Perspectives

A Canadian Journal of Political Economy and Social Democracy

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The Broadbent Institute
750 – 220 Laurier Avenue
Ottawa ON K1P 5Z9

+1-613-688-2071 | info@perspectivesjournal.ca

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CONTRIBUTORS

Keldon Bester is the Executive Director of CAMP, and a Fellow at the Centre for International Governance Innovation (CIGI). Keldon has worked as a Special Advisor at the Competition Bureau, as a Fellow at the Open Markets Institute, and as a consultant across sectors in Canada.

Jennifer Clapp is a Tier I Canada Research Chair in Global Food Security and Sustainability and Professor in the School of Environment, Resources and Sustainability at the University of Waterloo, Canada. She is a Research Fellow of the Broadbent Institute.

Nathan Collett is a graduate research assistant supporting the policy and resilient cities missions of the Climate Project at the Massachusetts Institute of Technology. He is currently pursuing a Master of Science in the Technology and Policy Program at MIT as a Fulbright Scholar.

Jacob Lokash is a JD Candidate at the University of Toronto Faculty of Law. He is the Senior Associate Editor of the *UofT Faculty of Law Review*.

Garrett Evans is a freelance writer and labour-economics researcher at the University of Toronto, where he recently completed his M.A. in Economics.

Roy Culpeper is an Honorary Senior Fellow of the University of Ottawa's School of International Development and Global Studies, Adjunct Professor at the Norman Paterson School of International Affairs, Carleton University, and a Research Fellow of the Broadbent Institute.

Kaitlin Peters holds a PhD in Sociology from York University in Toronto, Canada. She studied the history of the childcare movement in Ontario from the 1980s to the present day. She is currently employed as a policy analyst for the College of Early Childhood Educators.

Nick Pearce is a writer and researcher interested in climate, political economy, and democratic decision making. He holds a Master's of Global Affairs (Collaborative Specialization with the School of Environment) from the University of Toronto. Previously, he was an award-winning journalist in western and northern Canada.

Aaron Obedkoff is a writer and editor. His work has appeared in the *Literary Review of Canada*, *Arc Poetry Magazine*, the *Chicago Review of Books*, and the *Stinging Fly*. He recently left Montréal to begin a PhD in the Department of English at Emory University in Atlanta.

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Editorial — Spring 2025

Clement Nocos

At the time of writing, multiple economic and political developments over recent months have clouded Canada with an atmosphere of uncertainty. Despite general discontent with the present state of the country, a new civic nationalism has emerged. This confusing discrepancy takes place amid a federal leadership vacuum in the resignation of Justin Trudeau and the selection of Mark Carney as the new leader of the Liberal Party of Canada. Meanwhile the re-elected President Donald Trump in the United States seeks an economic war with the rest of the world. It is the economic aftershocks first induced by the COVID-19 pandemic in 2020, the inflation crisis and widening inequality that followed, as well as the subsequent failure of liberal and "Third Way" governments in the West to adequately address these emergencies that have brought us to this contentious point.

According to 2024 Ellen Meiksins Wood Lecturer Isabella Weber, reacting to Trump's re-election in the US in the *New York Times*: "Unemployment weakens governments. Inflation kills them." This rang true again in Germany, just a few months later, as the Social Democratic Party (SPD)-led coalition government faced a massive defeat in the February 2025 election. The junior Liberal Party partner ended up missing the 5 percent legislative threshold and is no longer represented in the Bundestag, while the Alternative for Germany (AfD) took in the largest gains for a far-right party in the country since the fall of the Nazis.

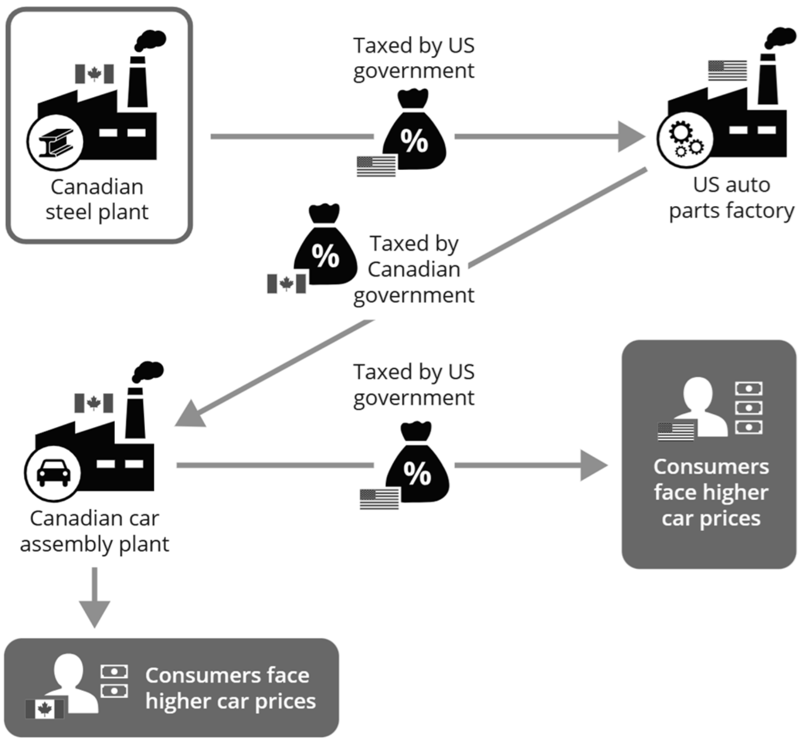
Source: ARD-aktuell / tagesschau.de; Grafiken Bundestagswahl 2025 „Ich mache mir große Sorgen, dass die Preise so stark steigen, dass ich meine Rechnungen nicht mehr bezahlen kann.“

In exit polling on the question of "I'm very worried that prices will rise so much that I won't be able to pay my bills," 75 percent of AfD voters agreed. 60 percent of voters for The Left Party (Die Linke) also agreed, and the party's late campaign push on inflation and anti-racism arguably brought it back from the brink of missing out on Bundestag representation.

Is a similar far-right swing in store for Canada at the next federal election despite, at the time of writing, the wave of nationalist bravado concurrently experienced alongside a surge in polling when the Liberal Party remained leaderless? In its evaluation of the potential impact of US tariffs, the Bank of Canada illustrates the end result of these American policy measures and the Canadian response: consumers face higher prices.

If this economic shock engineered by the United States causes a new inflationary episode, could Canada see far-right Conservatives make massive electoral gains in the looming federal election?

Figure 1: Tariffs on intermediate goods amplify the impacts of tariffs on production costs and prices



Source: Bank of Canada, "Evaluating the potential impacts of US tariffs", Monetary Policy Report—January 2025—In focus.

Ed Broadbent's decades-long career in ideas and politics, resurfaced today through the archival research work of *Seeking Social Democracy* co-author Luke Savage, may show us an alternative path out of this. In 1967, responding to an open letter calling for an alliance of socialists and liberals to address growing American encroachment in Canada by the editors of Canadian Dimension, Ed Broadbent argued forcefully that the two ideologies were committed to ends so radically different that cooperation on the basis of shared Canadian nationalism, against US domination, was both incoherent and impossible. Liberalism, as Ed observed, has offered no real defence against the far-right at home and abroad.

For Ed, real independence for Canada meant building an egalitarian society to reinforce sovereignty and liberty, separate from the United States and its liberal idealism that supplants equity and justice for individual freedoms. For socialists to join with liberals in this project of national independence would be a mistake, since their compliance and complicity with American capital make them poor allies in resistance against the power of the US Empire. But what is to be done by a socialist program made to protect Canadians against US domination?

To meet the moment, this issue of *Perspectives Journal No. 3* features a collection of articles that address the fight against inflation, the systems of capital that have brought us to this point, and the alternative systems Canadians can build to tariff-proof and inflation-proof the economy.

Keldon Bester of the Canadian Anti-Monopoly Project and Professor **Jennifer Clapp**, Broadbent Fellow and Canada Research Chair in Global Food Security and Sustainability, get to the heart of Canada's food system and address the market concentration that has influenced inflated food prices.

Complementary to this analysis is a study of the institutional design of price controls in Canada by **Nathan Collett** and **Jacob Lokash**. By demonstrating how a system of price controls across Canada's federal jurisdiction ought to work, this policy tool should very well complement a progressive inflation-fighting package.

Bringing us to this crisis point of instability and uncertainty is a financial system surrounding capital that works to subvert democracy in the interest of wealth accumulation. As demonstrated by the partnerships between the US Republicans and Silicon Valley billionaires, as well as the alliance of ordoliberals and right-wing nationalists among the AfD in Germany, far-right movements tend to find comfortable partners in capital. **Garrett Evans** brings an analysis forward on how the rich exert outsized influence to subvert democratic regimes by using the immense power of capital mobility, contributing to today's growing inequality. Broadbent Fellow **Roy Culpeper** also looks at the outsized influence of capital and its engineering of crisis among Global South countries through debt and financialization.

Alternative systems embedded in decommodification help to build resilience against inflationary pressures. By removing the profiteering incentive associated with the "sellers' inflation" phenomena of price coordination around economic shocks, it becomes much easier to defend ordinary Canadians against cost-of -living pressures. **Kaitlin Peters** brings forward an analysis of a rights-based national child care strategy in this moment of crisis to support economic growth. The Green Economy Network's **Nick Pearce** invokes a progressive reversal of Quinn Slobodian's *Crack-up Capitalism* in carving out zones of democratic institution-building like public grocers that would help to fight the price gouging experienced by many working-class Canadians.

This moment is captured in the theme of the Broadbent Institute's **2025 Progress Summit: *Daring to Take on Today's Crises***, taking place April 9-11 in Ottawa where *Perspectives Journal No. 3* is released. Amid this nationalist fervour is a desire to protect Canadian institutions such as public healthcare – a profoundly distinct and equalizing system that has insulated the Canadian working-class from the affordability experiences of Americans. While recent electoral outcomes in the West suggest Canada may be headed for a far-right surge, a progressive program that directly addresses the fight against inflation could provide an alternative path.

The Monopoly Problem at the Heart of Canada's Food System

Keldon Bester & Jennifer Clapp

Introduction

Canadians today are more familiar with the shortcomings of their food system than they would likely prefer. The supply shocks of the COVID-19 pandemic, rapid food price inflation in the following years, and now Donald Trump's manipulation of tariffs as a key instrument of his foreign policy have brought the often-hidden nature of the food system to the kitchen tables of Canadians. Underlying these recent cost-of-living pressures, brought to the forefront by these economic shocks, is a system that has experienced dramatic consolidation that has left important markets in the hands of a small number of players. Producers have been squeezed at both ends of their livelihoods, food system workers are facing low wages and harsh conditions, and consumers are on the hook for steadily rising prices. By understanding the causes and cost of consolidation and corporate power in the food system, Canadians can begin to chart a new course for the markets that provide products essential to our survival: what we put on our table to keep ourselves, our families, and our communities healthy.

Our Current State: Consolidated

While the ongoing cost-of-living crisis facing Canadians has been provoked by recent global events, the consolidation of the Canadian food system has been a long-running and strenuous process. In the world of "antitrust," the American term for the body of law intended to police monopoly power, consolidation and the resulting market concentration is more like the smoke, but not the actual fire, of competition concerns. Fewer players in a market means less options for consumers, whether individuals or businesses, and a higher likelihood for the kind of price collusion—fixing the price of goods, dividing up territory between players—that is easier to maintain among fewer players. Antitrust authorities have developed rules of thumb to determine when high concentration begins to warrant concern. One such metric is the concentration ratio (CR), which measures the percentage of market share held by the largest firms in a market. Typically, a CR4 (the market share represented by the top four firms) above 40 percent signals moderately high levels of concentration that can lead to market distortions and an increased risk of collusion. A CR4 above 60 percent is considered highly concentrated and at an elevated risk of competition concerns.

Looking at national concentration levels–crude measures that paper over more intense regional and local concentration–many aspects of the Canadian food system exhibit alarming degrees of market concentration. While Canadians are likely to be familiar with the story in retail grocery with five major firms holding over 75 percent of the national share, concentration is more extreme at the segments of the food system unseen by most Canadians.[1] Food wholesale and distribution networks, for example, have deep ties with the concentrated retail sector, further weakening competition in the sector.

Concentration is also rampant in other parts of Canadian food supply chains. A single company, Nutrien, controls 60 percent of not just Canada's but North America's potash production, a key input to the manufacture of fertilizer.[2] The market for canola seeds is an effective duopoly, with BASF making up 60 percent and Bayer-Monsanto the remaining 40 percent.[3] The situation is just as intense in the market for large farming equipment, with John Deere holding over 50 percent followed by CNH Industrial at 35 percent and AGO at a distant 7 percent.[4] Two companies make up nearly 100 percent of beef slaughterhouses in the country.[5] Processing of hogs is more diverse but no cause for celebration, with a CR4 last measured in 2019 of roughly 70 percent.[6]

Meanwhile the least concentrated link in the food system, the producer level, is headed in the same direction. The overall number of farms in Canada has been steadily falling for the past quarter century, while the average farm size in Canada rose from 676 acres in 2001 to 809 acres in 2021. At the same time, the number of farms over 3500 acres has nearly doubled in that same period.[7] In terms of crops, aside from modest growth in canola and soybeans, other major crop categories have seen the number of independent farms drop steadily over the past 40 years. The same goes for major livestock categories of cows, pigs, and chickens. At the final step before products hit the shelves the story is no better. Across multiple consumer packaged goods (CPG) categories in Canada, four to eight companies frequently compose nearly 90 percent of sales.[8]

The purpose of this parade of statistics is to illustrate the near universality of the march to concentration that has taken place in our food system. Canadian competition law, our antitrust equivalent, has until recently embraced a unique commitment to the tradeoff between competition and the alleged benefits of consolidation under the headline of efficiencies. Though the definition of efficiency is indefinite, efficiencies arising from a merger or acquisition generally contemplate doing more with less, either by making goods with fewer inputs or investing in innovation that transforms products and processes. Many jurisdictions consider the efficiencies proposed by the merging parties in determining whether a merger is pro- or anti-competitive, but until recently Canada was alone in its acceptance of otherwise anti-competitive mergers where harms could supposedly be offset by claimed efficiencies. Canada would accept reduced competition so long as the theoretical ledger could be balanced with claimed cost-savings, most frequently in the form of post-merger layoffs. In sectors where economies of scope and scale can be a very real factor, the efficiency of defense supercharged consolidation even when resulting harms to competition were clearly articulated.

