

# FACULTY MATTERS

Views and News of Douglas College Faculty Association Members  
Number 9, Fall 2017



Jane McAlevey giving her keynote speech at the FPSE AGM in Victoria, May 2017

## No Shortcuts

BY ROBIN WYLIE, HISTORY

The featured theme of the 2017 FPSE provincial conference was 'Building High Participation Unions'. The speaker who presented this idea was Jane McAlevey, author of *Raising Expectations (and Raising Hell)* and *No Shortcuts: Organizing for Power in the New Gilded Age*. Ms McAlevey was a leading union organizer for the Service Employees International Union (SEIU) and is now a post-doctoral fellow at Harvard Law School.

What exactly are 'high participation' unions? McAlevey's argument is that unions need to rediscover the 'Whole Worker' or deep organizing methods of the pre-1945 period if they are to survive the neo-liberal era. That is, unions need to be built out of a constant struggle by ordinary members against their employers, and by building unity with other workers in their sector and with their community. Only class struggle unionism offers a way out of the decline of organized labour in America.

This is a critical argument for a union movement that has declined from 35% of the workforce in the U.S. in the 1950s to 10% today, and where less than 7% of the private workforce remains organized. Not since 1932 has American labour been in such a precarious situation.

The situation promises only to get worse. Public sector unionism is at 35.7% of the workforce. But American public workers are under siege. Republican governors in Michigan and Wisconsin have successfully introduced Right To Work laws that undermine job and union security, and Illinois and Indiana threaten to follow. The Right to Work South threatens to become a national reality.

### A Declining Way of Life (and a declining strategy)

McAlevey argues that this decline in worker rights and standard of living stems from two sources: America's global leadership role, which justifies elite attacks and state erosion or repression of workers' rights, today described as neo-liberalism; and from the self defeating behaviour of unions themselves in adapting to this order - in moving from membership oriented organizations who fought the employer at the point of production to

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bureaucracies who substitute the courts and deals with elites to preserve their immediate interests.

The result has been a decline in the living standards of the waged majority since the 1970s, matched by an extreme redistribution of wealth to the top 20% of American society (especially the top 1%), something not seen since the Gilded Age of late nineteenth century America. Such an imbalance of power threatens to deny the majority not just social justice (such as health care), but even the hope of market economic opportunity.

Decline for the working majority has been facilitated by the development of a self-blame culture where a significant minority of American workers politically support the suppression of their own interests.

McAlevy argues that this social pathology can be addressed by rebuilding worker organization, but not by lobbying.

Lobbyism has been the dominant form of union activity since the 1950s. The author describes two forms: Advocacy, the old fashioned variety of elite dealing, often through the Democratic Party by the AFL-CIO, or Mobilization (the social unionism of the breakaway Change to Win labour federation), based on staff run 'corporate campaigns' with token popular participation as a form of active shaming.

Neither strategy has reversed union decline and, McAlevy argues, both may have intensified failure.

## Deep Organization

In her book *No Shortcuts*, McAlevy examines four major cases of worker struggle in post 2000 America that have succeeded with Deep Organizing methods: contrasting SEIU nursing home workers between Connecticut (Local 1199) and Washington (Local 775); the Chicago Teachers' strike in 2012; the successful organization of the world largest pork plant in Smithfield, North Carolina; and a worker advocacy organization Make the Road, New York.

In the case of nursing home workers, McAlevy contrasts how class struggle unionism by Local 1199 (with over 60 strikes) has managed to create the highest compensation - and workplace rights - in the nation, while the SEIU in Washington struck a political deal with Democratic legislators that facilitated organization, but not substantial gains, based on a legislative system open to a Republican counter-offensive.

The Chicago Teacher's Strike is now famous for having successfully defeated Democratic Mayor Rahm Emmanuel (Obama's Chief of Staff) in his attempt to destroy public education standards and tenure. The Chicago Teachers Union (CTU) model was the

## From the Editor

BY ELIZABETH HICKS, COMMERCE & BUSINESS

Welcome back to the Fall Semester! While you have all been enjoying this hot and dry summer weather, your FacMat committee has been busy behind the scenes. Steve Crozier, in particular, has spent countless hours working on this edition.

One thing that should be mentioned is an error in the last issue. Dominique Falls, not Lisa Smith, wrote *Indigenizing Sport Science/Kinesiology*. Our apologies go out to Dominique for this error.

Again, my gratitude to all the contributors - without you there wouldn't be a FacMat!

Enjoy!

BC Teachers' Federation illegal strike in 2006, which fostered strong workplace organization with community outreach to Parent Advisory Councils, and the CTU's political inspiration was Naomi Klein's book *The Shock Doctrine* (in fostering a reform caucus elected to leadership in 2010).

In the nine days of the strike, every day began with a picket line, followed by a mass march and rally in downtown Chicago, which included tens of thousands of supporters.

Preparation in ideas, as to the value of public education to a majority black student population, and in organization, within and without the workplace, was key. In fact, high participation led to a supermajority for a strike (over 90%), open negotiations, where members could observe the process, and a two day picket line discussion about whether to authorize the negotiating team to sign a tentative agreement.

Still, as McAlevey notes, while the strike was a defensive success and rebuilt a union that had been moribund in a relatively short period of time, Emmanuel has returned to the attack with school closures.

Here McAlevey makes a very important argument in terms of American debates about social activism – how far can the Saul Alinsky model of local community direct action (through the famous manual *Rules for Radicals*) carry a community in the face of a generalized attack across neighbourhoods – and act as a substitute for worker organization?

In the author's opinion, the geographical sectionalism and top down leadership styles of Alinsky's model may work for a campaign, but not for sustained organization, especially in the face of a broad attack. In fact, it has been a shortcoming of unions not to offer generalized leadership to connect communities based on workplace power (with the CTU not yet having grasped this, though some ran as independents in municipal elections).

