

The Economics of Kindness: A Ten-Year Transition to a New Ecological Civilization

Presentation by Anthropological Economist, Guy Dauncey
To the Toronto Branch of the World Federalist Movement Canada
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Youtube recording of the Zoom presentation:

<https://www.youtube.com/watch?v=GAA1VMits78>

Report by Peter Venton, Toronto Branch Board Member

Guy Dauncey's presentation was based on his unpublished book by the same title as his presentation. At the outset, he said that he wanted to share it with the viewers of this zoom presentation. This report is about his 40-minute presentation and 80-minute Question and Answer session - with a few of my remarks in square parentheses. The numbers in round parentheses in his report refer to the time in minutes and seconds of the recording of his presentation which ranged from 5.37 to 44.40 minutes/seconds.

The big problems with our current civilization

This is the most critical decade in the history of our civilization so far. The data on the threats of climate change, climate emergency and biodiversity emergency are stomach-churningly awful. Simultaneously, we have a situation where people are stuck in a housing crisis. Meanwhile, we have billionaires who can afford to spend their money on going into space. And we have abusive corporations who will use private finance to buy corporations, strip their assets, take profit and throw workers onto unemployment. (6:00 to 7:10) Something is seriously wrong with our economy and the culture of our human civilization.

The impulse for kindness and its extension to nature

The starting point for Dauncey's analysis is the observation or discovery of a latent widespread impulse for kindness among people. He says that we experience a warm reaching of the heart, generosity, willingness of people to help each other, to chip in and work together. It's a very wide-spread impulse among humans. (7:39 to 8:20) But this idea of kindness among humans needs to be extended to nature. Kindness to nature is a new concept for most of us humans. Just yesterday we learned that, in the feral islands, they did their annual grind in which they herded over one thousand four hundred Atlantic white-sided dolphins into a bay where they struggled or died before being killed. Even the people in the feral islands said this was beyond the pale. It was brutal beyond belief. However, one commentator said we do the same thing every day to millions of farm animals in order to eat meat. So, we need to extend the idea of kindness to nature. (8:23 -10.15)

A ten-year transformation

The subtitle of the book is about addressing the urgent need for a transformation in our economy to be made in ten years in order to avoid the prospect of global warming that exceeds an average world temperature 1.5 degrees above the pre-industrial average in the 18th century – as well as prospect of another financial crisis. Interestingly, in the 1930s and 1940s, there was

a big transformation ushered in by President Franklin Roosevelt's New Deal for addressing the crises brought on by the Great Depression of the 1930s and the Second World War in the early 1940s. That transformation reflected the triumphs of the human impulse to cooperate over the impulse of greed. As a result, the period from 1945 to 1975 was marked by a period of stable economic growth and life in America.

Around 1975, the neoliberal economic paradigm set in. It was a change that reflected the values of the economist Milton Friedman who argued that the only responsibility of capitalist corporations was to their shareholders. This was terrible. The neoliberal paradigm should have collapsed after the world financial crisis of 2008. But it did not. The banks and companies asked for bail outs which they got. But they used them to increase their bonuses and wealth and inequality once again increased. The time was not ready for major change. (10:40).

However, the combination of COVID-19 and the increasing awareness of the climate change and biodiversity crises plus the housing crisis have made this third decade in the millennium ripe for a major change to the neoliberal economic paradigm. (11:27). This decade can be a decade of transformational change when more ambitious projects can be achieved (11:10).

On Paradigms

[Paradigm means a model of a system of institutions that are interrelated with each other for achieving a purpose or objective. The model is about how the system actually works. But the paradigm also includes an underlying set of ideas or theories about how the system is expected to work and what its overall purpose is. The theory is often not explicitly defined or enunciated in the discussions about the model. In the Appendix is a brief note on the institutions of the capitalist and neoliberal capitalist paradigms.]

Guy Dauncey said that, if we are going to critique economics, we need to have a sound diagnosis which should lead to sound solutions. To that end, he has, over the last six years, read 350 books on economics and anthropology and has learned a great deal about the core of economics.

Adam Smith, founder of economics

The modern paradigm of economics started with Adam Smith who concluded that the economic system of mercantilism that depended heavily on the government was monopolistic and bad. Mercantilism should be replaced by a capitalist economic system based on Smith's observation that it operated like an "invisible hand". It stated the idea that, even if businesses acted selfishly for profit, everyone would benefit without the need for government involvement or regulation because the markets would automatically take care of ensuring that households would benefit. Businesses loved that idea and took it to the bank and used it to say that the market must be allowed to dominate because there are laws of economics that operate in

markets and because humans are rational and self-interested and will always do what is best for everyone as wealth would grow - if we had free trade and free markets.

