

On Canada's bank bonuses and ruling class hypocrisy

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The World Socialist Web Site received the following letter in response to recent reports that Canada's six biggest banks are paying out a record \$8.3 billion (approximately US \$7.7 billion) in bonuses this year.

According to the Globe and Mail, the bank bonuses represent an 18 percent increase over 2008 and are 4 percent larger than the previous record year, 2007.

Like the Obama administration south of the border, Canada's Conservative government has vigorously resisted calls for any regulatory limits or additional taxes on the multi-million dollar compensation packages paid Canada's top bankers. Prime Minister Stephen Harper and Finance Minister James Flaherty have justified this position by extolling the virtues of "market"-determined compensation and by asserting that Canada's banks were given no government aid to weather the financial crisis.

The latter claim is a bare-faced lie. Behind the backs of the Canadian people, the Conservative government, with the support of all the opposition parties, guaranteed unlimited financial aid to the country's banks, as well as putting into place a number of specific programs to provide them with cheap credit and other support. Under one of these, the government, through the Canada Mortgage and Housing Corporation (CMHC), has spent more than \$100 billion buying up bank mortgages.

Jack Miller writes:

The Festive Season has its consolations and Charles Dickens is one of them. The television networks invariably screen several of the excellent movies that have been made based on his novels. A *Christmas Carol* leads the way of course but a version of *Oliver*

Twist usually receives an airing as well.

Set in England in the 1830's *Oliver Twist* tells the story of a small orphan boy raised in a "charitable" institution run as a business by its board of directors and its administrator, Beadle Bumble. The starving orphans choose Oliver as their spokesman. Oliver approaches the Beadle after supper with his empty bowl of gruel and says, "Please, sir, I want some more." The Beadle and the board of directors are outraged by this display of ingratitude, arrogance and greed. Oliver is suitably punished and assured that he is well on the road to eternal damnation.

On December 10, Canada's national newspaper *The Globe and Mail* published an article entitled "The moral end-run that undermines the welfare system," with more than a few echoes of *Oliver Twist*. Unlike Dickens, however, journalist Marcus Gee's sympathies are entirely with Beadle Bumble, aka Toronto City Councillor Rob Ford.

Beadle Ford's ire was aroused when "informants" told him that a certain Dr. Ronald Wong was "helping people fill out dietary-allowance forms to get a bump in their welfare rates of up to \$250 a month." Aghast at the prospect of the undeserving poor living off the fat of the land, the worthy Councillor Ford contacted the College of Physicians and Surgeons of Ontario and demanded an investigation.

In the interests of objective reporting Marcus Gee solemnly informs us that "Mr. Ford says he is no medical expert and repeated over and over that he is not passing judgement on Dr. Wong. 'Maybe everything is legitimate and above board. He could be totally innocent.' Still, the whole business 'doesn't pass the smell test.'"

The odours are made all the more suspect in Gee's opinion as welfare recipients were being referred to Dr. Wong by the Ontario Coalition Against Poverty

(OCAP), an organization that has built a reputation for intervening with aggressive “direct action” tactics on behalf of the unemployed and the homeless (aka “a rabble-rousing activist group”).

Mr. Gee wrote his article out of his profound concern for the plight of the less fortunate, or so he would have us believe. although there is no record of his opposing the *Globe and Mail*’s support for the brutal 20-percent plus cut in welfare rates imposed by the Ontario government in 1995 and never restored.

“[D]odges like that,” sermonizes Gee, “undermine the whole welfare system, reinforcing a public suspicion that people on welfare are out to fleece the system. Surely that is not what OCAP or Dr. Wong wants.”

If the poor lose what little they get at present, they will only have themselves (and the rabble-rousing activists) to blame. No gruel for the ungrateful.

Councillor Ford’s keen-scented ability to detect the dietary-allowance odours is all the more remarkable in view of the overpowering stench emanating from Toronto’s financial district. The accumulated total forked out by the Canadian government to bail out Canada’s banks currently stands at \$125 billion. According to the *Globe and Mail* of December 9th the bonuses for fiscal 2009 to be paid to the top employees of Canada’s six largest banks will total \$8.3 billion.

The federal government insists that there has been no bank bailout in Canada. The government claims to have shrewdly wangled billions of dollars’ worth of mortgage-based securities away from the banks to bless the lives of Canadians for years to come. Banking practices that appear suspect south of the border acquire a pristine and wholesome purity once they cross the 49th parallel.

The present writer admits that he is no financial expert and will happily repeat over and over that he is not passing judgement on finance minister Flaherty. Maybe everything is legitimate and above board. The bankers and politicians could be innocent as lambs frolicking in the fields. Still, the whole business comprehensively flunks the smell test.

Are the banks sure they are acting in their own best interests by raking in \$125 billion of public money and immediately paying their top people bonuses of \$8.3 billion? Dodges like that undermine the whole financial system, reinforcing a public suspicion that the banks

are out to fleece the public. Surely that is not what the bankers and the Conservative government want.

Food Banks Canada (an umbrella organization for food banks across Canada) reported that in March 2009 just under 800,000 people walked into a food bank, 72,000 of them for the first time ever. That number will continue to grow, as economic hardship strikes at sections of the population that have been insulated from the brutal realities of poverty up till now.

To get the Festive Season off to a fitting start, Marcus Gee and Beadle Ford make it clear how much compassion and support the newly impoverished can expect from Canada’s ruling elite.



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