to self-government?"[18] Any involvement ought to be challenged on the basis of whether or not it serves democracy. If it doesn't, it lacks legitimacy.

We have a tradition of failing to ask Sandel's question. Well before the NAFTA or the WTO, or for that matter the MAI, we welcomed foreign investment in order to get a quick economic fix, rarely concerning ourselves about the damage to the self-reliance, never mind the self-governance, of the nation. In recent years, we took to profligate borrowing from foreign sources, further reducing our ability to make our own decisions. (Not all of us were guilty. NDP governments in Saskatchewan asked Sandel's question and in reply developed a considerable industrial base that belonged to the people of that province while at the same time zealously balancing their budget year after year to avoid indebtedness.)

We might consider two approaches to enhancing local control and self-reliance. In *The New Protectionism*, Lang and Hines suggest that we reject globalism. They propose a model where local trade would be as diversified and independent as possible reaching outward to larger regions only as need arose, sort of in a set of expanding circles. They believe that this is a sounder approach both environmentally and democratically. It would certainly be in keeping with Keyne's advice of goods homespun and finances primarily national.

Another approach, perhaps complimentary to the first, would be to accept that the real challenge is indeed global and that to ensure local control of our economy we must develop an international democratic framework that encourages it — think locally, act globally. If we can do a General Agreement on Tariffs and Trade, we must do a General Agreement on Labour and the Environment, and on Local Autonomy. Bob White, former president of the Canadian Labour Congress, wondered why we can

use trade agreements to "prevent people from copying CDs, but we can't do anything about human rights and child labour laws."

Rather than fend off foreign investors from our country we must put them under the control of all countries, all people. In order to do this we need to expand democracy not just to more nations individually but to all nations collectively. A new function of the nation-state could be to develop supranational democracy so that we are eventually democratically governed in progressive levels from our local communities through the nation-state to the entire globe. The means are in place — the United Nations. Only the will awaits.

Reconciling the Tribes

The very idea of global citizenship is problematic for a species whose primary loyalty is to the clan or tribe. Author and urban philosopher Jane Jacobs, observing the centrifugal forces at work in the world, suggests that we are becoming a globe of villages rather than a global village.[19] Benjamin Barber, in his book *Jihad Vs. McWorld,* sees the globe beset by two opposing forces, tribalism and consumerism, one fragmenting, one integrating, both malign.[20] Journalist Robert Kaplan talks about "How scarcity, crime, overpopulation, tribalism, and disease are rapidly destroying the social fabric of our planet."[21] … Reading to despair by.

Canadian journalist Gwyn Dyer on the other hand sees technological advances, particularly in communications, connecting us in a global society, a global tribe, and thereby leading us back to the values and attitudes of our hunter-gatherer ancestors, who he suggests were tolerant, equitable and democratic. In Dyer's view, the nation-state will transform, to some degree at least, into vital local cultures and a global culture and citizenship. He feels that this is just in time, considering that the problems we face, particularly environmental ones, threaten the entire globe and will therefore need concerted global action, something that the tyrannies and old loyalties of the past couldn't possibly have achieved.[22]

As an optimist I'm drawn to Dyer's view. It's all guesswork in any case. No one can describe the future — it doesn't exist. War and genocide rage on, democracy and equality are undermined, yet we struggle toward global decency through organizations like the UN to an unprecedented degree and more people are self-governed than ever before. There is as much room for optimism as pessimism. And we haven't done that badly to date. Tribes may pull nations apart, as in the former Yugoslavia, but tribes can also put their differences aside and unite. Just as Sicilians and Tuscans united to become Italians, and Bavarians and Prussians to become Germans, Italians and Germans are now becoming Europeans. Why not Europeans and Asians to become Earthians?

Such a change requires caution. The nation-state has, among its other accomplishments, contained tribalism by creating a broader loyalty, a broader citizenship. As the nation-state weakens, tribalism re-emerges,

often in its ugliest forms. The trick is to contain the ugliness while creating a new global citizenship. We can't do that rushing pell-mell into change, forcing people to seek security in the only place available: the tribe.

Canada illustrates what the nation-state can achieve. We have managed to move well along the road to democracy and develop a strong sense of citizenship despite a host of tribes of differing sorts — class, religious, political, ethnic, etc., — many of them competing, and we have accomplished this in a community of over thirty million. The numbers are so large that the difference between thirty million and six billion becomes a short leap. Our success suggests that a sense of global citizenship is quite a realistic possibility. Our recognition of the rights of Indian nations to govern themselves within Canada might even become a model for reconciling tribalism or nationalism to global governance.

We have something else to learn from the tribes or nations of North America. When the Europeans came to this continent, many right-thinking people felt that the Indians could become part of the new society by simply abandoning their old ways and adopting the new, with a little coercion to help them along. The result was a disaster. Without a culture to ground them the Indians collapsed into social chaos. People cannot simply be cut off at their roots and transplanted. As the Indian people reconnect to their roots — their nations — they gain the confidence they need to join the larger society.

The process is perhaps similar to individuals needing a strong grounding in family to gain the confidence to face the larger community. It is in the family and the tribe that people develop the skills for broader citizenship. Assuming of course that the family and tribe instill the right attitudes and skills. As is tragically obvious, they can just as easily turn out narrow-minded bigots full of distrust and hostility as they can tolerant democrats full of confidence and generosity. People can withdraw into their tribe or grow out of it. This is largely a matter of education and we will talk about that in the next chapter. With the right attitudes and skills democracy can grow from family to community to nation-state to the globe. The right technology can help — the Internet may make it as easy to be a global citizen as a local or national one.

One argument confronting global self-governance is that democracy is a western idea that should not be imposed or will not work elsewhere. This view is losing ground. More and more nations throughout the world are adopting democracy. As people gain in wealth and education, and share increasingly in mass communication, they insist on more say in their affairs. Democracy may well be, as Dyer suggests, the natural form of governance for our species. When dictatorial governments resist it, claiming that it violates their nation's culture, what they are protecting more often than not is their power and privilege, not their people's culture.

The Commission on Global Governance, in advocating stronger international institutions, calls for a "global civic ethic" to transform "a global neighbourhood based on economic exchange and improved communications into a universal moral community."[23] One way to create a global civic ethic would be to involve citizen assemblies in global decision-making. The use of citizen assemblies would connect people to global issues and stimulate interest in them, helping to breach the distance between local concerns and decisions being made by anonymous bureaucrats in international organizations.

The challenge is clear and the odds reasonable. We have been paying a great deal of attention to international trade, now it's time to pay attention to international democracy. Perhaps we can after all impose upon this competitive, confused, violent and turbulent globe some peace, order and good government — democratic government.

A Final Note on Change

If I were to tell you that I was making great changes in my life, that I didn't know where these changes would lead me, and even though they were currently making me ill I was going to carry on with them anyway, you would probably suspect I'd either gone mad or become addicted to something dangerous. You would have a good case. Yet that is exactly what we as a species are doing. We frantically attempt to adapt to the ramifications of technological change and globalization with little understanding of where they are taking us and no real deliberation about where we want to go, knowing only that they are causing considerable pain in the here and now. We mindlessly "embrace change."

Or is someone in control? Does someone know where we're going? Some think they do. Global corporations, for instance, as they adopt any and all technology in the rush for profits, and globalize in the ruthless pursuit of market share. But in the broader scheme of things I wonder if even they are in charge. Governments certainly don't seem to be. Technology is transferring power from democracy to some vague technocracy of engineers and corporate executives, yet they often seem as bewildered by the new machines and their influence as the rest of us. The changes we are seeing occur so rapidly that we have no time to examine what they mean to democracy, never mind to other aspects of our lives.

Two schools of thought speak about this change. One, the arena of business gurus and a tedium of futurists, backs the amoeba theory, the idea that the change is immutable, beyond our influence — our job is simply to adapt. Other pundits exhibit more respect for humanity and suggest that we have choices. The first school is very much in the tradition of classical economics and the belief that we can or should act only as individuals — an invisible hand controls the larger picture. The second suggests we can continue on our current course and race madly on to wherever market forces take us, or we can act collectively, democratically,

to exploit new technology and change to create the best future we've ever been offered, a future of leisure, decency, equality and democracy.

Technology ought to bear this kind of fruit. It has allowed us to create immense wealth; the challenge now surely is to apply it to meet our social, political and environmental goals, not to this obsessive competition to create more stuff than the other guys. Speaking in Harper's Magazine, business consultant Edward Luttwak commented on the futility of the United States taking measures such as deregulation, lean-and-meaning of corporations and increasing efficiency to increase GNP when the U.S. was already "GNP rich." What was needed, he said, was to increase "social tranquillity," the very thing those same measures were undermining.[24]

Globalization, too, ought to be welcomed, as breaking down barriers always ought to be. But the manner in which we are globalizing — a hectic race to advance the interests of plutocracies with disregard of or even at the expense of the environment, worker rights and democracy — creates fear and distrust of change. It undermines confidence in our institutions, including the nation-state, including democracy itself. What is the point of participating in government if governments are impotent? It creates a sense of helplessness. The confident retreat into individualism and the fearful into tribalism.

If we are to change instead toward a "global civic ethic" and "a universal moral community," we need structures that help us do just that, structures such as a reinvigorated United Nations. If it's time for the nation-state to go, let's let it go, but let's make sure that the important things we've created within it — compassion, equality and democracy — don't go as well. If we are to pool sovereignty, let us ensure we pool democracy also.

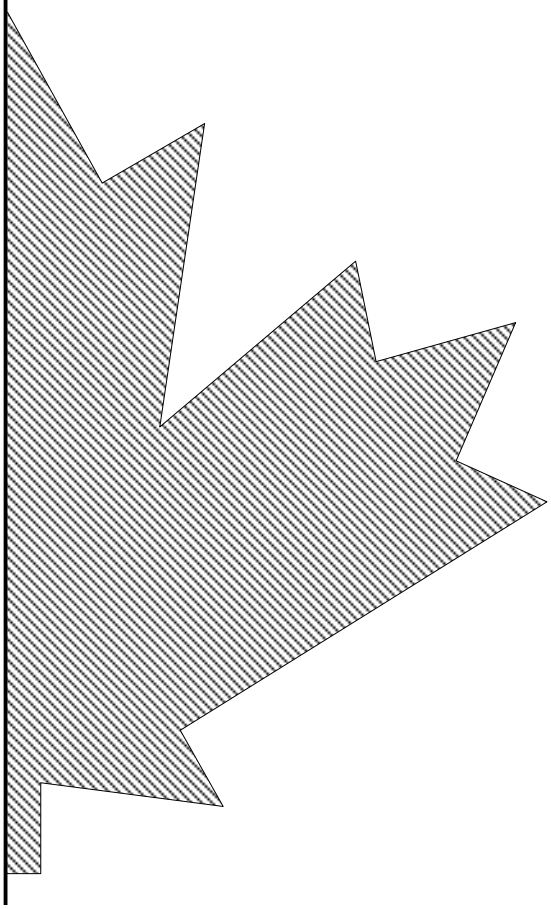
The results of change are always to some degree unpredictable, but that shouldn't prevent us from discussing where we want to go. We need to modify Sandel's question and ask, "What *change* is most hospitable to self-governance?" If we ask this question we need the time to properly answer it and act appropriately. We need time for institutions like citizen assemblies to break down the alienation and sense of hopelessness caused by change, technological and global, that seems beyond our command. But the competition obsession rushes change along at a pace too fast for proper deliberation. It creates a false imperative. We might take the advice offered by Daly and Cobb in *For the Common Good:* "If it ain't broke, don't fix it; if you must tinker, save all the pieces; and, if you don't know where you're going, slow down."[25] The latter seems most appropriate. Wherever we're going, there's no rush. Change that interferes with democratic decision-making should be impeded not encouraged.