Smith was fundamentally wrong because what caused the break-through in industrial capitalism was innovation and technology that was powered by fossil fuels – not markets and free trade. But the theory served as a smokescreen for the rich capitalists to dominate the society. (14:58)

By the 1890s the neoliberalism paradigm was fully developed. It was based on the Smith's ideas on markets which were now assumed to be free and competitive, and the neoclassical economists who assumed that humans were rational and solely interested in economic wealth and consumption. (13:45)

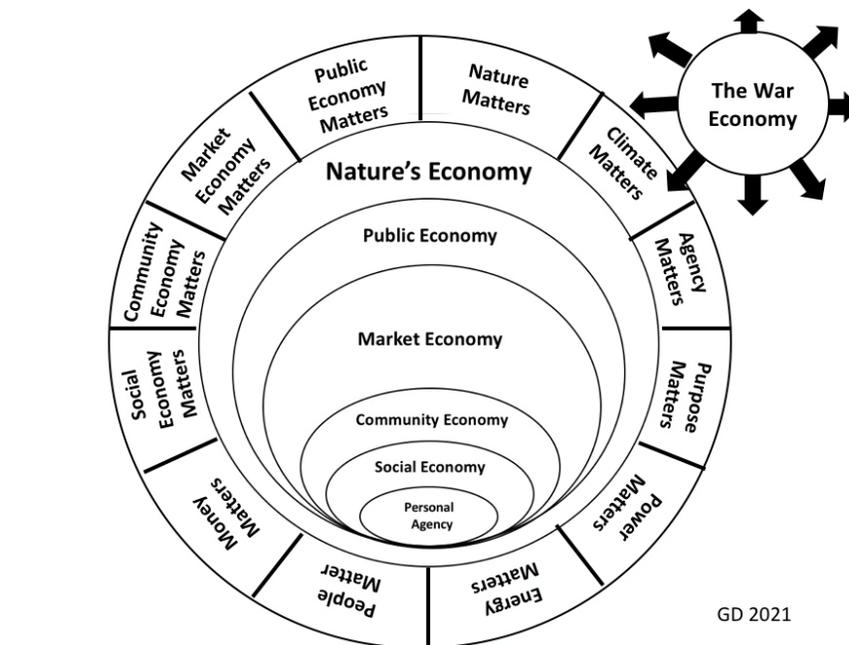
An anthropological history of how we got to neoliberalism (16:00 to 20:00)

Some 300,000 years ago, in the age of hunter gatherers, societies rejected the leadership by dominant alpha-male leaders that had prevailed for a long time and evolved into a collaborative and cooperative group to organize the hunt and gather food. They teased the self-important dominant alpha-leaders and replaced them with collaboration of all members of the tribe. Fast forward to 10,000 years ago when humans developed into “achievement societies”. There remained collaboration in achievement societies such as the indigenous groups on the west coast of British Columbia, for example, who were blessed with abundant fish in the ocean and plants and game in the forests. However, when some surreptitiously began to take more of their share of the riches, society changed. Eventually, some of these few had accumulated so much wealth that they wanted to leave it to their children as inheritances. As a result, it was game over for collaboration. Over the last 5,000 years, humans evolved into communities engaged in war and conquest lead by Kings, tyrants or the wealthy.

The important take away of the forgoing is that kindness flourishes in a society that is based on collective cooperation. The other important thing is that, despite the transformation of human societies over the last 5,000 years, humans still retain an innate sense of wanting to collaborate. In short, the impetus to cooperate 300,000 years ago has never completely gone away (20:07).

Neoliberal capitalist economy is missing a whole lot of things

The old paradigm of neoliberal economics is faulty. It's leading us astray. It says everything in the market economy is good and everything outside the market economy is, well, an “externality”. Incredibly this means that nature, climate change, toxins in our bodies, and unaffordable housing crises are unfortunately externalities that do not fit into the [scientific] laws of economics that determine how markets work. (21:50) Guy Dauncey presented the screen shot on the next page to illustrate the missing parts. It shows that, in reality, there are five infolded economies imbedded in nature's economy.



The economies inside nature's economy (22:00 to 24:00)

The economy we seek is therefore a “public economy” which is constrained by nature’s economy. We are surrounded by nature and dependent upon it for the air we breath and so much more. The public economy includes organizations from private firms plus everything the government brings to the economy. Within the public economy there are four nested component economies: personal agency, social economy, community economy, and market economy.

1. As the base of the chart is “human agency” meaning that humans can decide whether to dominate or cooperate in nature’s economy and participate in all parts of the public economy. [Agency means empowered to act for another.] True agency is about imagination to innovate and to make things happen, to act for yourself.
2. Next there is the Social Economy which involves trade and exchange without money that goes on within households and among neighbours.
3. The community economy where we use money with reciprocal and altruistic groups. This includes community banks, local cooperatives, employee-owned enterprises, social purpose businesses, municipal enterprises and benefit corporations.
4. The market economy is one where money is used but in an impersonal way.

The foregoing chart represent a fivefold partnership between the components of the full economic system: nature’s economy, the public economy, the social economy, the community economy, the market economy and the public economy working together. All these economies

matter to society. The outer ring of the chart lists all those things that matter for the operation of the large economy.

Outside the economies is the war economy. This does not mean just the military economy of tanks and missiles. Rather the war economy is about the dominators who prey on the other five economies. Their purpose is domination whether through simple deception or bullying of others. (26.28 to 30.14)

From Marx to Neoliberalism to the Socialist Impulse, Democracy

[Marx was a political economist associated with the classical economists of Smith, and Ricardo but his work was about the extreme pathology of the capitalist system in the mid 1850s around the time of the Irish famine and followed mass death and emigration to the Americas, Australia and New Zealand. This is context for Dauncey's following remarks]

Marx looked at the laws of history and concluded that the economic system of capitalism would collapse and the working proletariat would create a new system of socialism. All of the bad would be taken from the bourgeoisie capitalists and all the good would go to the proletariat workers. People in the working class saw this was a way out of their misery of a 16-hour work day in terrible working conditions and meagre pay so they wanted to believe Marx. The problem was that the proletariat governance in the communist state was headed by Stalin who turned out to be the chief proletariat dominator, just as domineering or more than the bourgeoisie capitalists. The socialist revolution envisaged by Marx created a lot of messy politics. The neo liberal economists wanted to get rid of the messy politics so that economics could be more certain, predictable and rational - just as the scientists were. To do this, the economists had to make assumptions and treat people as if they were atoms, self interested and rational – hence *homo economicus*. In the process, they had to suppress socialism. But the socialist impulse was for fairness and collaborative ways of thinking to create a true democratic social contract.