Despite its outsized commitment to efficiencies, Canada is just one front of the consolidation of the global food system. Peer countries like the United States, Australia, and members of the European Union, equally enticed by the promise of more efficient production, have seen concentration levels steadily rise. The same pattern applies across much of the developing world.

Concentration is especially pronounced among agricultural input suppliers and commodity trading firms. Turning away from national statistics towards the global picture, multiple markets exhibit staggering levels of concentration. The top four global grain traders control more than 70 percent of the global market, the same goes for the top six agrochemical and animal pharmaceutical companies. Seeds and farming machinery are not much better with six firms making up over 50 percent of their global markets.[9] Like their national counterparts, these global statistics mask that individuals and businesses dependent on these markets have even less choice in their own local markets. While there may be four major global seed firms, canola growers in Canada have just two choices on the ground—Bayer-Monsanto or BASF—to access needed seed varieties.[10] Born out of a toxic combination of real gains from economies of scale, an ignorance of the need for competition to distribute those gains broadly, and the financial rewards for acquisitive behaviour, Canada and its global peers are now reckoning with the consequences of this global march to monopoly in food systems.

Why Care About Consolidation?

The highly concentrated nature of the Canadian agrifood landscape raises multiple concerns. Economists and competition authorities focus primarily on the potential for dominant firms in concentrated markets to push up consumer prices, and in select cases to push down prices paid to farmers and workers. But concerns arising from corporate concentration in the food system go far beyond just prices and include broader conditions within food systems.

It boils down to power. When just a few firms control nodes of food supply chains, they have the power to shape what our food system looks like, how much choice and voice we have within it, as well as our access to a healthy and sustainable diet.[11]

Market Advantages to Agrifood Firms

The oligopolistic nature of the food system means that top firms have the power to affect the contours of the market to their benefit, often colluding to artificially direct the flow of competition and raise prices. In 2017, competition authorities were made aware of four of the five major grocery firms working together to fix bread prices over a 16-year period, only after a lead firm broke ranks with the cartel.[12] In that period, the price of bread rose twice as much as the overall increase in the price of food sold in Canada, costing Canadian consumers of this basic staple possibly billions more than they otherwise would have paid in a competitive market.[13]

While the Bureau has not pursued the broader case, documents surfaced through the proceeding suggest that other staple food categories may have been subject to coordinated behaviour as well. Though less outright than the bread case, concern about possible coordinated action was directed at grocery companies during the COVID-19 pandemic and the ensuing period of high food inflation. From 2019 to 2022, the profits of the three largest grocery firms collectively grew from $2.4 billion to $3.6 billion, mainly due to what the Competition Bureau called “modest yet meaningful” increases in gross margins over that period.[14] This finding suggests that those firms were able to take advantage of market turmoil to raise prices without the competitive forces that would have competed away these excess profits.

Again, this is not a Canada-specific phenomenon. Several Canadian firms are among the top four in the North American frozen potato products market and have recently been served antitrust lawsuits for colluding to fix prices in the United States, which complainants say led to a 47 percent price increase since 2021.[15] But it is not just collusion that is the concern. Analysts at the University of Saskatchewan, for example, have warned that the recently approved merger between Bunge and Viterra, which together control 45 percent of bulk grain export capacity in Canada, could result in increased handling prices and the loss of over $700 million per year to producers as well as reduced incentives to invest in needed infrastructure.[16] In approving the deal, Transport Canada required Bunge to sell some of Viterra’s grain elevators and imposed conditions on potential conflicts of interest arising from the transaction, but the remedies are unlikely to protect producers harmed by the merger.[17]

As power in the market increases, so too does the ability of large agrifood firms to boost their bottom lines. In 2017, the large agricultural input firms met at an annual meeting of CropLife America—an industry association—to develop a strategy to push back against new online vendors of farm inputs, including Farmers

Business Network (FBN), which sought to provide more price transparency for farmers by putting prices of inputs online. When FBN then purchased the Saskatchewan-based physical input retailer Yorkton Distributors to expand into the Canadian market, the major input firms promptly cancelled their contracts with Yorkton, blocking this new source of competition. The Canadian Competition Bureau investigated, and although it found that the firms communicated with each other on a collective strategy regarding FBN, it did not pursue the case given the lack of a formal agreement among the dominant input firms.[18]

This exercise of market power on the part of the big firms in the sector has real consequences for consumers as well as producers. It pushes up food prices and raises costs for farmers. Across markets like farming equipment dealers, fertilizer manufacturers, grain companies, and seed and chemical companies, over 60 percent of surveyed farmers consider consolidation to have a negative impact on their business.[19]

Shaping Everyday Features of Food Systems

Dominant agrifood firms also have enormous power to shape the material conditions of food systems that affect farmers, workers, and consumers in concrete ways on a daily basis. The influence of input firms over innovation is a case in point. Competition authorities typically consider whether a proposed merger might harm competition so much that it dampens innovation. But they do not assess how some innovations can further harm competition. In the 1980s and 1990s, dominant seed and agrochemical firms consolidated as they ramped up investment in their patented genetically modified seeds which they engineered to be resistant to their own brand of herbicides. Farmers were forced to sign technology agreements that prevented them from saving their own seeds to replant the next season and from using alternative brands of herbicides.[20] In 1998, Canadian canola farmer Percy Schmeiser was sued by Monsanto for having that firm's patented GM seed in his field without having purchased it and signing the agreement. Schmeiser rose to fame by resisting the firm, insisting that the seed blew onto his field from neighbouring farms. But Schmeiser still lost the case in Canadian courts, which ruled that he infringed on Monsanto's patent.[21] By the mid-2000s, it was almost impossible to find conventional, non-GM seeds on the market.

Labour conditions are also shaped by the dominant players. When just a few employers exist in a sector, they have enormous capacity to influence not just wages but working conditions as well. In some extremely concentrated sectors, such as meatpacking, poor working conditions and low wages are commonplace. Canada's duopoly beef processing sector, dominated by just two firms, Cargill and JBS, rely extensively on predatory immigrant and temporary migrant labour.[22] During the COVID-19 pandemic, it became clear that the working conditions at these plants were highly problematic, with investigations revealing that these firms endangered precarious workers—who had little other opportunity for employment—by demanding that they work long hours without sufficient protection from transmission of the virus.[23]

Dominant firms in the grocery retail sector also shape food environments, influencing people's ability to access nutritious foods. For example, it is a fairly common practice that large and dominant retail firms put restrictive conditions on leases of properties when they close a grocery retail outlet that stipulate that another grocery store cannot open in that same location. These restrictions impede economic freedom and kill competition, and the result is people with fewer options to access food, as food deserts where few healthy options exist spread in geographic scope. Though the use of such conditions is a longstanding practice in the food retail sector, the Canadian Competition Bureau only began investigating companies like Loblaws and Sobeys in 2024 for the use of these restrictive clauses.[24]

Danger Ahead: How Concentration Can Influence Policy

The giants of the food system have inordinate power to shape policy and governance processes as well. We know from lobby disclosure records that in 2022, Bayer CropScience communicated with Canadian government policymakers 10 times, Corteva Agriscience 18 times, the pesticide industry lobby group CropLife 34 times. That same year, the fertilizer giant Nutrien contacted government officials over 80 times as a new framework on fertilizer use and climate change was being developed.[25]

Agribusiness firms were also highly active in seeking to influence the Canadian government's regulatory framework for gene editing from 2019 to 2023, with several lobby groups such as CropLife Canada (which boasts Bayer, BASF, and Syngenta as members) working closely with Canadian regulators behind closed doors. According to reporting on this interaction from *Radio Canada* based on freedom of information requests, the initial regulation document was created by a director of CropLife Canada.[26] When the federal government finally did open the process for public consultation, it chose the summer months when most farmers were busy in their fields.

It is not just direct influence through large firm-lobbying in the sector that affects policy and governance. They also work in less direct ways to shape discourse and even scientific understanding. When concern was growing about the safety of the herbicide glyphosate and several governments, including Canada's, were considering the scientific evidence in deciding whether to renew the chemical for use, Monsanto directly engaged in influencing the science. The firm sponsored scientific studies on glyphosate's safety while contracting outside scientists to put their names on those papers. The firm hired a Canadian consulting firm to identify scientists to participate in the scheme, resultting in 5 academic papers that gave glyphosate a favourable assessment. Monsanto took an active role in reviewing and editing the papers, and the authors did not declare their relationship to the firm.[27] Those papers eventually were considered in Canada's reapproval of glyphosate, despite growing concern about its safety, including a statement from the International Agency for Research on Cancer—a World Health Organization agency—that the chemical is "probably carcinogenic."[28]

The Influence of Foreign Multinationals

Beyond their power to shape aspects of the food system, another major problem in the Canadian context is that the majority of the top businesses across our food system are multinational firms, with many headquartered in the United States. This predominance of foreign-based agrifood firms is apparent in the beef packing industry, where Cargill (based in the US) and JBS (a Brazilian firm) comprise nearly the entire market.[29] In the grain trade, several of the dominant grain handling firms are foreign—Cargill (US) with around 15 percent of the market, and Bunge (US), which just bought Viterra, with around 37 percent of the market.[30] The two firms that dominate the canola seed market—BASF and Bayer—are both German firms. In the processed and packaged goods sector, US multinationals are dominant forces in our food system. Though seemingly innocuous for Canada's reputation as a trading nation open to the world and foreign capital, the recent moves by the Trump administration to push the boundaries of the US relationship with allies brings the wisdom of these dependencies into question.

Although we do have some Canadian firms in the sector, the combination of high levels of market concentration and a high proportion of foreign firms that dominate in those markets creates risks for our food system. Given the U.S. tariffs imposed on Canada, the high degree of integration of U.S. firms in highly concentrated markets risks undermining Canada's sovereignty over its food system. Foreign-based firms tend to keep the highest value-added activities in their supply chains, as well as corporate decision-making, in their home country, meaning fewer benefits for Canada in terms of jobs, investment and economic autonomy. Foreign firms can also pull out of Canada at any time, as we saw with Heinz divesting from its Leamington, Ontario tomato ketchup facility in 2014, resulting in the loss of over 700 jobs. While the firm eventually reinvested in Canada, the departure was a reminder of the tenuous commitment of foreign firms to Canadian markets.

Where We Need to Go From Here

The highly concentrated nature of Canada's food system has heightened risks for Canada, affecting producers, food system workers, and consumers in ways that affect incomes, food access, working conditions, food choices, and political voice. It is vital that we take back our food system so that it can better serve the needs of Canadians—providing us with food and livelihoods that nourish and sustain us, rather than serving the needs of far-flung corporate giants. To recenter our food system and reclaim it from corporate behemoths, we need action on multiple fronts.

A first step would be to make the most of the recently reformed Competition Act in support of a better food system. Accepting the current level of concentration as a given, additional scrutiny against abuses of corporate dominance and collusive behaviour is warranted. Canada's sole competition law enforcer, the Competition Bureau, should have resources dedicated to the monitoring and enforcing of fair competition in the food system. But an agency of 400-odd staff with a remit of the entire Canadian economy will always have its attention split. Responsibility for fair competition should be shared by other federal regulators with oversight of the food system and provincial counterparts, including the future potential for provincial competition authorities. Along with private access to the *Competition Act*, the ability of companies and public interest groups to bring competition cases, a more distributed and assertive public enforcement of Canada's competition law is the only way to keep enough eyes on the street to police dominant corporations.

But managed competition between oligopolies will always be a second-best scenario relative to creating and maintaining a truly fair and competitive food system. To reverse the tide of consolidation, structural remedies, or break-ups, are necessary to revive competition in monopolized and stagnant markets. It will always be easier to come together than to break apart, and the longer the process of coming together the more complex the process of unwinding. But break ups are not the extreme remedies they are often framed by opponents. Competition authorities routinely pursue structural remedies to competition issues, most often in the case of proposed mergers and acquisitions. But to be worth the effort, break ups must be focused on the bottlenecks of economic power and not only reduce the power of individual monopolists but create the foundation for durable competition.

A prime target for this kind of action are the markets that reflect the characteristics of networks that can either enable competition or choke it off depending on the incentives of those in control. As Canadian food wholesale and distribution networks have increasingly been rolled up by players like Loblaws and Sobeys, those networks increasingly serve to deepen moats rather than support new competitors entering the space. Integration of this kind, rather than splitting the geographic footprint of individual players, should be top of mind for policy makers considering structural solutions to the issue of monopoly in the food system.

The diversification of markets is not just about breaking up existing firms but also of breathing new life into concentrated markets by enabling newcomers to compete on a fair footing. While competition policy is often framed in the negative, preventing consolidation and anti-competitive conduct, just as important is the entry and expansion of alternatives to provide a check on corporate power. Canada should take a broad definition of these potential alternatives and invest in supporting their emergence and growth. This includes not only creating openings for private sector players to compete with dominant firms, but also co-operative and public alternatives with incentives geared towards supporting more diverse markets rather than profit motives.