Our measure of success as a society has nothing to do with how fast we change, but rather whether change strengthens our principles, and all change ought to be measured against that standard. To quote U.S. Congressman George E. Brown, Jr., former Chairman of the House Science

Committee, "Is our path into the future to be defined by the literally mindless process of technological evolution and economic expansion, or by a conscious adoption of guiding moral precepts?"[26]

Part V

Certain Fundamentals



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Preparing the Citizen

As we evaluate the state of democracy in the various areas of our public life and go on to consider how we might protect, improve or, if necessary, create democracy in those areas, we must keep in mind that democracy has certain basic needs which, if not met, cause the democracy we have to languish and the democracy we lack to remain elusive. These needs are the next step after basic freedoms such as those of speech and association, which are well-protected in the *Charter of Rights and Freedoms* and therefore require no further discussion here. We need, if we are to practice democracy well, to be well versed in the civic arts and we need to have equal opportunity for that practice.

Here lie two fundamentals: the first, developing our civic skills, fits largely within the purview of our formal education; the second, equality, within the purview of our entire culture. Equality, a multi-faceted challenge in the modern world, is perhaps the most fundamental need of all for democracy and will require careful scrutiny.

But let us venture first into education.

Education and Democracy

What, we might well ask, has democracy to do with education? Did we not, during our tens of thousands of years as nomadic hunter-gatherers, practice democracy almost instinctively? Now we have to be educated in it? Well, in fact, during those tens of thousands of years we were educated in it. From the time we were born we didn't just observe and learn how to make a living, we learned how a community functioned. We quietly, or perhaps not so quietly, sat in on the councils of our elders and learned the give and take of collective decision-making. These lessons were as important to us as learning to hunt and gather because we were, as we are still, social animals that survive through collective behaviour.

Today, with our immensely complex societies and representative democracies, we can no longer learn how our communities function simply

by sitting at our mothers' knees, any more than we can learn how to make a living by simply observing our parents and our neighbours. We need formal education to learn all these lessons.

And at a time when we need to enhance our political democracy, bring democracy into the workplace, counter a reinvigorated threat from wealth, deal with frenetic technological change and extend democracy to global citizenship, learning the lessons of democracy has never been more important. The American educator John Dewey said, "Democracy has to be born anew in each generation, and education is its midwife."[1] As I wrote this chapter I encountered a quote that seemed even more pertinent and more powerful to the moment than Dewey's. Sara Kreindler, a 16-year old who won two prestigious scholarships to the University of Manitoba, addressed the other award winners, their families and an assortment of dignitaries, concluding her speech by explaining what an education meant to her:

> Education means knowing about the political and social forces operating in our society. Education means the skills to examine and assess the choices we're given, and to discern alternatives. Education means freedom of thought. Education means the preservation and transmission of culture. Education means a foundation for a vision of the world we'd like to create.[2]

Sara's perspective is not only reassuring at a time when "practical" education often seems to monopolize the agenda, it also exemplifies the confidence necessary for democracy, a confidence we desperately need in the face of the sense of helplessness imposed by rapid change. Sara's words remind us that we are the boss, that we, not the corporate sector, not technology, not competition in the global marketplace, must create the future. There can be no more important lesson for young people to learn than that they are citizens first and workers second.

The confidence implicit in Sara's view, the passion to know how society works and how to become involved in its workings, and the strong sense of social commitment, all combine to describe what might be called democratic consciousness — a prerequisite for fully realized self-governance. Modern society often lacks this consciousness: people complain about politicians but don't participate in politics, submit to tyranny in the workplace, fail to recognize the business tax and its influence, only superficially consider the function and accountability of the media, and accept the dictates of technological change and corporate economics with apprehension and subservience. In our hunter-gatherer days we developed such a consciousness, or at least all we needed of it, by simply growing up in our intensely communal societies. Today that intensity has been largely lost. Society is fractured — even families fall apart — and consists of multifarious tribes. The challenge is much greater, not only communal

and national, but global. Education's responsibility has never been greater.

Status Quo

Forming a democratic consciousness in the schools requires both instruction in the theory of self-governance and the application of it. Students need to know how democracy works, and what its rights and responsibilities entail. They also need to practice it.

Inasmuch as democracy is taught in the public schools, it appears in social studies. For example, Alberta Education's programs of studies, which claim "Responsible citizenship is the ultimate goal of social studies,"[3] manifests a progression in citizenship instruction through all twelve grades, beginning with immediate topics like "my school" and "my family," moving on to communities and local government, and eventually including citizenship in Canada and globalization. In accordance with one such program, senior high adds courses in political science that include Political Thinking, Comparative Government and International Politics. The curricula seem well designed to lead students up the ladder of democratic theory. Participation objectives include taking turns in discussion, promoting co-operation and responsibility, participating in group work, abiding in group decisions, using parliamentary procedures, exercising one's role as a citizen, resolving differences with rational debate, and so on. The courses provide a solid introduction into democratic theory. How much the theory carries over into practice depends very much on the teachers and the school.

Various exercises in the practice of democracy crop up. Many schools hold model parliaments or model United Nations. Although only marginally related to school, the Tuxis (Training Under Christ in Service) groups also hold model parliaments. These Christian-based organizations offer 15-21 year olds from church, school and community groups[4] the opportunity to learn parliamentary procedure. Model parliaments are, of course, just models, useful for students who enjoy formal debating and who may see careers for themselves in politics, but of limited use to the great majority of students.

Practice in the real thing, actual participation in governance, is limited.

In some school systems, students have become key players in the traditional parent-teacher interviews. Instead of a two-way parent-teacher huddle, the students participate in a three-way conference. Typically, students invite their parents to the conference, conduct them around the school when they arrive, show them some of their work, do some work with them, and then meet with the teacher to discuss the work and other concerns. Parents can, of course, still meet with the teacher privately if they wish. Although this is something less than governance, it is a great deal more than passive observance of the forces that affect one's life and is

a suitable step on the road to self-governance for elementary school students.

High schools commonly have student councils, elected by the students or, sometimes more patronizingly, chosen by the teachers. Councils offer limited scope for decision-making, generally being confined to items like school dances, intramural sports, etc. High school student representatives may also sit with parents and teachers on school or parent councils.

Democracy in Action

Students in some schools are becoming more involved in setting the rules members of their institutions must abide by. Sir Winston Churchill High School in Calgary is an excellent case in point. The 1,750 students, along with teachers and parents, developed their own set of behavioural guidelines. The guidelines — not rules — are set up under the headings Equality, Respect, Responsibility, Honesty, Safety, Communication, and Freedom, and include statements like "Guidelines should be applied fairly and consistently to each community member…," "All concerns must be addressed and conflicts resolved through reasoned discussion of issues," and "Each of us should be involved continuously in the decision-making processes." Lessons are set aside during the school year to discuss the guidelines and their application. Two particularly important points are that all the students are involved in creating the guidelines and that they apply equally to students and teachers. The guidelines, known as "Winston's Way," are a living document, open to change as new students enter the school. In 1996 they received a much-deserved Alberta Human Rights Award. The idea for the guidelines originated with a teacher at Sir Winston, Frank McGeachy, and a program he developed for elementary school students called *Winning Ways*. *Winning Ways* has been used at over three hundred schools across the country to build self-esteem and a sense of community.[5]

A concept that goes well beyond rule or guideline-setting is that of the democratic school. An example is Calgary's Alternative High School.[6] (AHS was the only Canadian school represented at the Fourth Annual Conference of Democratic Schools held in Hadera, Israel, in 1996 — kudos for AHS, shame on Canadian democracy.) At AHS all school decisions that can be made in-house are made at a weekly assembly of staff and students. The assemblies are run by the students, specifically by a chairperson and secretary, positions that all students assume on a rotational basis. The students prepare for assemblies by discussing the agenda items, which can be suggested by staff or students, in small groups with mentors beforehand. As AHS has only 120 students and ten teachers, the groups are quite small. The assemblies decide on everything from school rules (referred to as agreements) to where the annual camping trip will be to spending of the budget. Decision-making is constrained by the curric-

ula set by the Alberta Department of Education and, because AHS is publicly funded, by the regulations of the Calgary Board of Education.

Staff and students interview prospective students to determine their suitability for the AHS environment. If accepted they experience a six-week probationary period. Interestingly, most AHS students have dropped out of other high schools, which makes the success of democracy at AHS even more impressive. For students who experience difficulty in fulfilling their commitments, AHS has a four-point Step System, in which step four is withdrawal from the school.

Although there is structure in place — students are required to attend twenty-two hours per week and report absences — students have considerable autonomy in setting their own timetables.

In the full spirit of democratic life, students at AHS are encouraged to participate in community. They recycle, clean local parks and collect money for the food bank. They participate in a range of political activities including running candidates in local school board elections. They may earn credits "for community service, for educational life experiences, and for risk-taking both within and beyond the school." An egalitarian ethos pervades the school with students encouraged to call teachers by their first names.

After a quarter century in operation, AHS continues to thrive, a model for high schools across the country.

Post secondary

Beyond high school, democracy has a more comprehensive grip. In Part II, our concern with democracy in advanced education was concern with democracy in the workplace, i.e. democracy for faculty. Here our interest is in students and the job advanced education is doing instilling in them a democratic consciousness. Ideally that job should have already been done in public school with students expecting to participate in the self-governance of whatever institution they find themselves in. The job of colleges, technical institutes and universities should be to provide the opportunity for that participation while strengthening the democratic consciousness. Indeed, these institutions should serve as models — if democracy cannot be practiced here, in centres of intellectual excellence, then where?