The philosophy of the cooperative economics of kindness paradigm

That is why Dauncey says “We need to bring cooperative, collaborative thinking and kindness into every part or component of the big economy.” (30:14) [So, to summarize, the economics of kindness is a combination of altruism (the unselfish concern for the welfare of others), reciprocity (mutual exchange of kindnesses or benefits), collaboration (thinking together to solve problems) and cooperation (working together for common ends).]

Component by component you can apply this new way of thinking to housing, to banking, to central banking and to every component of the economy. But you also have to bring nature into the picture. Nature has to have a voice at the table, either by a law to prevent ecocide, or by putting people, who represent nature, on the boards of large corporations. You have to

transform how every business operates and do this within a time frame of ten years because of the immediacy of the crises of climate and nature that we humans are facing.

Part of the principle of a cooperative economy is that you respect human agency – the freedom to do this and act on our own impulses. Agency is very important. Agency means having the means or instrumentality or the power to act for another person or to act for a purpose. But the problem is that business has locked on the neoliberal idea that the only purpose of business is to maximize profits for the shareholders.

[But note that profit is not a purpose *per se* as Aristotle maintained – only an instrument or means of achieving some purpose which, in neoliberal economics, is never explicitly defined or stated. In society, that purpose is the common good or social purpose which is the core of a genuine democracy from which the public interest is determined.]

The Ten-Year Transition to a New Ecological Civilization

Large Businesses

So, in the 10-year transition, we need to develop an expectation that every business must adopt a social purpose charter. Of course, the business also needs to make a profit in serving its purpose. More specifically, large corporations need to allow labour unions and those corporation to have 50% of the seats on the board given to the workers in the business. They also need to have a representative of the public interest on the board and, above all, a representative for nature and the climate. The businesses will have to report annually on progress towards addressing climate change and producing the circular economy. Progress, or lack of it, will be assessed. If, after the 10-year period, any corporation that does not meet its charter purpose will be gone.

Banking (31:41)

The same process can be applied to banking. A public bank can create money out of trust but does not need to charge interest. It just needs to charge fees to cover its operating costs. An example is the public bank of North Dakota. Since 1920, it has supported farmers, businesses and students in the State. In Germany, there is a cooperative bank that has been a source of affordable housing and housing retrofits that reduce pollution and increase wind and solar power. Canada can have a public bank for affordable housing that does not need oil or gas to heat.

The Fossil Fuel Industry

Suppress fossil fuel production and guarantee work for all the displaced workers by having them install solar and retrofits so that everyone can be given a guarantee of work.

World trade [41:17]

You use tariffs to control trade. From a cooperative lens, you still use tariffs on any trading partner that has not signed the climate agreements, or the biodiversity agreements, or the fair trade for workers agreements or the reduced toxic chemicals agreements. You prejudice

against them because they are not playing by the new rules of the global game which expresses the needs of people collectively rather than the needs of large corporations. You actually close down the World Trade Organization and build a new United Nations Fair Trade Organization with fair trade rules.

Central banking and trust (39)

Central bankers have grown up thinking they are part of the clan of bankers rather than the clan of everyone. They could create money directly to address the affordable housing crisis. The Government would dream up affordable housing green bonds and sell them to the central bank and use the proceeds to have trades build new housing and renovate old housing for which rent would be charged at affordable rates.

In general, central bank money should be used for financing real public emergencies. (44:18) This is a contrast with the US Federal reserve's purchase of challenged stocks to increase the prices of those stocks to provide financial capital gains for wealthy owners.

Question and Answer Session

Guy Dauncey's presentation was followed by Questions from the audience, convened by Erica Wilson, Toronto Branch Board member.

Q 1 Erica Wilson: A participant has noted that Canada's rate of inflation is now at its highest in 18 years. **How does the economics of kindness and collaboration address high inflation?**

A This a very difficult to answer because none of the economists know how to deal with inflation until you understand the causes of inflation. In the 1970s, we had a crisis of high inflation but it was not caused by what was assumed then to be central bank monetary policy. Rather it was caused by OPEC's major increases in the price of oil. So, you need to sort out how much inflation today is caused by central bank finance to support the COVI-19 cheques, how much is due to housing price increases and how much is due to quirky things like food shortages. I do not know the answers to these but I do know about housing price increases. There is far too much money coming into the housing market from foreign investors and inheritances which people are using to buy houses. Now 70% of citizens who own their houses are gaining wealth while the other 30 percent are facing increases in rents. Until we have a complete analysis of all these causal factors, we don't know what policies are the answer, and particularly, whether the problem can be solved by central bank policy of increasing interest rates. 44.40 to 47.00

Q2 Erica Wilson How will your economics of kindness model of collaboration support better climate governance nationally? Do you envision a role for the United Nations in bringing this culture globally to all nations?

