

# Inroads

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# Introducing Inroads 26

Inroads was founded by an economist and a political scientist, and a large part of its mandate has been to present important work in the “hard” social sciences – the kind that is based on data, complete with tables and charts – to a nonspecialized audience. The section on economic inequality in this issue is an excellent example of this genre.

There is general agreement among the contributors that Quebec has created a more egalitarian society than any other Canadian province. However, there are widely divergent interpretations of this achievement. Pierre

Fortin attributes it to the effectiveness of Quebec’s social policy and its commitment to fighting poverty and inequality. John Myles agrees, up

to a point, but notes that while inequality has risen less in Quebec than in other provinces, it has risen nonetheless. He identifies the underlying trends – especially changes in family structure – that have driven the “surge” in

inequality. Finally, François Vaillancourt and Mathieu Laberge question the sustainability of Quebec’s social programs. They conclude that the programs are based on dangerous levels of debt and probably unsustainable federal transfers, and suggest that major changes are needed to improve Quebec’s economic productivity.

Another debate featured in this issue exemplifies a different genre, one that has occupied an increasing share of Inroads’ attention, and indeed the attention of policymakers and the general public. This genre deals with questions that are less subject to data analysis (although facts still play an important role), and especially questions touching on the accommodation of cultural differences.

Quebec has been a major focus here as well. Two years ago we looked at the landmark Bouchard-Taylor Commission on Reasonable Accommodation. In this issue we highlight the debate over a concrete application of the commission’s “open secularism” approach: the new Ethics and Religious Culture (ERC) course, which replaces traditional religious education. Appropriately, just as this issue



went to press, the American Academy of Religion was holding its annual meeting in Montreal, with Gérard Bouchard and Charles Taylor among the speakers.

One of the most prominent opponents of the ERC course is frequent Inroads contributor Gary Caldwell. Here he offers a detailed critique of the course, finding its intellectual foundations weak and its implementation high-handed. Philosopher Georges Leroux, one of the thinkers whose ideas helped shape the ERC course, responds, emphasizing the importance of education for pluralism. Quebec City writer Louisa Blair, who reported on the controversy over the cancelled reenactment of the Battle of the Plains of Abraham in our last issue, provides an introduction and guide to the debate.

Many of the same concerns spill over into other parts of this issue. In our expanded book review section, Ian Malcolm examines a new book on the increasing presence of Muslims in Europe, finding American journalist Christopher Caldwell's treatment of the subject perceptive and level-headed but overly pessimistic. Meena Sharify-Funk takes us inside the "dissident Muslim" literature, and especially the work of two prominent Canadian women, Irshad Manji and Raheel Raza. She questions whether these books are the best window into Islam for non-Muslim readers. And in his column, Arthur Milner finds that the "new atheists" – writers such as Richard Dawkins, Christopher Hitchens and Sam Harris – stand up well to the attacks of their "moderate religious" critics.

Our book review section opens up several other topics as well. Dominic Cardy looks

at how Canada relates to an increasingly complex world through the lens of two very different books: Kim Echlin's Giller-nominated novel *The Disappeared* and British economist Paul Collier's examination of the limitations of democracy in the developing world. Marvin Shaffer questions whether Lord Nicholas Stern's plan for reducing carbon emissions really contains the stuff of a "global deal." And Reg Whitaker finds Liberal leader Michael Ignatieff's *True Patriot Love* – part family history, part campaign pamphlet – surprisingly engaging.

Also in this issue:

- In his column, Reg Whitaker finds a common thread in Barack Obama's major speeches on race, relations with the Islamic world, abortion and health care reform.
- Columnist Finn Poschmann accuses Paul Krugman of using his status as premier public intellectual in the pages of the New York Times to indulge an animus to all things Republican. An early victim, he concludes, has been truth.
- Craig Jones examines the "war on drugs," which he says has persisted because it's good politics despite its catastrophic failure as policy.
- Henry Milner contends that Canada has become the "new Italy," the model of dysfunctionality among stable democracies, and argues for a change in our political institutions.

— Bob Chodos

# The new Italy

Canada has become the most dysfunctional of the stable democracies

by Henry Milner

Henry Milner is  
co-publisher of Inroads.

At the end of September, the NDP stayed the execution of the latest Harper government. Soon after, polls started showing the Liberals in free fall – triggered mainly by Michael Ignatieff’s insistence on forcing an election almost no one wanted.