Universities typically have a students' union to represent their interests, run by officers elected by the students. The University of Calgary is fairly representative in this regard.[7] Through the Students' Union, students make up two of the nineteen members of the university's Board of Governors, fifteen of the ninety-nine voting members of the General Faculties Council (senate), and are represented on a host of other committees including faculty promotion committees. The Students' Union itself is bicameral with a Student Legislative Council, elected by the student body at large, and a Student Academic Assembly, which includes members

elected by the various faculties. The council concerns itself with business issues and the assembly with academic issues.

Although student participation is pervasive, the 1997/8 Student Union president, Patrick Cleary, believes that because students are in a clearly minority position on all university bodies, their presence is a kind of tokenism, a kind of influence without power. He cites as an example the issue of tuition fee increases. Students naturally feel very strongly about this but Cleary feels that their views have been ignored. He believes students need sufficient representation to advance their vote from token to substantial. The situation is not helped by the typically low voter turnouts at student elections. As rising tuition fees and attendant debt turn students' attention away from anything that doesn't eventually lead to earning lots of money, that may not improve.

Community colleges and technical schools tend to be looked upon snobbishly as lesser cousins of universities and tend therefore to be provided less democratic involvement in their governance. However they do include student involvement to greater or lesser degrees with, for instance, student representation on boards of governors.

The efforts that we currently make in the most important of educational functions — education in self-governance — as worthy as they are, are limited and uneven. They form no system, no pattern. There is still too much sitting in rows, submissively recognizing the authority at the front — the architecture of hierarchy, of keeping quiet and doing what you're told, not of democracy. If we are to create a democratic consciousness we need to integrate the civic arts not only into the curriculum but into the very life of schools.

Creating a Democratic Consciousness

Education in modern self-governance requires first a solid command of oral and written language and second an equally solid grounding in the civic arts. By this I mean knowledge of the skills of discourse and debate, of the rights and responsibilities of democratic citizens, of the organization and operation of democratic structures, and a sense of history and where our society stands comparatively in time and space — something more than mere civics.

Today, discourse and debate are part not only of the study of language but of communications generally. Young democrats need to develop the art of conversation, of debate (although debate might well be subordinated to other less combative, less competitive, more sharing forms of exchanging views) and of written communications, and they need, too, to study the mass media. Understanding the media is not only prerequisite to understanding how we communicate in a modern democracy but to understanding the effects on democracy of media itself, of the effects of advertising and corporate ownership.

Important as well are the skills of mediation, of resolving differences non-violently, and techniques of non-competitive democracy, such as rotating or consensual leadership in small groups and citizen assemblies in large groups, techniques that emphasize co-operative, rational discussion rather than power struggles.

Students need to know how democracy structures itself. This means everything from running a meeting to organizing a small society to understanding the major institutions of the nation-state, and even to global organization. They need to know, too, the democratic methods of dissent and their appropriate use.

And students need to develop those attitudes of mind, those methods of thinking, that are essential to healthy democracy. First among these is respect for the process of deliberation — the thorough, informed, fair consideration of issues. Closely associated is critical thinking — as Sara put it, "the skills to examine and assess the choices we're given, and to discern alternatives." Students need to understand that democracy offers the individual more rights than any other form of governance but at the same time demands more responsibilities. It requires character — ethics and morality. The student should realize that with democracy we create governance that is as good as each and every citizen is prepared to make it, no better, no worse. Government in a democracy is a project of its citizens.

And, most importantly, students need practice, lots and lots of practice. They need real involvement in democratic governance, not just in exercises. We need more than democracy taught in schools, we need democratic schools. People learn best what they use.

Schools need to become thoroughly democratic at least within the constraints imposed on them. Constraints arise from the fundamental conflict we discussed in Chapter 3, from the conflict between those who have proprietary rights, in this case the citizens at large who own the schools and fund education, and those within the envelope of those rights, the students and teachers. The envelope is represented by provincial departments of education, who set curricula, and local school boards, who set the rules by which the curricula will be satisfied. These two layers of power firmly secure the rights of the citizens. They can have little to fear from establishing a thorough democracy within this envelope. Indeed, if they are democrats they ought to insist upon it. We would have, as we discussed in Chapter 3, nested democracies: the schools within the school boards, and the school boards within the legislative jurisdiction of the provinces. We might even push the envelope and ask in the spirit of the principle of subsidiarity what decisions are being made by school boards and departments of education that could be better made at the level of local schools.

In an attempt to get parents, too, more involved in school administration, a number of provinces have created new schemes for parent councils. In Alberta, *The School Act* mandates a school council for each school

operated by a board. A council is to include parents, the principal, at least one teacher elected by the teachers, at least one student elected by the students (in a senior high), and at least one community representative appointed by the council. Shifting to school-based decision-making is sound devolution; however, in this case not all the power devolved. The Alberta government, as part of the restructuring, removed the school boards' taxing power and took all power for distributing funding unto itself — "What the right hand giveth …." The province initially intended to give the councils a say over items such as setting budgets and hiring teachers, but when parents indicated they wanted a voice but didn't want to run the schools — a wise move, considering that most parents would have neither the time nor the experience to carry out such responsibilities — the councils' advisory roles wound up not very different from what had long operated in other forms. One intriguing result of the new councils was that once they saw firsthand the demands made upon teachers they, apparently like similar councils set up in New Zealand and the United Kingdom, became militant in demanding more resources from the government that had set them up.

A serious problem with devolving power from school boards to parents is the effective locking-out of the seventy per cent of taxpayers who don't have children in schools — an egregious example of taxation without representation. Children are the future of these people's country too, and they deserve to be included in the process of preparing children for citizenship.

Devolving more control of schools to local communities has merit, or at least it does if all citizens are included, but our major concern should be building democratic schools from the inside out, not from the outside in. Which brings us back to the students, the budding citizens who all this is supposed to be about.

Models

We have already discussed a model of a democratic school: Calgary's Alternative High School. All of the decisions that can be made at the school level are made there, by all members of the school, students and teachers, equally — one member, one vote.

Another model, a rather exotic one, that deserves mention at least in passing as an example of a "free" school, is Summerhill — an English private school. Founded by A. S. Neill in 1921, Summerhill is probably the freest school in the world and, according to Neill, "possibly the happiest."[8] The school has about seventy-five students ranging in age from five to eighteen, who have equal votes with the staff in deciding rules, punishments and organization of the Summerhill community. Lessons are compulsory for teachers but optional for students, who learn at their own pace in their own direction. Students are encouraged to attend lessons but decide for themselves whether to attend or to play. Arts and crafts are freely

available, and the school's sports facilities include a swimming pool and a tennis court. According to Neill, "The function of the child is to live his own life — not the life that his anxious parents think he should live, nor a life according to the purpose of the educator who thinks he knows what is best."[9]

Summerhill is intriguing stuff but no doubt a shade too rich for the blood of most Canadian parents. AHS on the other hand is a home grown model with a proven record. The size of AHS, only 120 students, makes direct democracy possible — all students and staff can attend the assemblies. Representative democracy could extend the model to larger schools. A school of 1,200 students with every ten members, staff and students, electing a representative could have an assembly of the same size as AHS and retain a very grass roots connection between the decision-makers and their constituents. Participation could be broadened by limiting representatives to one semester. Another approach would be random selection of representatives, creating citizen assemblies along the lines discussed in Chapter 2.

An important element in the success of democratic assemblies at AHS is the pre-assembly meetings of students with their mentors. The small size of the meetings (about twelve students per mentor) provides an intimacy that allows for easy give-and-take. Students can develop a comfort with, an understanding of, and an interest in the agenda issues that would be difficult if they attended the larger assembly without preparation. In a larger school, elected representatives could have similar pre-assembly meetings with their constituents. The reps could, in preparation for the meetings with their constituents or for the assembly, meet in small groups with faculty mentors.

Although this system should work in larger schools, perhaps there is yet another argument here for smaller student/teacher ratios. Des Dixon, teacher/education analyst and Fellow of the Ontario Teachers' Federation, says in his book *Future Schools*, "It needs shouting from the housetops that all of the bottom third and most of the middle third of children need a one-to-one relationship with a teacher for prolonged periods in order to crack the barriers that keep them from language mastery."[10] If students had this kind of relationship for language mastery, in itself a key to full democratic participation, a reasonable student/teacher ratio would be available for mentoring generally.

Or perhaps schools are just too big. Perhaps schools the size of AHS, say 150 students maximum, are optimum, at least for introducing students into self-governance.

Although assemblies can handle the policy-making of schools, the question of administration, the traditional bailiwick of principals, the key power figures in schools, remains. Which prompts the question, "Who chooses the principal?" The current answer is the school boards. However, considering that the principal is obliged to implement the policies of the

board anyway, there would seem to be no reason not to include him or her within the democratic envelope.

Dixon has proposed an administrative structure he calls Adcom (Administrative Committee) which would replace the principal with an elected body.[11] Adcom would have nine members: five teachers elected by the faculty, two students elected by the student body, and two adults elected by the immediate school community, one a parent and one not. Three of the teachers would serve as an executive, one of which would serve as president (in effect, the principal), the others as vice-presidents. The executive members would serve three-year terms, one as president, two as a vice-president. Other committee members would serve one-year terms. All committee members would have an equal vote.

Adcom is designed for larger schools. In small schools like AHS, teachers could simply rotate the position of principal. We could think up other schemes, perhaps with different ratios of participating groups, but Adcom gets at the basic need for a democratic administration.

How Young the Democrat?

A fundamental question is the age at which young citizens should join their governance. How deep down into the grade system can democracy reasonably go? Senior high students are certainly capable of full involvement in the governing of their schools but what about junior high or elementary students? It's difficult to say because it's so rarely even tried. Nonetheless we have models, like Summerhill, and a movement towards democratic schools is growing. I have already mentioned the annual International Conference of Democratic Schools that began in 1993. As experience is gained, the soundest route from apprentice democrat to full democrat will become established. At Summerhill, students of all ages have an equal say. The weekly meeting of staff and students, the heart of the democratic system, elects an ombudsman "who helps and protects the younger children and speaks for them in the meeting if they feel they cannot speak for themselves."[12] Even if issues raised by children seem trivial to adults they are taken seriously at the meetings, as indeed they ought to be. Even a very young child can be involved in, for example, the design of a playground or a discussion of rules. Yaakov Hecht of the Democratic School of Hadera in Israel answers the question "Can a young child understand the meaning of democracy?" as follows:

> Most can't, particularly not the abstract idea of democracy. But in a democratic school a child lives and develops in a democratic environment; he knows that what is permitted and what is forbidden is not determined by teachers but by a body called the parliament, and that he has the right to participate and vote on laws with a vote equal to that of any person in the school. The child grows in an environment which respects his wishes and thoughts, and demands of him to

> respect others. The premise in a democratic school is that if a person lives in an environment which respects him, he will respect others.[13]

Living and developing in a democratic environment is what is important — developing a democratic consciousness. Involving children in the design of a playground, for example, instills in them the sense that technology is supposed to be humankind's servant, not its dictator — the rudiments of not only a knowledge of technology but of what is more important, the politics of technology.