Smithfield, North Carolina is home to the world's largest pork packing plant. When it opened in 1993, some 5,000 workers faced a relentless and dangerous pace of

work that led to an average turnover each year of 100% of the workforce. In 1994 local workers held an organizing drive that met the 30% card check off criteria for a National Labour Relations Board (NLRB) union certification vote. Using company security and the local sheriff's office, Smithfield managed to physically prevent the majority of workers from voting. Smithfield's intimidation was so blatant that the NLRB ordered new votes in 1997 and 2008. On the third try, a slim majority voted for union certification as a member of the United Food and Commercial Workers.

As McAlevey documents, the key to a majority was intensive organization inside the plant to turn the racially divisive politics of the employer, pitting whites, blacks, Latinos and native people against each other, into sources of interethnic and racial solidarity. Latino workers in particular were important. They repeatedly wildcatted (i.e. struck illegally) as the employer brought immigration agents into the plant to arrest those who might be illegal. At one point, 2,000 Latino workers were fired.

Yet the workers persisted with the aid of an organizing team from Change to Win, who also reached out to North Carolina community organizations, especially liberal churches, to build political pressure on the state (and thus on Smithfield) to finally allow a democratic election in December 2008.

The length, severity, and resolve of this struggle has left a lasting legacy as the poultry processing plant in the community has also been organized (some 1,000 workers) and as Smithfield workers act as a progressive force in rural and North Carolinian politics. Voluntary dues payments average 80%.

Finally, McAlevey looks at another progressive source of deep organizing: worker advocacy centres like Make the Road (the country's most successful). Make the Road is a Latino self-help organization that made a transition over time to also becoming an effective advocate for labour legislation, such as bills for fair wages since many employers fail to pay Latino workers in marginal jobs, and even for union organization (e.g. organizing car washers).

Make the Road is a unique social-movement organization in emphasizing deep organizing methods. To become a member you must pay an initiation fee (\$120) and then annual dues of \$20. Membership allows you to attend the weekly meetings and to vote. Weekly meetings are structured around a form of improvised political education based on discussion of a 'prompt' or statement (set by the unelected coordinators) and include a diverse set of program (specific issue) committees and their propaganda/agitation activities. They conclude with shared meals that members cook up on a rota basis.

Make the Road has managed some impressive political gains with the New York City administration, and even the state, in regards to fair wage laws. But it has its contradictions in its mix of democracy and self-appointed staff leadership. For McAlevey, the real issue is whether this model can be generalized outside of a strong union and pro-immigrant setting like New York City. In her opinion, there are limits to worker centers as substitutes for the potential economic power of unions.

### **Pretend Power or Real Power?**

McAlevey makes a powerful argument for a return to the more comprehensive, and difficult, methods of building deep worker organization – from serious preparations like a power structure analysis (to map out your issues, your opponent and your own potential strengths to realistically strategize); to building a network of 'organic' leaders in the workplace and to striking the right balance between professional union staff as coaches to this network; to building community support (including a non-sectarian approach to religious groups); to an open and inclusive process in negotiations and administration.

McAlevey also raises some challenging issues for activists who may want to act on this model:

- There is no substitute for membership involvement in hard circumstances. You have to build real power, not pretend power, when employers and the state are so hostile.
- Difficult issues will arise and there will be intense employer/state pressure.

One has to be honest with members and argue out divisive questions and possible consequences. But one also has to push for organized struggle, to draw an organizational conclusion from experience, ideas and self-interest.

- While all members are equal, class society is an uneven place where leadership is a reality. To be successful, organizers have to identify and develop the organic leaders (not just self-identified activists) to have a large-scale impact in moving people to take risks. Horizontalism (or anarchist communitarianism) like that of the Occupy Movement can be just as self-defeating as the top down lobbyism of union bureaucracies.
- To consolidate your achievements and your position to lead, you have to formalize gains through the grievance/arbitration/collective agreement process – something McAlevey admits she failed to do with her emphasis on informal direct actions by rank and file members, which contributed to the loss of her elected position in the SEIU. You also have to defend organizers against union machine pressures to give up, as when the UFCW tried to demobilize the Smithfield organizing team when the employer sued the union as a criminal conspiracy, where individuals could be held personally liable – just as in the 1800s!

We need to be intellectually honest as to where deep organizing comes from. As McAlevey occasionally acknowledges, it comes from the American socialist tradition, from the Socialist Party of America, the Communist Party and the Trotskyist Socialist Workers Party. It takes a deep political analysis and commitment, as well as desperate circumstances, to build real power.

Deep organizing demands serious engagement and it will come with conflict and sacrifice.

But, in American circumstances, deep organizing, with its challenges, is desperately needed. Otherwise, immiseration and demoralization will triumph. Given America's global importance, the organizational decline of American workers will have negative consequences for all of us if deep organizing is not embraced.

#### **Canadian Adaptation?**

So how does McAlevey's argument relate to us?

First, we must appreciate that despite the much higher level of unionization in Canada (about 28%) and a stronger social contract between the state and Canadian society, with programs like public health care, we are not immune to the pressures of a neo-liberal agenda.

Sixteen years of BC Liberalism, a decade of federal conservatism, and Trump demands for more defence spending and renegotiating NAFTA continue to put tremendous pressure on public goods

spending. An example is how post-secondary education is being mandated to become more market oriented in ways that can affect quality.

Nor are Canadian workers immune to immiseration and demoralization. The majority of Canadian workers are not organized, and the union movement doesn't positively affect the majority of the labour market like it used to. There are pools of misery that demand deep organizing now, like temporary foreign workers. Countering this are examples like Solidarity Halifax where the deep methods of Make the Road are used to build worker oriented community activism.

