

(In)Equality Matters: Social justice and the economy **Jean Symes**

The following speech was delivered at the Saskatoon edition of “(In)Equality Matters: Social justice and the economy,” a four-city tour organized by Inter Pares, on November 9th, 2011. The Saskatoon edition was organized in collaboration with the National Farmers Union. If you would like citations for the figures cited below, or have any questions, please contact Inter Pares.

The issues we’ll be talking about tonight are big issues. Kalissa, Yao, and I will be talking about some of the many ways in which inequality and injustice affects our lives. You’ll hear about Canadian mining companies in Africa, and about the food crisis, and about inequality: here in Canada, and in the world. At some points it might just seem like it’s too big to deal with. But you’ll also hear about what people – more and more people, in Saskatchewan, in Canada and around the world – are already doing to challenge some of what confronts us. And I’m hoping that this might stimulate a conversation about what we – each of us – can do, and what we can do together.

Inter Pares is an organization that is involved in international issues. So why is it involved in a tour like this, about equality and inequality in Canada as well as in the global South?

Inter Pares means *among equals* – it’s a reflection of how we want to work in the world, and it’s a reflection of how we want the world to be. We recognize that injustice doesn’t just happen in far-away places, it is right here among us. And that our struggle for equality and social justice within Canada, is linked to similar struggles of people around the world. So we work in common cause with people who share our analysis that poverty and injustice are caused by inequalities within nations, and inequalities among nations.

Since its founding 35 years ago, Inter Pares has worked with farmers' groups, women's organizations, human rights groups, indigenous organizations, health associations and social movements around the world. We have had the privilege of relating to many people who are working, often against great odds, to overcome some of the obstacles to equality and social justice.

But in the late 1990s, something new started happening. Inter Pares began to receive calls from our counterparts in Ghana, in the Philippines, in Nicaragua, telling us that Canadian mining companies were digging trenches in the rainforest reserve, forcing communities off land, and refusing to clean up spills of toxic wastes in local fishing waters. Inter Pares had had no experience with mining, and we had no idea what to do.

So we reached out to organizations we knew here in Canada for help, and we discovered that the same kinds of abuses were happening right here in Canada, particularly in the north, and particularly in aboriginal communities.

I’m a Canadian and I didn’t know what was going on in my own country. I’ve done a lot of learning since then, and I want to mention that there are two people here tonight from

Pinehouse, where there are plans to dump uranium waste, and I'm hoping that later they'll be able to share their story and their plans with us.

From the outset, we understood that problems with mining companies in Canada and problems with those same mining companies overseas couldn't be addressed in isolation. So we got together with environmental and aboriginal groups to create MiningWatch Canada. MiningWatch now provides technical support to communities affected by mining in Canada and around the world, and has acquired the expertise to help Canadians craft proposals for reforms to prevent irresponsible mining practices here and internationally. We introduced MiningWatch to Yao's organization, TWN-Africa, and together, they've begun to address some of the abuses in Ghana, and in Africa in general.

As we learned about mining policy and practices, we found out about just how few economic benefits from mining reached the communities involved. And we learned about public subsidies the mining industry receives from governments, and particularly from the Canadian government. We realized we had to do more to address broader issues of corporate accountability.

Working with MiningWatch and others, we created the Canadian Network on Corporate Accountability. Last year, CNCA promoted modest federal legislation that would have required that, in order to qualify for government subsidies, Canadian mining companies operating overseas would have to comply with basic standards of corporate social responsibility. This campaign was an enormous success, and after fierce lobbying by the mining industry, the proposed legislation lost in Parliament by only 6 votes. And it promoted a national debate on the subject. When new legislation comes back, and it will, we'll be demanding much more.

Inter Pares is now raising the issue of tax evasion and tax avoidance. We're collaborating with TWN Africa, a member of Tax Justice Network Africa, which has released an excellent report called *Tax Us If You Can: Why Africa should stand up for tax justice*.

And here in Canada, we're supporting a new organization called Canadians for Tax Fairness, which is the new Canadian member of the international Tax Justice Network.