In democratic schools, students practice real democracy, not the fake democracy of mock parliaments, and are equals in power, not patronized children. All students participate, not just the few who see the possibility of a career in politics or who feel a stretch in student government would look good on their resumes. They provide, in John Dewey's words, "a type of education which gives individuals a personal interest in social relationships and control, and the habits of mind which secure social changes without introducing disorder."[14]

Where There's a Will

By the time students leave public school, they ought to have been so thoroughly immersed in democratic process that it should come as naturally as the alphabet or the times tables. They should expect as a matter of course to find it practiced everywhere: in government, in their workplace, at university or trade school — everywhere; and they should look in astonishment if they encounter an organization that functions any other way than democratically.

Where they don't encounter it, they ought to not so much demand it but have the will to impose it, and have been so well trained in practice and theory that they have the skills to do so with confidence. Society, if it is committed to the democratic project, must ensure that they have the legal right to do so.

Workers should not accept being told by management, or by management gurus, or by futurists, or by "competition in the global marketplace," or by technological change, what the workplace of the future will be — they should dictate, through the democratic process, what it will be. And young people must be prepared for perhaps the greatest challenge of the 21st century: building the structures for a democratic globe. They must be educated in larger loyalties than we have been accustomed to. We commit an unpardonable sin when we tell young people, "This is the way it's going to be and you'd better adapt to it." We should be asking them what kind of a society they want and challenging them to go out and build it. Education's job is to make sure that they have the skills and knowledge for the work.

Much of the distrust of politicians that we see about us today arises out of most peoples' inexperience with politics, their ignorance of the diffi-

culty of reconciling a multitude of strongly held opinions in an enormously complicated world. By introducing young people to the practice of politics, of governance, very early in their lives and habituating them to it, we can diminish this distrust. We will also get better politicians. We might even revive the Athenian ideal of every citizen's highest responsibility being to governance.

Nor should education in democracy end with formal schooling. It should be an integral part of adult education. When we discussed worker ownership in Chapter 4, we mentioned the need for educating workers in management as an integral factor in expanding workplace democracy. Management is after all, natural leaders notwithstanding, a set of skills that can be learned. Ultimately young people should receive much of their training in self-governance in schools, but on-the-job training should include instruction in the governance of each particular workplace. Labour unions can contribute here, and technical institutes should include in their curricula courses on workplace governance, including the rights and responsibilities of labour union membership. Educating people, young or old, toward work should include simultaneous education in democratic governance of their workplace.

Disadvantaged groups could use self-governance skills to enhance control over their lives. The rich have the money to buy political influence and the sophistication to use it, the poor have only their minds and bodies — they need instruction in how best to apply them. They could learn how to set up and run organizations to promote their interests, contributing to the system while making it work to their advantage. People in subsidized housing projects, for example, could learn how to manage their own projects in a democratic way. Immigrants, too, particularly those from countries where democracy is least known, would benefit from democratic education, including an introduction to how it works in Canada, and encouragement to participate. In an era of life-long learning, learning self-governance should be at the forefront.

The fact that it isn't, indeed the casual attitude towards democracy generally in education today, suggests a lack of will for democracy. If we don't want to drift mindlessly into the corporate state, we need to revive that will. We have seen in previous chapters that if we want a thoroughly democratic society we have a lot of work to do. Most of our institutions are thin in democracy now, and the challenge is becoming increasingly global.

If there is a tilt in education today it is toward job training, not self-governance, toward conditioning students to fit the employers' mould, toward acceptance rather than toward that healthy skepticism — not cynicism — of authority that democracy requires. A concern about jobs is understandable under the current cloud of economic uncertainty, but this doesn't justify allowing our fundamental freedoms to slide while focusing excessively on customizing students for the workforce as if we were some kind of anthill society. In any case, education for self-governance, includ-

ing immersion in the use of language and the civic arts, adds to one's ability to make a living. Most importantly, by saturating young people in both the skills and the will to govern their society and all its institutions, we ensure that society will bring the kind of economy that they want, one that serves their needs, not one imposed by other forces — and that will be the best guarantee of jobs.

We are concerned today about a lack of values, in schools as well as in society generally. Neil Postman suggests that secular schools are failing because they have no "moral, social or intellectual centre." In a multicultural society the problem of introducing values into the schools is, whose values? We cannot in good conscience impose someone's dogma on everyone else. Why not make the centre something we can all agree on; why not revolve values around democracy? Surely we all want a democratic society, and it surely is a "moral, social and intellectual" process. It is all about values, about respecting each other and respecting our communities. We could not find a better centre — neutral, yet value-laden, inspiring and exciting.

Postman also writes, "Public education does not serve a public. It creates a public."[15] Our job is to create a public with a democratic consciousness.

14

Some More Equal Than Others

The struggle for democracy has in large measure been a struggle for equality, what Chief Justice of Canada, Beverley McLachlin, has called the "Leviathan of rights."[1] Throughout history, one group has always claimed right of domination over another or others: monarchs over all, aristocrats over commoners, the military over civilians, masters over slaves, owners over workers, men over women and adults over children. And the dominant groups have always justified their domination by insisting that they knew what was best for their subjects. Perhaps they did, given that they were inclined to keep their subjects in ignorance and submission, but when the submission was relieved and equality obtained, their subjects proved to be at least as capable of governing and society was improved. Happily, Canadians have been spared some of these struggles, but we are familiar with others, in our past, and in our present.

If we are to talk about equality in the context of democracy, we should be clear about what we mean. I can't play baseball like Larry Walker, write novels like Margaret Atwood or win elections like Ralph Klein. Obviously I am not their equals in those ventures, yet as a citizen I consider myself the equal of any of them. The key phrase is "as a citizen." We are not talking about physical, mental or creative equality but of equal rights as citizens, the equal right to participate in our governance.

Equality is fundamental to democracy; nonetheless, justifications for inequality have always been with us. Plato complained about democracy distributing equality to those who were not equals, and Aristotle worried about justice being enjoyed on the basis of arithmetic rather than merit. In our own history, we have often heard that some group or another, perhaps property owners or the well-educated, should have a larger vote than the masses. Exclusions of some kind or another kept most Canadians from the vote entirely until well into the 20th century.

If votes were to be weighted, what factor would we use? Historically the most common vehicle for dominance has been wealth or property,

partly on the basis of brute force and partly on the basis that the wealthy have a greater stake in society and should therefore have a greater voice. The latter has no validity for a democrat — democracy, indeed society itself, is for citizens, not property. One could just as readily argue that if a citizen is using property to gain or justify power over others then he or she is misusing that property and should be deprived of it. Accumulation of wealth may reflect intelligence, a valuable asset to good governance, but it may also reflect greed and ruthlessness, qualities gravely inimical to a healthy society. Or it may arise from nothing more than the great good luck of inheritance, reflecting no sort of character whatsoever. Formally granting power to wealth is hardly necessary anyway; as we have seen, it assumes power quite successfully informally, undermining, not contributing to, democracy in the process.

What about intelligence then, measured say by degree of education or IQ? Here is certainly a better criteria than wealth yet it too is flawed. No necessary connection exists between intelligence and other qualities more essential to the democratic soul such as wisdom and tolerance. In the 1930s, thousands of university students in Nazi Germany enthusiastically burned books and leading scientists dutifully designed weapons for Hitler, the most monstrous dictator in history.

What about age, assuming that it brings with it knowledge and wisdom? Deference to age goes back to our earliest history; the Plains Indians, for example, had councils of elders advise their chiefs. Something can be said for this from a democratic perspective — everyone after all has an equal chance to become an elder. Unfortunately, age isn't what it used to be. Plains Indian elders could know just about everything there was to know; knowledge changed little from generation to generation. Today, young people often know more than the old, although they may be wanting in the ability to apply that knowledge as wisely. In any case, age usually takes care of itself; leaders tend to rise to power with age and older citizens tend to be more committed voters.

Finally then, what about those qualities that bring out the best in us as citizens, qualities like wisdom, tolerance and compassion? If we offered those who were eminent in these qualities special consideration, assuming we could even meaningfully measure the qualities, I suspect they wouldn't want it. They would probably be much too egalitarian (or too wise?) to ask for privileges.

Which reduces our quest to that of simple equality. We must all equally choose our leaders. And, with proper preparation, which will include a thorough democratic education, we can all do that perfectly well. With a democratic education we are capable of leadership ourselves, capable of filling that role routinely in direct democracy, through citizen assemblies, for example. But for representative democracy, we must elect our leaders. We can have an aristocracy — perhaps we should have an

aristocracy — but it must be our aristocracy, chosen by us from the best among us.

Any remnant thinking about inequality or advantage can ultimately be dismissed by the definition of democracy provided in our Introduction, which stated that the people rule, all the people, without qualification. The ideal — the basis for our entire analysis — insists that an unequal democracy can be no more than a partial democracy, an unfinished democracy.

Let us look then at how finished our democracy is, how equal Canadians are as citizens. In Chapter 1 we talked about the political inequality resulting from our plurality electoral system. Let us now look at how equal we are based on criteria such as economic status, gender, age and others, and how this affects our ability to participate equitably in our self-governance.

The Class Structure

"Good people, things cannot go right in England and never will until goods are held in common and there are no more villeins and gentlefolk, but we are all one and the same."[2] So preached the revolutionary priest John Ball. Perhaps driven by his Christianity, Ball joined Wat Tyler's great Peasants' Revolt in an attempt to end serfdom in England. Like Tyler, he died for the cause. Gallantly refusing a pardon for his participation, he was taken from Coventry down to St. Albans and hanged, drawn and quartered on the 15th day of July, 1381.

The debate about the effect of economic equality on political equality is an old one. In earlier democracies, economic equality mattered much less than it does today. In Athens, rich and poor citizens mingled easily in the marketplace and all debated issues in the assembly. There were no political parties to influence, no mass media to be owned and controlled, and no global corporations to undermine the state. Money couldn't buy votes, dominate public debate or blackmail society. Similarly, in early American democracy, although people did not have equal incomes they mingled easily and could realistically consider themselves equal politically. Today the opportunity for wealth to dominate the political landscape has increased enormously, and as we have seen it has exploited that opportunity.