However, objective circumstances are sufficiently different for now that the official labour movement is still deeply wedded to post 1945 forms of conservative or liberal lobbyism (see the election of a new CLC President, Hassan Yussuff over Ken Georgetti), especially with a viable social democratic tradition, with occasional NDP provincial governments and with the possibility of the NDP becoming one of the two major national parties.

Still, there is much to reflect on – and use creatively – in McAlevey's call for deep organizing. We can always build stronger worker organization that has the potential to not just win better rewards but also alter the structure of power itself.

Jane F. McAlevey, *No Shortcuts: Organizing For Power in the New Gilded Age*, New York: Oxford University Press, 2016. 

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## Managerialism: Neoliberalism from the Inside Out

BY DON VALERI, BUSINESS

If you have accumulated a few grey hairs over the last few decades you may have noticed a gradual but subtle change in people's values, beliefs, and even behaviour resulting from the unacknowledged acceptance of the ideology known as neoliberalism. Governments and public matters no longer work or govern as they once did, and certainly no longer reflect the democratic values they once might have rested upon. Reflecting our

neighbours to the south, our country is now largely at the disposal and mercy of the finance capitalism, which treats people and anything public as subordinate. We have been told there is no alternative (TINA). We seem to have sleep walked into a different world. How many of your friends, associates, neighbours or relatives have even noticed or let alone questioned this development?

What is neoliberalism? One definition, suggested by George Monbiot and others, is that it is a political theory that relies on competitive markets to determine the worth of everything. The role of government is to be applied in favour of capital, strong private property rights, and free trade, which does not mean what we usually think 'free' means. The role of the state is to guarantee an institutional framework suitable for such outcomes.

Profits go to private wealth owners; losses are 'socialized' and passed on to the taxpayers. This is what happened in 2008, when the private banks in the U.S. nearly brought down the entire global economy, and threw much of the world into the worst economic depression since the 1930's. In other words, it was not governments that caused this disaster, but private bankers.

Neoliberalism sees society and human life defined by competition, which can be likened to a form of social Darwinism. This is to be achieved by deregulation, the opening up of domestic markets to foreign competition and a reduced role for the state, achieved by privatization of government services and public assets. Severe limits are placed on the ability of the state to raise money to pay for public goods and services, which are gradually starved to death. If the government needs money to pay for these public services, such as education and health care, it must raise taxes on the citizenry, borrow the money from private banks, and not itself, or impose user fees for the services. Perish the thought of raising taxes on corporations, the 1%, and rentiers, or criminalizing and prosecuting fraudsters and abolishing off shore tax shelters.

The most powerful institution in the neoliberal world is one not many have heard of. It is the Bank for International Settlements in Switzerland. This is club made up of private central bankers, which has a list of banks that will never be allowed to go under, no matter how poorly managed, insolvent, financially corrupt or law breaking its executives.

What neoliberalism has done is engender, augment and exasperate the worst aspects of capitalism: economic precariousness and instability for the many, as well as the growing inequality of wealth and income to an extent not seen since the time of the pharaohs in ancient Egypt. According to Oxfam, 8 billionaires own more wealth than half the population on the planet—three and a half billion people.

Neoliberalism has also created a new class of privileged and protected overlords who seek to impose a new

world order of neo-feudalism: the rentiers, bankers, hedge fund managers and stock market and property speculators. They do not create new real wealth, but live off of unearned income that is created while they sleep. And you do not have to go far to see the consequences of their actions. Look at all the newly minted millionaire home owners here in Vancouver, the vacant homes and property values that are so high your children, if you can afford to have them, will never be able to buy. We are living in a city that is slowly dying, which will become more apparent once the proverbial chickens come home to roost.

There is also an unseen dimension to this ideology. It is known as managerialism, and it has gradually and imperceptively taken over our workplaces. This is a term you may not be familiar with, but you might recognize some of its attributes. One can look to the writings of Frederick Winslow Taylor, James Burnham, Peter Drucker, Robert J. Locke and Thomas Klikauer for an understanding of it. Locke gives us a very clear definition: "Managerialism is a phenomenon associated with membership in a specific group of managers that share specific attributes - a caste, no matter how they arose." Also, Managerialism is the organizational and administrative expression of neoliberalism.

According to Klikauer, neoliberalism is about economics and politics. Managerialism primarily deals with corporations and management and the function of both inside 'managerial economics.' While neoliberalism pretends to serve the common good, managerialism has no common good, and is primarily concerned with getting its managerial- authoritarian-reactionary programme carried out at the corporate and societal level. For it, politics and democracy are obstacles on the road to efficiency and competitive advantages. There is no room in it for democratic solutions to problems, only managerial ones. Corporations are not democratic institutions; they are feudal ones, structured in pyramidal formations. They are obligated by law to produce profits

for their shareholders, and are run by a small group of nonelected and publicly unaccountable executives and boards of directors.

The most devastating and penetrating work on managerialism is Klikauer's Managerialism: A Critique of an Ideology. Here are some of the characteristics of managerialism that he notes, some of which you may have even noticed at Douglas:

- downgrading of the role of skilled workers (e.g. replacing them with AI)
- downsizing, rightsizing, suicising; unremitting organizational restructuring
- changing nonprofits into profit organizations
- dividing of people into consumers and human 'resources'
- downgrading the humanities because of their lack of 'utility' value
- promoting unsustainable consumerism
- using predominantly quantitative measures and numerical measures to determine employee contributions (e.g. key performance indicators)
- undermining of any attempt to democratize the workplace
- extracting more and more surplus value from employee labour
- busting unions and attempts to unionize
- silencing, thwarting and removing those who dissent or disagree
- turning public universities and colleges into profit driven institutions

What you can see here is neoliberalism and managerialism working hand in glove to achieve the same result, which some have referred to as a psychopathic society. Hope springs eternal and some will say that the appearance of Jeremy Corbyn, Bernie Sanders and our newly elected NDP/Green government represents a sea change in public attitudes. Remember, however, Corbyn and Sanders both lost, and our NDP/ Green party government hangs by a thread and may not last long. Remember,

also, even if leaders like this get elected, the values, attitudes and mindsets of managerialism will remain, especially if we think like this caste and believe there is no alternative.