The Ontario Food Terminal, the largest fresh fruit and produce whole and distribution center in Canada, serves as an excellent model of one such alternative. Funded entirely through fees charged to users, the terminal is an operational enterprise within the Ontario Ministry of Agriculture, Food and Rural Affairs. The food terminal addresses a market need, wholesale and distribution for the food system, without the conflicts of interest that come from vertically integrated wholesale, distribution, and retail operations. Territorial markets – local and regional farmers markets and other kinds of market arrangements, are another kind of model that deserves more government support, including funding for infrastructure and policies that encourage and make accessible food marketing options outside of the dominant corporate supply chains.[32] Understanding what markets in Canada would benefit from these alternatives, what barriers keep them from being established today, and what support is necessary to make them a reality are key components of breaking the dependence on dominant players in the food system.

Strong measures are also needed to curb the political power of firms in agrifood policy making in Canada. Reining in the influence of dominant firms requires measures such as stricter rules on lobbying expenditures and activities, as well as tighter rules on conflicts of interest and corporate funding for science. Too often food and agricultural policy processes are captured by large and powerful firms in Canada. Steps must be taken to open up those spaces to allow other voices such as farmers, civil society organizations, Indigenous peoples, food system workers, and citizens, to have a say.[33] More support for local and regional food policy councils, for example, as well as openings for such groups to more actively participate in setting agrifood policies, would be a welcome development. Although Canada adopted *A Food Policy for Canada* in 2019, much of Canada's agrifood policy still focuses on corporate needs for growth rather than broader goals for other actors in the food system.[34]

A food system that is fair, resilient, and delivers for Canadians will require a break from the path of least resistance. But post-pandemic inflation, a rediscovery of the value of competition policy, and the new era of our relationship with our neighbour to the south may prove to be the motivation necessary to pursue a different path. In the areas of the food system Canadians interact with directly there is a growing understanding of the costs of an approach that favoured consolidation over competition for decades. This energy can be directed to the entire food system, where the same pattern has occurred out of sight from Canadians. Rather than a consolidated food system dominated by domestic and foreign giants, a better food system would prioritize independence, resilience, and a fair deal for consumers, producers, and food systems workers through the kinds of policies outlined above. A revitalization of Canadian competition law, focused investment in alternatives to a monopolized food system and a bulwark against corporate influence on the future evolution of the food system are not enough in isolation to achieve that vision, but if pursued together they are first steps to make that vision more proximate.

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Institutional Design of Price Controls in Canada

Nathan Collett & Jacob Lokash

Inflation is back on the political agenda. After a brief hiatus, price increases are once again expected in Canada, this time because of a looming trade war with the United States.[1]

Initially driven by supply shocks from the COVID-19 pandemic and the war in Ukraine, wild volatility in the prices of commodities such as wheat, gas, and oil has had knock-on effects on the cost of transportation, groceries, and other essential consumer goods since 2021. Voters have rebelled as a result. Whether or not governments are truly to blame for recent price increases does not appear to matter to electorates. Instead, voters have punished governments across the political spectrum who appear out of touch with middle and working-class voters and incapable or unwilling to make life more affordable.[2]

Even though the inflation of the past several years has now largely subsided, it was too late for the Biden administration and other incumbent governments that faced re-election in the period before higher interest rates gradually restored price stability at the expense of working and middle-class jobs.

Political and business leaders both claim to be helpless in the face of inflation. Over the course of this most recent inflationary surge, Trudeau's federal government made half-hearted attempts to convince the CEOs of the largest Canadian grocery companies to lower prices. Yet these large businesses claimed to be mere price-takers subject to global events that raise their upstream costs and force them to increase prices in response. Facing backlash for increasing food prices, Galen Weston, the CEO of Loblaws, claimed that "the idea that grocers are causing food inflation is not only false, it's impossible."[3]

Since the 1970s, politicians have largely punted responsibility for inflation onto central banks. Yet, central banks have limited tools to fight inflation, relying primarily on their power to influence short-term interest rates: a blunt tool that increases borrowing costs in an attempt to reduce demand in the economy. Although central banks attempt to engineer "soft landings," in which inflation comes down without increasing unemployment and sending the economy into a recession, this result is rarely achieved.[4]

Furthermore, interest rate policy is less effective at addressing the type of inflation generated by short-term supply shocks, especially when these shocks lead to markups in the prices of key goods. Often termed "sellers' inflation", this economic phenomenon consists of supply shocks that drive up inflation by constraining the supply of goods and providing cover for companies downstream of bottlenecks to raise their prices. Slowing the entire economy does not address the shortage of goods or the market conditions that allow for price hikes.

Fortunately, there are alternative options that governments can use to address inflation when it is driven by price increases caused by supply chain disruptions rather than excess demand in the economy.

Recently, both mainstream economic institutions and more heterodox research have recognized that corporate concentration has amplified this recurring global crisis-driven inflation, allowing for record profits at the expense of consumers and wage earners.[5] This work has generated a suite of policies that can be implemented to maintain price stability against such transient shocks. Several governments employed these solutions in the face of the inflationary crisis of the past several years, succeeding in maintaining the affordability of key goods while finding political success at the polls.[6]

However, even if a government came to power in Canada with a more serious commitment to achieving affordability by asserting control over the prices of essential goods, their ambitions would be complicated by the federal-provincial division of powers, which requires a coordinated economic response from both levels of government. Consequently, novel institutional strategies are required to overcome the constraints of federalism and deliver economic policy outcomes that are both effective and popular.

The Playbook

Isabella Weber is a German economist who has championed the theory of sellers' inflation, originally developed in the 1960s by Abba Lerner. Sellers' inflation explains how market power allows large companies to extend the effects of economic disruption to their benefit, even after the crisis has abated.

This happens in three stages. First, a crisis induces a price spike in systemically significant upstream input goods. This could consist of a war that raises the global price of natural gas, or a sustained extreme weather event that devastates food supplies and hence increases costs.[7] At this stage, upstream firms pass higher prices downstream, given the shortage of key inputs.

In stage two, however, these price increases propagate across the economy as large downstream firms increase their prices to protect their margins. According to Weber, firms set prices by "targeting markups over rough estimates of average costs as long as this does not undermine their market share."[8] They cannot anticipate minute changes in input costs caused by rapidly changing global events, so they approximate by increasing costs generally across a portfolio of goods, so long as that does not expose them to competitive pressures. Empirical observations of earnings calls during these global events show that firms can count on public awareness of the crisis to make consumers more willing to accept higher prices, even across a broader section of final goods.[9]

The localized shock eventually transforms into a generalized price increase when a small number of firms in a concentrated industry anticipate that their competitors will make similar decisions. This "implicit coordination" allows for a coordinated price increase in conditions of imperfect competition that is difficult for regulators to pinpoint and prosecute in real time.

Finally, in stage 3, labour responds to the changing price conditions. If workers demand higher wages in response to the increased cost of goods, and firms respond by increasing prices further to account for paying higher wages, price increases can spiral upwards. In some cases, such as when consumers are acutely aware that the price shock should have abated, prices may come down gradually without intervention, but the government may have already paid too high of a political price.

Weber argues, in an earlier edition of this journal, that governments should respond to this pattern of crisis- and corporate opportunism-driven inflation with a variety of measures, including supply chain monitoring, price controls and windfall profit taxes, and buffer stocks of essential goods.[10]

Supply chain monitoring involves setting up the ability to track business risks and vulnerabilities, from primary goods through wholesale and distribution networks to consumer pathways. This is something that the Biden administration began to implement following the COVID-19 pandemic for a set of key industries, including energy, agriculture, transportation, and information and communications technology.[11] This would provide an essential baseline tracking function for the economy and an ability to identify the likelihood of major incoming price shocks.

Price controls and windfall taxes limit the price of essential goods that people have no choice but to purchase. The increased cost of these goods induces the political consequences of inflation, as voters come to feel that the government is either unable or unwilling to address their most pressing economic needs. Either capping prices or taxing profits over a certain amount can disincentivize large companies from opportunistically increasing prices during supply shocks and maintaining these high prices long after operating costs have returned to their pre-shock levels.[12]

The success of targeted price controls was demonstrated by the German government's response to energy price hikes as a result of the war in Ukraine. A sharp increase in gas prices coincided with a similar surge in support for the far-right AfD party, until Germany imposed an "energy price brake" that stabilized costs and undermined the extremists' appeal.[13]

Finally, buffer stocks are a key tool of industrial policy used to regulate prices by purchasing or releasing stockpiles of a key commodity onto the market to stabilize prices in the face of temporary shocks. These are often implemented in tandem with industrial subsidies or guaranteed purchase agreements to ensure stable production of key economic inputs.[14]

Japan and China stockpile rice and pork, respectively, both of which are essential foodstuffs produced domestically that define affordability in their respective countries because of their outsized impact on the national diet.[15] The U.S. has also experimented with using its Strategic Petroleum Reserve (SPR) to stabilize the price and production of oil. Under the Biden administration, the SPR released oil onto the market when global oil prices were high and purchased oil when prices fell below a level that would destabilize production.[16] This has served as an effective tool for muting oil price shocks in the U.S. market throughout the Ukraine war.

Managing Prices in the Canadian Context

Market concentration in key sectors, including groceries, transportation, and commodity production renders Canada particularly vulnerable to the threat of sellers' inflation. As a result, Canada should seize the opportunity before the next major supply shock to implement a Weber-inspired policy playbook.[17]

Unfortunately, Canada's federal system complicates the implementation of such a playbook. While the federal-provincial division of powers poses a challenge to the effective regulation of economic activity in Canada, the federal government's ability to organize activities across provincial boundaries and to exert its greater fiscal capacity in service of shared objectives is crucial for the economic management proposed by Weber and others.

Under the *Constitution Act, 1867*, the federal and provincial governments share authority to regulate the economy across numerous heads of power. Therefore, deploying an effective inflation-fighting toolkit in the Canadian context would require creative institutional and legal configurations.

Historically, broad federal economic regulation has been heavily scrutinized by the courts. A particularly relevant example can be found in the *Anti-Inflation Act Reference*, a case in which the Supreme Court upheld Pierre Trudeau's scheme of wage and price controls designed to tame the inflation of the 1970s. Although the *Anti-Inflation Act* survived constitutional scrutiny, the Court dealt a blow to future federal attempts to implement price controls by upholding the legislation under the rarely used emergency branch of the Peace, Order, and Good Government (POGG) clause. This head of power imbues the federal government with expansive but temporary legislative jurisdiction in the event of an emergency.

The Court rarely applies the POGG emergency branch and would likely be hesitant to enable a new suite of federal inflation-fighting measures absent a clear emergency.[18] Moreover, whatever powers flow through this channel are temporary, meaning Parliament would have to re-justify the existence of an emergency every time it seeks to deploy inflation-fighting tools. Although price increases certainly hurt Canadians, periodic price increases may not constitute an emergency akin to the stagflation of the 1970s, which grounded the constitutionality of the *Anti-Inflation Act*. Nevertheless, the federal government's powers under the POGG emergency branch are incredibly vast, making it nearly impossible to challenge federal price controls on the ground that an inflationary surge is not an emergency.[19]

The federal government could alternatively attempt to justify inflation-fighting tools as falling within the scope of its s. 91(2) General Trade and Commerce power. Unfortunately, the Court has consistently rejected this head of power as support for federal economic regulation policies.[20] However, a creative legal argument could see the federal government argue that supply shocks are systemic risks to Canadian society. In *Reference re Pan-Canadian Securities Regulation*, the Supreme Court found that Parliament has legislative authority under s. 91(2) to prevent and control systemic risk in capital markets that could create material adverse effects on the Canadian economy.[21]

The federal government could argue that policies such as price controls and the direct regulation of industries that traditionally fall within provincial jurisdiction are necessary to ensure the proper functioning of supply chains and mitigate the risks of inflation. However, the federal government may struggle to prove that supply chain shocks constitute a systemic risk to the national economy in the same manner as financial market collapse. Recent jurisprudence suggests the Supreme Court has returned to a more conservative approach to policing the division of powers, leaving less flexibility for any future expansion of federal jurisdiction under s. 91(2).[22]

Finally, in the context of windfall taxes, in particular, Parliament may not be able to ground the enactment of this policy under the federal taxation power. Section 91(3) of the *Constitution Act, 1867*, enables the federal government to make laws in relation to "the raising of money by any mode or system or taxation." Yet, courts may not consider the raising of money to be the true matter of a windfall tax.[23] For example, the courts could find the pith and substance of a federal charge or levy on undesirable economic activity, such as price gouging during a supply shock, to be some matter other than taxation, falling under provincial jurisdiction. Nonetheless, the courts are traditionally deferential on matters of taxation, making it possible for a court to find the federal enactment of windfall taxes constitutionally valid.

To address components of the toolkit that the federal government cannot implement unilaterally, we can look to the Council of the Federation, a table at which Canada's 13 provincial and territorial Premiers meet to discuss issues of shared concern. In response to recent geoeconomic threats, the Council of the Federation has demonstrated novel capacities for coordinated decision-making. Often considered an unwieldy table for delivering unified policy action, this group may be required to coordinate among the various interprovincial tables that presently manage some prices in a limited and piecemeal fashion.

