

# Nova Scotia and the G8: an economic assault

## SEEING RED



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April 2010

*Seeing Red* is a free broadsheet produced by a group of workers in Halifax, NS. With this edition our goal is to share our views with other working people around the time of the G8 International Development Ministers' meeting.

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Contact us with comments or suggestions for future publications.

On April 26th and 27th, the International Development Ministers of the Group of Eight ("G8") meet in Halifax. The meeting takes place before the bigger G8 and G20 meetings in Toronto this summer.

The G8 is made up of eight of the world's largest economies: Canada, the US, the UK, France, Germany, Italy, Japan and Russia. It sets the agenda for the world's economy, acting as an international chamber of commerce. It was they who decided that the banks had to be bailed out; it was they who chose inaction on climate change. Sweatshops and slums in the Third World show that the G8's policies result in human tragedy. For them, short-term profits and the market take priority over human needs. This exploitative and irrational global system we call Capital.

In recent years Capital has brought disaster to working people in Nova Scotia. Manufacturing has been shut down or moved overseas. These jobs have been replaced by lower paying jobs in the service sector. A prime example is the spread of call centres where wages are low and work is often part-time and temporary.

In 2007, the TrentonWorks plant in Pictou County was shut down because Greenbrier Companies moved it to Mexico. Workers who earned on average \$19 per hour had their livelihoods snatched away from them. At the new plant in Sahagun, Mexico, the average hourly wage is three dollars.

Clearwater Foods has closed fish plants in Nova Scotia and moved them to Newfoundland and China where labour is cheaper. In Glace Bay, Clearwater slashed



workers' wages by 18 per cent. These changes hurt workers but kept the company profitable. Despite the fact that their headquarters is on the Bedford Highway, the company does not serve the needs of Nova Scotians, but rather the needs of Capital.

Other businesses cannot be so easily moved to where labour is cheaper. Increasingly, labour is imported to Nova Scotia. Farms employ migrant labour from Mexico, Central America, and the Caribbean. These people, escaping the devastated economies of the Third World, arrive here only to work at low wages and with even fewer rights than Nova Scotian workers. This two-tiered system divides workers and makes us all more vulnerable.

Capital's drive to dismantle social programs puts working people in a dangerous position. In 1995, the federal government cut transfer payments to the provinces for healthcare, education, housing, and social assistance. Early last decade the Nova Scotia government slashed social assistance rates and made it more difficult for people to qualify for

benefits. These policy changes were consistent with the G8's agenda; they were meant to make Nova Scotians desperate and willing to work the lowest paying and most exploitative jobs.

Capital is an irrational and exploitative system. It prioritizes abstract concepts like "competition" and "the market" over the needs of our families, friends, co-workers, and neighbours. We hear the NDP government calling for working Nova Scotians to tighten our belts, to accept higher taxes and more cuts to government services, so we can "stay competitive" and pay off "our" public debt. Yet the government still manages to find millions in subsidies to hand out to profitable companies like Irving and Nova Scotia Power.

The only way working people can change this situation is if we struggle together as a class. We have the power to replace this exploitative society with a real human community -- one where our activity is geared to meeting human needs, not to accumulating wealth for the few.

### Women, Children, and the G8

The G8 development ministers are coming to Halifax this April. This meeting will include a discussion on maternal and child health. The talks will be focused on women and children in the third world. Simply looking at how G8 policies hurt women and children in Canada and beyond reveals that the development ministers meeting is built on a foundation of hypocrisy.

In Nova Scotia, working and poor women and children are not receiving nearly enough social support. As an example, pregnant women on social assistance get a monthly maternal nutritional

allowance of twenty-nine dollars. A single mother with one child takes home an average of \$784 a month while on assistance. The average cost of a two-bedroom apartment is \$877 in Halifax. This leaves a mother and a child with less than a hundred dollars to live on.

Since the nineties, social assistance rates across Canada have been slashed. Single mother headed families are the most common type of low-income family, twice as common as single-parent families headed by males and four times as common as two-parent families. CONTINUED..



CONTINUED.. Increasingly, single mothers are struggling to afford even the most basic needs of shelter, food, and clothing for themselves or their families. In Nova Scotia, social assistance has fallen behind the rate of inflation since the late eighties, meaning a social assistance cheque was actually higher twenty years ago. This drop in value is due to reductions in Federal payments to the Provinces. These rollbacks were made at the order of the G8.

The G8 meeting this April claims to focus on women's equality and improving the health of mothers and children in the developing world. These are noble goals but the fact remains that the policies of the G8 have increased poverty in Canada and abroad, burying other countries with debt. Many of

these countries are in Africa, Central and South America and have suffered for years under colonialism and capitalism. This misery and suffering is not the goal of the G8 but a direct result of its profit seeking.

The G8, as a body of international capitalism, is concerned with making profits, and controlling land, resources, and labour. It claims to empower women, not by providing them health, housing, and an education, but by forcing them into low paying jobs. International companies benefit by making massive profits as they pay unliveable wages to women working in the developing world. Much of the aid money from G8 supported Millennium Development Goals goes towards paying off debts and military spending rather than towards fulfilling

the needs of women and children.

