

Great Recession-Proof?

Shattering the Myth of Canadian Exceptionalism

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Edited by:
Carlo Fanelli & Bryan Evans



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Established in 1977 at the Department of Sociology and Anthropology, Carleton University, Alternate Routes' central mandate has been to create outlets for critical social research and interdisciplinary inquiry. A scholarly peer-reviewed annual, AR works closely with labour and social justice activists to promote the publication of non-traditional, provocative and radical analyses that may not find a forum in conventional academic venues. AR seeks to be a public academic journal and encourages submissions that advance or challenge theoretical, historical and contemporary socio-political, economic and cultural issues. In addition to full-length articles, we welcome review essays sparked by previously published material, interviews, short commentaries, as well as poetry, drawings and photos. AR publishes primarily special-themed issues and therefore requests that submissions be related to the current call for papers. Submissions must be free of racist and sexist language, have limited technical or specialized terms and be written in a style that is accessible to our diverse readership.

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Editorial Introduction

From Great Recession to Great Deception: Reimagining the Roots of the Crisis

—Carlo Fanelli and Bryan Evans

On March 23, 2012, *Alternate Routes* in conjunction with Carleton University and Ryerson University's Centre for Labour-Management Relations hosted the conference: *The Global Economic Crisis and Canada: Perception Versus Reality*. The original call for papers which inspired the event and later this issue, stated:

"It is now broadly recognized that the global economic crisis that struck in late 2007 is by far the most significant and wide-ranging since the Depression years of the 1930s. While there have been signs of tepid recovery over the last five years, the International Monetary Fund (2011, p.xv) has recently warned that "[t]he global economy is in a dangerous new phase. Global activity has weakened and become more uneven, confidence has fallen sharply recently, and downside risks are growing...Thus, the structural problems facing recession-hit economies have proven more intractable than expected, and the process of devising and implementing reforms more complicated." Given fears of an ongoing recession, particularly as a result of Europe's sovereign debt crisis and a record level U.S. budget deficit, the global recession that struck in 2007 is by no means over.

"In Canada, however, the economic downturn has been shorter and milder than many of its G7 counterparts. In fact, according to Statistics Canada, while the Canadian economy began contracting in the fourth quarter of 2008 by the third quarter of 2009 the recession had already passed. Indeed, the Great Recession is allegedly no greater than previous slumps such as those in the early 1980s and 1990s as measured by job losses, home sales, bankruptcies, credit availability and consumer spending (Cross, 2011). But numbers rarely, if ever, tell the whole story. Federal, provincial and local governments across the country, regardless of political stripes, are turning to a range of austerity measures that will erode public services and the quality of public sector employment. It is also being demanded that private sector workers take pay and benefit cuts."

Despite official pronouncements suggesting a recovery is well underway, the articles and interviews collected here problematize prevailing characterizations of recession and recovery. Rather than focusing on narrowly economic measures, contributors challenge standard explanations of the Great Recession drawing attention to the multifaceted socio-political, ethno-racial and gendered dimensions of austerity and retrenchment. Furthermore, instead of glossing over or ignoring the capitalist context that leaves workers dependent on the imperatives of capital, the analyses collected here take seriously the inherently antagonistic class relations that structure our daily lives. The challenge, as we saw it, was to bring together contributors who considered the uneven and often contradictory impacts of recession that stretch across the Canadian political economic landscape. We are confident that the voices presented in this edition of *AR* have made a serious contribution to that objective.

As the 2008 global economic slump made its way to Canada, the initial response by the federal Conservatives to a deteriorating economic climate was one of confusion and denial. In the midst of the 2008 general election P.M. Harper suggested that there were some great buying opportunities in the stock market, while his Finance Minister, Jim Flaherty, insisted that Canada would not run a deficit. Six months later the deficit was estimated to be roughly \$50 billion (Laxer, 2009). Despite dubious financial advice and eyebrow-raising budgetary forecasting, the Conservatives have since gone on to win a majority government in 2011. Like their counterparts across the provinces, most notably in Ontario, Alberta, and Nova Scotia —each province having elected a different political party —austerity and attacks against public services and unionized workers has been established as the orthodox policy response. Needless to say, the shape taken by struggles over austerity and the protection of public services may well determine whether (neoliberal) capitalism continues uninterrupted or, alternatively, whether something new and historically unique can capture the public's imagination.