Building an Implementation Toolkit

Implementation of each element of the price management portfolio depends on unique tools with varying institutional and statutory complexity. Some supply chain monitoring capabilities do already exist in the Department of Transportation.[24] Announced in 2023, the National Supply Chain Office has been tasked with developing and implementing a National Supply Chain Strategy, supporting the federal government's efforts in responding to supply chain disruptions and enabling data sharing to facilitate strategic policy, regulatory, and investment decisions by governments and industry. If fully empowered to deal with businesses and motivate other levels of government to increase data sharing and share monitoring functions, the National Supply Chain Office could anticipate inflation risks and direct investments to minimize the chance that fragile supply chains result in broad-based price increases.

Price controls will most likely have to be worked out by provinces, given Parliament's lack of legislative authority over this matter. This would require cooperation by the Council of the Federation to coordinate among the relevant existing interprovincial trade agencies. Something akin to the federal securities regulator, which does not make policy directly but proposes synchronized regulations for provinces to implement, could be a possible model to adopt if it was equipped with the ability to reward provinces that participate in coordinated action.

Both an empowered National Supply Chain Office and a federally orchestrated price control system would depend on coordinating provincial authorities in their respective jurisdictions. Subsidies, purchase agreements, and other incentives have proved to be useful approaches for similar coordination efforts on other important inter-jurisdictional policy files such as daycare and housing zoning reform. A National Supply Chain Office may need to offer subsidies or similar cost-sharing arrangements to motivate private companies and provincial governments to share the proprietary information required for a clear view of the Canadian supply chain ecosystem. As far as price controls are concerned, coordinating provincial authorities in advance of major emergencies is unlikely to happen without similar market-moving rewards offered by the federal government, such as subsidies on input goods or forward purchasing agreements for commodities. Provincial governments could direct these benefits to suppliers in participating jurisdictions in exchange for their cooperation.

Such an approach would build upon existing provincial price-gouging laws, including Ontario's *Anti-Price-Gouging Act*, which prohibits companies from raising prices for essential goods during an emergency, and legislation from Atlantic provinces that regulate gasoline prices on the basis of allowed markups over international crude oil prices.[25] These measures currently do not fully prevent energy price shocks, such as those stemming from Russia's invasion of Ukraine. However, expanding and coordinating these efforts could do more to moderate price shocks.

Finally, establishing buffer stocks should not pose any constitutional issues, and only the federal government has the fiscal capacity to support a buffer stock program. Presently, the agricultural supply management system exerts firm control of the provision of basic inputs for foodstuffs across Canada. The government sets quotas for farmers to produce a certain amount of dairy and poultry products in exchange for purchasing them at fixed prices determined through a process that consults industry, downstream purchasers, and consumers' representatives.[26]

This advanced price control system determines quotas based on projections of consumer demand rather than stockpiling goods in order to release them as needed to mitigate increasing consumer prices. Adapting this system to one that can strategically purchase or release goods to intervene in downstream markets would involve building out new physical infrastructure for the storage of non-perishable goods and ensuring that the stored unfinished products could be put into production in time to address supply shocks. This would be a significant endeavor for the federal government, but one which would yield important leverage to bring consumer-facing firms to the negotiating table, since the government would have some ability to modify the supply of key inputs to their businesses.

Together with visibility over supply chains and cooperation from provinces in legislating final stage prices, this buffer stock system would allow the federal government to understand what consumer-facing companies need to maintain prices at a reasonable level, even in the face of unexpected global turbulence.

Conclusion

A dynamic federal government that seeks the power to implement supply chain monitoring tools, price controls, windfall profit taxes, and buffer stocks would have to create new leverage and employ effective institutional strategies if it hopes to deliver economic stability.

This approach is best developed as a set of precautionary measures rather than an emergency response once the inflation shock has arrived. Without the federal government's expanded statutory authority during an emergency, implementation likely requires developing the institutional capacity to wield carrots and sticks to coordinate policy across multiple levels of government and bring corporations operating across provincial boundaries, and often also national contexts, to the table.

This toolkit is powerful but not universally applicable. In sectors such as electricity and telecommunications, where durable commodities cannot be stockpiled to regulate prices and natural monopolies form because of economies of scale, cooperative or public ownership may still need to be explored to ensure price stability in the face of increasing threats.

Overall, a combination of subsidies, taxes, purchase agreements, and changes to ownership structures is likely to be most effective at building a toolkit of policies that obtains stability in prices for the essential goods that, in turn, do much to determine a government's political support. A government that can track the flow of goods through the economy in real time and intervene when needed will stand a better chance of fighting off the overlapping threats looming on the horizon.

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Constraints on Democracy: Capital Mobility and Political Inequality

Garrett Evans

"Today, an oligarchy is taking shape in America of extreme wealth, power and influence that literally threatens our entire democracy, our basic rights and freedoms, and a fair shot for everyone to get ahead." (Biden via Liptak et al., 2025) Following US President Biden's foreboding farewell address and the shameless concentration of billionaires at President Trump's inauguration, fears of an impending oligarchy have exploded in American political discourse. (e.g., Bekiempis, 2025)

However, empirical evidence suggests that oligarchy and wealth-based political inequality have already been realities in the United States for at least several decades. Consider Gilens and Page's (2014) seminal paper, "Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens," which examines 1,779 policy outcomes in the US from 1981 to 2002, measuring support across interest groups and voter income percentiles. After controlling for the preferences of interest groups and elite voters, the authors found no relationship between public policy outcomes and the preferences of median-income voters.

While this might be expected in the US, where legalized political bribery is the order of the day, (Edsall, 2018) wealth-based differential representation unfortunately extends across the developed world. Evaluating 25 European countries from 2002 to 2010, Peters and Ensink (2015) found that the preferences of high-income citizens are systematically overrepresented when it comes to government spending, while those of low- and middle-income citizens are underrepresented. This result is particularly concerning given that many of the countries considered follow social-democratic models and maintain strict limits on political donations, (France, 2023) meaning that disproportionate elite influence can still be exerted without neoliberal administrations or blatant checkbook participation. Although numerous mechanisms behind this influence have been suggested (e.g., differential voter turnout, distorted information on public opinion, and a revolving door between public and private employment; Gilens & Page, 2014), few have been empirically tested. This article seeks to explain and provide preliminary empirical evidence for one such mechanism: capital mobility.

Background

Capital mobility (i.e., the ability to shift assets across borders) has been often suggested as a mechanism of elite power over public policy. (Swank, 2002) Essentially, when capital is highly mobile, firms, investors, and financial institutions can easily withdraw their investments from one jurisdiction and reinvest them in another. Given that these investments are integral for industry and employment prospects, governments are forced to appease capital owners through pro-business policies, lest they exit the local economy or refuse to invest in the first place. (Swank, 2002) For example, this helps to explain why Alberta governments, across party lines, have refused to increase their notoriously low oil sands royalties, (Bakx, 2016) or why Ontario has maintained similarly advantageous policies towards its automotive sector. (Craggs, 2023) Unfortunately, this behaviour can lead to an intergovernmental race to the bottom, in which governments compete for investments by enacting policies that prioritize elite interests at the expense of typical voters and the democratic process. To illustrate, we can turn to one of the most shameless instances of intergovernmental competition in recent memory.

In 2017, Amazon declared that it would build a second headquarters in North America and extended a request for proposals from local governments. (Rushe, 2018) Hoping to win $5 billion in investments and 50,000 additional jobs, 238 proposals were submitted, many of which promised huge tax breaks and employment subsidies. (Rushe, 2018) However, this bidding process was largely concealed from the public, with proposals being chiefly drafted by business groups and real estate developers rather than elected bodies or community organizations. (Jensen, 2019) In fact, less than half of all proposals were even publicly released. (Jensen, 2019) Ultimately, Amazon decided to build two new headquarters, one in New York City and one in Arlington, Virginia, whose proposals offered a total of $1.5 billion in tax breaks and subsidies.[1] (Hansen, 2018, CBC) While this demonstrates how the attraction of new mobile capital can influence government policy, we can turn to another example to illustrate the influence of *existing* capital.

The 2011 Peruvian general election saw the left-wing candidate Ollanta Humala sweep into power alongside his Peru Wins electoral alliance. (Campello, 2015) His campaign had focused on ending the unfair exploitation of Peru's natural resources by foreign investors, which would be achieved through regulations and constitutional reforms aimed at empowering workers, Indigenous communities, and environmental groups. (Avilés & Rosas, 2017) However, this platform proved too progressive for the owners of Peruvian capital, who immediately withdrew their investments en masse. Consequently, the day after Humala's election, the country's stock market contracted by a staggering 12.5 percent, the largest one-day fall in its history. (Aviles & Rosas, 2017) In an effort to reverse this economic catastrophe, the new Peruvian administration quickly changed course, reneging on its campaign promises and replacing eleven of its left-wing cabinet members, including its first prime minister, with conservatives. (Aviles & Rosas, 2017) Only after sufficient concessions were made did Peru's financial markets begin to recover. (Campello, 2015) The lesson of this episode is clear: Even if a policy platform receives a democratic mandate, as long as capital is highly mobile, the platform cannot be enacted without the implicit consent of capital-owning elites.

Empirical Analysis

In light of these historical examples, preliminary empirical evidence on the relationship between capital mobility and wealth-based differential representation will now be provided. To assess the former, the Chinn-Ito Index measures legal restrictions on the movement of capital across countries' borders. (Chinn & Ito, 2006) Alternatively, the European Social Survey, a biannual survey that covers most European countries plus Israel, will provide data on differential representation. Specifically, this analysis considers mean levels of democratic satisfaction (i.e., respondent satisfaction with how their country's democracy is working) across different income deciles. The fifth decile of respondents is used to represent typical-income voters, while the tenth decile is used as a proxy for elites.[2] Finally, given that European Union (EU) membership demands both democratic requirements and high capital mobility, (Veebel, 2011) this membership may confound my results and is controlled for in the main analysis. The aggregated dataset reflects an unbalanced, biannual panel with 243 observations, covering 28 European countries plus Israel from 2000 to 2020.

Consistent with previous findings, tenth-income-decile voters report significantly higher democratic satisfaction than fifth-income-decile voters ($p < 0.01$). This difference in democratic satisfaction is used as the primary measure of differential political representation. To check the robustness of the results, another measure of differential representation is also considered: the difference in democratic satisfaction between the tenth income decile and lower nine income deciles. Results are consistent regardless which of these measures is used.

In the main analysis, a fixed effects model is used to estimate the relationship between differential political representation and capital mobility, controlling for EU membership as well as country and year effects. As shown in Table 1, a significant, positive relationship is found between the two variables (i.e., as capital mobility increases, the difference in democratic satisfaction between typical and elite voters also increases). The estimated effect suggests that moving from the highest-possible level of capital mobility to the lowest would be associated with an 84 percent reduction in differential political representation. However, this estimate is ultimately correlational, so we cannot rule out reverse causation. It may be the case that, in countries where elites have relatively more power, they are more successful at pushing through policies that increase capital mobility. Yet, even if this is the case, it still suggests that elites desire greater capital mobility against the wishes of typical voters, meaning that differential representation and capital mobility go hand-in-hand.

Table 1 — Fixed effects estimates of the relationship between capital mobility and differential political representation, controlling for EU membership

	Differential Representation: Tenth Decile vs Fifth Decile (1)	Differential Representation: Tenth Decile vs Lower Nine Deciles (2)
Capital Mobility	0.102889* (0.048511)	0.140283** (0.051471)
EU Membership	0.051023 (0.102100)	0.068133 (0.110111)

Note: **p<0.01 ; *p<0.05

Conclusion

This analysis supports the notion that capital mobility is a mechanism behind differential political representation. Importantly, this evidence was found among a sample of European countries, where social-democratic traditions and democratic institutions are relatively strong. This suggests that, regardless of one's governing model, control over interjurisdictional capital flows is a necessary condition for genuinely democratic policy-making. Unfortunately, turning to a policy of conventional capital controls could present its own pitfalls, including the encouragement of economic nationalism and limitations on the ability to realize gains from trade (Piketty, 2014). Further, even if a jurisdiction did wish to reduce capital mobility, these attempts would likely be punished by capital flight (Swank, 2002).

However, the situation is not hopeless, as interjurisdictional cooperation could overcome these obstacles. For instance, by modifying trade agreements to incorporate financial transparency requirements and capital mobility regulations, interjurisdictional trade can remain open while minimizing the influence of capital (Piketty, 2014). More broadly, if governments are able to coordinate policy reforms that might displease capital owners, they would make it harder for capital owners to find alternative destinations for their investments, reducing the feasibility of capital flight. While this coordination may seem like a difficult task, it will be necessary to remove political power from capital-owning elites, realize meaningful democracy, and halt our continued descent toward bald-faced oligarchy.

Notes

1. Thanks to opposition from grassroots organizers, unions, and a vocal group of local representatives (e.g., US Rep. Alexandria Ocasio-Cortez), the New York headquarters was later cancelled (LeSeur, 2021).

2. Using the tenth income decile as a proxy for elites follows the methodology of Gilens and Page (2014). However, given that this decile is quite broad and consists mainly of nonelites, the estimates are watered-down and should be treated as underestimates.

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This Time it is Worse: Political Economy of the Current International Debt Crisis

Roy Culpeper

Summary

Developing countries are facing the worst international debt crisis since the end of World War II. However, there have been four successive waves of debt since the 1970s, all of which were associated with deep economic crises, some of which also had adverse repercussions in creditor countries in the Global North. Financial and capital market liberalization played, and continues to play, a crucial role in triggering these crises.

The most recent wave of debt began in 2010 and has persisted for the last fifteen years. It threatens the social and economic wellbeing of developing countries to an unprecedented degree. Domestic and external debt service now equals the combined total spending on education, health, social protection and climate in low- and middle-income countries.