Actually, there are alternatives. One is to institute co-determinism in our corporate workplaces. Another is to support or start worker cooperatives and other initiatives to

democratize our workplaces. Finally, of course, we should vigorously support our union before it too disappears. *fm*

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## Precarious Academic Labour in the Age of Neoliberalism

BY CHRIS MAGUIRE, ENGLISH LANGUAGE LEARNING AND ACQUISITION

Imagine you go to a workplace and find a group of people doing the same job, but you learn that a portion of them earn much less than the others, despite their putting out the same effort and achieving very similar results as their better paid colleagues. You next learn that the members in the underpaid group not only earn 50% less, but are also deprived of full benefits, cannot access maternity leave, and have no job security. You may well feel just a bit outraged.

This is not a thought experiment, but a real-life occurrence, and it is going on here at Douglas College. In fact, the above scenario basically reflects the status quo in BC post-secondary education today.

It is thus quite laudable that the Federation of Post Secondary Educators (FPSE) executive devoted a weekend conference to discuss this social justice issue in depth. In May of this year, FPSE Non-regular Faculty Committee members and other FPSE delegates met in Kelowna to explore what has regrettably become the hottest topic in academic labour circles today, the use of contingent labour. In a series of focused workshops, speakers explored a variety of topics that included human rights issues of equity, the history of academic precarious labour in Canada, the systematic de-professionalization of academics, the use of precarious student labour, and more.

Highlights at the conference included Dougal MacDonald, who spoke of his research into the role public disclosure can play in exposing precarious work conditions – settings that of course constitute the students' learning conditions. He recounted how Indonesia's government had published a list of rankings of firms that polluted their environment. Clean firms were given incentives, while the worst offenders had to endure public shaming. Call it raising awareness—it was a start. According to MacDonald, the program succeeded in curbing some of

Indonesia's worst polluters, and he urges us to use this strategy to bolster the cause for non-regular faculty members in our colleges and universities.

Rob-Roy Douglas, another speaker, traced academic labour in the late 20th century through to today. In 1945, most post-secondary teachers were underpaid and had few benefits. Dramatic improvements in the post-war years led to a peak in the 1970s, when Canadian academic workers enjoyed the best conditions. Soon after 1980, the situation began to decline and it has declined to the point that precarity is now status quo. In fact, today, adjunct teachers significantly outnumber tenured ones. Douglas also pointed out that any gains to a collective with two-tiered employees only gets worse under the current bargaining strategy. Imagine if someone earning one dollar an hour gets a 5% raise, and his colleague who earns 50 cents per hour gets the same wage increase. Before the raise, there was 50-cent-per-hour difference between the earnings of these two workers, but after the raise one earns \$1.05 per hour and the other only 52.5 cents an hour, so the wage gap has widened to 52.5 cents per hour. Clearly, at the FPSE Common Table, at least an approach that begins to offset this inequity needs to be considered.

Other speakers touched on issues of precarious student labour, and the rise of mental health issues amongst precarious academic workers. The discussions that ensued from these workshops were useful, and the conference stands as a good first step toward spreading the word about precarious academic labour, that most glaring of inequities that continues to be ignored by the mainstream. Hats off to our FPSE Executive and to our sisters and brothers at Okanagan College for their work in initiating, organizing and hosting this most informative and important conference. *fm*

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## Michael Hudson: The Real Estate Crisis in Vancouver (Part 2)

BY STEPHEN CROZIER, ENGLISH LANGUAGE LEARNING AND ACQUISITION

In the last issue of *Faculty Matters*, Part 1 of this article introduced futurist Michael Hudson's view on the Vancouver real estate market. Fundamentally, he does not see a bubble since the wealthy are buying real estate and they can pay cash; therefore, they are not vulnerable to increases in interest rates. Rather, he

calls what is happening a crisis. It is a return of the rentier class, those who earn an income from owning, not doing, while those who contribute to the real economy by providing goods and services can't afford to buy a place to live. He warns that this leads to debt deflation since high real estate prices make everything more



expensive and, eventually, those who make their living through labour can't afford the goods and services they produce. We aren't living in a real estate bubble threatening to burst; we're living in a crisis in which the economy is threatening to deflate. He went on to say ...

At present, many people are relying on the value of their homes to provide for their retirement. Hudson warns that those days are over. Until the mid-80s increases in incomes kept pace with increases in housing costs, but that has been far from the case for quite some time. He recounted how Henry Ford paid his workers enough money so they could afford to buy the cars that they were making. This facilitated the circulation of wealth in the economy. But construction workers of today in Vancouver would be hard-pressed to buy the houses they are building.

A Real Estate Board of Greater Vancouver (REBGV) chart, Residential Average Sale Prices, combined with Statistics Canada information on wages in Vancouver would seem to lend credence to Hudson's point. The chart below shows the average price for a detached house in Vancouver increased from \$186,667 in 1981 to \$1,826,541 in February of 2016. A Statistics Canada specialist adjusted house prices in 1981 and 2016 to the dollar value of the year 2015, the last year for which there is information on average salaries in Vancouver. In 2015 dollars, an average detached house in 1981 was \$389,986 and the same type of house in February, 2016 was \$1,800,935. Meanwhile inflating average salaries in Vancouver from 1981 in the same way and comparing them to salaries in 2015 reveals that 1981 salaries were \$41,200 and in 2015 they were \$43,100. In other words, house prices increased by \$1,410,949 (362%), but over the same time period, salaries only increased by \$1900 (4.6%). So in 1981, a detached house cost about 9 times the average salary; today it costs almost 42 times the average salary. Only the wealthy are buying houses; average people are buying mortgages (debt).