With Canadians for Tax Fairness, we think the role of governments should be to orient its economic and social policies for the well-being of all. They should be accountable to citizens for the implementation of a just democracy. Instead we see governments around the world supporting a global economy organized in the interests of speculators, an economy largely disconnected from how most people earn a living.

The last 30 years has seen a campaign by financial and political elites to eliminate as much regulatory oversight of national and international banking systems as possible. This deregulation led us to an economic collapse that continues to inflict enormous damage throughout the world. And that in turn led – in much of the North – to a bailout of banks and financial institutions, which is being paid for by cutting back social services, education, workers' pensions, and healthcare. Now governments are using the crisis to justify corporate tax cuts, and cuts to social services and investments.

In the global South, countries are experiencing decreased remittances from migrant workers, diminished export revenues, burgeoning unemployment rates, and precipitous increases in food and energy prices. An additional 130 to 155 million people have been pushed into poverty. More than a billion people go to bed at night hungry, and 50,000 people die every day from poverty and poverty-related causes.

There is growing economic disparity in Canada as well. Current levels of economic inequality have not been seen here since 1929. Before the onset of the financial crisis in 2008, 3.5 million Canadians lived in poverty; it is looking like there will be another 1.8 million by the end of this year. In Canada, one in nine children lives in poverty; for aboriginal children, that figure is one in four. This is a tragedy and a national scandal.

On the upside, deepening economic inequality has become a major political issue. People are organizing with the Occupy movement, and are out on the streets of countries around the world, because they realize that deepening inequality is not only unjust, it's irrational. There's a best-selling book that was published a couple years ago, *The Spirit Level: Why equality is better for everyone*. It shows that more egalitarian societies have significantly lower incidences of physical and mental health problems, addictions, crime, imprisonment, violence, and they have better outcomes for child well-being. This research demonstrates what many of us intuitively know – more equal societies are happier and healthier and enjoy higher levels of social cohesion, trust and civic engagement.

And more people are beginning to understand what it takes to make a more just and equal society. Edgar Bronfman, now living in the States, but a son of the wealthy Montreal Bronfman family, joined Warren Buffet in saying “raise my taxes.” He noted that the wealthy benefited disproportionately from the deregulation and tax cuts of the last couple decades, but now it's the poor and middle class who are paying disproportionately for the cost.

There are arguments that corporations use money saved by tax cuts to invest in machinery and equipment, to create jobs. A StatsCan analysis shows that actually, investment in machinery and equipment has decreased in lock step with cuts in corporate tax rates over the last 10 years. What businesses are doing is hoarding cash, adding \$83 billion to their reserves since the 2008 recession.

I know taxation has been an issue here in Saskatchewan, with the debate over potash royalties and taxes. I was listening to the daily business show on Radio Canada a couple weeks ago, and the analysts reported that Potash Corporation was making 6 times as much as they did in 2000, and paying exactly the same dollar amount in royalties. Even the business commentators laughed in disbelief and said well, they understood why there might be an issue there. They also mentioned, by the way, that Bill Doyle, the CEO of Potash Corp, made \$11.6 million dollars last year.

Tax evasion and avoidance has a dire impact on the economies of developing countries as well, which Yao will get into further in his presentation. But for the global South as a whole, somewhere between \$850 billion and \$1 trillion of illicit money flows out of developing countries every year. Some of this illicit money is due to criminal activity such as drug trafficking and corruption. But the largest amount of illicit capital flight is from the commercial activities of multinational corporations, particularly mining and oil companies.

Multinational corporations avoid paying taxes in the countries where they are operating, with the help of tax havens, dummy corporations, profit-laundering techniques, and loopholes intentionally left in the laws of Western countries. Developing countries lose tax revenues that could have been invested in schools, healthcare and other public services. For every dollar delivered in the form of international aid, developing countries lose ten, through illicit capital flight. A recent report estimated that if these lost revenues were invested in Southern country health programs, it would save the lives of 350,000 children annually.