Particularly troubling is that even the economic equality we have achieved is now threatened. In the years following the Second World War, we achieved not only the highest standard of living in the history of Homo sapiens but one of the most equitable. Michael Valpy of The Globe and Mail calls it "the Golden Age for ordinary people."[3]

Various factors led to the golden age. Fifteen years of pent-up demand (ten years of depression and five years of war), combined with a host of new products for households to purchase, produced a huge buying spree. North America particularly enjoyed the spree, being in an advantageous position to produce and sell goods while its competitors struggled to recover from the war. Then came the baby boomers with their burgeoning

consumer power followed by a steadily increasing flow of women into the workforce. All this produced a unique prosperity.

Paralleling the prosperity was a unique sense of social solidarity carried over from the war, from the marvellous unity of effort that defeated the greatest evil in history. This sense of solidarity in turn inspired an effort to equitably distribute the new-found prosperity through a set of social and economic inventions that became known as the welfare state. While all this was going on, capitalism was encouraged to behave itself, to curb its appetites, by a competitor waiting in the wings. If free enterprise couldn't take care of people, communism offered an alternative.

Now a number of these factors have dissipated. The Second World War and its ethic of solidarity across social and economic lines is ancient history to younger generations. Communism has been routed, in large part by the welfare state, and now capitalism fears no rival. Global competition has become intense. Pollster Angus Reid even marks a year, 1989, for the turning point from the "spend and share" era to the "sink or swim" era.[4] This "paradigm shift," to borrow Thomas Kuhn's phrase, strains social unity and concern for equality declines accordingly.

The spread of income between various levels of Canadian society is now growing. Between 1989 and 1998 the average after-tax income of the poorest one-fifth of Canadian families dropped 5.2 per cent to $17,662 (in constant 1998 dollars). The after-tax income of the top one-fifth rose 6.6 per cent to $96,175.[5] The gap in income received from the marketplace (work and investments) was much larger but was modified by transfers from government, such as welfare, employment insurance and old age pensions.

Up until early in the 1990s, Canadians' sense of social responsibility applied social transfers with sufficient generosity to protect the poor against the marketplace failure to maintain their incomes, but this is no longer the case. Governments have systematically set policies that reduce redistribution of wealth and leave the rich richer and the poor poorer, policies that cut welfare, end social housing, reduce spending on public transit, and so on. Fifteen per cent of our children are now considered relatively poor by the United Nations' standard, much better than countries like the United Kingdom or the United States, but still placing us seventeenth out of twenty-three industrial nations and well below Sweden's rate of under three per cent.[6]

We might mention in passing that democracy is not alone in requiring an equitable distribution of wealth. A World Bank study suggested that countries are made rich by high levels of investment in human capital, in such things as good education and health care. Economic success too, it seems, insists on equality.

We have in previous chapters analyzed in detail the plethora of inequities in wealth and power that prevail in Canadian society and suggested what we might do about it. We have looked at the imbalance of power in

the workplace, insidious distortions of political and philosophic debate arising from the business tax, undermining of freedom of speech by corporate control of the mass media, corruption of the political process by big money, and corporate domination of technological and global change. We have no need to repeat ourselves here except to emphasize the importance of economic equality in a society where, unlike earlier democracies, wealth so easily translates into power and where real citizens are dwarfed economically by pseudo-citizens called corporations. I will conclude with an observation from a pre-eminent citizen of an earlier democracy, Thomas Jefferson: "Legislatures cannot invent too many devices for subdividing property."[7]

Gender Bias

Growing out of the rich prairie soil of Alberta, the idea of a Triple-E Senate has captured conservative politics. First Reform/Alliance and then the Conservatives adopted it as party policy. Even the Alberta Liberal Party got on the bandwagon. Alas, as we discussed in Chapter 1, it is thoroughly undemocratic and in any case could be rendered redundant by proportional representation. The most troublesome E is the one that stands for "equal," meaning provincial equality. It represents a sort of affirmative action for provinces supported, ironically, by a party that opposes affirmative action on principle.

If we want affirmative action that creates equality rather than undermines it, the best start would be affirmative action for women. If "equal" in a new Triple-E Senate meant fifty per cent women, it would make sense; democracy would not only be satisfied but overjoyed — women are grossly underrepresented in Canadian governments. They make up only twenty-four per cent of the federal cabinet and twenty per cent of the House of Commons — one in two in the population, only one in five in government. (In a further irony, the parties that support equality for provinces provide the least for women: the Alliance has the lowest female representation in its caucus and the Conservatives second lowest.) We do better than many countries, including the United States, but well below the thirty-three to forty-three per cent of the Scandinavian and Dutch parliaments. The electoral system prevalent in Scandinavia, proportional representation, tends as we noted in Chapter 1, to do better for women.

An Angus Reid survey revealed that the great majority of Canadian women in politics feel that it's a club dominated by men. Most believe it would be more civilized with more women, and almost half believe more women would lead to greater attention being paid to "softer" issues.[8]

The political inequality of women connects to their economic inequality. Women aren't doing any better in business than they are in politics. Although they own or operate over thirty per cent of Canadian companies overall, and the number of women-led companies is increasing faster than the national average, largely because of their success in small business,

when it comes to real power, the corporate sector, the boardrooms yield few women. In The Globe and Mail's Report on Business Magazine ranking of Canada's fifteen most powerful corporate chairmen and CEOs, only one was a woman.[9] Over all, they make up less than five per cent of the boards of directors of Canadian corporations.

On the other side of the wealth ledger, women are overly represented. They have, for example, been disproportionately hit by job cuts in the public sector (average earnings for women in the private sector are only fifty-five per cent of what they are in the public sector compared to seventy-five per cent for men[10]). Furthermore, women, who rely more on social services, suffer more from the cuts in those services. Well over half of families headed by single mothers are poor. When marriages break up, mothers' incomes decrease while fathers' incomes increase. Women are almost twice as dependent on government transfers and private pensions as men, and the difference is growing,[11] a fact of some significance as macho governments cut budgets. While women get hurt by cutbacks, men, because of their higher earnings, benefit more from the resulting tax cuts. Meanwhile women continue to spend more time than men at the unpaid jobs of housework and child-raising.

The Redundant Male

Inequality between men and women reflects a deeper and more fundamental problem: the inequality between the feminine and the masculine. In Robert Pool's intriguing book, *Eve's Rib*, he comments on how psychologists test people for their femininity and masculinity: "They actually use two scales, a masculinity scale that measures things like physical aggressiveness, dominance and risk taking, and a femininity scale that measures nurturance, emotional responsiveness and other such characteristics."[12] These characteristics (they can also be thought of as values or behaviours) inhabit both men and women in complex ways. A delightful example of that complexity, specifically of the masculine dominating in a woman, is the very aggressive, very dominating former British prime minister, Margaret Thatcher, once aptly described as "the only man in her cabinet." But Margaret Thatcher notwithstanding, we normally expect the feminine to predominate in women and the masculine in men.

In our days as hunter-gatherers, this distribution of traits was necessary, the nurturing, emotionally responsive woman for gathering and home-making, and the aggressive, territorial, risk-taking man for hunting and defence. Men were individualistic, competitive and dominating because, like males generally, they competed for a mate. They co-operated only when necessary, to hunt and fight; in other words, to kill. Women, more concerned with choosing mates than competing for them, had less need for competition and aggression, and more of a need to get along, particularly with their men upon whom they depended for protection and for protein. Maintaining relationships was their forte.

When civilization set in and Homo sapiens settled into an agricultural way of life, the need for the masculine declined; hunting was unnecessary when people could fence meat in the back yard to be killed as needed, and the only defence necessary was against other men. The need for the feminine on the other hand increased; in larger societies, co-operation and developing relationships became more important than ever. Today, the feminine has never been needed more. If we are to survive as a species we must be able to co-operate with and relate to all the people on the planet, not just those of our tribe, and we must be able to co-operate with and care for the planet itself. We must share it, not dominate it. The masculine, at least in its more virulent forms, has become more than redundant, it has become dangerous. Aggressive, competitive, territorial behaviour threatens us and our environment. The principal remaining value of machismo is to defend us against itself. We need armies to defend us against other nations' armies — like hockey teams, we must have goons to defend us against the other guys' goons, a self -justifying, circular, ultimately idiotic and probably suicidal arrangement.

Unfortunately, the masculine continues to dominate in virtually every area of society. Politics is intensely competitive, to the detriment of everything from civility to the functioning of government. Our elections have not at least degenerated to the level of negative advertising now commonplace in those of our neighbour, but parties and oppositions continue to behave as if their function is to win for the sake of winning, to oppose for the sake of opposing. Former MP Jan Brown described politics as "an unnatural and combative setting that does not support positive relationships."[13] "A place," she adds, "where power and gamesmanship determine the rules."[14] Even the architecture of legislatures is masculine, with the governing party and the opposition confronting each other in serried ranks like two armies about to do battle.

Business leadership, particularly in the most influential area, corporate leadership, is overwhelmingly male, and the obsession with market share, with subordinating everything to competition in the global marketplace, verifies the masculinity. Women may very well be doing much better in small business because the competition is abstract rather than personal, against anonymous competitors rather than the person at the next desk, and of course small business is much less hierarchal.

The media exhibits its macho nature with a parade of columnists who confuse insult with wit and substitute hate-mongering for knowledge and logic. Only about a quarter of faculty members at universities are women, even though women make up over fifty per cent of the student body. The religions too are led by men, the Catholic church to the point of misogyny, wanting to control the most intimate details of women's lives while rigorously excluding them from power. If you think taxation without representation is bad, try forced reproduction without representation.

Not all of the male leaders in these areas are principally masculine any more than Margaret Thatcher was principally feminine, but we expect the majority to be and their behaviour bears it out. The very fact that the great majority of leaders are men illustrates the dominance of the masculine. Leadership, particularly in politics and business, is obtained by competition driven by the need to dominate, a masculine characteristic, rather than by consensus.

But what does this have to do with democracy? Quite a lot. It means the unwritten rules militate against women, undermining their equality.

And dominance of the masculine does more. It militates against democracy itself. Democracy is a consensual business, requiring cooperation and concern, or at least respect, for the views of others. It is about the individual's role in society, not the individual's role for its own sake. Democracy in many respects is a feminine construct. Constructing a sound democracy in Canada requires at least an equal voice for the feminine. We have an ever increasing need for rational discourse rather than power struggles.

Equality of the Feminine

How then do we achieve equality for women and equality of the feminine, two goals which strongly overlap even if they aren't quite the same thing? Because the two are so strongly related, much of the answer lies in significantly increasing the number of women involved in society's decision-making.