Something even more troubling which the graph reveals is the speed with which housing prices are increasing while salaries remain flat. In his Global News

## Residential Average Sale Prices - January 1977 to September 2016



NOTE: From 1977 - 1984 condominium averages were not separated into attached & apartment.

Vancouver's average housing prices from 1977 to today.  
(Chart: Real Estate Board of Greater Vancouver)

article from February 21st of last year, Justin McElroy observes that the average price of a detached home increased as much from September 2015 to February 2016 (five months) as it did from 1981 to 2005 (24 years).

Of course, the graph also shows what happened to prices when the BC government introduced the 15% foreign homebuyers tax last August. In September of last year, the Huffington Post reported a drop of 16.7 percent in prices for detached houses from July to August, proving that public policies can have an influence.

Obviously, appropriate public policies are needed to achieve the desired results while short-sighted ones will most likely render short-term results. Statistics from the REBGV show that benchmark prices for detached homes bottomed out in February of this year at \$1,481,200 and then went back up to \$1,587,900 in June of this year, slightly higher than \$1,582,400 in July of last year. The foreign homebuyers tax does not appear to be having any long-term effect on the housing market.

Naturally, Vancouver is not the first city to face the threat caused by increases in land value. Michael Hudson offered

examples of mistakes other cities have made. The city of London, England? spent \$6 billion on a train line called Jubilee. Property values along that line increased by \$12 billion but the city received none of this wealth. The community made the investment, but landowners and banks got the wealth that was created. Hudson stated that 80% of central London is owned outright but apartments remain empty. They are portfolio investments, not places to live. Meanwhile, some jobs in London come with train tickets since workers need to commute to downtown workplaces. Something similar happened along the Lexington subway line in Manhattan and, perhaps to a lesser extent, this is happening in Vancouver. The average person has not gained financially through the expansion of SkyTrain lines; this wealth has gone to landowners along SkyTrain routes. And we are all aware of the increase in vacant condos and detached homes across the city. In all these cases, the public has paid for the expanded infrastructure, but the profit from the subsequent increased land value has gone into private hands. Public dollars are creating private wealth.

Hudson argues that, fortunately, there is a solution to this problem, a way for

the public to reap the benefits of public investments. He suggests a land value tax and points to Hong Kong as a city that has implemented this policy. Hong Kong is self financed by land tax. Real estate prices are still rising, but the city and its population benefit from this increase. With land value tax, improvements to properties are not taxed, but the unimproved value of land is. If the value of a property goes from \$1 million to \$2 million just because the land value has increased, the owner of that land will be taxed accordingly since he did nothing to earn that wealth.

This idea is not so foreign in Vancouver. Arthur Phillips, mayor of Vancouver from 1973 to 1977, saw the importance of city-owned land and created the property endowment fund. Instead of selling off city property to private interests as others had done, Phillips maintained investments in land and leases, leaving much of False Creek and other properties in the city under civic control. Till today, much of False Creek land is leased from the city.

In conclusion, whether real estate prices in Vancouver burst like a bubble or the city's economy falls into debt deflation might be up to us. We should not wait to hear a bang or a whimper. Many signs are already present. Life in Vancouver is certainly becoming less affordable for working people. Detached houses are almost certainly out of the question for those whose income is \$40,000 a year,

and housing prices are not coming down. As more and more ordinary people drop out of the market, property continues to be sold. This would suggest that Michael Hudson is right when he says that there are enough wealthy people in the world to buy the property that most of us can't afford in preferred locations like Vancouver.

Of course, supply and demand are forces at work here, but when homes become portfolio investments, demand is measured in dollars, not people's needs. A person can only live in one home at a time, but that same person, with sufficient wealth, can own many houses. In terms of demand, one person with a billion dollars is as good as 10 millionaires, and when wealth becomes as unevenly distributed in the world as it is today, without a change in social values, political will, and public policy, the door is left wide open for the return of the rentier class. As this happens, property prices will not go down, unearned income will continue to grow, and increasing debt will burden the majority of people. Or as Michael Hudson puts it, we are on the road back to feudalism.

Is that a whimper I hear?

Furthermore, evidence suggests that wealth is increasingly concentrated in fewer and fewer hands. Oxfam has been gathering statistics for some years now on how many people at the very top possess as much wealth as the bottom half of the

population. In the early 2000s, it was about 360 people, approximately the number that would fit in a plane. By 2014, this number had dropped to 18; a small bus would suffice. In 2016, Oxfam calculated that just eight individuals possessed the wealth of the bottom 3.5 billion people. They could all fit in a van. Not only is wealth being concentrated in fewer and fewer hands; the rate at which this is happening is accelerating.

Neoliberal economists' trickle-down theory asserts that if you make the rich richer through such measures as lowering taxes and deregulation, it will increase the pot of wealth in the economy. After all, the rich are the people who create wealth and jobs, and so eventually their wealth will trickle down to everyone else. Neoliberals have the economic formulae to prove this. However, the reality over the past 35 or so years of living under this paradigm has proven them wrong.

It would seem that an economy that lives by its formulae might very well die by its formulae. Perhaps we could replace the complexities of formulae with simple equations. We could have something like

giving to the rich = giving to the rich

or is that too connected to reality?

For the complete talk given by Michael Hudson earlier this year, go to <https://www.youtube.com/watch?v=jXi272cxHiU>. 

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## The Emotional and Often Irrational Rush to Making Decisions

BY DAVID MOULTON, MARKETING

**Predictably Irrational** (Revised and Expanded) by Dan Ariely, Harper Collins (2009)

**The Undoing Project** by Michael Lewis, W. W. Norton & Company (2017)

Dan Ariely came to the study of human behaviour because of a serious accident when he was a teenager. Michael Lewis came to the same subject through writing a successful book, *Moneyball*, which led him to Daniel Kahneman and Amos Tversky, two psychologists who revolutionized the analysis of human decision-making.