A The trouble with the Paris Agreement, which is about to be discussed at COP 26 in November, is that it is voluntary. That means that the nations do not have to reach the enunciated targets on green house gas emissions. You need to move to regulatory measures as we do with trade agreements. With trade agreements, if you do not meet trade agreement, you have to pay a fine which may be a \$ billion or more. So you need to pass laws that set targets and impose penalties for non-compliance with the targets. A couple of examples of targets are:

- By 2030, every car on the road must be electric
- No new houses can be fitted with natural gas - starting in one year's time.

You can also pass laws to require the central bank to do "credit guidance" which requires that all banks are not allowed to lend money for fossil-fuel production. Such credit guidance measures were adopted after World War II in Japan, South Korea, Taiwan and then China. They required that banks lend for firms engaged in exports to enable those countries to build up their internal economies following the war. Another example of guidance occurred in 1940 when Britain forbade banks to lend money to German companies producing armaments. Ideally, we need to get these regulations into the global community. But this is highly controversial because many countries do not want to give up their powers of regulation to the United Nations. The European Union is the only example of globalizing regulations. Its model needs to be expanded. For example, recently Costa Rica and Denmark have signed a joint non fossil fuel proliferation treaty although Costa Rica does not have a fossil fuel production. I note one of the participants suggested a Ministry of the Future with young people sitting at the table. Towards this end, I would propose lowering the voting age to 16 and allowing 16-year-olds to vote for younger 8 year-olds on policies for the future. 47:00 to 50:18

Q 3 Erica Wilson: This is a question from **Janet Dennison. How do you innovate in this new collaborative economy?**

A It's true agency. I've been self employed all my life, and my wife Carolyn has also been self employed. I see the way we just create things. You dream it up out of your imagination. You make it happen. Everyone in business knows what that is all about. When you work too long in an oppressive job where someone else is the boss, you slowly lose your agency. You lose the ability to think for yourself and act for your self. The glory of agency is that people, especially young people, dream up stuff. Dauncey gave the example of the Dutch teenager whose name he had forgotten. At age 17, this teenager was appalled by plastic pollution in the ocean. He said, I am going to solve that problem. Eight years later, he has a new machine which he is using to get plastics out of the pacific ocean. So, innovation happens by itself. In our community economy, we simply need to nurture it, and to support it for example with grants, scholarship, free education and maybe help them to start a business in the community. 50:19 to 51: 17

Q 4 Erica Wilson: Given that one of every four Canadians does not believe that climate change is caused by human activity, do you truly believe that it's possible to transition off fossil fuels within the next ten years?

A No, but by 2040, it is possible. The flip side of the question is that 75% believe climate is real. And every year they are getting more freaked out as they hear and see that floods, fires, smoke and droughts are getting more impactful. So, ordinary people who do not understand climate crisis, know that things are getting worse and are willing to vote for politicians to do stuff to stop it.

When you do public polling on solutions to climate change such as those that Seth Klein describes in his 2020 book, *The Good War: Mobilizing Canada for Climate Changer*, surveys show that 70% to 80% support more solar, wind, and retrofits and winding down the fossil fuel industry. So, there is no problem of lack of public support. Note: Seth Klein argues that handling climate change should be handled in a similar way that Canadians handled World War II.

Interestingly, when people are surveyed about their values, as the Common Cause Foundation in Britain has done, up to 75% want to live by cooperative values of caring and supporting each other. The other 25% prefer to live by values of status and importance and where they are at the front of the pecking order and things like that. Extending these survey results to Canada means that 25% Canadians are hard core conservative voters who think only of their own taxes, who don't want to think of others, who say stop regulating me, don't tell me about guns, don't tell me about vaccines. But this group is only 25%. A huge majority are thinking cooperatively, rationally and want more kindness in the world. 51.18 to 54.20

Q 5 Erica Wilson: How does the economics of kindness prevail in a world dominated by special interests that are entirely opposed to a shift in the status quo as well as people who don't belong in the status quo who buy into the culture of domination as you so eloquently put it?

A There are two points to this answer. First, in America starting in the 1970s, the Koch brothers and others put huge amount of money into public discourse to create the view that the government was the problem. President Reagan came along and emphasized the message with his famous statement "Government is not the solution: government is the problem."

Secondly, the real power behind the throne is special interest groups with financial interests who want nothing more than to become rich. These are the alpha males who want to dominate. There is no way to overcome this apart from resisting it in the streets, getting insurance companies to stop insuring tar sands, stopping banks from speculation and turning public will into legislation. This is how you express public will and power in a democracy.

In the 1930s, President Franklin Roosevelt tried to stop the power of the big banks from speculating to create more money wealth out of thin air. The rich hated FDR for doing this. [The aristocrats called him a traitor to his class.] They also hated him for supporting labour unions. But FDR succeeded by getting legislation passed [the Glass Steagle Act (1933)] that stopped the big banks from speculating. So, there were no more financial crises in America for 25 or 30 years.

And you need public education to help the people who have been sucked down into dark rabbit holes of conspiracy theories fueled by the dominators. 54:21 to 57:00

Q 6 Erica Wilson: This question comes from the President of the WFMC, **Walter Dorn**. He says: “As world federalists we think a lot about the institutions of global governance. We need institutions to hold governments and corporations to account and to the new rules. Otherwise, the selfish take advantage of the kind.” I did hear you talk about a UN fair trade organization. **How so you solve the enforcement problem of a UN fair trade organization?**

A The enforcement would come at the national level. It’s already showing up in what is called “carbon border adjustments”. If one country has a high carbon tax as Canada will have soon, and another country that exports to Canada has a zero- carbon tax, Canada can put a tariff on that country’s exports to Canada based on their carbon footprint with an assumed carbon tax.