Before introducing the articles presented here, however, we found it necessary to bring attention to what we are calling the Great Deception. It is plain to see that the assault on trade union rights and freedoms, the public provision of social services and working class standards of living are currently under attack and will remain so indefinitely.¹ While austerity has been the buzzword of the last five years, when considered in historical perspective it is clear that

1 Parts of this section are drawn from Fanelli, 2012

Canadians have been living with varying degrees of austerity for at least the last three decades (McBride and Shields, 1997; Panitch and Swartz, 2003). In this sense, public services and collective bargaining have been gradually eroded over an otherwise “permanent era of austerity” (Evans and Albo, 2010). The severity of the Great Recession has merely intensified and given impetus to long-term efforts to undermine the public production and delivery of public services and reduce workers’ ability to chart a path independent from the vagaries of capital. Indeed, democracy in the workplace, understood as the ability of workers to have a say over how and what gets made, under what conditions and what rewards, are proving increasingly incompatible with the logic of capitalist development. Since the 1980s, there has been a slow but steady downward convergence in working conditions and wages, backed by employer and state efforts to lower working class expectations. These efforts have been in combination with unprecedented amounts of personal affluence among certain groups in the midst of public sector austerity. .

As the Great Recession recedes from public scrutiny in Canada, its aftereffects continue to frame political debate and strain public finances. Despite the public treasury bailing-out corporations, supplying new subsidies, lowering corporate taxes, and increasing state spending in order to counter the recession, the banks and capitalist classes continue to demand public sector austerity. Emphasis has increasingly moved away from a critical investigation into the historical origins and root causes of the recession, excessive executive compensation, and even inquiries into the nature of capitalism to an emphasis on cutting public services and attacking those who produce, deliver and use those services, the poor, the elderly, and beyond. In our view, the redefinition of the crisis as stemming from a bloated and inefficient public sector and unionized workers’ wages more broadly, can be understood as nothing less than a Great Deception.

This is not to imply that those who believe that the public sector is wasteful and unproductive are duped or foolish, nor to suggest that the public sector is uniformly a beacon of efficiency (since efficiency itself is a politically loaded phrase that often obscures more than it reveals), but to draw attention to the purposeful attempt to obfuscate, confuse, muddy, mislead and deflect critical inquiry away from a social and economic system — capitalism — that not only caused the crisis but constrains the scope for change. The essays collected here ensure that such a deception does not go unnoticed.

While greater detail is beyond the purview of this short editorial introduction and issue in its entirety, it is our contention that a new historical project that seeks to transcend (neoliberal) capitalism is urgently needed. A strong starting point for such a project — counter to the prevailing orthodoxy — is to expand the scope of the public sector. While the capitalist class bathed in excess in the midst of the crisis, politicians, the media and leading business pundits dogmatically asserted that workers must do more with less, that pensions, healthcare, unemployment insurance and social services were in need of modernization to better fit the new normal of declining working class incomes, increasingly ineffective collective bargaining, and global competition for investment. Honest explanations as to why such social protections were no longer possible were few and far between. The fact that decades of cuts to high-income earners and corporations' taxes had utterly failed to produce any real benefits for the majority of working people continued to elude the economic and political officialdom. Quite paradoxically, decades of neoliberal reforms almost disappeared from the historical record as collective dementia (or deception) shifted the debate away from the origins and causes of the private sector-led Great Recession to a one-sided emphasis on the public sector.