And this links to Canada in a way most Canadians aren't aware: in 2002 Canada's Auditor General warned that corporate "tax arrangements with foreign affiliates have eroded Canadian tax revenues of hundreds of millions of dollars over the past ten years." And the Library of Parliament in 2004 noted that between 1990 and 2003, Canadian corporate tax-sheltered portfolios in Barbados increased from \$1.5B to \$24.7B, exceeding the GDP of Barbados by a factor of 6.

So corporate tax avoidance and evasion are also major problems for Western countries, including Canada. Meanwhile, in both the North and South, the private wealth of corporations is generated through access to the environmental commons and the natural resources they contain, through public subsidies, through infrastructure like roads, bridges, seaports, airports. They have access to a publicly educated workforce, and our publicly funded social services. It's reasonable that corporations make a fair contribution back to the public good and to protect the environment from which they draw their wealth.

What is clear is that the global economy is not working in the interests of the majority of people in either the South or the North. A global economy that pushes millions of people into poverty and bankrupts countries is not only irrational but fundamentally unjust.

These are grim trends, but there is good news. Along with the Occupy movement, which has raised awareness in Northern countries, citizen's groups everywhere are working to democratize their political systems and economies. There are many ideas for what we can do, working in our own communities, or collaborating internationally for a more sane and healthy economic system.

- The first thing we need to do is change our attitudes and expectations. The reasonable calls for multinational corporations to pay their fair share of tax in the places they do business in, is met with cries of doom from lobbyists, lawyers and accountants paid by the corporations. This isn't a reasoned assessment of economic realities, it's blatant self-interest, and should be seen as such.
- The second is implement an international financial transaction tax. Currently, financial transactions such as bond or derivatives sales are the only kind of transactions that are not taxed. A financial transaction tax has been proposed several times, over the last number of years to dampen speculative trading and raise revenue. There was serious consideration of a tax of .1% on the trading of shares at the G20 meeting last week, which would have raised some \$50 B worldwide. Canada, Britain and the United States opposed it, and it didn't pass. But the G20 considered it, and continental Europe might still go ahead, which would create pressure for the rest of us to fall in line.

- In the North, for the benefit of both North and South, we must bring in rules that reconnect finance to long-term productive and green investments rather than more speculation;
- We also need to implement regulations to prevent speculation on staple food commodities
- We need to insist that businesses operating transnationally reveal publicly how much profit they make, how many people they employ and what they pay in tax in every country where they do business. Transparency ensures abuses can be identified quickly.
- We need to close tax havens. Our governments collude with those structures, and it must stop.
- And we will need to renegotiate the dozens of free trade agreements and bilateral investment treaties that currently ban governments from placing controls on capital flows and conditions on foreign investment and financial transactions.

These are big demands, and there are many others. Someone once said that while it's true we cannot do everything at once, we can do something at once.

Inequality is not necessary in our societies. We have a choice: we can either accept how the world, our country, our communities and corporations are structured; or we can decide to work with others to change those structures.

There are millions of people around the world who are standing up and saying: This is not acceptable. It is not acceptable that people go hungry in a world full of food, or that the people who grow the food we eat must find other work to feed themselves; it is not acceptable that the people who live on land full of gold should lose their houses, have their water contaminated, have their children poisoned. And it's not acceptable that wealthy corporations and individuals are able to generate wealth from public resources, without making a fair contribution back to the public good through taxes. Taxes support the public goods and services we need to thrive as societies, North and South.

There are many people here in Canada, and more thousands of people around the world, who have ideas about what we can do, if we choose to. The other day, I heard a speaker at Occupy Wall Street say that the greatest contribution the Occupy movement has made is to inspire us to imagine solutions that are at the same scale as our problems. I've mentioned a few of those solutions tonight.

Inter Pares is working in common cause with people in Canada and around the world to address the root causes of inequity, globally and in our communities. We are hoping through meetings like this to make a modest contribution to the conversation that is happening in Canada, and to link the conversations that are going on across the country with conversations that are going on all over the world.

Thank you for your time. I'm looking forward to hearing from you about what you're doing and thinking about here in Saskatoon.