We can mitigate the natural disadvantages of the child-bearing sex by closer integration of family and work, by making child-rearing more a part of work life. We can provide day care centres and schools in workplaces, consider breast-feeding a natural phenomenon acceptable in workplaces, make maternal (or paternal) leave a part of the work routine with no career or income disadvantage, and so on. Conversely, we can bring the conventional economy into the home by paying housewives (or househusbands) a salary. The federal government's introduction of six months maternal leave followed by six months parental leave, all covered by employment insurance, is a healthy step in this direction.

We can, at the same time, guarantee women equality in leadership roles. This requires first, affirmative action to overcome the current masculine-determined rules, and ultimately, a change in the rules. Accomplishing the former should eventually mean accomplishing the latter. The argument that affirmative action for women is unfair to men doesn't stand up to scrutiny. Leadership as a matter of aggression and competition stems directly from the dominance of the masculine, which in turn stems directly from the dominance of men. The rules have been set by men for men to the disadvantage of women. Until the rules are changed, which will almost certainly mean many more women making them, affirmative action brings equality to women, not advantage.

The amount of affirmative action necessary is the only real question. In his book *Under Siege*, Ian McLeod comments on the influence of women in political parties: "Scandinavian experience indicates that women need to hold at least a third of the effective leadership jobs in order to take a party in a new direction."[15] I suspect the operative phrase is "at least." Given that it is in the nature of the masculine to dominate, women may require a solid majority just to achieve equality. We need not just a Triple-E Senate, elected, equal, and effective for women, but Triple-E legislatures guaranteeing women at least their fifty per cent share of representation. (The new territory of Nunavut considered the idea of a gender-equal legislature, but the idea narrowly lost in a plebiscite.)

Fifty per cent would be a welcome start but we wouldn't want to trap women at fifty per cent, more would almost certainly be better. We need pressures in corporations and other institutions as well for an appropriate leadership balance. (Women in the Vatican? — the world trembles.) As the number of women increase the influence of the feminine will increase and the rules will change, becoming less competitive, more consensual.

Jan Brown states, "Validation of the feminine in the political domain would open up new paradigms of leadership, including joint problem-solving that emphasizes win/win rather than lose/lose situations."[16] Ms. Brown illustrated her convictions with one of the classiest gestures ever to grace the House of Commons. When Lucien Bouchard, arch-separatist and bitter ideological foe of Ms. Brown's Reform party, lay gravely ill with flesh-eating disease, she placed a yellow rose on his empty desk in the House.

Ms. Brown's new paradigms are illustrated by the remarks of former United States surgeon general, Joycelin Elders, describing the change if women dominated the U.S. Senate:

> Women, for the most part, use their power, prestige and position to try to make a difference in the lives of people, to make the world a better place. Men, on the other hand, look at power in terms of money and control. We'd see a great shift in how we treat our children. We wouldn't have one in four children being poor. We would have more early childhood education centres, more good day care, better schools. We'd have universal health care. Women would consider it most important that we have healthy, educated, motivated children with hope. They would know that's the best way to prevent violence in our streets, to prevent crime and teenage pregnancies.[17]

We need equality of women or, more importantly, the equality of the feminine, to achieve this more civilized world. Indeed, under the cloud of aggression's masterpiece, the nuclear weapon, and greed's inevitable consequence, the despoliation of the planet, we may need more than equality, we may need matriarchy, not just for democracy but for survival.

The Young Democrat

We have talked about the critical importance of educating/immersing young Canadians in democracy. This need is obvious. Not so obvious is how equal children should be as citizens. Most democrats would, I suspect, prefer to consider them as having the same human and civil rights as the rest of us, yet we hardly expect them to leap from the womb and head for the ballot box, and we really wouldn't want 6-year-olds driving cars or 10-year-olds ordering cocktails.

We seem at least to be getting past the idea of children as chattel. Canada ratified the UN Convention on the Rights of the Child in 1991. The convention not only concerns itself with children's needs, such as protection from abuse and an adequate standard of living, but goes on to call for "the right to freedom of expression," "to freedom of thought, conscience and religion," and to "freedom of association and to freedom of peaceful assembly."[18] Although these rights are restricted by such ominous phrases as "the protection of national security" and "to protect public safety, order, health or morals," the fact that they are rights formerly considered the prerogative of adults constitutes major progress.

In 1995, a committee of the UN's fourth World Conference of Women produced a strong, if somewhat compromised, policy, under the capable leadership of chairwoman Ruth Archibald of Canada, that recognized children's rights to, among other things, information, privacy and respect, while recognizing the rights of guardians in providing direction and guidance, "in a manner consistent with the evolving capacities of the child."[19] The policy recognized increasing rights of children as they approach maturity.

Des Dixon, who wreaks havoc on the concept of parents-owning-children in *Future Schools*, goes all the way with children's rights, suggesting that upon birth (or conception) all rights are resident with the child, only responsibilities as providers, guardians or advocates lie with the parents and society.[20] He further suggests that school children should be enfranchised, allowed to vote in municipal, provincial and federal elections, with the study of election issues made obligatory.[21] This sounds extreme, even strange, yet two hundred years ago a world without slaves and with women the equals of men would have sounded just as strange. Perhaps it's no more than just another worthy goal to aim at in our quest for a more equitable society.

Family Values

We cannot leave the discussion of the equality of children without commenting on the smallest unit of society — the family. If the family is our introduction to social life, our preparation for society at large, then it would seem that society can never become fully democratic unless the family is. Rick Stradecki, a family counsellor and education consultant, suggests that all parents ask themselves, "How do we prepare a child to

live in a democratic society if we raise him autocratically?"[22] Good question.

Dr. Thomas Gordon, a founder of the parenting movement with his book *Parent Effectiveness Training,* is one of the better known promoters of the democratic family. Like Stradecki, he doesn't believe in punishment and appropriately applies Lord Acton's famous comment "Power corrupts and absolute power corrupts absolutely" to family life.[23] Describing the ideal family, he states, "Instead of parents setting rules and making limits, rules and limits are set by the family with kids participating."[24] He suggests that parents who listen to each other and to their kids, know their kids developmental stages, and practice self-discipline themselves, produce children with self-discipline who act out of a sense of family belonging. He points out that autocratic parenting tends to produce anti-social behaviour and that children from democratic families are more likely to become leaders in school.

With thousands of parents now taking courses in effective parenting the democratic family may fully emerge, leaving the patriarchal model to gather the dust it richly deserves — probably an essential development if democratic behaviours are to prevail in society. Neil Nevitte, political scientist and author of *The Decline of Deference,* suggests that the increasingly democratic nature of the family explains why young people are having difficulty relating to the hierarchal nature of political and other institutions.[25]

Up until recently we tended to leave responsibility for children, at least outside of school, entirely with the nuclear family, a somewhat isolated unit in a suburban world. We now seem to be turning increasingly to the opinion that, "It takes a village to raise a child." Our revised view derives largely from one of the most important scientific discoveries ever — hard evidence that a child's potential, its emotional development, its empathy, curiosity and confidence, its ability to learn and communicate, even its ability to make friends, is determined largely by its mental stimulation in the first six, or even the first three, years of its life. When children fail to bond properly, they grow up experiencing difficulty with sharing, co-operating and socializing, the very skills needed in a democracy, the very skills parents in dysfunctional families are ill-equipped to instill. If we as a society are determined that all our children grow up to be good citizens, to say nothing of gaining an equal opportunity in life, we as a society must take an ardent interest in these precious early years.

We seem to be doing so. We are accepting at least that those parents with special needs, such as young single mothers, should be assisted in parenting. A program in Toronto for poor pre-school-age children, Parent-Child Mother Goose, exemplifies both the need and the promise. The program teaches story telling, children's songs, nursery rhymes and lullabies to low-income mothers to assist them in their parenting. They also gain the opportunity to socialize with their peers and with experienced older

mothers, something they could have expected as a matter of course in the extended families and villages of earlier times. One woman, now teaching at Mother Goose, admitted that prior to entering the program she habitually struck her children. A young, single, welfare mother at the time, and an abused child herself, she says, "The program gave me a way to deal with anger through rhymes and stories. I didn't enjoy Jerome [her son] as a baby until I started doing rhymes with him. It calmed me down and calmed him down."[26] The shift from dictatorial to participative parenting is striking.

The Hincks Centre for Children's Mental Health, along with the City of Toronto's public health department, runs a program that provides home visits, parenting classes and social clubs for the densely populated, low-income and immigrant St. Jamestown community. Hincks executive-director Freda Martin says, "Young single parents living in a high-rise without a social-support network is a toxic situation. It was never meant that one woman should bring up a child on her own."[27] Vancouver provides extra funds for schools in the city core to help at-risk students; the Central Regina Learning Centre helps low-income preschoolers with their reading and helps their parents improve ties with their children's schools; and in Manitoba, the Best Beginnings project attempts to improve poor parents' employability while raising the confidence and literacy skills of their children.

A number of provinces now have children's advocates. Saskatchewan's advocate operates under what it calls its Action Plan for Children, described as a "strategy, led by seven departments and secretariats to help communities enhance the well-being of children, youth and families."[28] The action plan includes a Council on Children composed of a broad range of individuals who identify actions required for children, advise on the use of resources, recommend new approaches and partnerships, review initiatives under the action plan and consult with the children's advocate. The advocate in turn educates the public on children's interests, conducts research to improve the well-being of children, investigates and attempts to resolve concerns regarding government services to children, makes recommendations regarding such services and advises ministers of departments that provide them. The action plan also includes early childhood intervention prekindergartens to provide "quality programming for at-risk children and their parents."[29] All provincial legislation is reviewed for its affect on children. Former premier Roy Romanow calls for a national plan modelled on Saskatchewan's.

Governments also seem to be developing a firm interest in reducing economic inequality where children are concerned. The federal government is raising the Canada Child Tax Benefit to $2,500 for a first child and $2,300 for a second child by 2004, most of the money going to the working poor. It has also promised the provinces $2.2 billion over five years for an Early Childhood Development Initiative, which is to include

pre and post-natal care, parenting, early childhood development and care, and community supports. Five provinces — Alberta, British Columbia, New Brunswick, Quebec and Saskatchewan — have introduced or plan to introduce innovative child-benefit plans that assist the working poor as well as those on welfare. New Brunswick has a screening and home visit program for families at risk, and British Columbia and Ontario have announced similar programs.

We must not, however, be complacent. In 1989, the House of Commons resolved to end child poverty by the year 2000 — since then, half a million more children have joined the ranks of the poor. Thousands of young Canadians now live on the street.