In our view, making the case for an expanded public sector necessarily entails the conversion of spaces formerly understood to be the sacrosanct domain of the private sector. Nationalizing some parts of the economy, from the banking and finance sectors which sustain the institutional power of capital to the goods-producing sectors which create tangible outputs, may open up the possibility for escaping from the cycle of austerity and retrenchment which has long since characterized the body politic. Democracy is never a fast-frozen state of being. Rather democratic rights and freedoms are always a work in progress. Expanding the terrain of the public sector via the democratization of finance and industry, carries the potential to deepen and extend such popular capacities, rights and freedoms.

As Marx (1875, n.p.) once put it, freedom consists in converting the state from being an organ of despotism superimposed upon society to one completely subordinate to it. Thus an alternative class project from below must seek to extend the application of democratic forms out of the limited political sphere and into the organization of society as a whole. In a similar vein, Marx also suggested that social reforms are never carried out by the weakness of the strong, but always by the strength of the weak (Marx, 1847, n.p.). Despite the setbacks to trade unionists and social

justice activists over the period of neoliberalism, new political forms and organizational experiments are necessary in order to turn defeats into victory. All things considered, contrary to claims that the Great Recession is a thing of the past — as P.M. Harper and Finance Minister Flaherty are keen to remind — the articles assembled here collectively shatter the myth of Canadian exceptionalism by showing that the aftershocks of the recession continue to have grave implications.

Starting us off, Jim Stanford debunks the notion that Canada stands as a bastion of economic stability and superior economic management. Rather, he demonstrates the shortcomings of conventional economic indicators arguing, contrary to mainstream analyses, that Canada's so-called recovery has been incomplete and relatively weak when compared with similar Organization for Economic Cooperation and Development countries. Stoney and Krawchencko follow with an overview of the transition from rescue strategies to exit strategies, that is, the shift from stimulus to austerity. They analyze where and how large changes in spending and restraint have taken place within the narrative of 'crisis' and the political opportunism that this has afforded. Their analysis shows that rather than abandoning the neoliberal project, recent budgets, policies and priorities indicate a more intense and comprehensive neoliberal agenda is emerging in Canada.

Moving forward, Toby Sanger argues that the acceleration of neoliberal-inspired austerity budgets will accomplish the same thing as previous recessions: lowering wage growth and shrinking the share of labour's national income. Focusing on the 2011 and 2012 federal Conservative budgets, he makes the case that conventional economic approaches are incapable of adequately addressing contemporary needs, thus an alternative framework is gravely needed. The following article by Heather Whiteside explores the troubled track record of public-private-partnerships (P3s) in Canada when delivering public infrastructure and services. Her chapter investigates how recent projects in British Columbia and Ontario — "P3 enthusiasts" — have enabled privatization measures while disabling public oversight.

The fifth article in this issue by Joel Harden details the Canadian Labour Congress' (CLC) "Retirement Security for Everyone" campaign. Harden discusses how the CLC grappled with the complexities of Canada's pension plan and the concrete challenges encountered along the way. Despite some important shortcomings in the CLC's campaign, Harden stresses the importance of expanding Canada's public pension plan in accordance with rebuilding the political capacities of organized

labour. The final article by David Camfield problematizes the uncritical treatment of 'trade union bureaucracy' by academics and labour activists asking what do we mean when we talk about the trade union bureaucracy? In short, he argues that the sources of bureaucracy in unions lie in wage-labour contracts, the separation of conception from execution in human practical activity, the political administration of unions by state power, and the trade union officialdom.

This year's *Interventions* section, which continues *AR*'s long-held emphasis on pushing the boundaries of academic orthodoxy, brings together some of the most original and innovative thinkers in a variety of sub-fields. In her wide-ranging and insightful interview, Ellen Meiksins Wood discusses the similarities and differences of the current phase of austerity with past policy objectives; what is meant by "Political Marxism"; ongoing debates about the value of the term "imperialism"; the significance of the Occupy movements and horizontalism; and the importance of freedom as a politically animating principle. The following interview with Michael Lebowitz explores the current crisis of world capitalism and its relation to Canadian exceptionalism; the present state of the anti-capitalist Left and its relation to party politics; the contradictions of 'really-existing socialism' and what socialistic responses to the recession might look like.