Development has become financialized: market-based financing, often at exorbitant interest rates, is supplanting public financing, but paving the way to debt distress and, increasingly, to default. Pathways out of the debt crisis include debt restructuring, domestic resource mobilization, international tax cooperation and reform, and reforming the international financial architecture.

The Four Global Debt Crises in the Past 50 Years

The current debt crisis, and all debt crises over the last five decades, should be understood in the context of fiscal policies and international arrangements put in place in reaction to the Great Depression (1929-39). The Great Depression resulted from a combination of domestic and international factors: a collapse of domestic demand, exacerbated by restrictive fiscal and monetary policy, worsened by a breakdown of international trade and finance as countries attempted to insulate themselves from the deepening crisis through beggar-thy-neighbour policies (e.g. tariffs).

In the three decades following World War II, international trade and finance reacted to the instability of the Depression. International capital flows were restricted by regulatory controls and sanctioned by the International Monetary Fund. These flows began to recover in the 1960s with the establishment of the unregulated Euromarket with the support of the United States and the United Kingdom. (Helleiner, 1994) There have been four waves of debt crises since the 1960s. The first was triggered by two oil price shocks: the first in 1973 with the Yom Kippur War, and the second in 1979 with the Iranian revolution. Oil importing countries were faced with significantly higher prices, but were able and encouraged to borrow at the relatively low interest rates available at that time to finance their growing trade deficits. (Helleiner, 1994) Meanwhile, oil producing countries borrowed to finance domestic investment and expenditures, and to finance public sector deficits. This was facilitated through a rapidly growing syndicated loan market which accommodated governments' desires to meet their short-term borrowing needs.

The relatively low interest rate environment in the 1970s fuelling the growth of this market suddenly ended in late 1979 with the "Volcker shock". The U.S. Federal Reserve (chaired by Paul Volcker) adopted highly restrictive monetary policies to quell rising inflation in the United States, resulting in dramatically high interest rates. This was followed by interest-rate hikes in other industrial countries for similar reasons. Short-term international debt consequently became unsustainable, leading to defaults by Mexico in 1982 and a series of debt crises across Latin America, the Caribbean, and in low-income countries in sub-Saharan Africa. It took much of the 1980s for creditor countries to resolve the crises in Latin American countries, much of it through write offs by creditor banks. Meanwhile low-income African countries had to wait to obtain debt relief, primarily through write offs by official creditors, until the mid-1990s through the Heavily Indebted Poor Countries initiatives and until the early 2000s, through the Multilateral Debt Relief Initiative. (Khose et al, 2021)

It is important to understand this and subsequent waves of debt crises as an outcome of the financial and capital market liberalization after the mid-1960s. During the first wave of debt, many industrial country banks, heavily exposed to developing country debt, sustained significant losses. Notwithstanding, financial and capital market liberalization continued in the industrial countries during the 1980s and 1990s as the instability of the Depression was forgotten and as creditors unleashed from regulatory constraints sought new and more lucrative lending opportunities abroad.

Accordingly, a second wave of debt ran from 1990 until the early 2000s as financial and capital market liberalization enabled banks and corporations in the East Asia and Pacific region and governments in the Europe and Central Asia region to borrow heavily, particularly in foreign currencies. It ended with a series of crises in these regions in 1997-2001 once investor sentiment turned unfavorable.

The third wave was a run up in private sector borrowing after 2000 in Europe and Central Asia, as European Union-headquartered "mega-banks" took advantage of regulatory easing. This wave ended when the global financial crisis disrupted bank financing in 2007 -09 and tipped several economies in Europe and Central Asia into recessions. (Khose et al, 2021)

There were similarities and an important difference among the three waves of debt crises. They all started with low real interest rates and were facilitated by financial and capital market liberalization that promoted international borrowing. They ended with financial crises that were triggered by shocks such as sudden increases in interest rates in the Global North, aimed at subduing inflationary pressures. In the later waves, the main difference was a shift in the nature of developing country borrowing, with a growing share of the local private sector and a diminishing share of the public sector in total borrowing.

The fourth, most recent wave of debt accumulation began in 2010 and has already seen the largest, fastest, and most broad-based increase in debt in developing countries in the past 50 years. Whereas previous waves were largely regional in nature, the fourth wave has been widespread with total debt rising in almost 80 percent of developing countries and rising by at least 20 percentage points of GDP in just over one-third of these economies. (Khose et al, 2021)

The Current Crisis: 2010-Present, Emerging Market and Developing Economies

Unlike the first three waves of debt, which threatened the solvency of bank lenders and creditors in the Global North, the current wave primarily threatens the economic and social welfare of low-income developing countries.

A Global South debt crisis is no longer a risk but a very tangible reality. Increasing debt payments are crippling governments' ability to provide essential public services and tackle the climate crisis. Debt service, including both domestic and external debt payments, is absorbing an average 38 per cent of budget revenue and 30 percent of spending across the Global South, rising to 54 percent of revenue and 40 per cent of spending in Africa. These figures are more than twice the levels faced by low-income countries before the Highly Indebted Poor Countries (HIPC) Initiatives of the 1990s and the Multilateral Debt Relief Initiative (MDRI) in 2005. This is already the worst debt crisis the world has ever seen. (Eurodad, 2024)

Countries in the Global South are doing whatever it takes to keep repaying their debts, even if that means implementing draconian austerity measures. They are following International Monetary Fund (IMF) conditionalities and advice. Debt service payments are drowning out vital public spending. Domestic and external debt service now equals the combined total spending on education, health, social protection and climate in low- and middle-income countries, and exceeds it by 50 percent in Africa. It is 2.5 times the spending on education, four times the spending on health and eleven times the spending on social protection. (Eurodad, 2024)

Implications of the Current Crisis for International Political Economy and the Global South

The financialization of development has upended the relationship between creditors and debtors, shifting risk from the rich nations to the poor, and diverting the net flow of resources from Global South to Global North (rather than from North to South).

At a time when the world is expected to achieve only 15 percent of the Sustainable Development Goals (SDGs), prevailing conditions are such that governments in the world's poorest countries are being forced to devote more resources to debt service than to health, education, and infrastructure combined. As a result, in the last four years, 165 million people have fallen into poverty; one in ten people now live on less than $2/day (Bridgetown Initiative 2024). Meanwhile, more than 3.3 billion people now live in developing countries that spend more on interest payments than on education or health. (UNCTAD 2024)

A crisis that will set back many developing countries for decades has been intensifying since the onset of the COVID-19 pandemic. The debt defaults began slowly in 2020 but are now speeding up; Chad and Zambia defaulted in 2020, then Ghana and Sri Lanka in 2022. Ethiopia, Egypt and Tunisia are expected to default next. (Cooray and Walker, 2023)

The "financialization of development," viewed as the substitution of footloose market-based private financing (through bond issues and bank lending) for public development financing (through ODA and other official flows), is a product of the last two decades. Prior to 2006, for example, no sub-Saharan African country other than South Africa had issued an international foreign currency bond. By 2021, fifteen countries in the region had issued at least one Eurobond. (Landers and Martinez, 2024)

Such bonds offer significantly higher interest rates than those offered on the capital markets of the Global North. For example, three recent African issuers—Côte d'Ivoire, Benin, and Kenya—are paying an average coupon of 8.5 percent (Landers and Martinez, 2024). Regionally, developing country borrowers borrow at rates that are 2 to 4 times higher than those of the United States and 6 to 12 times higher than those of Germany. (UNCTAD, 2024) That makes developing country bonds very desirable to global investors constantly on the search for higher yields, so it is not surprising that these bonds are heavily oversubscribed. (Landers and Martinez, 2024) This indicates that global investors consider the higher risk of lending to developing countries—frequently referred to as "frontier markets"—well worth the much higher returns.

But it is not only the lenders that face risk by investing in frontier markets. It is also the developing country borrowers that face risk in the form of volatility of capital flows. There is no guarantee that foreign bond investors will be willing to roll over their investments, for example, upon the maturity of their bond issues, or prior to maturity. Investors' willingness to keep lending depends on a few key variables, notably the interest rates prevailing in international capital markets. The Volcker shock was only the first among other sudden shifts in monetary policy that led to a sudden escalation in interest rates in Northern capital markets. When those rise, developing countries face two choices, neither of them desirable: either offer commensurately higher interest rates to foreign investors, or face capital flight to Northern markets as the risk/return ratio tips in favour of the latter.

Sudden shifts in the interest rate environment have indeed led to large net outflows of footloose capital from South to North. In 2023, nearly $200 billion was taken out of developing countries by private creditors in interest and net repayments of principal. Support from international financial institutions and bilateral donor agencies was inadequate to fully offset these negative private capital outflows. (G20 Independent Expert Group, 2024)

There are other examples of the financialization of development. In the realm of climate finance emphasis is increasingly placed on "blended finance" for developing countries. This transforms concessional (low-interest) or grant finance provided by unblended ODA into a debt obligation. It also skews funding away from adaptation projects that do not typically yield a cash return, but which should get priority over mitigation, since the developing countries contribute a relatively small share of global GHG emissions. The principal needs of the Global South are for climate financing to invest in adaptation (or to pay for the devastating losses and damage wreaked by extreme weather), not mitigation. In contrast, the principal financing needs of the Global North, the principal sources of emissions, are for mitigation.

Four Pathways out of the Crisis

There are four distinct pathways out of this debt crisis: debt restructuring, domestic resource mobilization, international tax cooperation and reform, and reform of the financial architecture. Each will be touched on briefly.

Debt Reduction through Restructuring

To speed up the debt restructuring process, which historically has been long and damaging to everyone involved, the Group of 20 countries introduced the "Common Framework" on Debt in late 2020, with the International Monetary Fund (IMF) playing its usual role as lead coordinator and technical advisor. The Common Framework was hastily established when low-income countries including Zambia and Chad defaulted in late 2020. The Paris Club of traditional Western government creditors became anxious that China—now the biggest official creditor in the world—would both drag its feet and not participate on equal terms with everyone else. (Cooray and Walker, 2023)

Three years on, however, it is clear that the Common Framework has failed, with the debt restructurings that have occurred so far taking three times as long as in the past. (Cooray and Walker, 2023)

A proper solution would force all creditors to recognise losses on the face value of their debt through writeoffs—as they did in earlier waves of debt—not simply a restructuring of when payments are due or at how much interest, which only defers a proper resolution of the debt crisis. (Cooray and Walker, 2023) Low-income debtor countries are otherwise destined to remain in a "doom loop" of growing indebtedness. (Fofack, 2024)

Domestic Resource Mobilization

At the domestic level, vulnerability to financial shocks and debt distress can be reduced via greater reliance on domestic resources. In particular, domestic taxation, levied principally on corporations and wealthy individuals, could generate revenues for developing country governments that would reduce the need for international or domestic borrowing and help avoid debt distress. But major challenges confront the creation of an effective and equitable tax system in most developing countries. These include tax evasion and tax dodging: it has been estimated that governments, in the Global North as well as the Global South, lose around $480 billion USD annually due to tax avoidance and evasion. Moreover, consumption and value-added taxes, while easier to collect than corporation or wealth taxes, tend to be regressive—falling more heavily on lower-income households. (Eurodad, 2024)

There are also questions as to how the rights to tax the profits of multinational corporations should be shared between countries. In particular, concerns have been raised about a bias in favour of richer (mainly Northern) countries at the expense of developing countries. Other challenges include: whether and how polluting activities should be discouraged with targeted taxes to support climate policy objectives; how to avoid such taxes from being regressive; how to deal with corporations' transfer pricing systems which enable them to shift profits and tax liabilities to offshore entities and tax havens; how to tax the consumption of the ultra-rich, e.g. by taxing the use of private aircraft and private yachts. (Eurodad, 2024) A UN Framework on international tax cooperation (see below) would greatly facilitate the ability of developing countries to expand their domestic tax base.

International Tax Cooperation and Reform

At the international level, greater efforts are needed to facilitate capturing a fair share for developing countries of tax revenue from international corporations and high net worth individuals. This will require reform of the international institutional architecture to facilitate cooperation on taxation to make it more supportive of sustainable development.

Over the last few years, there has been a rapidly growing recognition of the fact that action is needed to strengthen the inclusiveness and effectiveness of global tax governance. At the end of 2022, all UN member states agreed—by consensus—to a landmark UN resolution on international tax cooperation.

Following the adoption of the resolution, an ad hoc committee was established to begin the negotiations of the terms of reference for a new UN Framework Convention on International Tax Cooperation, and in February 2024, at the organizational session of the new committee, all UN member states reached consensus on a roadmap towards finalising the Terms of Reference by the end of August 2024. (Eurodad, 2024)

The negotiation of the UN Framework Convention kicked off in early February 2025 in New York where all delegates who spoke, from every region of the world, affirmed their country's commitment to the principles of the UN tax convention. The only objection came from the United States, which urged delegates to walk out of the room. No country acceded, leaving the US isolated. UN Member States now have a golden opportunity to prove their stated commitment to the process by addressing the key issues of the negotiations. (Chaparro-Hernandez, 5 February 2025) Negotiating the framework convention is expected to take around three years, with the final text aimed to be submitted to the UN General Assembly by the end of 2027.

In their reports of July and October 2023, a G20 Independent Expert Group identified a better, bolder, and bigger system of multilateral development banks (MDBs) as a key element of a global program to help developing countries secure adequate levels of affordable finance. That goal envisaged a transformed MDB system that would lend three times more by 2030 and mobilize five times more private capital through a variety of new instruments and strategies. Equally importantly, the MDBs would broaden their mission and vision and play a central role in helping countries set up platforms for scaling up and speeding up investment programs in climate related and other global challenges. (G20 Independent Expert Group, 2024) If implemented, such a transformed system could enable developing countries to access capital at the lowest possible commercial rates rather than the elevated rates many developing country borrowers have had to accept.