If there is a complaint about programs for children, it's that we can't afford them. The evidence begs to differ. It shows that the reduction in social problems, including crime, and the benefits from the more productive citizens the children become, more than pay for the programs. A report by Metro Toronto's Task Force on Services to Young Children and Families found that in neighbourhoods where social supports were available, disadvantaged children suffered far less from a host of social ills, including abuse, school absenteeism, teen-aged parenthood and attempted suicide.[30] The Perry Preschool Project in Michigan tracked a group of poor children who had received high-quality education as preschoolers and found that by their late twenties, compared to kids who had not received such intervention, they had been fifty per cent less involved in crime, had forty-two per cent fewer teen-aged pregnancies, were three times more likely to own homes and four times more likely to hold well-paying jobs.[31,32] The Invest in Kids Foundation reports, "Studies prove every dollar invested in early prevention programs saves a minimum of seven times that amount over the next 20 years."[33] Programs to advance sound parenting must become commonplace if we are to ensure an equal opportunity for all our children and good citizenship from all our children.

Ethnics and Inequities

When I was a small boy, even though I came from a poor family I was a member of a privileged class. My father was bullied as much as any other working man in the 1930s; he could be fired for speaking up for the wrong political party or for breathing the words "labour union"; he was hardly a free man, but at least he was allowed the privacy of the ballot box, one place where he could, without fear, have his say. If he had been Chinese or Indian, he would have been denied even that.

I have observed with pride and satisfaction that as I have matured, so has my country. We are a great deal better than we were. Today, Chinese and Indians, and all other ethnic and racial groups, can vote. Not only do Chinese Canadians vote but they routinely assume high office in government, succeed in industry and excel in academe. Aboriginal people continue to struggle but less because of bigotry than because their culture

was cruelly fractured upon contact with an arrogant, high-tech civilization that habitually dismissed other cultures as unworthy. They will take generations to recover but they are now advancing quickly, both in the larger society and in developing their own self-government. On April 1st, 1999, Nunavut, a mass of land larger than either Ontario or Quebec, populated principally by Inuit, became Canada's newest territory with its own legislature. As aboriginals learn, so do we — lessons in respect and much-needed humility.

Today, citizens from every ethnic group have not necessarily an equal but nonetheless a decent chance to participate fully in Canadian society. An internal RCMP survey conducted in 1995 found that forty per cent of aboriginal officers and thirty-six per cent of "minority" officers felt that the RCMP wasn't doing enough to combat racism in the force. The good news is that most were satisfied, and the best news of all is that they are there, and there in increasing numbers: eighteen per cent of the 630 cadets hired for 1995-96 were aboriginal and twenty-two per cent other minorities (thirty-two per cent were women and thirty-three per cent white men).[34]

And most importantly, we now have the *Charter of Rights and Freedoms* which states in Section 15 (1) "Every individual is equal before and under the law ... without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability," and goes on to protect the righting of wrongs in Section 15 (2), "Subsection (1) does not preclude any law, program or activity that has as its object the amelioration of conditions of disadvantaged individuals or groups ...."

Prejudice does persist. Bigotry will always insinuate its ugly self into our ways, as will theft, and rape, and murder, but we are now conscious of the evil and seem to have a real determination to deal with it. The federal government and every province and territory has human rights legislation to deal with racial and other forms of discrimination.

Town and Country

One persistent inequality in our democratic process is the rural/urban voting imbalance. Despite growing intolerance for this bias, and significant reductions in it, gross disparities continue between the voting rights of country and city folk. When considering a gerrymandered provincial election in 1993, in which Calgary and Edmonton had only forty-six per cent of the seats in the legislature even though they had 200,000 more people than the rest of the province, the Alberta Court of Appeal commented, "This cannot be permitted to continue if Alberta wishes to call itself a democracy."[35] The electoral boundaries were redrawn but the province still allows for population ranges between ridings of plus or minus twenty-five per cent, and in a few cases fifty per cent, from the average, with the variations overwhelmingly favouring rural areas. By far the fairest province is Saskatchewan which restricts variations to plus or minus five per

cent, except for two northern ridings. Unfortunately, the Supreme Court has accepted twenty-five per cent as an acceptable deviation, and even greater deviation under some circumstances.

Federal riding boundaries are redrawn each decade but continually lag the population shift from country to city that characterized the 1900s. The result is a persistent prejudice against urban areas, particularly the most rapidly growing ones. Electoral districts range in population from rural ridings like Nunavut, the nation's smallest with 21,242 residents, or Cardigan in Prince Edward Island with 30,050 residents, to inner-city ridings like Calgary Centre, the nation's largest with 117,418 residents. A Nunavut voter has in effect 5.5 votes to one for a Calgary Centre voter, a grievous insult to Section 15 of the *Charter of Rights and Freedoms*, which states "Every individual is equal before and under the law …." Obviously, a Calgary Centre voter is not equal to a Nunavut or Cardigan voter before and under electoral law.

If this maldistribution of democracy was ever justified — a doubtful proposition — it was in a time long past when distance mattered, when transportation was difficult and communication slow. Today, distance means very little. Transportation is easy and communication is instantaneous, across a constituency, a province or the country. Constituents can contact their MPs in Ottawa as easily as in their home ridings, even if an MP's local office is next door.

Another common justification for the imbalance is that large rural ridings may have too broad a diversity of interests for one representative. This is a nonstarter. In my inner-city riding I can walk from the poorest neighbourhood in the city to the richest, from a neighbourhood where hookers turn tricks in parking lots in broad daylight and have been known to shoot-up in the girls' bathroom of a local school to a neighbourhood that contains the grandest old-money estates in the city, in about twenty minutes. I doubt there is greater diversity in any rural riding in this country.

Diminishing the democracy of urban citizens is now bereft of any slight justification it may once have had. We need legislation, constitutionally grounded, in every province and federally to rigorously establish the essential democratic principle of one citizen/one vote.

We might take note here that a mixed proportional representation system, as discussed in Chapter 1, would mitigate a maldistribution of constituency populations. Citizens would be represented equitably along philosophical lines at least through list seats.

A Last Word

Perhaps the greatest challenge of building democracy is ensuring the equality upon which it must rest, equality of class, of gender, of age, and of ethnicity. The poor, women, and ethnic minorities, have all obtained voting rights and expanded opportunities generally; however, the weight of

history remains heavy upon their shoulders. The sins of the past stay long with us. The poor beg for the free lunch of welfare as largesse while the rich enjoy the free banquet of inheritance as a right; women must still function in politics and commerce that are dominated by masculine values and structures; and aboriginals continue to suffer from the torments of culturcide.

These inequities are often closely related. Economic inequality, for example, is born most heavily by women and children. Most single mothers are poor, and although the great majority of Canadian children grow up happy and healthy, the thousands who live in poverty can hardly be said to be off to an equal opportunity in life. Ted Newall, former chairman of the Business Council on National Issues, suggests that we should focus our country's intellectual and creative energies on the least advantaged twenty-five per cent of our society[36] and it's hard to disagree with him. Without the participation of the poor, government tends to become an instrument of privilege rather than of democracy. Programs that empower the poor and redistribute wealth generally are needed as much to maintain democratic vigour as they are to exercise compassion.

One instrument with the potential to override inequalities, a technique we have already mentioned in various contexts, is the citizen assembly. Through random selection of participants, inequalities of class, gender and ethnicity disappear. Citizen assemblies would also preclude the domination of politics and government by certain professions, i.e. lawyers, at the expense of others, e.g. trades people.

Rousseau's observation of 240 years ago remains apropos today: "It is precisely because the force of circumstances tends continually to destroy equality that the force of legislation should always tend to its maintenance."[37]

The challenges mount.

Conclusion

Our purpose in our tour of Canadian institutions was to evaluate the state of democracy in our country, measure it against the ideal, and consider ideas for improvement. We found a motley pattern, a "sort of" democracy. Self-governance appears to some degree in all of our institutions but the degree varies greatly and, with the exception of civil society, is in all instances far from the ideal. Nonetheless, effective remedies are at hand. We are now prepared to summarize the practice and the promise.

Plutocracy Prevails

Our governments, the principal focus of our democratic concern, inadequately represent us and our politics is divisive and hostile. The fault is not that of politicians but of the inadequate structures we have given them. And the political parties that form our governments are too beholden to wealth. In our workplaces, autocracy prevails. Leaders are chosen from above, imposed on those they lead by the hand of capital, of wealth. In its corporate form, wealth unduly influences not only politics and the workplace but the economy generally. It owns our "public" forums, the mass media, and increasingly insinuates itself into other institutions including education. Through the business tax it quietly freights us with the cost of promoting its agenda. It also has an undue influence on the changes that lead us away from the residence of democracy, the nation-state, toward a global future, a future that alienates us as decision-making recedes from our grasp. Underlying this circumscribed self-governance is weakness in the fundamentals we need to build democracy: education without democratic immersion, and lack of equality.

The largest single factor driving a wedge between the democratic ideal and the democratic reality is the pervasive influence of wealth. Wealth weaves a powerful web throughout our social structure. We might in a cynical moment refer to our society as more plutocracy than democracy. It is not, however, an exclusive influence. Merit has its place as well. Although many are born into affluence, others through ability, hard work, appropriate market views and perhaps a little luck, may join the ranks of the affluent and influential. Essentially, we have a hybrid system, part democracy and part plutocracy tempered by meritocracy.

Democracy is powerfully present. We elect, however imperfectly, our governments. Some workplaces, such as worker co-operatives, are fully democratic, while others, through share ownership and labour unions, have democratic components. We have one very important and very successful public forum — the CBC. Within the economy we have a free market, even if the larger decisions are often made neither by us nor our elected representatives. And we have consumer and producer co-operatives, institutions dedicated to democratic governance. Globalization often alienates us but many democratic organizations — labour unions, co-operatives and other NGOs — now function globally, and our elected representatives ensure our voices are heard in international forums. The fundamentals show progress: the education system seems to be slowly acknowledging that the practice of democracy is as important as the theory, and we have made great strides in improving the position of the poor via the welfare state, and in incorporating women and ethnic groups fully into society. And our great triumph of democracy, civil society, continues to thrive.

If we judge our democratic progress by what humankind in general has been able to achieve, we Canadians have done very well. Few if any have done better. But we are judging ourselves by the ideal and by that standard we have a long way to go. We can do very much better. Many exciting challenges and prospects confront us. Throughout our tour I have taken the liberty of making many suggestions as to how we might proceed. I don't feel presumptuous. As I said in the Introduction, I pretend to be no more than a citizen talking to his fellow citizens.