You can do the same for countries that are not signing human rights agreements, or that have not signed treaties on anti ecocide, or that are not respecting labour unions. It does require a government regulatory ability to do that. In turn, that means, when a government sends delegates to a trade conferences, the terms of reference for the delegation should go before Parliament first to be debated in public. So, the delegates know what their purpose is. Otherwise, what’s happening by default is that economists go to trade topics schooled in neo classical economics and assume the market knows best and just read from the same old script.

So, you have to restore democracy before people enter trade agreements and other global level negotiations. When you go to the G20, Parliament itself should be discussing what are the pieces that the government is putting on the table for negotiating a G20 treaty.

The federal piece, I believe, will be built up by a Green 20 group of nations or a Green 50 group which sign on to strong action to address the climate crisis and the biodiversity crisis. They would have trading advantages among themselves and support each other in all sorts of ways. 57.01 to 100.00

Q 7 Erica Wilson: This question is from **Keith McNeal: What do you think of a global carbon fee and dividend: charging a fee on fossil fuel similar to a carbon tax and distributing the income to everyone as equal dividends similar to a universal income and doing it on a global level?**

A On the global level, it's impossible at the moment. But it's exactly what Canada is doing now. Canada's carbon tax is a carbon fee, the income of which is distributed to every one. But it is not distributed completely equally but it is distributed as a tax credit on income tax which is more favourable to lower income people. If people got it as a cheque in the mail on their birthday, they would appreciate it. However, it is a fatal foundation because it would end by 2040 when fossil fuels are eliminated with the result that there would be no more income. Therefore, we have to think differently on how we want to finance a basic annual income.

Globally, to impose a carbon tax would require such a high level of tax there would be huge right-wing resistance; so it is politically impossible at the moment. However, if more countries do it that's what matters. We need to sort out the global differential carbon fee among nations by the Global Climate Fund resulting from the wealth countries commitments to put in x billion dollars each year to transfer to the less wealthy countries like the Mozambique and Kenya. These transfers will help them deal with the impacts of climate change and invest in the transition for themselves. But we really need to put China, India and Indonesia at the top of the list of how we deal with the transfers because those countries are still investing in coal and their environmental movements are far weaker than they are in the developed world. 100.01 to 102.00

Q 8 Erica Wilson: I want to talk about the development trajectory of those "less wealthy" countries. It's anticipated that urbanization is to be one of the defining themes of this century. The fact is these places need to urbanize but how do they do it? They will do it, but if it is done incorrectly, it could lead to devastating pollution and massive slums. **How to you foresee the economics of cooperation helping on a global scale to bring about urbanization in places that need it.**

A Dauncey. Let me separate the answer into two pieces: (1) the developing world i.e. the global south) and the (2) the urbanization thing, which is different.

If you look at the developing nations, there are some still run by tyrannical oligarchic wealthy families, whether in Belarus, Angola or Niger, that completely control the show. For these countries, you need to build enough community strength until you can have proper democracy before the transition to collaborative economic development can take place. Similarly, other nations like El Salvador and Nicaragua, where powerful families run the show like the Mafiosi, need a wholesale change to democratic governance before they can begin cooperative economic ventures.

The places around the world where you have successful cooperative economies are those where women are being respected and have autonomy and have power. So, in the Carola India for example, there is the "Brasheed" movement that involves vast urban developments. These are led by village assemblies and urban assemblies where people meet together, decide what their needs are, do the investments, start the farms, and start the businesses. It's all structured right up to the State level. The same happened with the Grameen Bank in Bangladesh and KIVA

micro finance which have been phenomenally successful. Other examples, where the same principles are operative, include the Sikend movement on the outskirts of Cairo and the Kurd's independent community, Regatta in Northern Syria.

But it's imperative that women have a big role to play. Throughout Africa, where it's assumed that men run the show, it's very difficult to get the wisdom of women because the men's view is that women's voices do not count for anything. This means that transformation to a cooperative economic system with kindness will not be a quick process. It's not a ten year-transition in most of the developing world because you have a lot of ancient prejudices to overcome. In India, for example, the cast system where everyone is assigned a caste, plays against collaborative economics.

You have to have enough cooperative resistance to overcome domination. The resistance movement, whether its against pipelines or capitalist oppression of workers, or black lives matter, or indigenous lives matter, is a hugely important part of restoration of a cooperative economy and bringing kindness back to overcome domination. We've grown up with 10,000 years of domination which puts the black people, the immigrants and even working class people oppressed by capitalist bosses at the bottom. The bullied want to feel self important so they bully other people who they believe they can bully. The typical bully in the playground is feeling inwardly insecure. Probably he had parents who bullied him. So, he will probably bully people who he believes he can bully. The impetus to bully will never go away; it will still be there in 100,000 years. We need to learn how to suppress it and keep it under control. 102.01 to 105.29

Q 9 Erica Wilson: The next question comes from **Mr. Tourquoi** [pronunciation?) **How do you perceive the role of our military around the world shifting their expenditure to peaceful enterprises** - or do they not; does money remain directed to the military?