In a more sweeping call to reform the international financial architecture in July 2022, Prime Minister Mia Mottley convened a high-level retreat in Bridgetown, Barbados, which resulted in the Bridgetown Initiative. What began as a loose set of ideas and calls for change from developing countries was initially codified as the Bridgetown Agenda, and then subsequently renamed the Bridgetown Initiative. This initiative calls for an additional $1.8 trillion annually to address the climate crisis and an additional $1.2 trillion annually to achieve the sustainable development goals. (Bridgetown Initiative, 2024)

The Bridgetown Initiative does not stop there in its demands for reform of the international financial architecture. Among other things, it calls for:

- A reform of the Common Framework to resolve debt problems more expeditiously, with sufficiently robust debt relief to ensure that countries are able to finance their development and climate goals;
- The issuance by the IMF of at least $650 billion in Special Drawing Rights (SDRs) to support the Sustainable Development Goals and climate action;
- More rapid financing and insurance to cover the needs of countries faced by natural disasters;
- More than $300 billion a year from the MDBs in long-term financing for the SDGs;
- More than $500 billion a year in private financing. (Bridgetown Initiative, 2024)

While the orders of magnitude in the Bridgetown Initiative are ambitious, they likely do not overstate the funding needed to reach the climate goals and development goals.

Successive waves of debt in the past five decades have demonstrated that systemic debt crises inevitably follow periods of financial liberalization. A combination of financial deregulation and relaxation of constraints on international lending and capital flows sets up the conditions for crises. Moreover, as a result of internationally mobile capital, development has become increasingly financialized. Volatile, short term and footloose private capital is supplanting stable, long-term public financing which is crucial for long-term economic and social development, and for climate investments.

Each of the four pathways out of the crisis has strengths and limitations. Debt restructuring can be slow in materializing and needs to be accompanied by significant debt reduction—which is resisted by creditors. Domestic resource mobilization is in some ways the most attractive option, but faces a number of challenges including regressive impacts of consumption-based taxes and the problem of assessing corporate income for taxation. An international tax convention under the aegis of the UN, currently under negotiation, would help to reconcile the claims of developing countries to a fair share of taxation on multinational corporations and high net worth individuals—but may not be consummated for three years. Finally, calls to reform the international financial architecture, which have been a constant refrain particularly after each major debt crisis including the present one, may seem excessively ambitious, but they serve to remind us of the magnitude of financing required if the world is to achieve its sustainable development and climate financing goals.

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Designing a Rights-Based National Child Care Strategy: Lessons from Europe

Kaitlin Peters

In June 2023, Members of Parliament unanimously voted in favour of Bill C-35, *An Act Respecting Early Learning and Child Care in Canada*. In addition to enshrining the principles of a national child care system into federal law, the bill also refers to the *United Nation's Convention on the Rights of the Child*, which includes the rights of all children to access early childhood education and care – abridged as child care for the purposes of this article.

Despite this enshrined human right, many households in Canada are still struggling to access a subsidized child care space under the Canada-wide Early Learning and Child Care (CWELCC) system, otherwise known as "$10-per-day child care." (MacDonald & Friendly, 2023) A systemic issue preventing wider access stems from the federal government's reluctance to establish the necessary recommendations and concrete benchmarks to guide the provinces and territories to implement child care as a right for every child.

To fully realize and enact this key piece of legislation, Canada can learn important lessons from the European Commission (EC) in the design of a real, actionable rights-based national child care strategy. Without redesigning a national child care system from scratch, the federal government could template its programming according to the design of the European Child Guarantee (ECG) which supports the expansion of basic rights for marginalized children; and the European Care Strategy, which aims to ensure quality, affordable, and accessible care services across the European Union (EU).

From the European experience, Canadians should develop an understanding of the importance of a federal endorsement of policy and funding practices that most effectively support the expansion of CWELCC; revised federal benchmarks that track child care expansion efforts against child care participation rates instead of child care space creation targets; and federal support for a coordinated approach amongst the provincial and territorial ministries that manage child care, education, healthcare, and housing to support access to multiple basic rights for marginalized children.

While the EC and the Canadian federal government are very different governance models to contrast to, there are still many applicable corollaries. The EC's model of soft-law governance with EU Member States, for instance, is not entirely dissimilar to the Canadian federal government's relationship with the provinces and territories within a decentralized federalism. By demonstrating the effectiveness of the EC's reliance on goal-setting and 'peer pressure' between Member States to support change across the European Union, the Government of Canada could emulate these strategies within a federal framework that devolves most child care related powers to the provinces and territories, much like EU member states. (Vanhercke & Read, 2015)

Recommendation: Endorse Policy and Funding Best Practices

The federal government's high-level vision for CWELCC is laid out in the Multilateral Early Learning and Child Care Framework. This Framework asserts federal, provincial, and territorial governments' commitment to supporting quality, accessibility, affordability, flexibility, and inclusivity in child care, (Government of Canada, 2022) and has informed the bilateral agreements that the federal government established with the provinces and territories. In addition to reiterating these high-level goals, most of these bilateral agreements require provinces and territories to meet specific child care expansion targets, to reduce child care fees to an average of $10 per day by the end of 2026, and to only fund licensed child care spaces. (Government of Canada, 2024)

Despite the national framework, there has been some variability across bilateral agreements between the federal government and the provinces. For instance, some provinces are held to a child care space creation target, while other provinces are given a coverage rate target, referring to the percentage of children who have access, in theory, to a licensed child care space. Most provinces are required to predominantly or exclusively fund the expansion of non-profit and public child care operators. Alberta and Ontario remain exceptions to this requirement, as both provinces negotiated within their bilateral agreements to instead aggressively fund for-profit child care operators. (Government of Canada, 2024)

Beyond these basic and varied requirements, the federal government has refrained from endorsing a more robust set of recommendations based on best practice to support the expansion of CWELCC.

The Federal Secretariat on Early Learning and Child Care carries out policy and research to support the implementation of CWELCC, but the Secretariat's reports typically describe the achievements of provinces and territories instead of adopting a more critical approach of provinces' child care expansion efforts against a set of recommended practices and policies. This makes it more difficult for the public and policymakers to identify why there is variability in the accessibility and quality of child care across the country.

This restrained approach by the federal government was likely due to provincial resistance and push back on perceived overreach on child care and education, but in the absence of clear federal directives, provinces and territories will continue to use a mix of poorly designed and ineffective policies. Without federal clarity, provinces have pursued the expansion of for-profit operators and underpaying of child care staff. As a result, provinces and territories have limited accountability without an established standard based on best practice, undermining the objective of establishing child care as a right for all children.

In contrast, the EC's decision to endorse policy and funding best practices to support the implementation of the ECG supports the success of child care programming across the Union.

The objective of the ECG is to ensure that every child in Europe at risk of poverty and social exclusion has access to basic rights, including child care. (The European Commission, n.d.a) These recommendations were intended to help European Union (EU) member states design effective National Action Plans and outline the specific policies and measures that will be implemented to achieve the objectives set out in the ECG.

To establish these recommendations, the EC conducted an analysis of child care provisioning across the EU. This research produced reports and discussion papers that 1) established the current state of child care provisioning across member states, 2) provided concrete policy recommendations to improve child care accessibility, especially for marginalized children, and 3) provided an evaluation of the way member states were using EU funds to support the expansion of child care for marginalized children. (The European Commission, n.d.a)

Notably, the reports went beyond merely describing high-level inclusion goals and member states' achievements. For example, two notable recommendations included set quotas for children from disadvantaged backgrounds in child care centers, as well as programs to recruit trained Roma assistants to facilitate the participation of Roma children in early childhood education. (Frazer, Guio &

Marlier, 2020) These concrete recommendations to support the high-level inclusion goals have been lacking from the Multilateral Early Learning and Child Care Framework in Canada.

The reports also did not shy away from identifying specific member states when discussing ineffective policy practices and use of EU funds. Criticism regarding the performance of Bulgaria and Slovenia in making child care accessible to marginalized children was not restrained:

> "The experiences in Bulgaria and Slovenia illustrate that the availability of services does not always ensure equal enrolment, and that the most vulnerable children may need additional support, even in cases of universal access and means-tested fees. In situations of extreme poverty, as well as significant cultural gaps between families and schools, additional services are both needed and feasible." (Guio, Frazer & Marlier, 2021)

While provinces and territories may bristle at the prospect of being criticized in this way, this evaluation does provide needed public accountability and support for further reform. Federal scrutiny ought to be required when provinces are given freedom for variability in the quality and accessibility of child care within their jurisdictions, especially for marginalized children who would otherwise fall through the cracks without accountability.

Non-profit organizations, including the Canadian Centre for Policy Alternatives, The Childcare Resource and Research Unit, and Child Care Now, a national child care advocacy organization, are already conducting this type of analysis. Notably, Child Care Now has already established "The National Early Learning and Child Care (ELCC) Workforce Policy Table" that provided recommendations in 2024 regarding the child care workforce crisis. These recommendations scrutinize not just provincial governments, but the federal government's performance as well on child care and should be strongly considered by the federal government and provinces to fully realize the CWELCC system. (Child Care Now, 15 October 2024)

Federally endorsed assessments of provinces' and territories' performance can be more easily leveraged by the media, advocates, and opposition parties to hold governments accountable when such governments fail to support the expansion of child care, especially for the most marginalized households.

The Canadian federal government could also use such an endorsement to justify attaching further conditions on federal funding to enact a stronger form of federalism that supports the development of better practices towards achieving child care goals. For example, requiring all provinces and territories, including Ontario, to develop a wage grid based on education and experience would be one such condition that ensures sustainability of the child care system through better staff retention and recruitment. A federally endorsed set of recommendations could also be used to justify limiting for-profit operator expansion, which would reduce the need for large corporate child care centers, typically attached to private equity investments, and are also associated with lower quality due to high staff turnover. (Haspel-Child, 22 April 2024)

Recommendation: Benchmark Against Child Care Participation Rates

Although the federal government tracks child care participation rates, provincial and territorial progress towards expanding CWELCC are not benchmarked against participation rates. Instead, the federal government has set targets based on the number of new child care spaces created. The national goal is to create 250,000 new child care spaces across the country by March 2026. (Office of the Prime Minister of Canada, 28 March 2024) However, the existence of child care space does not mean it is accessible to families in need—provinces are not directing resources to where the vast majority of child care spaces should be built, but instead let the market lead, relying on for-profit and not-for-profit operators to build spaces where they see fit. Operators, especially for-profit operators, are less likely to establish themselves in lower-income communities where new immigrants and racialized people are more likely to live. This is because such households are less likely to be able to pay higher child care fees. (Prentice & White, 2019)

The federal government should consider real benchmarking for child care in priority areas, and the EC's European Child Care Strategy could be emulated to set targets for higher child care participation rates. A recommendation under this Strategy, known as the revised "Barcelona targets" on early childhood education and care, requires that member states aim to ensure that at least 50 percent of children below the age of three years, and 96 percent of children between the age of three years and the start of compulsory primary education be enrolled in early childhood education and care by 2030. (The European Commission, n.d.b)

The EC's targets for older children are ambitious, approaching a 100 percent participation rate. In designing participation rates for older children, Canada could create benchmarks against real household demand and goals connected to supporting women's labour force participation. Targets for younger children are lower knowing that very young children are more likely to be cared for by their parents on paid parental or maternity leave. As a result, these children will not have as high a need for licensed child care and a lower benchmark is more appropriate to meet real household demand.

Currently, Statistics Canada groups children zero to five years together in its statistical analyses of child care participation rates under CWELCC. This prevents a more accurate measurement of child care participation rates between the youngest and older children. (Statistics Canada, 2023) A more detailed accounting of early childhood participation rates is needed to appropriately evaluate these goals. The federal government should also establish participation rate targets for marginalized children as a group, in comparison to all children, as is required by the EC under the ECG. Only then can the Canadian federal government more effectively concretize the high-level inclusion goals currently outlined in the Multilateral Early Learning and Child Care Framework. This is important to hold provinces and territories accountable for failing to meet inclusion goals.

Concretizing inclusion goals may further incentivize governments to intervene more directly to support marginalized households' access to child care. This could include empowering municipalities to plan for and establish public child care centers where they are needed most, rather than continuing to rely on not-for-profit and for-profit operators to build new child care spaces.

Recommendation: Support a Coordinated Approach to Guarantee Basic Rights for Marginalized Children

Between 2020 and 2022, Canada witnessed the largest increase in child poverty rates on record where 360,000 additional children fell into poverty for a new high of 1.4 million children living in poverty. (Campaign 2000, 19 November 2024) Poverty and its social consequences undermine the benefits of high-quality child care, considering the challenges that impoverished families face if, for instance, they are housing insecure and therefore unable to access child care. The full value of child care is also undermined if children do not have adequate access to healthy nutrition and healthcare.

Again, to design such a child care strategy that guarantees basic rights for marginalized children, the federal government should further consider the ECG. The ECG combat social exclusion by requiring EU member states to develop a coordinated approach to guaranteeing marginalized children's access to five basic rights: free early childhood education; free education; free healthcare;

healthy nutrition; and adequate housing (The European Commission, n.d.a)

To support policy coordination, the federal government should consider providing earmarked funding to the provinces and territories tied to coordination efforts across provincial ministries that have responsibility for child care, education, housing, and healthcare. Furthermore, coordination goals should prioritize collaboration with the divisions, organizations, and government bodies that are responsible for service provision in Indigenous communities and for Indigenous peoples.