Nor, as I also stated in the Introduction, have I felt any inhibition to restrict my suggestions to those that might be realistically achieved in the short to mid-term; I have included ideas that might never be achieved in the realistic scheme of things but which suggest new directions. I have made suggestions both general and specific with various degrees of conviction. Citizen assemblies, for example, are a quite accessible technique that hold immediate promise. Democratic communism, on the other hand, I offer only as a consideration if global capitalism makes the equitable distribution of wealth increasingly difficult. If we limit our ideas to those that are currently practical we accept and legitimize the current corruptions and oppressions affecting our society. We needn't settle for less forever. We should strive for the ideal as our definition of democracy — rule by the people, all the people — instructs us to do. In the words of the American judge, William Hastie, "Democracy is a process, not a static condition. It is becoming, rather than being. … Its essence is eternal struggle."

Possibilities

Examining our institutions, we looked first at politics and government. We found democratic process but not democratic representation. We noted, however, that if we combined our plurality system with proportional rep-

resentation, our governments would not only accurately represent us as citizens but as regions as well. But this was only a first step. In order to involve all our elected representatives — that is all of us — in government, we need to develop a system of effective committees and free votes in our legislatures, something that would lead also to more consensual, less combative governance. And ultimately we can move toward the purest form of self-governance, direct democracy, through the use of citizen assemblies at all levels of government.

Various possibilities present themselves for bringing democracy to that long-neglected but essential area, the workplace. Labour unions, the only widespread source of democratic power for workers in the modern workplace, deserve bolstering, at least until democracy becomes comprehensive. Worker ownership, through shares or worker co-operatives, requires even more enthusiastic encouragement. We need, at the very least, legislation to mandate worker participation in management decisions. The ideal workplace might be a kind of melding of the labour union, with its worker equality and democratic process, with the overall power of capital and management.

Bringing democracy, or more democracy, to any of our institutions means dealing to a greater or lesser degree with that relentless power-seeker, concentrated wealth, the most persistent foe of a fully democratic society. We must deal particularly with the business tax which subversively manipulates us into supporting everything from advertising to corporate political donations to business front groups. We can make a good start by limiting donations to any organization involving itself in political affairs to amounts most citizens can afford and allowing only citizens to donate.

We need also to greatly expand publicly-owned and diminish privately-owned mass media to ensure that our public forums are truly public, that they are our servants, democracy's servants, not the servants of capitalism. We need to kick wealth entirely out of politics by publicly funding elections. We need to keep a close eye on the intrusion of capitalism into other areas critical to democracy, such as education.

And we need to do more than counteract wealth, we need to democratize it. A range of possibilities present themselves. Consumer and producer co-operatives, like worker co-operatives, can be encouraged as a means of bringing democracy into the economy. Corporations, capitalism's modern stronghold, must be remodelled, first into organizations more accountable to democracy and ultimately into democratic organizations. We could tax inheritance heavily at higher levels while we ensure the poor a place at the table with a guaranteed annual income. We might consider restructuring the economy so that citizens and communities are involved in the major economic decisions that affect their lives. This might include governments — fully democratic ones — assuming control over keys areas of the economy to create a democratic framework for economic decision-

making. We might even go all the way and consider democratic communism or invent a new system that can, to quote Gregg Easterbrook from *A Moment on the Earth*, "combine the productive efficiency of free markets with the equity and community capitalism lacks."[1] But better perhaps that we avoid isms and ideologies, which seem increasingly tiresome and tribal, and reach for something everyone who simply believes in self-governance can connect with, such as granting major economic decisions to the people themselves through citizen assemblies. Democratizing corporations would in itself be a major step in the right direction.

Regardless of how we approach the wealth problem we must approach it, and with vigour, simply because it is the major obstacle to a fully democratic society. It wouldn't be a problem if it didn't influence politics and government, dictate in the workplace, control the mass media and dominate the economy, but it does all these things.

Closely connected to the wealth problem is the change problem. Technological change is a difficult beast to tame, largely because we lack the consciousness that as willful as it may appear it does in fact answer to its masters. To bring it to democratic heel we need to develop this consciousness, stop leaving research and development in the hands of the corporate sector, and start involving ordinary citizens in deciding which directions we want progress to take. Citizen assemblies would be an effective tool for this purpose, too.

But the biggest change problem is the corporate sector's appropriation of globalization. The money traders and the global corporations need to be reined in to allow democratic institutions to develop, catch up and dominate the "new world order." If world government has been no more than a fantasy, or a fear, depending on your political perspective, it's now becoming a reality, with the only question being who will control it — the crushing, competitive forces of capitalism or the constructive, co-operative forces of democracy. Change itself must be changed into an instrument for enhancing self-government. If the nation-state is to decline, the power it loses must accrue to citizens, locally and globally.

Underlying all these challenges is the need to establish a foundation to build democracy on, a firm base to support initiatives for self-governance in every aspect of our public life. Education is the starting point, and education in democratic practice should start early, not only in the theory but in the practice, with students assuming increasingly larger roles in their institutions until by senior high they are citizen equals. Early immersion in democracy is essential to creating a broad democratic consciousness, a cultural swing away from the market toward civic commitment, away from competition toward consensus and self-reliant co-operation, and away from a sense of powerlessness and alienation to a sense of confidence and involvement.

Above all we need equality, the most fundamental building block of democratic society, equality in the sense that everyone has an equal opportunity to participate in the institutions that affect their lives.

We need also political parties that manifest an interest in democracy. Our parties are dead fish in this area, their ideas limited to the political process only and appearing only when they are in opposition. Parties from conservative to socialist owe us planks in their platforms for expanding democracy, in government, in the workplace, in the economy generally, in the media and in the global village. No philosophy monopolizes the answers. Democrats of all political stripes can contribute to the democratic project. We are not, after all, necessarily looking for more government, but for more representative government with less hostility and more citizen involvement; not necessarily for state ownership of the means of production, but for an equitable say for workers and consumers, indeed all citizens, in the economic decisions that affect their lives, and for an equal voice for all citizens in their public forums; not necessarily for more welfare state, but for a more egalitarian society; not for a halt to technological change and globalization but for citizen-directed change and democratic globalization; and we are looking for education in self-governance and the time to practice it. While we hope political parties will rise to this challenge, other institutions too, drawn from civil society, must catalyze and augment the effort. We might even consider a permanent citizen assembly mandated to examine all areas of our society for opportunities to enhance self-governance.

The citizen assembly is a good note on which to leave a discussion of possibilities. We began our journey with a definition of democracy. As we conclude we might return one last time to our definition to supplement it with what we have learned. We agreed at the beginning that we would set as our standard nothing less than ideal democracy. Nothing can soil that ideal more than an ill-informed, inflamed public. We have seen that a number of our institutions contribute to just this kind of public. A hostile, competitive political culture and a mass media driven by a demand for market share are hotbeds of demagoguery. An economy out of our control combined with alienating change angers and frustrates us and turns us toward simplistic solutions. Inadequate education for democracy and a lack of time to practice it lead to superficial opinions and poor choice of leaders. Ideal democracy must be more than mob rule, more than ochlocracy, more even than just group decision-making; it must be informed, rational decision-making — deliberated decision-making. We should add to our definition, then, one last criteria: democracy, at least in the ideal, and we should strive for nothing less, should mean rule by the people, all the people equally — in thorough deliberation. Let us mean this when we say “democracy.”

From Doubt to Optimism

So what are the chances of getting on the high road to democracy? This does not seem, in some ways, a propitious moment. At a time when the nation-state is in decline, when economic uncertainty is pervasive, when change is massive and seemingly done to us rather than by us, we are inclined to apathy and doubt. Our confidence lags. Jeremiahs proclaim the triumph of cynicism. And how do we overcome the power of the plutocracy jealously defending its privileges? How do we even begin the debate in a mass media controlled by that same plutocracy? Marx advanced the notion of a "democratic swindle," in the sense that the rich, while carefully retaining power themselves through economic domination, use democratic forms to present an illusion of participation that would preclude challenges to the system.[2] We tend to dismiss Marxist views today, yet when one plutocrat can own over half our daily newspapers the analysis would seem to be verified.

But before we immerse ourselves in Marxist gloom let's look about for a more optimistic view. I previously mentioned Gwyn Dyer's CBC-radio series *Millennium*, in which he suggested that the magic of modern communications is returning us to the natural, democratic, free and easy-going ways of our hunter-gatherer forebears. If he is right, and I admit to being captivated by his optimism, then this may be not only a propitious moment to expand democracy but the perfect moment. Dyer talks of the interregnum of hierarchal, dictatorial rule that became inevitable as societies grew so large they lost the capacity to communicate freely and discuss issues face-to-face. In other words, they lost the capacity to practice democracy. Rigid hierarchies were needed to impose and maintain control. Civilization was very uncivil. He goes on to say how modern mass media have solved that problem, turning even the largest societies, even the entire globe, into communities where information, discussion and debate flow easily and copiously, allowing us to free ourselves from arbitrary and oppressive rule. Now it is dictatorship, he suggests, that is becoming difficult to maintain.

The old hierarchies may not go easily. Some, like Soviet Communism, fade away overnight; others, like capitalism, are much more tenacious. Even our apathy, our sense of helplessness, in the face of rapid change is to some degree a relic of our reliance on hierarchy and the strong leader. It's up to us to push our doubts away along with the old hierarchies. The time is right. We have given every other form of government a chance over the last couple of millennia; they have all failed and now, fortunately, we no longer need them. We can stop listening to gurus about the inevitability of their vision of the future and start making our own future — a thoroughly democratic one.

A wonderful challenge exists here. We talk a lot about a need for values in today's society, a society that often seems to be drifting. Here is an

opportunity for both values and direction. We couldn't find a better set of values than those of democracy. I refer specifically to co-operation, consensus, freedom, tolerance, equality and civic commitment. These are sound values, they offend no one except those who would deny us our self-governance. They are inclusive values. They admit everyone, reject no one.

In Canada, the opportunity, especially for the next generation, matches the challenge. Government debt is plunging, freeing up energies for other goals. The welfare state is bruised but intact and can serve as a basis for an egalitarian society. Technology offers reduced work hours — more time for the democratic project. Citizen assemblies can empower citizens in all aspects of social life, leaving alienation and powerlessness behind. And the mood of a new, we are told less deferential, generation is a match for the opportunity.

Humankind seems to need more than mere existence, even prosperous existence. We seem to need also a challenge, a struggle, a purpose, to find fulfillment. We Canadians could do worse than make our challenge a struggle for a complete democracy — democracy in every corner of our public lives. As we join with our fellow Canadians to transform our partial, incomplete democracy into a full and proper one, we can join with our fellow global citizens in the struggle for what could become the issue of the 21st century: achieving a global democracy. Our goal should be to expect all our public institutions, from our schools to our workplaces to our global relationships, to be as immersed in democracy as our politics and our government. Where democracy doesn't now exist, a challenge does.

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