A This is a really important question. Let me give you some figures. In 2021, violence and war in the world cost \$15 trillion or \$2,000 per person. Of this, 43% was military expenditure and 39% was for internal security. World military spending is 100 times more than spending for waging peace. Imagine that a government of a key country [Canada is a prime example] could form a coalition of peace- making countries committed to channeling as much investment money as is needed into "positive peace" activities. Positive peace activities include mediation, conflict resolution and food security (which is the trigger for a lot of war). Note that positive peace is different from negative peace which is just keeping people from fighting. Positive peace is all about trading with each other, working together and having respect for each other. Canada could start building a coalition of such countries. 105. 51 to 110.37

Q 10 Erica Wilson: **How do you refuse to have your tax dollar go to war or insist that it go into peace making?**

A My observation over many years is that campaigns about refusal to pay taxes for war have had limited success. At the end of the day, you are obliged to pay taxes. Personally, I think there are more impactful ways to address the issue of war. As an activist it's a good idea to concentrate all your time on one cause rather than several where you might suffer from burnout. Personally, I would prefer that activists try to develop a consensus among a group of countries, a P20 for example, to work together to change the entire global mind set about war and shift to peace. Such a campaign, in my view, could end war in a hundred years and might have success in as few as 50 years. 110.38 to 111.07

Q 11 Erica Wilson: This question comes from **Rose Dyson** a member of the Board of WFMC- T: **Do you think effective government regulation will require better rules along the digital road to encourage kindness and less polarization?** We don't have to address algorithms. Not sure about this, its long. Basically, it's about using technology for kindness and less polarization.

A With respect to the algorithms, I think I know what she is getting at. The quick answer is we need more "Al Gore isms" and less algorithms - just being funny. Seriously, the government needs to regulate digital media which is presently encouraging hate in many nations. In the 1700s, Britain brought in regulations on slander, and libellous, disgusting text that appeared in the many pamphlets. Today, the radio waves in Canada are well regulated against hate and slander. This is not the case in the United States since the regulations of the air waves were scrapped during the Reagan administration. Today, government needs to regulate the social digital media that spreads lies and hatreds which are harmful to the public interest. Government regulation has two components; a digital tax and a set of fines for hate, libelous and fraudulent nonsense. This is not censorship such as Facebook's censorship of nudity. Public discourse needs to be respectful and well informed. 111.08 to 114.03

Q 12 Erica Wilson: This question is from **Janet Dennison:** **How do you stop** exploitive nature of a lot of government so called aid. I'm speaking about **the scandals such as the Covid -19 outbreaks in Ontario's seniors' care homes?** Is it about accountability and training?

A Yes it's about accountability and training in the seniors' care homes. Unlike Australia, where there were very few cases of infected residents, Ontario, as I understand it, gave the homes four weeks notice that a government inspector was coming to inspect them. Typically, about a quarter of people are selfish and engaged in corruption and/or deception. It's incumbent on those in the 75% majority to call the 25% minority out and defend the 75% against their actions. 114.08 to 116.00

Q 13 Erica Wilson: What is the biggest barrier to achieving a kind, collaborative society?

A Guy Dauncey I believe the largest barrier is not understanding that most of us want to be kind, that we are kind in our behavior and that we are cooperative. We need to disabuse ourselves of the belief that all citizens are selfish and brutal and the disabuse ourselves of the

cynicism that comes from that – that, for example, the rich control everything and there is nothing you can do. It is not true that most humans are selfish and greedy. It is true that we have an impulse to dominate if we can get away with it. So, believing in our ability to solve these problems is the biggest success we can get. The biggest barrier to success is our belief that we cannot solve the problems which takes us to a darker place of being cynical about what we can do and giving up. In the sports analogy, we have to see ourselves as players in the game that we have the capability to win, that we will always make the effort win though the game will not be won all the time. That is different from the spectator who are not players.

Q 14 Erica Wilson: What role should the next generation play in bringing about the economics of kindness? Speaking of the future, you previously mentioned the role of young people, the housing market being a specific sensitive spot. I just saw a comment from Milea Dark talking about the need to teach children critical thinking skills. I want you to elaborate on the role that you think the next generation has in bringing about the economics of kindness. Have you seen things that give your hope?

A By younger generation I presume we are talking about people under the age of 35. I see young people wanting to be kind, but they have not done enough study (e.g. 6 years of study of economics) to understand the full story of their plight.

If we are talking about the housing crisis, the reality is that the young, who are largely renters, are hugely outnumbered politically by the 70% who are homeowners who are indifferent to their plight. The homeowners are likely more focused on enjoying the capital gains that increase their wealth (net worth) every year. The role of the young should be to form alliances to mobilize for reducing their rents. Specifically, they should go on strike for short periods of time and refuse to work for periods until, or unless, the government addresses their issue. Businesses may call on the government to urge it to fix the problem: that their young employees earning \$15 per hour cannot possibly afford their rent. Such mobilizing is based on the principle that the squeaky wheel will get the government's attention. 117.21 to 120.46

Q 15 Erica Wilson: Why does allowing the young into the housing market mean that seniors who have invested in the housing market will not be financially secure? A question came up in the federal election debate last Thursday that was addressed to Jagmeet Singh. It was positioned as you can either allow all young people into the housing market or allow older people keep their investments in real estate but not both. And there was a middle group who are financially insecure because they have both real estate and large mortgage debts and therefore little wealth (i.e., net worth). Some of this appeared to be related to Covid-19. Is this an either or question?