Policy coordination is not an easy task for any government as ministries and departments exist as islands of specialization, unsure of or even unwilling to coordinate with other ministries. Unless incentivized otherwise, individual ministries will continue to focus on internal benchmarks and budgets, rather than collective goals. Such barriers can make integration seem like an unrealistic objective. (Peters, 2018)

Internationally, Canada may also consider partnering with an organization like UNICEF to carry out an assessment of provincial policy coordination efforts, as the ECG implemented to bring member states on side. UNICEF's final report for the EC explored the factors that facilitate and bar policy coordination efforts across member states, providing a set of recommendations for improvement. Key recommendations included creating shared space or joint decision-bodies to coordinate policy measures across ministries. (Molinuevo, Nur & Pozneanscaia, 2021)

Like the EC, the federal government should also consider adopting a common monitoring framework to track marginalized children's access to basic rights and evaluate coordination progress. A common monitoring system is needed, and it can create further impetus for policy coordination efforts between relevant ministries and would certainly help coordinated policy interventions. For example, disproportionately low levels of access to adequate housing and child care amongst marginalized children could facilitate a coordinated effort between the Ministry of Municipal Affairs and Housing and the Ministry of Children, Community, and Social Services. Such ministries could work together to prioritize building child care centres attached to new social housing developments.

Acknowledging the Limitations of the European Commission's Child Care Strategy

The EC's strategy is something to be emulated in Canada, but it is not perfect. Notably, one year after the ECG's reporting deadline in 2023, seven member states have to date not yet submitted a National Action Plan for the ECG. Of those states that have submitted National Action Plans, some have merely recapitulated existing policies and achievements, and are in "action" in name only. Other member states do not sufficiently address targets set out by the EC. (COFACE Families Europe, 2023)

Beyond non-compliance, we need to carefully consider the objective of prioritizing marginalized children's access to child care. Child care should be used to nurture cultural diversity and support the preservation of Indigenous languages and culture. If child care is used to forcibly assimilate immigrant and Indigenous children to adopt "Canadian values" then such objectives are entirely inappropriate.

Consider that Denmark had a child care participation rate of 90% for children at-risk-of-poverty or social exclusion as of 2022, significantly outperforming other member states. However this is, in part, because Denmark passed a controversial law in 2018 that required the children of immigrants from areas deemed to be “ghettos” to spend at least 25 hours a week in child care to learn Danish values starting at the age of one. Whereas other Danish citizens can choose to enroll their children in preschool, immigrants living in these neighbourhoods will lose their welfare benefits if they do not comply with this assimilationist policy. (Euro-Mediterranean Human Rights Monitor, 7 February 2022) Despite this nominally successful child care rate, the exclusion and marginalization still experienced by children participating in the Danish child care system is not captured by these benchmark figures.

Recognizing some of these limitations, researchers and policymakers with the Foundation for European Progressive Studies provided the following recommendations to improve outcomes under the ECG:

- Establish a European Child Care Knowledge Hub to build the capacities of local authorities for planning equitable and quality services by mobilizing best experiences across the European Union;
- Establish a separate European Union initiative to promote the quality and retention of the child care workforce;
- Increase the availability of granular data at the territorial level to better plan appropriate actions and targets and to monitor results; and
- Establish a Child Union that recognizes and invests in child care as a right for all children by making child care a legal entitlement. (León et al., January 2023)

For Canadians, these measures should be considered when designing a rights-based national child care strategy to ensure inclusivity as well as equality.

A truly universal system must be legislated as a legal entitlement and delivered with the support of high-quality data and best practices based on interjurisdictional knowledge sharing. Importantly, child care expansion will not be possible without a concerted strategy to retain and recruit qualified early childhood educators who are currently leaving the early learning sector at a high rate because of poor compensation.

Conclusion

Although economic uncertainty through the present crisis makes it challenging to envision a more ambitious national child care system, we should not be deterred in this goal to decommodify care. Child care, and the wider care economy, are ultimately an inflation fighting tool, bringing back affordability to families amid economic shocks and profiteering. To counter this, we need to demand child care be provided as a human right.

The ECG and the European Care Strategy provide important lessons for Canada. By endorsing policy and funding best practices, benchmarking against child care participation rates, and supporting a coordinated approach to guarantee basic rights for marginalized children, the federal government can establish a national framework that will better support establishing child care as a right for all children.

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From Public Power to Public Grocers in Canada: 'Zoning Out' for Economic Democracy

Nick Pearce

In Ontario, the public won control over hydroelectric power in 1910, but the task of democratizing this essential utility and economic staple was not an easy process. It started five years earlier when James Whitney, the Conservative Premier of Ontario, declared that the hydroelectric power of Niagara Falls would never be, "the sport and prey of capitalists"—it belonged to the people who made and used it. The local organizers and municipalities who helped to create Ontario Hydro at the time fought a long campaign against private interests who spent lavishly on newspaper editorials, billboards, and canvassers. These private business interests went to great lengths to acquire Ontario Hydro by attempting to sabotage the province's credit rating through negative reporting in the international financial press, claiming that public power ran rough-shod over private property rights. Public power was still able to prevail. In 1910, hydroelectric power from Niagara Falls sent affordable electricity to municipalities more than 160 kilometers away. In Berlin, Ontario at the inauguration of the province's public power—now the City of Kitchener—a string of lights spelled "For the People" over the town's main street.[1] Despite piecemeal privatization, public power in Ontario still survives to this day.

Local zones of social democracy often exist thanks to the successes of ground-level social movements, like the citizens who organized around a public Ontario Hydro more than a century ago. Public libraries, recreational facilities and cultural spaces are social democracy realized—community wealth as the social infrastructure where many can gather and live in non-transactional spaces.[2] The public ownership of power in Ontario is the result of these organizers banding together across municipalities. Their story serves as inspiration for a model of confident, modern social democracy that prioritizes questions of public power and decommodification at the local level in areas like housing, food, and energy.

The idea of a social democratic zone, however, is a reversal from the decades of practice of carving out "zones" by right-wing governments and neoliberal interests. Zones of this type, such as tax havens, are carved out of otherwise democratic jurisdictions, to test drive the worst impulses of capitalism to subvert labour laws, hold private control over democratic ownership, and expand extraction at the expense of the environment. These practices are realized to attract capital investment while maximizing profit in the shortest turnaround time possible. From these zones, the worst practices of free market capitalism proliferate into ordinary territories, eroding the democratic sovereignty of peoples in favour of the power of capital.

Progressives should consider creating and developing their own "zones" for building democratic power, putting into practice social democratic values. Through these islands of social democracy, the diffusion of democratic power could be incubated and seeded to propagate widely as neoliberal systems wither and fail. The public power of Ontario Hydro seeded a province-wide grid that helped to spur the initial development of industrial democracy in Canada at the start of the 20th century, until at least the rise of neoliberal retrenchments starting in the 1980s. Large municipalities, while often constrained, are also good-sized jurisdictions to create social democratic zones and already have the tools to create bases of public power. Democratic control over public goods and essentials such as housing and groceries could demonstrate what a muscular cost-of-living strategy can achieve at-scale, especially in the face of multiple economic and political crises. The several Ontario municipalities worked together to create a public power system that could serve as inspiration for today's zones of social democracy.

The Politics of the Zone

A zone, according to historian Quinn Slobodian, "at its most basic, [is] an enclave carved out of a nation and freed from ordinary forms of regulation." It is a libertarian project of subverting democratic control and sovereignty in the interests of capital by poking holes in states to create zones within them (i.e. the special economic zone, the export-processing zone, the foreign trade zone or the euphemistic innovation hub, etc.), where normal rules don't apply. Private investors call the shots without democratic accountability in these zones. "Crack-up capitalists," as described by Slobodian, "spot signs of the mutation of the social contract and ask whether they could accelerate and profit from the dynamics of dissolution," through the fragmentation of democracy and replacement by capital rule.[3]

In opposition to the capitalist zones that have been built up today, the left should build inverted zones, according to Mathew Lawrence, director of the think tank Common Wealth, with "the suspension of market rule in place of a social economy, of the sovereignty of producers over production, and of democratic control over investment to meet collective and environmental needs and expand human capability and freedom."[4] There are, however, limits to creating islands of socialism. First, left-wing versions of the zone are often defensive and restricted to a community or a project. Second, contrary to the right-wing politics of exit, the left seeks a system-wide transformation that zones alone are incapable of achieving. Left zones must build strength collectively and always be aimed at scale. Much like the Ontario municipalities who worked together to create public energy, local successes must vie for a greater transformation of power relations.

Canada has a history of accomplishing these islands of social democracy. In the twentieth century, Connaught Laboratories used the resources of a local anchor institution, the University of Toronto, to produce groundbreaking innovations to treat diphtheria, host Frederick Banting's historic insulin research and make pivotal contributions in the fight against polio. Connaught founder Dr. John Fitzgerald is considered one of the foremost champions of public health alongside political left-wing icons like Tommy Douglas. Dr. Fitzgerald advanced the commonsense idea that life-saving drugs should be universally provided, and that a public system should be the vehicle.[5] He pushed the ideal forward and ensured Connaught's outputs remained in the public domain, before it was sold to the Canadian Development Corporation in 1972, later to be privatized in 1986. Pharmacare has since made considerable headway but has yet to fully realize its potential. Before its ill-advised sell-off, Connaught demonstrated that local experimentation at the fringes can precede transformative change at scale, and it only took the rising tide of neoliberalism of the latter twentieth century to erode this transformative institution.

Large municipalities, while often constrained, are strong administrators of zones, as evidenced by the capitalist zones of Hong Kong, Singapore and the City of London. For the left, big cities have the geographical density and the administrative tools to create democratic bases of public power.

Local Public Enterprise at a Glance

Municipalities are proven service providers and there are hundreds of municipal enterprises in Canada.[6] Municipally-owned corporations tend to appear in larger cities, but can also appear regionally and service several municipalities. Their services focus on protecting, maintaining, and enhancing the built environment, but may branch out into areas such as immigrant settlement, poverty reduction, and climate change, their capacity is restricted by their geographical and jurisdictional limitations and reliance on property-based taxes and fees.[7]

Three major Canadian municipalities, Calgary, Saskatoon, and Toronto, operate electrical utilities; and five cities, including Vancouver, Calgary, Winnipeg, Toronto, and Montréal, are directly involved in social housing, though other municipalities may be involved in the financing and construction of new affordable housing units. Larger cities tend to host more municipally-owned enterprises because of their population size, owing to a larger tax base, and have a much more developed organizational scale, scope, and sophistication. Larger cities typically provide operationally intensive services or handle bigger administrative revenues through public parking lots, public transit, and social housing. Some of these operations are massive public enterprises, like the Toronto Transit Commission, which currently maintains a 2025 operating budget of $2.8 billion.[8]

Cities also often host other large "anchors": public institutions that may be operated by other jurisdictional levels, but are rooted in their communities, like hospitals and universities. Anchors are economic and innovation engines, and are often endowed with wider social mandates and advanced services like health or education. They often are among the most significant employers and buyers in their jurisdiction. In 2022-23, Canadian universities spent $45.1 billion; Canadian hospitals, excluding Québec and Nunavut, spent $62.4 billion on goods and services.[9] As large public service employers, they also have a say over how a workforce is trained and who it employs—playing an important countercyclical role while opening themselves to broader roles in regional industrial strategies.[10]

While the University of Toronto made medical breakthroughs by supporting a non-profit enterprise like Connaught Labs, as a large public enterprise, it could also create demand certainty for municipal, co-operative enterprises, unionized workplaces or Black and Indigenous-owned businesses. They can attract talent, create new ventures, and encourage the creation of neighborhood development by building public goods like parks.[11] Anchor institutions could also play a role in creating community energy co-operatives, acting as a public partner with local groups of citizen's associations to install solar panels and reinvesting the surplus in democratically determined initiatives.[12] Such community wealth building initiatives have attracted greater attention over the past decade and deserve greater consideration as Canadian progressives face a new era of right-wing governance.

There are, nonetheless, limits to the left politics of the zone. First, many of these initiatives could be best accomplished at scale with the cooperation and fiscal power of senior levels of government. However, in demonstrating the successful implementation of municipal projects, as is often the case where local administration is better equipped to tackle public enterprise such as non-market housing, senior government investment should typically invest in community initiatives wherever there is demand and viability. Canadian municipalities, which are beholden to their respective provincial governments, are typically fiscally constrained by the revenue tools they are able to employ. Meanwhile, federal and provincial governments, with their broader tax and fiscal powers, maintain authority over municipal budgets. Ongoing municipal struggles to secure operational transit funding over "de-risking strategies" that enable public-private transit partnerships are exemplary of this limitation.[13]

Still, these fiscal limitations can be mitigated given the outsized influence of larger Canadian cities on the political prospects of provincial and federal governments. The Ontario-Toronto New Deal Agreement in 2023 that saw the restoration of transit operational funding between the city and the province shows that political will can be used to extract concessions towards social democratic zoning projects by large cities.[14] This challenge need not be a barrier to ambitious policy interventions that lower the cost-of-living. Municipal grocers are one area where such an approach could bear real fruit.

Case Study: Municipal Grocers

Municipally-run grocery stores are riding a wave of attention. They have become a rallying cry for progressive municipal politicians like Zohran Mamdani, democratic socialist candidate for Mayor of New York City, and Chicago Mayor Brandon Taylor. At the municipal level, these progressive politicians argue that cities can forgo property taxes on municipally-owned grocery stores and use wholesale purchasing strategies to undercut for-profit grocery chains that are prime suspects for abusing sellers' inflation.[15] In Canada, publicly-owned grocery retailers have the potential to exert downward pressure on the prices of private grocers by competing against incumbents in a highly-concentrated industry, much like SaskTel, as a crown corporation telecom, has the displacement effect of lowering telecom prices in the province of Saskatchewan.