Ariely, Kahneman and Tversky are all behavioural economists even though they are not trained in economics. Behavioural economics is a relatively recent approach to understanding how we make decisions which often have economic consequences. The crux of their argument is that as humans, we do not make decisions as "rational" beings but rather we decide on emotion and irrationality. We make an emotional decision and justify it with rationalizations after the fact. For obvious reasons this approach to decision-making has upended a great deal of the theoretical underpinnings of academic

disciplines such as economics, marketing and sales.

One simple example is that if we were truly "rational" in our approach to the stock market or investments we would "buy low and sell high". Unfortunately, for most of us, we have done the exact opposite. Not only that, we continue to do the same thing, not learning from earlier mistakes.

Ariely's book is a collection of many of the experiments he and his colleagues have done to demonstrate how predictable our "irrationality" is. One of my favourites

is the chocolate competition. Ariely and a colleague set up a booth selling a Lindt truffle for 15 cents and a Hershey Kiss for one penny. The result was that 73% of the buyers chose the high quality Lindt product while only 27% picked the more mundane Hershey Kiss. Then they changed the pricing by dropping the price for each by one cent - Lindt truffle for 14 cents and the Hershey Kiss was free. Anyone who knows their chocolate would realize that at 14 cents the Lindt offering was still superior to the Hershey product. Nevertheless, when given the choice, 69% picked the Kiss and only 31% chose the truffle. The seductive allure of "free" created a situation where people picked the inferior product by almost the same margin in reverse of the original experiment. "According to standard economic theory (simple cost-benefit analysis), then, the price reduction should not lead to any change of behaviour of our customers" (Ariely, p. 53). The experiments have been done in several different ways but the end result is always the same. We cannot resist the siren call of "free" even when it is clearly not in our best interest. The book has many more examples of

"predictable irrationality" and Ariely writes in a breezy and informal style while maintaining his scientific rigour.

Lewis's book is the story of the collaboration of two rather quirky scientists who developed a very productive partnership that ultimately led to a dramatic falling out between them. It was only Tversky's pending death in 1996 that allowed for a final rapprochement by the two psychologists. Similar to Ariely, Lewis recounts the numerous experiments that Tversky and Kahneman conducted to prove their theories.

One of the outcomes of the research was heuristics or "rules of thumb". Humans display clear emotional reactions in certain circumstances. We exhibit such things as the *endowment effect*, where we overvalue what we possess; *status quo bias*, a preference for the existing situation; *loss aversion*, giving more weight to perceived losses rather than gains when making risk assessments; and the *availability bias*, which is a tendency to believe something is more likely to occur because we are aware its possibility.

One example of this phenomenon is the

dramatic drop in air travel after highly publicized terror attacks involving aircraft.

One quibble I have with Lewis is that he refers to Kahneman as a winner of the Nobel Prize for Economics. While there is a prize for Economics named "Nobel", it was not established by the Nobel organization like the others for Peace or Literature or Medicine. The prize for Economics was created and is funded by a Swedish bank. Its actual title is "The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel" and was only first awarded in 1969, not in 1901, when the original Nobel Prize awards began. There should be an asterisk attached because it is a johnny-come-lately award.

One thing these books will do is make you think twice (or maybe three or four times) before you make a major decision. Instincts were valuable when we were working to survive a hostile natural environment, but those same instincts can undermine our best interests if we assume we are making "rational" decisions. 

## Philippines Field School 2015 - Part Two

BY EUGENE DY, BUSINESS

*You might recall that when we left the students and faculty in the last issue of Faculty Matters, the adventure had begun! We will now continue with them on their educational and cultural journey.*

Other than an air conditioning problem in the first assigned classroom and WIFI network instability which was quickly rectified, the first day in class went without a hitch. Classes were held from Tuesdays to Fridays with Wednesdays and Fridays being half days. As part of the program in the Philippines, business leaders were invited to speak on Wednesday afternoons. The invited speakers included the Chairman of Shell Philippines, a former undersecretary of education, and a professor/business consultant for multinational firms. These invited Filipino guest speakers were second to none, professional, and industry experts. We provided an outline for the topic of their talks, so that the students connected well between theoretical and practical aspects of international business.

Saturdays were spent on local tours around Manila. Tours included the Walled City of Intramuros; Fort Santiago, built in late 1800s to defend the Philippines; Saint Augustine, the oldest Roman Catholic Church built in the 1700s; and SM Mall of Asia, the largest shopping mall in the world. Additional side trips to a



*Student Anthony Furlan points to the shoes he bought for the shoeless street child.*

large shopping district called Divisoria and a wet seafood market were definitely eye openers for the students. A wet seafood market is just like it sounds, with "regular" seafood mixed in with live seafood in tanks. Across the street from the market are rows of restaurants that would cook whatever you buy in three or four different ways. For \$20 a person, with half subsidized by Douglas International, we were able to select six types of seafood (crab,

shrimp, mussels, clams, scallops, fish). There was enough to feed two dozen people, and there were only fifteen of us. By the end of the meal, we had mounds of shells on our plates, and still had quite a lot of leftovers. Two of the students declined to eat (likely because they could not afford the \$10) but when I strongly encouraged them to just eat with us anyway, they did and also ended up with full plates of shells at the end. Many of the students commented that this was an experience that they will never forget. For the record, an equivalent meal in Vancouver would have cost at least \$50 per person.

At Divisoria, the students also had first-hand experience dealing with poverty in the Philippines. One of the students provided a shoeless three-year old boy with a brand new pair of croc shoes, which delighted the child tremendously, as well as the crowd that witnessed the event.

