

Enough is Enough

Earlier this spring, the Ontario Federation of Labour launched the “Enough is Enough” campaign, which makes 5 demands which should appeal to many Ontarians.

The first demand is for real wage increases, in the form of an increase in the minimum wage to \$20 per hour, the provision of paid sick days for all workers, and changes designed to make it easier for workers to unionize.

The second demand is to keep education and health care public and of high quality, through hiring additional health care workers, funding accessible and affordable child care, and increasing the funding for (and quality of) public education.

The third demand is to promote affordable groceries, gas and basic goods by making sure that every community has access to healthy and affordable groceries, free and accessible transit, and free school meals.

The fourth demand is for affordable housing and rent control, by launching a province-wide public housing program tasked with building decent homes in every community, and by legislating effective rent control that would protect tenants and stop evictions and foreclosures for both families and small businesses.

Finally, the fifth demand calls for increased taxes on banks and corporations, and on the wealthiest 1% of households, to pay for the first four demands.

As a recently unionized worker, when I learned of the campaign kick-off I decided to attend. However, while the sincerity of the representatives of the various labour and community groups who spoke during the launch is indisputable, the campaign's understanding of the root cause of the issues it addresses appears superficial, while its proposed course of action is, at best, a first step.

The campaign's targeting of Doug Ford and the current provincial government as primarily responsible for the problems facing workers is naive. While minimum wages, health care and education fall under provincial jurisdiction, the wider issue of affordability is less a consequence of politics than it is of finance.

Why are wages not keeping up with rising housing, food and fuel costs? Why are our public education and health care systems becoming increasingly expensive to operate, even as service levels decline? Blame 40 years of ever-expanding bank credit.

The dark secret of banking is that the money banks lend is not someone else's deposit, nor even a multiple of someone else's deposit. Rather, the money lent by banks is ***created by the banks from nothing*** whenever a loan is made.

As explained by economists such as Richard Werner and Michael Hudson, every bank loan creates two accounting entries. One entry records a deposit into the borrower's account (which the borrower can spend), while the other entry records the loan (which the borrower must repay). The money that was lent did not come from somewhere or someone else, but was created through the lending process itself.

Upon a moment's reflection, it should be clear that this is a monstrous scam. Banks, with a few keystrokes, can effortlessly create credit that will take families and small businesses decades to repay. Is it any wonder, then, that banks regularly tempt us with offers of additional credit? Such additional credit costs the banks nothing, while our repayments give the banks an increased share of our household income for years.

Returning to the demands of the 'Enough is Enough' campaign, then, plentiful credit (and mortgage credit in particular, which accounts for around 80% of all bank loans) enables both households and, increasingly, real estate investor-speculators, to bid up home prices. Higher real estate prices quite obviously lead to higher housing costs and commercial rents. Higher rents, in turn, drive up business costs and thereby drive up the cost of essential goods and services. Faced with rising prices, workers both demand higher wages and increase their borrowing in order to maintain their standard of living. Higher wages, meanwhile, make it prohibitively expensive for governments to offer high-quality public services as such services are overwhelmingly performed by workers instead of machines or technology.

As this credit-driven inflationary spiral screws ever upwards, workers and families become poorer and more indebted while the banks take an ever-larger share of household income. Thus, to address the root cause of the issues raised by the "Enough is Enough" campaign we should not just collect more taxes from the banks, but should instead seek to radically curtail their power to create money and credit.

The campaign's course of action, meanwhile, is to organize a series of rallies across the province on June 3rd, the "Enough is Enough Day of Action." However, while such events satisfy people's need to feel they are being heard, the hard truth is that realizing the demands of the "Enough is Enough" campaign is going to take years or even decades of hard work. The

bankers and their allies have worked patiently for at least 50 years to gain and maintain their privileges and power. A weekend of protests and speeches will change nothing.

What then should we do? As we live in a democracy, political activity should be seen as a first option. If, however, existing political parties prove incapable of enacting serious banking reforms, it may be necessary to form new political parties committed to regulating finance so that it serves workers and businesses operating in the productive economy. This has happened before. During the Progressive Era and the "thirty glorious years" after WWII there was a widely shared view that finance needed to be kept on a tight leash.

For the moment, though, we have a campaign that at least identifies the problems facing many Ontario families, and a day of action that may mobilize people to demand change. While "Enough is Enough" may not be enough all by itself, it is at least a step in the right direction.

For more information about the "Enough is Enough" campaign, please go to WeSayEnough.ca