It is possible that Ignatieff, in trying to topple the government for no apparent reason, turned away so many voters as to make a Conservative majority possible. But not likely. In the cold light of day, even under our electoral system, which gives a bonus of extra seats to the party that comes in first, there are not enough voters ready to be governed by a Harper majority responsible only to itself.

Political science undergraduates used to learn about Italy as the model of dysfunctional political institutions, characterized by frequent elections and constant uncertainty under minority governments at the mercy of shifting political alliances. Italy transformed its electoral institutions in the 1990s, and while hardly perfect now – as the antics of Signor Berlusconi demonstrate – it has lost its place as model of dysfunctionality among stable democracies to, of all countries, Canada.

Apart from us Canadians, political scientists used to pay little attention to Canada. It was, after all, rather predictable: it typically returned (Liberal) majority governments, and when it didn’t, the situation was temporary. But Canada also changed in the 1990s,

as the advent of the Bloc Québécois upset the old balance, and then it changed again in 2003 with the merger of Reform/Canadian Alliance with the Tories. I wrote in the Summer/Fall 2008 issue of *Inroads*,

*We no longer have minority governments; we have Minority Government. Minority governments are no longer an aberration. They have become standard fare, the result of an important change in Canada's political makeup ... With two major parties, and with the Bloc entrenched in roughly half of Quebec's seats, Minority Government replaced Majority Government as the normal state of affairs.*

And that was before the 2008 election which, despite the weakest Liberal showing anyone can remember, delivered no majority government. It seems, finally, to have become a matter of conventional wisdom that we are stuck with minority governments and the instability that goes along with them.

One reaction has been to “blame Quebec.” In his postelection column, Jeffrey Simpson denounced Quebecers for voting for the Bloc, in effect telling Quebecers that now that they have been recognized as a nation, they should stop acting like one. A more practical reaction would have been to note that since more than half of Quebec francophones voted for federalist candidates, under a proportional system of representation the Bloc would have won 28 rather than 50 seats.

At a deeper level, the blame-Quebec reaction has most recently been articulated by Brian Crowley in his book *Fearful Symmetry*.

As Crowley put it in his September 26 op-ed in the *Globe and Mail*, Canada is held back by a Quebec “that cannot pay its own way or reproduce itself, that is highly dependent on transfers from the rest of the country, and that is losing its political influence.”

Whatever the merit of such views, they are beside the point when it comes to dealing with Minority Government. Short of waiting for Quebecers to die out or jettison Quebec nationalism, the remedy for the chronic uncertainty of Minority Government lies in the reform of political institutions. At the core of such a reform is the adoption of an electoral system based on a form of proportional representation (PR) – not the extreme dysfunctional version of the old Italian system, but one modelled on effective versions in Scandinavia, Germany, New Zealand and Scotland that I have been writing about for many years.

It is possible to debate the overall merits of PR, but there can be no question that it is better suited to minority government than our current system. I can illustrate this with some recent election results. In Norway's

Italy transformed its electoral institutions in the 1990s, and while hardly perfect now – as the antics of Signor Berlusconi demonstrate – it has lost its place as model of dysfunctionality among stable democracies to, of all countries, Canada.

mid-September election: the centre-left coalition won narrowly (the first time in 16 years that an incumbent government was returned to power since now oil-rich Norwegians are always disappointed by their governments). It won because it effectively exploited the differences within the centre-right alternative coalition over the role the populists would play if they formed the government.

This parallels what happened in Sweden three years ago, except on the other side. For the first time, Sweden's non-socialist coalition had a clear common program and steadfastly held to it during the campaign, rendering moot the usual Social Democratic attack on the incoherent bourgeois alternative.

In Germany, at the end of September, Angela Merkel's CDU-CSU together with the Free Democrats won a majority. One reason for this is that there was no alternative on the centre-left, as a result of the inability of the Social Democrats to come to any arrangement with both the Greens and the Left party. In the case of Germany, the population's insistence on stable government's would have meant a renewal of the grand CDU-Social Democratic coalition if the centre-right hadn't won more than half the seats.