A I heard that question. Seniors who own their own homes see ownership as their financial security, do not want to pay capital gains tax on the increase in the value of their homes because it will jeopardize their financial security. So, five years ago, a seniors family owned a \$500,000 home which has now increased to say \$900,000. They had sufficient security when their home was worth \$500,000 so they now have more than sufficient security with another \$400,000. Yet they still do not want to pay capital

gains tax because it will jeopardize their financial security? Even if they paid capital gains tax at a fraction of their \$400,000 they would have more than the \$500,000 security they thought was sufficient.

So, we need some changes in taxation to address the problem of excessive inflation in housing prices and the increasing poverty of renters due to increases in market rents. For starters, all second properties should pay a tax on the capital gains at a rate 100%. Right now, as an owner of my home I can take out a \$300,000 loan on it and buy second property, rent it out and get rich on the capital gain of the second property when I sell – all at the expense of the people who are renting it. Those who own property need to realize that they are floating on a bubble of increase property values that will burst sooner or later. The values need to fall. When they do fall, some who just bought will be badly hurt. Presumably they can be helped out through tax concessions or welfare of some sort. The great majority will not be hurt but will be laughing all the way to the bank.

90% of homeowners do not have a financial security problem. At the same time, 30 % of the population have no hope of becoming homeowners and are also faced with increased rents. At the same time 90% of homeowners do care about their children and grand children. They are not selfish looking only at their own wealth and critics who suggest they are spending the inheritances of their children should be called out.

Erica said I'm glad you said that. She was thinking about the current young generations birth right declining because of the vulnerability of not knowing if they will ever be able to own a home. Having the wealth in one generation does not do much for the next generation.

Guy Dauncey responded affirmatively and went on to say that we need a new social contract reminiscent of the social contract that Canadians had in 1945 which brought in the welfare state in which the government provided unemployment insurance, public health, public housing, moderate retirement pensions for all in the labour force. He outlined the features of his proposed new social contract:

- A gift ranging from \$20,000 to \$80,000 for every 18- year old ranging from \$20,000 to \$80,000 with no strings attached and financed by a tax on the wealth
- The government to pay tuitions for all the young who go to college as Germany does
- Increased tax rates on wealth and higher incomes.
- A tax on inheritances
- A right to affordable housing

Such a social contract would include a right to affordable housing, free college education, a tax on inheritance and a large trust for those who come of age to get started in their working career. And we need a tax on wealth. So he concluded that Jagmeet Singh is right on that score but he does not go nearly far enough on how to do the wealth transfer from the current generation [Baby Boomers?] to the next generation. 120.47 to 125.11

Q 16 Erica Wilson This next question is from the chat, from **Ted Sheldon**. **Can the green new deal help with your cooperative economic system?** Jeremy Rifkin and Naomi Klein have written on the green new deal and a limited number of countries including the EU have committed to such an approach. To what extent might you see the green new deal helping to provide an international solution

to climate change, biodiversity and equity in the kind of international cooperative system that you have been proposing?

A The means of implementing a green new deal inside a country requires the ability to give guaranteed jobs to people who transition out of fossil fuel companies. You can't do that internationally. Canada can't give America jobs because the jobs are Americas.

The global equivalent of the green new deal has to come through financial transfers from the wealthy nations to the global south with strings attached about what the financial transfers can be used for. It involves setting up alliances of nations like India and Indonesia that are heavy users of coal, sharing skills with them about community-based job creation through enterprise start ups, sharing skills for workers in the new solar and wind energy enterprises and applying the funding from the wealthy countries for job security in the transition off the jobs in coal to green new jobs altogether in 10 years to 15 years time. The goal is 100 % reduction by 2040 and 60% by 2031, that is 7% every year. The curious think is, when Jagmeet Singh was asked what he would do about the pipeline. He should have said it's really easy: we will shut the pipeline down and guarantee transitional support for every worker in Alberta, Saskatchewan, and Newfoundland who depended on fossil fuel production for their incomes. Then they would say OK. But he did not say that. I wonder why he did not go there. 125:12 to 128:22

Q 17 Erica Wilson. The next question comes from WPMC's new Executive Director, **Alex MacIsaac: Do you foresee any sort of global democratic institution to defend community democracies?** If so, what kind of institution or program characteristics could it have, in your view, to prevent those who with dominating actions and promote those with cooperative tenancies?

A So, there are two kinds of institutions. The first are non-profit civil society institutions around the world; there are many such organizations working in this realm. Then there are nation-to-nation bodies. We need these to make a global public assembly. Our United Nations is the equivalent of the Senate and the House of Lords with a few appointed people. My thinking is a global UN assembly. Assuming there are 10 billion people in the world, for example, we could have one vote for every 10 million people if the UN assembly had 1,000 members or delegates. Any more delegates than 1,000 would be too unwieldy. So, for example Canada would have 3 members, the United States would have 33, and all the Caribbean nations would have one delegate.

