

Rejecting the G20 consensus on corporate profits and public austerity

Tuesday, 13 July 2010

Last Updated Tuesday, 13 July 2010

From rabble.ca

Writing from the relative tranquility of northern British Columbia, I feel entirely dislocated from the world I occupied only two weeks ago, making my exit from Toronto only days after the city was locked down by the largest Canadian peacetime security operation in history. Literally, I am now at a great distance from Canada's biggest city, as evidenced by the 4,800 km on my odometer and the grueling nine day drive dragging a weighty trailer behind my car.

Yet, I believe my new home to be deeply implicated within the events in Toronto at the end of June. Despite the media fixation on acts of vandalism on the Toronto streets, the most grievous forms of violence at the G20 meetings were far more institutional, extending their scope well beyond Toronto's downtown core.

The economic policies emerging from the meeting and the gross instances of police brutality both bear comment. In this blog I will address the former, saving the latter matter for a later entry.

While bank windows were smashed in the streets, banking interests were well protected in closed door meetings of world leaders. Harper stood resolutely against discussions of a universal bank tax to recuperate the costs of the public bailout of the financial sector. Instead, Canada led the world's largest economies to commit to a new austerity plan. As a result, the costs of the global recession will be borne not by the financial powers whose reckless pursuit of profit brought the world to the brink of economic collapse, but by a public struggling through job losses, public service cutbacks, and stagnant and declining wages. This decision to press the costs of recovery upon the vast majority of the population constitutes the real violence that occurred in Toronto.

The consequences of such a skewed framework for crisis management are evident through an interrogation of the token global commitment to maternal health that the G8 leaders made earlier in the week. Constrained both by conservative ideological blinkering to the importance of access to abortion to women's health and meager financial commitments from cash-strapped governments, these commitments demonstrate the way in which budgetary limitations in a period of proclaimed austerity serve to constrict the extent of people's basic rights.

The G8 leaders mustered five billion dollars targeted at only two of the eight UN Millennium Development Goals (specifically child mortality and maternal health, the other six being an end to poverty and hunger, universal education, gender equality, HIV/AIDS programming, environmental sustainability, and global partnership). This represents a paring down of global commitments to create a more equitable, just, and healthy world, centring a public relations campaign on celebrating a pledge to a fraction of the programming needed.

Further, the G8 commitment represents only an estimated half of the total funding needed to support maternal health. The framing of the G8 communiques position their commitment as "catalytic" rather than core program funding. This injection from the world's richest countries, collectively constituting roughly 60% of global GDP, is presumed to spur further lending from other nations, who are expected to double the five billion dollar figure to necessary levels.

However, as the communique notes, other donor nations contributions will remain "subject to their respective budgetary processes," processes that will become increasingly constrictive in this coming period of austerity. Absent increased revenues from new banking taxes or levies on financial transactions, governments will be increasingly forced to curtail their commitments.

Governments' abandonment of their support for the provision of basic services as a necessary component of a commitment to austerity represents an ominous threat that extends beyond nations' often dubious commitments to foreign aid to the full gamut of public services.

This is one of the clearest, and most troubling, ways the events in central Canada continue to have resonance in the north. The institution of a new regime of austerity connects remote northern communities and to Canada's metropolitan core. Politicians' commitments to reduce deficits without cutting into corporate profits translate into threats to vital public services. While major cities continue to struggle with the government failure to adequately invest in public services such as transit, rural communities suffer through increasing isolation as governments increasingly centralize services such as medical care. It is incumbent upon urban and rural folk to now recognize our commonality, bridge the distance between town and country, and band together and reject the G20 consensus on corporate profits and public austerity.