What all these examples show is that, unlike our system, a well-designed PR system not only provides a fair representation in the legislature of the strength of popular support for the different party positions, but is also responsive to the people's yearning for stability. This is because it has built-in incentives for creating and maintaining effective coalitions. Canada's politicians are no worse than those in Germany or Scandinavia, but our institutions



If it was a good idea in November 2008, how can a centre-left coalition be a bad idea in November 2009?

turn them into narrow, short-term, partisan political actors.

To see this, we need only reflect on what happened after the 2008 election. Though not a word had been mentioned during the campaign of a possible Liberal-NDP coalition supported by the Bloc as an alternative to the Tories, the special circumstances in the weeks following the election gave rise to the possibility. Hurrah, applauded Canadians left of centre: finally a real alternative to the Tories.

Yet once the Harper government saved its skin, with the help of the Governor General and the fact that the coalition had little support outside of Quebec and urban Ontario, talk of a centre-left coalition ceased. And now that we are again in pre-electoral gear, the very idea is off the table. Why is this so? If it was a good idea in November 2008, how can a centre-left coalition be a bad idea in November 2009?

The answer is simple. Under our system, the closer two parties are in their programs, the more they fight for the same voters in the same constituencies and the less capable they are of cooperating before an election. The problem, to paraphrase Shakespeare, lies not in our stars, but in our institutions.

# The offence of atheism

by Arthur Milner



Arthur Milner, Inroads' cultural columnist and a member of its editorial board, lives in Val-des-Monts, Quebec.

believed in God for a few months when I was 14 years old. When discussions of religion came up, as it did from time to time in my teenage years, I would say that I believed in God, having a kind of vague Jewish God in mind. But it made me uncomfortable and I soon gave it up. Over the years, my disbelief strengthened and for many years I would jokingly describe myself as an evangelical atheist, going door-to-door preaching atheism. Still, I have always enjoyed discussing and reading about religion, and Jack Miles's *God: a Biography* remains one of my favourite books. None of this has shaken my lack of faith.

A few years ago, when three new books proselytizing atheism hit the stalls, I thought "finally, a little support." I read Richard Dawkins and Christopher Hitchens's books, and parts of Sam Harris's.<sup>1</sup> They make arguments I'd been making for years, and – Dawkins especially – some new ones I enjoyed. For example, he's unwilling to let believers, or scientists, off the hook by conceding the existence of different realms of knowledge, one for the spirit and another for, say, baking pies.

There are not many churchgoers in my crowd of mostly theatre people. But my experience is that there aren't many proper atheists either. One evening a few



years back, at the Caravan Theatre in the British Columbia interior, a discussion of God came up among perhaps 20 people. There were two atheists, including me. I don't think there was anyone who regularly attended religious services, but all the others claimed to believe in God "as a kind of power that's in everything."

I do spend time with a few people I consider religious, which for me means they actually enter a religious institution. But these religious friends and acquaintances are as moderate as you can get. I won't try to articulate what religion means to them (public service is a big part of it), but I will say what it doesn't mean: none believes in a God who acts in the world, and none will ever say that something is true because The Bible says it is. In that, they are like the progressive priests I met years ago in Nicaragua, who never spoke of God but only the example of Jesus.

Dawkins, Hitchens and Harris pay comparatively little attention to such moderates. Their big guns are aimed at religious extremists of the various faiths, those who bring us war, hatred, "young world creationism" and the certainty that comes from knowing the eternal truth. But the moderates don't get off scot-free. According to Harris, "Religious moderates are, in large part, responsible for the religious conflict in our world, because their beliefs provide the context in which scriptural literalism and religious violence can never be adequately opposed." Similarly, Dawkins writes, "Even mild and moderate religion helps to provide the climate of faith in which extremism naturally flourishes."

Of course, there is more here that will offend moderates, since much of the criticism applies equally to moderates and extremists. After all, Dawkins et al. don't believe in any kind of god or gods, and consider such belief both unsupportable and destructive. For Dawkins, the scientist, "what is really pernicious is the practice of teaching children that faith itself is a virtue."

Now I enjoy a good debate, and I do think the atheists get some important things not quite right, so when a number of moderate believers published books in response to what they called "the New Atheists," I paid attention. I haven't gotten around to the books yet, and now that I've read and listened to various articles and interviews, I'm not sure I will.