In "Neoliberalization and the Matrix of Action", Neil Brenner, Jamie Peck and Nick Theodore take us through an examination of the different forms that neoliberalism has taken over the years; the urban dimensions of the crisis and the specific ways in which cities reproduce capital accumulation yet create openings for organized resistance to the ongoing encroachments of capital; the significance of the Right to the City and Occupy movements; and the importance of counter-hegemonic strategies and alternatives to capitalism. In the following commentary, Shelia Block considers the gender and distributional impacts of the 2012 Ontario budget. She argues that reductions to services will have disproportionate impacts on low-income Ontarians, and racialized and immigrant communities. Furthermore, Block shows how cutbacks in public sector employment will increase inequality and unemployment, in addition to expanding the share of unpaid caregiving work done primarily by women.

An interview with David Newhouse follows where he discusses the impacts of austerity on Aboriginal communities. Newhouse discusses issues related to housing and poverty reduction; health and education; mandatory minimum sentences and their impact on rehabilitative services; the relationship between First Nations communities and social justice; and the continuing importance of First

Nations studies. In his valuable study of the Electro-Motive Lockout, Herman Rosenfeld addresses the shortcomings and limitations of union tactics and strategy in fighting against concessionary demands from the Caterpillar-owned plant. He asks why unions' responses to concessionary demands have been so tepid and unwilling to demonstrate some of the confrontational tactics of the past? While Rosenfeld is critical of the union's non-occupation, he concludes that unions themselves are incapable of posing alternative industrial strategies that reject corporatism and dependence on progressive-sounding schemes for competitive private sector projects. Instead, he argues that this requires a larger socialist and anti-capitalist movement — left of social democracy — that could research, debate and place a range of alternatives onto the larger political arena.

The final article by Sam Gindin argues that the 'crisis' that desperately needs addressing is not just the economic crisis but the crisis inside the labour movement. He argues that working people have now been under concerted attack for some three decades, culminating in the austerity agenda presented as the 'solution' to the latest crisis. Gindin reminds that the last time an economic and social crisis this deep occurred — the Great Depression of the 1930s — working people responded by reinventing forms of labour organization: placing industrial unionism firmly on the map and introducing dramatic new tactics like sit-downs and plant occupations. He asks: What comparable institutional and strategic changes might emerge from the present moment? Rounding off *AR's* thirty-sixth year of publication and twenty-fourth issue are ten book reviews which explore issues ranging from social movements and progressive activism to indigenous resistance, revolutionary health care and political theory. In including a broad survey of recently published material we hope that readers will find our reviews section useful.

This issue of *Alternate Routes* would not have been possible without the tremendous support of Carleton University's Departments of: Sociology and Anthropology; Political Science; Law; Geography and Environmental Studies; as well as, the Institute of Interdisciplinary Studies; Institute of Political Economy; and the Faculty of Graduate and Postdoctoral Affairs. We would also like to thank Ryerson University's Department of Politics and Public Administration and, in particular, the very generous support — financial, administrative and otherwise — of the Centre for Labour-Management Relations at the Ted Rogers School of Management, and its Director Maurice Maze-

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Last but certainly not least, a sincere thank you to all contributors and referees who took time out of their schedules to write, review, revise and re-evaluate the articles assembled here. Your commitment to the most pressing issues of the day is a constant reminder of the importance of dissenting voices. For that we are grateful. In the year since the publication of *AR*'s 2011 issue, we are pleased to have added an online photo and video section which contains a series of presentations from past *AR* conferences.² Thanks are due to Pance Stojkovski for his tremendous assistance in editing 2012's online conference presentations. We hope that readers and viewers will find them useful for stimulating class and other discussions.

As a final note, all previously published material from 1977 to 2012 are now fully available on our website — www.alternateroutes.ca — free of charge.

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2 See <http://www.alternateroutes.ca/index.php/ar/pages/view/Video>

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