Weekend excursions were part of the program. To take advantage of cheaper accommodations, as well as to minimize the local crowds at the resorts (it was also summer school vacation in the Philippines), Sundays and Mondays were considered weekends for the program. The weekend resorts were planned as team building events and as a form of unwinding after the intensive weekday classes and class work. Timing at the resort was perfect as the students were able to enjoy the closed circuit TV boxing match between Manny Pacquiao and Floyd Mayweather. At the resorts, the students got to enjoy the warm waters of the Philippine Sea as well as the many water sporting activities like snorkeling, a banana boat ride, fly fishing, beach volleyball and sunbathing.

Most weekday evenings were free time to the students who took advantage of it by experiencing the local night life scene and the crowds. Since Canadian dollars would not go a long way in the Philippines, some of the students had not learned to budget their daily spending adequately, which created some challenges! Some planned local tours (which were to be paid separately from the program fees) had to be modified on the fly to try to keep the students entertained at all times.

While in the Philippines, the students were given case assignments to interview street kids, met informally with several successful business professionals, and some even experienced what “facilitating payments” were all about. (Editor’s note: According to Wikipedia, a facilitating payment is “a certain type of payment to foreign officials that is not considered to be bribery according to legislations of some states as well as in the international anti-bribery conventions, e.g., coming from the OECD.”)

The last day before the flight back was a somber moment as we soon realized how fast the three weeks in the Philippines had gone by and that this wonderful experience would be coming to an end. About eight of the students had decided, prior to arriving in the Philippines, that they would take advantage of the optional tour to Boracay Island, which was voted by an international leisure magazine as one of the top 50 beaches in the world. But for the rest of us, we had to return to Canada.

The Philippines Field School 2015 was a resounding success, as witnessed by the comments provided by the students, such as “most enjoyable travel vacation,” an experience of no comparison,” “trip of a lifetime,” and “friends for life.” As a matter of fact, three of the thirteen students had indicated that they definitely want to join the next Philippines Field School.

The planning and development of the Philippines Field School was a very challenging and exhausting endeavour, requiring almost full time effort. Had it not been for a contingency factor included in the budget, and tiring negotiations with vendors, the program would have shown a loss. However, as it turned out, the overall expenses were a few hundred dollars below the planned budget, despite the drop in the Canadian dollar of about 15% from the planning stage to the execution stage. In addition, I was able to secure \$700 in sponsorship funds to help alleviate the overall cost of the program.

The planning, organizing and execution of a field school program requires passion and a true commitment to achieving a successful result. The choice of an Asian destination poses additional complexity due to differences in time zones, business practices and work ethics. Faculty members who accompany students on field schools face the challenges of balancing the roles and responsibilities of being an instructor, a tour guide, and a chaperone throughout the program. However, seeing and feeling how satisfied the students were with the program through their changed perspective was rewarding enough to forget how much effort was put into the program.

There have been several inquiries lately through Douglas International from students wanting to enroll for the next Philippines Field School. However, success cannot be achieved without a team effort, so I urge all of you to seriously consider volunteering to accompany the next field school. It takes assertive, hard-working, and fun-loving instructors to get the job done! 

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## Your Pension

BY JENNIFER KIRKEY, PHYSICS AND ASTRONOMY

I want to start off by reassuring everyone that our pension plan is in good shape. You can get all the information you need by visiting the web site at <http://www.pensionsbc.ca/>, or by calling them toll free at 1 888 440-0111. As well, feel free to contact me directly. We are all here to help you.

The questions I get asked the most are

1. Where is the money?
2. How much money will I get when I retire?
3. Why can't I expect to have my medical benefits paid like they were about fifteen years ago?

The plan holds assets of almost \$4.3 billion and our funds are managed by the British Columbia Investment Management

Corporation (bcIMC), which is based in Victoria. With a global portfolio of \$135.5 billion, bcIMC is one of Canada's largest institutional investors within the capital markets. It invests on behalf of public sector clients in BC, financing the retirement benefits of more than 554,000 plan members, as well as the insurance and benefit funds that cover over 2.3 million workers in our province.

Every April, you receive your official letter from the College Pension Plan. It contains a small purple pamphlet with a variety of numbers: how much you would get if you retired immediately, and projections assuming you work more years. You can get all the information, and more, from the College Pension Plan web site.

How well is the Plan doing? The plan is well managed, with a return of 6.5% this year. This is good news, as our long-term performance goal is 6.25%. The benchmark for this year was 6.8% so the returns are below that, but close. More good news from the Pension Board is that a 1.4% cost of living adjustment (COLA) for retired members was approved and started on January 1, 2017. Remember that the COLA is capped at 2.07% until at least 2018.

Will retired members ever get their extended medical benefits paid like they were about fifteen years ago?

The short answer is no. Fifteen years ago, the plan was young, in that it had many more active members than retired members, and there were historically high interest rates. The Plan had large surpluses – so large that the government threatened various measures to change this. A decision was made to temporarily, and that is the key word, pay extended medical benefits. Many things have changed, including interest rates, but the most important factor was the demographic shift. As of August 31, 2016, our College Pension Plan serves 6,957 retired members, which is an *increase* of 545 people or 8.5% from a year earlier. This

contrasts with the 13,719 active members, which is a *decrease* of 88 people or 0.6% from a year earlier. There are approximately 5,700 inactive members (members who have terminated their employment but have chosen to leave their money in the plan). The plan will be considered mature when the number of retired and active members is the same. At present, members and employers come from 23 public post-secondary institutions across the province, with the average age at retirement being 62 years for females and 64 years for males.