Chris Hedges's book is called *I Don't Believe in Atheists*. He's an American journalist and longtime war correspondent, and the author of *American Fascists: The Christian Right and the War on America*. He says, "I was appalled at how what [the New Atheists] had done for the secular left was to embrace the same kind of bigotry and chauvinism and intolerance that

marks the radical Christian right. I found that in many ways they were little more than secular fundamentalists.”<sup>2</sup>

Terry Eagleton, renowned professor of cultural theory at the National University of Ireland, Galway, and author of *Reason, Faith and Revolution: Reflections on the God Debate*, writes: “As far as theology goes, Dawkins has an enormous amount in common with Ian Paisley and American TV evangelists.”<sup>3</sup>

Charles Taylor, the internationally celebrated Canadian philosopher, complains,

*They are a little bit like the fundamentalists that they oppose. They are obviously deeply disturbed by the fact that people go on believing. I mean just as certain believers are deeply disturbed that there are atheists around or heretics around ... they are very deeply disturbed that there are people still out there believing and it's that kind of crusading spirit which is the really remarkable thing about it – that somehow they've got themselves into the kind of position where they have their own comforting sense of belief that they'd like everyone to share and this not being the case really deeply undermines them.*<sup>4</sup>

All four *deeplys* were *deeply* stressed.

The two religious moderates with whom I've discussed the matter used exactly the same line of argument – that these atheists were really just fundamentalists on the other side.

Now I find this a fantastic – yet banal – assertion. It's true that these atheists, just like the fundamentalists they criticize, (usually) have two arms and two legs, but other than such trivia, what are the actual similarities? These atheists make an effort to proceed, not from revelation, but by reason and argument. They cite no being or text as eternally infallible, nor do they claim a special connection with truth. And they demand no special rights for atheists.

It's as if the moderate believers imagine a line with fundamentalist belief at one end and atheism at the other, and their own beliefs in the reasonable centre. But one believes in a God (or a kind-of-power-that's-in-everything) or one doesn't; there's no middle ground. And either one believes in approaching truth through argument and reason with others, or one believes in revealed truth; there's no middle ground there either. The moderates join with the fundamentalists on belief in God, and with the atheists on argument and reason. Those are the “different realms” that Dawkins impugns. There's an argument to be had with Dawkins, but it's not to be settled by calling him and the others extremists.

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Tolerant as I am, I still find it *deeply* difficult to understand how a grown-up, educated human being can, in this day and age, believe in God – even as a kind of power that’s in everything.

important. I do resent that organizations that treat women unequally get special treatment in the form of tax exemptions. I dislike being expected to show particular respect to religion. And I do find it sad that it is difficult to have a serious discussion about God with almost all people of faith.

Still, as long as one accepts that God or the gods don’t actually say, do or demand anything, I think faith can be a source of strength and good works and is, at worst, harmless. I would argue that (avoidable) problems in the world stem less from mild faith than from absolute conviction.

But tolerant as I am, I still find it *deeply* difficult to understand how a grown-up, educated human being can, in this day and age, believe in God – even as a kind of power that’s in everything.

I don’t believe word went out among moderate believers that the most effective rebuttal to the atheists was to call them extremists. But I do wonder what has so *deeply* offended them that they resort to simple name-calling. I think it’s this: it’s fine for believers of all kinds to have published hundreds of thousands of books proclaiming this or that religion. But for an atheist to write a book on atheism – for three atheists to write three books in a single decade – well, that is *deeply* suspicious. They must be obsessed! They should at least have the grace to be agnostics – or have the good manners to practise their atheism quietly at home.

Here is where I differ with Dawkins, Hitchens and Harris. They blame believers for wars and oppression. The obvious rejoinder is: what about Stalin and Mao? They were avowed atheists. Harris has an answer: “Although these tyrants paid lip service to rationality, communism was little more than a political religion.” Well, you can’t get off that easily. The Communists based their actions on Marxism, which they considered a science. If Pol Pot is reason gone wild, and bin Laden is faith gone wild, it’s difficult to hold faith alone responsible for wars and oppression.

While I enjoy the argument between moderate believers and atheists, I’m not sure it’s that

## Karen Armstrong joins in the fun

After submitting this article, I came across Karen Armstrong's new book, *The Case for God* (New York: Knopf, 2009). Armstrong, perhaps the world's best known writer on religion, joins in the anti-atheist fun: "Like all religious fundamentalists, the new atheists believe that they alone are in possession of the truth."