In 2023, the Competition Bureau sounded the alarm over the big five grocery retail chains—Loblaws; Sobeys; Metro; Costco; and Walmart—and encouraged the entry of new retailers, "that are willing to take risks to shake things up."[16] The Bureau envisioned independent, international and discount grocers entering the market, and only a limited role for municipalities to loosen property laws and make it easier for new stores to open.[17] While new retail entries into Canada's groceries sector could provide disruption (though previously attempted with retailers like Target), democratically

cally controlled enterprises cannot be overlooked. Municipalities could play a greater role and build collective strength by delivering material benefits to residents through cheaper groceries.

There is a clear social need: prices are climbing as food remains vulnerable to supply shocks, including tariffs and climate change.[18] In January 2025, the City of Kingston reported that one-in-three households were food insecure, becoming the third city in Ontario after Toronto and Mississauga to declare a food insecurity emergency.[19] In 2023, 22.9 percent of people across the ten provinces lived in a food-insecure household—8.7 million people, including 2.1 million children.[20] Downtown Winnipeg and southwest Scarborough are exemplary urban communities where food desertification is a major problem for their nominally low-income residents.[21]

Grocery price inflation is also top of the list of financial anxiety for Canadians.[22] Greater social assistance is useful in the short-term to make up for acute food insecurity, but the fiscal capacity required for this kind of programming has been typically opposed by right-wing provincial and federal governments. Likewise, food banks provide much-needed relief, but are not designed to address the structural issues behind food insecurity. Already, there are examples of non-profit social enterprises in food security, like co-operatives or Québec's solidaristic grocery stores that charge customers different prices, depending on their ability to pay.[23] Given the needs and the already existing models for non-market alternatives and decommodification, it is not so much an ambitious dream to pursue municipally-owned grocery retail to decommodify this essential for those that need it, and build a zone of social democracy from there.

Municipally-run grocers are also not radical or untested. Several examples of municipalities around the world have opened them using a variety of strategies. A common motivator behind the development of a municipal grocer is the failure of private grocers and the threat of food desertification as a result of their closure in low-income communities. Since 1985, the residents of St. Paul, Kansas, a small community of 600, have had to make a 34 mile round trip to buy groceries. The municipality, a community development corporation and a rural electric cooperative teamed up to create a homegrown grocer, hiring a husband and wife to run it. The city bought out its partners in 2013 when the couple retired and ran the supermarket at a profit.[24] Not all municipally-owned grocers, however, succeed. For Instance, the town of Baldwin, Florida tried to open a true non-profit grocery for its community of 1,400 people but had to shutter the operation because its single store struggled to buy wholesale prices and sell at competitive prices.[25]

These examples show that municipally-run projects thrive or die by the business model. However, some exemplary business failure should not lead to the dismissal of creating this particular zone of social democracy. Matt Bruenig of the think tank the People's Policy Project suggests using the criteria that Norway applies to its state -owned enterprises, splitting them between those aiming for the highest possible return and those seeking the most efficient attainment of public policy goals. While financial performance is relevant, much like public transit which typically require subsidies to complement farebox revenues, for public grocers it does not necessarily need to be judged by a positive cash flow if it is meeting its democratically-determined social goals as efficiently as possible.[26] Efficiency, married with committed support from key partners like a large hospital or university, could make these projects a success. There is a wealth of experimentation and evidence to draw from to create an informed local approach to the food insecurity crisis facing Canadians.

That extends to the already considerable public presence in food and beverage retail. In Ontario, the LCBO is not subsidized by the provincial government and generates about $2.5 billion in provincial revenues each year, with its 680 retail outlets accounting for about 80 percent of its sales. These proceeds help provide public goods for Ontarians, rather than the handful of grocery chains that dominate Canadian food retail. OPSEU, LCBO's union, also points out that this democratic oversight serves the broader public interest. Ontarians are 12 times more likely to trust the LCBO over private retailers to refuse service to children.[28] Likewise, research has associated greater alcohol access via private vendors with more alcohol-related visits to the emergency room.[29] While the LCBO does not have the same mandate to deliver low-cost groceries or ensure access in food deserts, it is a profitable public enterprise that responds to a wider set of public interests, such as the recent pulling of American products in response to the US Tariff threat. Meanwhile, Canada's major grocers still maintain American products on their shelves.

The LCBO's expertise demonstrates the success of public retail and reveals it can be leveraged for municipal grocers. Indeed, public ownership exists in significant parts of the food supply chain. Run by the Ontario Ministry of Agriculture, Food and Rural Affairs, the Ontario Food Terminal is Canada's largest wholesale Fruit and Produce Terminal and measures in the top four terminal markets in Canada and the United States by volume of produce distributed. An average of 5.6 million pounds of fruits, produce and other products are distributed daily from the terminal, with a range as far as British Columbia and Newfoundland.[30] Municipal grocers are not some fantasy: public ownership exists today in large parts of the food and beverage supply chain. Turning this expertise toward social need requires political will and is a clear option for progressives at the local level seeking to build collective power by delivering material goods where they are needed most.

This context—whether it's successful campaigns of economic democratization or existing public infrastructure that can be leveraged to benefit social needs—shows that there is nothing radical or unimaginable about the decommodification of basic food sources.

While market radicals fantasize about exiting from stultifying bureaucracies, Slobodian rightly notes the zones are bound to the states that create them. Moreso, they are embedded with real people and history.[31] Much like the right-wing version of the zone, the left-wing iteration of the zone needs to work through and with existing institutions for the goals of justice and equality. Anchor institutions like the University of Toronto's support for Connaught Labs, campaigns like the push for public power in Ontario's industrial history, or the existing public demand and opportunity for good food at low cost, all demonstrate the feasibility of a democratic economy that builds public power.

Conclusion

To develop municipal grocers in Canada arguably helps to develop zones of social democracy and carve out spaces for public power that can then seep into other sectors of the economy. Today, crack-up capitalism creates zones where capital rules, but public enterprise can reverse this by modeling the mechanisms used to make spaces where capital power thrives over democratic power and develop the institutions to deliver popular wellbeing at scale. Like the Ontario municipal politicians and organizers who worked together to create public power more than a century ago, a project to develop municipal grocers can work with other varieties of social enterprises, like co-operatives or Québec's solidaristic grocery stores.[32] Like Connaught Labs, they may benefit from the partnership and resources of anchor institutions. The binding thread between all these projects is that local democracy is a platform for the collective power of those who work and live in a community over those who profit from it. Grassroots campaigns in local governments prove we have the capacity to create economic democracy wherever social need is poorly met, and to use those conditions to build power at ever greater scales.

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REVIEW: Kevin Lambert's Real Estate Realism

Aaron Obedkoff

May Our Joy Endure

By Kevin Lambert (trans. Donald Winkler) | Biblioasis Press

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On July 15th, 2023, Québec Premier François Legault took to social media to praise Kevin Lambert's novel, *Que notre joie demure* (translated in English as *May Our Joy Endure* the following year). The novel, Legault wrote, addresses "the difficulty of debates in our society" and offers a "nuanced critique of the Québec bourgeoisie." In a scathing comment left below the Premier's post, Lambert fired back: "you have to read with your eyes closed not to see how the portrait of the city that is depicted in the novel goes against the destructive, anti-poor, anti-immigrant, pro-property and pro-rich policies of your government." The public quarrel quickly became a media event and sales of the novel nearly doubled in the days following.

Readers of Lambert's work should not have been surprised by this heated exchange. Since the publication of his debut in 2017, the 32 -year old writer from Saguenay has established himself as an unsparing critic of the social, political, and economic conditions of contemporary Québec. His first two novels—*You Will Love What*

You Have Killed and *Querelle of Roberval*—abounded in sex and violence as though engineered to offend just about everyone. Instead, they won praise and prizes in both Québec and France. Upon its publication in 2022, *Que notre joie demure* was longlisted for the esteemed Prix Goncourt and won the Prix Médici, placing Lambert in the company of figures such as Marie-Claire Blais and Dany Leferrière. Biblioasis Press and translator Donald Winkler have endeavoured to replicate Lambert's success with English-language readers; *May Our Joy Endure* appeared in translation in September 2024.

The novel follows renowned architect Céline Wachowski as she nears her 70th birthday. From humble and troubled beginnings in the Montréal-suburb of Roxboro, Céline has climbed her way to global stardom. Lambert details his protagonist's accomplishments at length: Céline's firm, Ateliers C/W, has built "houses of influential personalities," including those of Paul McCartney, Julianne Moore, Madonna, and Françoise Bettencourt, and has designed major works around the world, including "three legendary buildings, the famous Decco Tower in New York, the media centre for the London Olympics, and the Abu Dhabi Guggenheim Museum that had just opened its door."

More than just an architect, Céline is a public figure and financial mogul: her lifestyle show *Old House, New House* is a hit on Netflix; she is close friends with celebrities like "Sigourney," "Meryl," and "Julianne"; she was the subject of a *Harper's Bazaar* profile written by Joan Didion. Her extensive investment portfolio has done well, with *Forbes* estimating her net worth at a cool $7.2 billion. On the personal level, Céline's "magnetism that calls to mind that of the great British actresses" bewitches all those who are lucky to find themselves in her presence.

Despite Céline's global stature, she has felt insufficiently honoured in her home province. That is, until a multinational Amazon-like corporation called WeBuy decides to build a new headquarters in Montréal on the condition that Céline design the building. A site is selected in the Mile-Ex neighbourhood—an actually-existing plot of land beside the Université de Montréal's MIL Campus to the north of Mont Royal—and Céline is struck with inspiration for the building's design in a cup of tea.

Lambert's placing the fictional WeBuy Complex in a real location is a key to the commentary on gentrification and urban inequality at the centre of the novel. In an academic article from 2019,[1] Mary Sprague and Norma Rantisi note that the City of Montréal has played an active role in transforming the formerly-industrial Mile-Ex into a hub for "knowledge and service-oriented businesses and new residential development." Or, as Lambert writes, "Mile-Ex [...] had already undergone a serious transformation, largely due to the installation there of artificial-intelligence, video games, and state-of-the-art-tech companies." Throughout the novel, Lambert demonstrates a keen understanding of urban development theory. His framing of the WeBuy Complex seems to model what geographer David Harvey has coined "urban entrepreneurialism," in which local governments go to great lengths to attract international investment. Indeed, Lambert writes that "WeBuy had settled on Montréal because of the fiscal advantage and generous investments pledged by all levels of government."

As the novel progresses, both the WeBuy Complex and Céline are beset by controversy. Protestors flock to the building site and march in opposition to the gentrification that will result from the project. Meanwhile, Céline is the subject of a damning two-part *New Yorker* profile, which exposes her dubious financial dealings and abusive behavior towards employees. Lambert cleverly uses the profile as a didactic implement to explain the workings of gentrification and elsewhere documents the lives of those who have been displaced in the process.

In the fallout from the *New Yorker* piece, Céline is forced off the board of the firm she founded. She retreats to her mansion along the Rivière des Prairies and tries to find meaning in the work of Proust. As in Todd Hayne's film *Tàr*, we witness an autopsy of a life after the social death of cancellation and follow our character's quest for redemption.

Despite the force of its critique, *May Your Joy Endure* is by no means a screed. Lambert's talents as a prose stylist are evident even in translation. His sentences possess an incantatory quality—the opening sentence runs nearly a page—and the reader is never far from a jarring image or metaphor, as when Céline's voice is described as breaking "the silence with the solicitude and patience of a nurse lancing an abscess." Lambert writes about architecture with a meticulousness that duly renders the beauty of his character's creations. The narrative also benefits from the polyvocality of a chorus of characters, including Pierre-Moïse, Celine's overshadowed second-in-command, and Gabriela, a fledgling architect who bears the brunt of her boss's ire. By examining this diverse cast of characters in all their complexities—and hypocrisies—Lambert has offered a model for writing across differences of age, gender, race and class with sensitivity and compassion.

May Our Joy Endure is a timely cultural intervention. Between 2023 and 2024 monthly rents for a 1-bedroom apartment in Montréal jumped over 10%—in Lambert's words "an affordable dwelling place had become rarer than a winter without rain"—and a 2024 survey[2] conducted by Vivre en Ville in partnership with the City of Montréal found that 15% of respondents reported that they have experienced homelessness, a 50% increase from a year prior. In 2023, Premier Legault's Coalition Avenir Québec passed Bill 31, allowing landlords to reject lease transfers, a mechanism which had previously helped moderate rent prices. It bears mentioning that the current Minister of Housing, France-Elaine Duranceau, is a former real estate agent and property flipper who was found to have violated ethics regulations[3] after she fast-tracked a meeting with a lobbyist who also happened to be a longtime friend and partner in real estate projects. Lambert's condemnation of this state of affairs is evident in both his novel and his exchange with the Premier.

Late in the novel, Lambert stages a debate over the role of fiction in the balance of power. Michel—Céline's nationalist and xenophobic personal assistant—proclaims "that there is a seed of domination inscribed in literature itself [...] Racine, Molière, Shakespeare, the list is long, they all wrote their masterpieces to buttress and entertain the ruling class, works made to order affirming their patrons' moral ascendancy over the people." One could just as easily provide a list of counter-example—from Orwell to Ursula K. Le Guin—of writers who have spoken truth to power and envisioned a more egalitarian world. In our own moment, Lambert has made one such contribution. It's an encouraging sign that people in positions of power are reading his work; we can only hope that they read a little more carefully.

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