Expanding on the above short answer to the medical benefits question is that each active member would have to increase their monthly contributions to support a retired member if we were to change this no to a yes. This is a simplification, but it makes the math easier to understand. Do we want each active member to pay \$100 - \$200 a month extra? If so, do we want that extra contribution to go a specific benefit, or to increase the general pension amount so members can decide where to spend their money? It is not an easy question to answer, but I think it is worth a rich discussion, and this article will hopefully give you some information to help frame that debate.

Finally, will we be contributing more money to our pension plan in the future? Effective April 1, 2017, our employee contributions to the Inflation Adjustment Account increased by 0.09%. As well, the employer is contributing another 0.09%. In the long run, inflation protection is likely going to be needed since these historically low inflation rates are not likely to continue. By the way, this increase is a result of negotiated salary increases.

So active members should expect to contribute more to the Plan to maintain current benefits as well as COLAs; however, overall the Plan is in good shape. Still, we do need to get out there and advocate for our Plan and for good pensions for all the workers of BC and Canada. *fm*

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## Looking Forward to Retirement

BY TOM WHALLEY, RETIRED DOUGLAS INSTRUCTOR

### Association of BC College Pension Plan Retirees

**A**fter your first pension deposit, what's next? Who advocates to represent your continued interests in your pension and other matters related to your wealth and wellbeing in retirement? The Association of British Columbia Pension Plan Retirees (CPPR) is an organization established to advocate on your behalf to "protect and enhance" your pension plan and other related benefits. Through affiliations with other organizations such as the Council of Senior Citizens of B.C. (COSCO) at the provincial level and the National Pensioners Association at the national level, the CPPR advocates on a wide range of issues affecting the lives of pensioners. Why not join and add your support to these efforts on behalf of you and other retirees?

Benefits of membership include access to MEDOC Travel Insurance, a comprehensive travel insurance package offered through Johnson Inc at group insurance rates. Membership also affords an opportunity to keep in touch with other retirees and

to keep up to date on issues of interest to pensioners through the Association's newsletter, Prime Time, sent to members twice yearly. Members receive an invitation as well to the AGM, offering an opportunity to participate in shaping the organization. Annual membership is \$40. Membership fees are deducted annually by the Pension Corporation in September.

To sign up for membership, go to [bccollegepensionplanretirees.ca](http://bccollegepensionplanretirees.ca) and follow the links to Join CPPR.

### The Douglas College Retirees Association

Did you know that there is an association, established in September 2015, which provides a forum for retired College faculty, staff and administrators to maintain contact? A Steering Committee with open membership manages the Douglas College Retirees Association. The Association is organized by and for retirees from every employment category. We maintain a respectful but independent relationship with the College.

The Retirees Association organizes four events a year: one in the fall (last year a River Boat Cruise); a General Meeting coinciding with the Annual Retirees Dinner at the College; a January luncheon at Taverna Greka; and a picnic in July. Aside from organizing this calendar of social events, the group's objectives include

- encouraging social, cultural and intellectual interactions among members
- promoting awareness of opportunities to contribute talents to the broader community, including the College

- providing resources to help members navigate post-retirement life

We welcome new members and are open to colleagues who worked for any length of time at the College. Spouses are also welcome at events.

Contact [Ray\\_fournier@outlook.com](mailto:Ray_fournier@outlook.com) to be added to the mailing list for the newsletter, Happenings. Events are announced via the newsletter with reminders being sent by email. 

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## For Whose Benefit?

BY STEPHEN CROZIER, ENGLISH LANGUAGE LEARNING AND ACQUISITION

**O**n July 7th, Pacific Blue Cross (PBC) locked out its 600 employees belonging to CUPE Local 1816. Ironically, the main stumbling block is that this “not-for-profit service organization”, specializing in providing workplace and individual benefits, appears determined to end benefits for its retired employees.

When asked what reason her employer has given for insisting on such a change, CUPE Local 1816 President Beth Miller said that the company alleges its finances are not healthy; however, Miller states that research done by CUPE does not support the company's claim.

What makes this lockout even more puzzling is the fact that many unionists, including Colleen Jordan, former Secretary Treasurer of CUPE BC and member of Burnaby City Council, sit on the PBC Board of Directors.

One wonders what happened to solidarity. Also, more skilled bargaining might be anticipated instead of the company resorting to such a drastic measure as a lockout.

*There was no end in sight for the lockout when this Faculty Matters edition went to the printer.* 

## Same as the Old Boss?

STEPHEN CROZIER, VP NEGOTIATIONS

**T**here are some initial signs that the change in our provincial government that took place over the summer is a real change. Of course, it is way too soon to know if this will make a difference when it comes to bargaining, but a little speculation can be amusing. Some indications might be pointing to improvements in the bargaining process and outcomes.

First, the NDP government seems to be listening in a way that the Liberal government did not. For example, the Federation of Post-Secondary Educators (FPSE) was very clear about their first priority being to lobby for the re-establishment of full funding for ABE and ESL and free tuition for students who need these programs. Then, less than a month after receiving her mandate letter from Premier John Horgan, Minister for Advanced Education, Skills and Training Melanie Mark's first major announcement was that this will be done. The cost will be in the neighbourhood of 20 to 25 million dollars annually, not a significant amount considering overall budget. Still, it shows a willingness to spend on post-secondary education as well as a willingness to listen to educators regarding where to put the dollars.

Not surprisingly, the rest of the priorities in the mandate letter to Minister Mark are about reducing student debt and improving education through such measures as developing degree and certificate programs as well as supporting coop programs and providing apprenticeship opportunities.

An unknown factor is whether this government sees that money spent improving the lot of instructors is part of the overall picture of improving education for students. After all, Instructors provide the educational environment. Supporting teachers is an effective way to support better education for students.

In sum, the NDP government appears to be listening and willing to spend money to enhance post-secondary education for students as well as improve access. Whether this government sees that supporting instructors is an efficient way to improve education remains to be seen. However, there are signs that the new government is not the same as the old government.

Stay tuned! There will be much more to come. 