For countries that are now democratic, you would have to have a parliamentary voting procedure to determine delegates to this UN assembly. You would not allow delegates to be appointed for example by the Chinese Communist Party which has no parliamentary procedure to appoint the 230 delegates for that country. In short countries that did not have those rules would not be able to participate as delegates. This would be an obvious weakness in the system. But we need to begin to bring proper democracy to the global stage. The weakness of the present UN is inherently in the nature of nuclear weapons which led to the establishment of the security council of only nuclear powers with a veto. You can't tell nuclear powers what to do because they have nuclear weapons which is why you have only 5 seats in the security

council with voting rights. But we have to evolve beyond this arrangement by establishing a group of nations that are committed to global democracy, disarmament and peace that work together as a coordinated group similar to the G20. This would be a valuable path forward. Canada could take the leadership to build this path with a collection of nations such as Finland, Cost Rica, Denmark, and Germany for example. Such a group of nations would be dedicated to making the UN assembly happen. 128:52 to 131.26

Q 18 Erica Wilson. Now we move into the stage of the meeting where we talk about the World Federalist Movement. Keith McNeal has a question about a Global public assembly. It sounds a lot like your UN Public Assembly.

A Guy Dauncey Yes, I meant to use the term global public assembly, a term which I had temporarily forgotten. 132.00 to 132.26

Appendix

The Capitalist and Neo-Capitalist Paradigms

By Peter Venton

The capitalist paradigm is about four interrelated institutions of industrial capitalism, the theory of which was developed roughly between 1776 and 1865 in Europe by so-called classical economists, notably Adam Smith, David Ricardo and Karl Marx. Neoliberal capitalism means a “new” form of capitalism that was developed by the 1890s, some 25 years after the classical version.

1 Capitalist firms

Capitalist firms produce goods and services and distribute them for sale in “free markets” for the purpose of making a profit. To this end, capitalist firms employ labour which they purchase in free markets for labour. They also purchase productive capital (e.g. factories, land and buildings, machines, equipment) that are manufactured by man. This capital is combined with labour in the process of producing goods and services for sale in markets for goods and services.

2a Free markets for goods and services

Prices are determined based on conditions of supply by the capitalist firms and conditions of aggregate demand from all consumers. Prices are based on relative scarcity or surplus among all the buyers and what the capitalist firm sellers choose to offer in the market in order to make a profit. Specifically, the capitalist firms alter their prices and production in order to sell all of their production and make a profit. A significant implication is that market prices do not represent intrinsic values. As Mark Carney explains in his recent book, *Value(s)* this has prompted Oscar Wilde’s aphorism: “knowing the price of everything but the value of nothing”. Economists often refer to the example of the “diamond water paradox” that explains why the price of diamonds is far greater than the price of life-giving water. Another assumption that markets are free in the sense all prospective buyers and sellers are free to enter the market. This is a grossly “simplifying assumption” of main-stream economists. But there is no such thing as a free market as Cambridge Economist Ha-Joon Chang has explained in his 2011 book, *23 Things They Don’t Tell You about Capitalism*.

2 b Free markets for labour and land

Also, prices for labour and land are determined in free markets for the sellers and buyers of labour and land respectively. The labour and land are combined with man made or manufactured capital in the production process.

3 Monetary system and the financial sector of the economy

The third institution is a monetary system based on bank credit that is integral to the operation of all the markets in the financial sector of the economy. The financial sector serves two main purposes. First, the banks collect annual savings from households and lends them to capitalists to purchase the capital facilities used in their businesses. They also lend these collected savings to households to acquire their “capital”: that is houses to live in, automobiles for transportation furnishings and equipment for housing – any real asset or product that has a useful life longer than one year. It also reinvests savings from households to provide for their pensions in retirement. These institutions serve the real economy. The second purpose of the banking system is to provide money for individuals and organizations involved in trading financial assets in financial markets. These financial assets include cash equivalents, bonds, mortgages, derivatives, futures, collateral debt obligations, insurance of various kinds. All of these are to a degree speculative finance. In neoliberal economics these markets have a life of their own outside the finance of the real economy. This is often referred to as the “casino economy” as opposed to the “real economy”. The casino economy has no real value, or use to society in the sense that the wealth assets are by definition not used for either consumption of goods and services or real productive capital (i.e., machines, equipment used in the production of goods and services). Worse still the investments in speculative financial assets in the casino economy periodically generate financial instability leading to periodic recessions in the economy. The two notable instances were the crash of 1929 that led to the great depression of the 1930s and the 2008-09 real estate financial crisis in the US that ushered in the ensuing great recession and massive increase in wealth for the 10% rich.

4. The Government

The fourth institution of capitalism is the government. The role of the government is to coordinate (i.e. regulate, tax or support) the three previous institutions: the capitalist firms, the markets and the financial sector based on bank credit. In this context it is often ignored that the additional role of the government is to manage the socialist sector of the economy. The socialist sector includes both government operations of taxation and expenditure, a myriad of broader public sectors such as education (schools, colleges, universities) health, public transportation organizations etc.. The socialist sector in America increased from 10% in 1910 to 45% in the 1960s with the advent of the so-called welfare state, which was the “golden age of capitalism and democracy” in America and its numerous vassal states including Canada. The play book of neoliberal economics is to greatly reduce the 45% figure through privatization of public programs and agencies, through tax reductions for large corporations and or subsidies to corporations, particularly oil and gas corporations financed by austerity in the public sector spending and underpayment of labour in terms of its productivity. Above all it wants to deregulate finance, to increase usurious interest rates which represent free lunches for the rich. All of this has led to what political economist, Richard Westra describes and the “Merchant of Venice” economy.