Under the campaign title of Voluntary Surgical Contraception, G8 countries provide monetary incentives to health care organizations for each woman who undergoes a sterilization procedure. Additionally, the Canadian government pretends it is concerned with women's rights but ignores discussing abortion and birth control so as to limit controversy amongst the voting public.

Poor and working women everywhere have nothing in common with the agenda of the G8. Equality for women can only be achieved when working people struggle as a class to overthrow Capital and create a society where human needs take priority over accumulating wealth.

## Green Capitalism is a Myth

The Group of Eight countries (G8) decide the fate of the global capitalist economy and set policies on the environment. The G8 creates policies that are more focused on being compatible with the global economic system than with actually protecting the environment. Right now we face an environmental crisis: global warming, mass extinctions, destruction of natural habitats, and the list goes on. Industrial capitalism's drive for endless growth and profit threatens all life on earth.

The agenda of profits over the environment can be seen in Nova Scotia just as much as anywhere else. Seventy-five percent of the province's electricity comes from burning coal, one of the most polluting fossil fuels. Atlantic salmon and cod stocks were devastated by large-scale industrial fishing and show little sign of recovery. From the Sydney tar ponds, to the Halifax Harbour, Nova Scotia deals with its share of environmental disasters.

The G8 favours free market "solutions" to global warming such as carbon trading. Carbon trading works like this: governments provide carbon permits to big

industrial polluters, giving them the right to pollute. These permits are traded freely between corporations. Companies can also get carbon credits through 'carbon offset projects' which they claim reduce emissions. The most common examples of carbon offset projects are wind farms, biomass energy, or hydroelectric dams, most often located in the Third World.

Carbon credits are also exchanged on the market. The problem with carbon trading is that it allows the biggest polluters to keep on polluting as long as they can get carbon permits and credits. It encourages the industries most dependent on coal, oil and gas to delay shifting away from fossil fuels; it is more profitable for them to buy cheap carbon credits from sectors that can more easily reduce their emissions than to make long-term structural adjustments away from dependence on fossil fuels. Carbon-trading commodifies the earth's natural carbon cycle -- it turns it into things to be bought and sold on the market.

Green capitalism is a myth. Profits are made in a production process that exploits human labour and devastates the environment.



As workers we sell our labour for a wage. We have no control over what we produce or its impact on the environment. Our struggle is to stop producing for the purpose of accumulating wealth for a minority, and to gear all production toward meeting human needs, including our need for a clean environment.

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## What's the Deal with the Economic Crisis?

Capitalism as we know it has failed. We know this, the leaders of the great economic powers of the world know this, and so do the biggest corporations in the world. The forces that run the show are now trying to save their system at our expense. They are trying to maintain their power and hold on to their wealth, hoping that we don't question their system which is so prone to crisis.

Let's look at the source of the current economic crisis. Banks started giving out loans to people who were at high risk to not repay those loans. These loans were mostly mortgages for houses. The banks treated these mortgages as assets. The theory was that once the mortgages were paid back, a lot of profit would be made on the interest on those loans. The banks used the profits that would theoretically be made on the interest on loans to invest elsewhere in the market, and this made them even more profits.

So what happens when most of those original loans don't get paid back? The loans default, which impacts the investments that were made with the loans' potential future value, which causes the stock market to dip, which effects the global economy. The lesson

is clear: using yet-to-be-made profits to make huge investments that affect the global economy is a giant risk that isn't worth taking.

Why would anyone want to risk investing yet-to-be-made profits? In short, they do it because they can. If the banks speculate correctly, and things work out for them, immense amounts of profits can be made. If the banks speculate incorrectly, and their investments fail, it would almost be guaranteed that the governments of the industrialized world would bail them out to keep the economy afloat. The knowledge that the banks will be bailed out if things fail encouraged them to make more and more risky investments. It's a win - win situation for the banks.

So now what? The loans didn't get repaid, the investments are worth nothing. A whole lot of theoretical money disappeared leaving the banks with no way to get the money back. Now for the really confusing part. Governments, on the advice of the G20, offer bailouts to the banks. Where does the bailout money come from? It gets borrowed from other countries like China, with interest of course. The money goes back to the banks so

that they can loan more and save their investments. We see government stimulus programs encouraging people to spend more and making it easier to get high risk loans - which is what got us into the mess in the first place.

What happens when people can't afford to pay their loans and investments become worthless? We keep the cycle going. How do we repay the countries we've borrowed money from along with the accumulating interest? We pay these debts through our taxes and through cuts to social programs like education and health care. The G20 is focused on keeping capitalism alive, even though it is obviously unsustainable. Rather than look at the fundamental problems of capitalism and trying to address them, we are stuck making minor temporary repairs.

Why tinker with a system beyond repair? Well, because the people who make the decisions are the people that own the world's wealth. Changing to a different model of doing things would mean changing the way wealth is distributed, and this could challenge the very existence of the ruling classes.

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