But it gets sillier: "The history of [religious] fundamentalism shows that when these movements are attacked, they nearly always become more extreme. The atheist assault is likely to drive the fundamentalists to even greater commitment to creationism, and their contemptuous dismissal of Islam is a gift to Muslim extremists." So not only do the atheists resemble religious fundamentalists; they're also responsible for getting the fundamentalists really upset, and we all know what that leads to.

Armstrong complains that the new atheists "have an extremely literalist notion of God" and that for Dawkins, for example, "religious faith rests on the idea that 'there exists a superhuman, supernatural intelligence, who deliberately designed and created the universe and everything in it.'" He is wrong, she says, "to assume that this is the way people have generally understood" God.

And what kind of God does Armstrong understand? "Today," she says, "it is perhaps time to return to a theology that asserts less and is more open to silence and unknowing." Sound a bit obscure? Not to worry, because "in the past, religious people were open to all manner of religious truths." In fact, she says, "Jewish, Christian, and Muslim theologians have insisted for centuries that God does not exist and that there is 'nothing' out there."

So Armstrong offers up an ineffable, transcendent, unknowable nonbeing, an absence suitable for meditation, even less substantive than a kind-of-power-that's-in-everything.

Take that, you fundamentalists.

— Arthur Milner

### Notes

<sup>1</sup> Sam Harris, *The End of Faith: Religion, Terror and the Future of Reason* (New York: W.W. Norton, 2005); Richard Dawkins, *The God Delusion* (New York: Mariner, 2006); Christopher Hitchens, *God is Not Great: How Religion Poisons Everything* (Toronto: McClelland & Stewart, 2007).

<sup>2</sup> The interview can be heard at [http://static.salon.com/mp3s/2008/mar/conversations\\_hedges.mp3](http://static.salon.com/mp3s/2008/mar/conversations_hedges.mp3) (retrieved October 29, 2009).

<sup>3</sup> Terry Eagleton, "Lunging, Flailing, Mispunching," *London Review of Books*, October 19, 2006, retrieved October 29, 2009, from [http://www.lrb.co.uk/v28/n20/eag101\\_.html](http://www.lrb.co.uk/v28/n20/eag101_.html)

<sup>4</sup> CBC Radio, *Ideas*, "The Enright Files – A Celebration of Charles Taylor," May 21, 2007, retrieved October 29, 2009, from <http://www.podcastdirectory.com/podshows/1504341>

# Listening to Obama – or not

by Reg Whitaker



Political scientist  
Reg Whitaker writes  
a political column for  
Inroads and is a member  
of its editorial board.

It is very rare these days to find a political leader whose words can become forces in the real world with the capacity to make people think anew and perhaps even to move them to act. In the age of spin, leaders' words are like processed McNuggets, occasionally achieving an Award for Eloquence with a slogan punchy enough to momentarily penetrate the consciousness of voters, who are judged to have roughly the attention span of a gerbil. Every word is market-researched by polls and focus groups. Desperation would grip any contemporary spin doctor faced with a draft of one of Winston Churchill's great wartime speeches: "What? You promise them 'blood, sweat and tears'! Winnie, are you, like, totally nuts? You want to get voted off the island?"

Once there were American presidents whose words mattered: Adams, Jefferson, Wilson, Roosevelt and, above all, Lincoln. Lincoln's words still resonate powerfully, not just because of his eloquence but because of the clarity and imagination with which he grappled with great questions, some of which are with us yet. Mere eloquence detached from compelling logic and argument is not enough. Ronald Reagan was an actor who read his glib lines with conviction, but the lines merit no more than

the odd late-night rerun on the Turner Classic Movies channel. Words can sing, but if they are to soar they must have substance.

Barack Obama came to office armed with formidable eloquence, drawing in part on the remarkable oral tradition of African-American religion. But Obama's words convey more than unerring cadence and rhythm. He is also saying things that bear serious attention, and saying them in ways that will endure long past his presidency. We should listen carefully and consider his message, which is one of subtle subversion of long-held tyrannies of habit, prejudice and ideology.

It is ironic that the very people he particularly seeks to touch with his words – conservative fundamentalists from darkest America to darkest Islam – are now frantically attempting to shout him down, to drown out his message of conciliation, compromise and cooperation. They have no choice if they wish to remain true to their unreflective certitudes. Obama's message is in his method, and his method is to engage his enemies on their terms, in their language, and to ask them to reconsider their positions in relation to their values. What could be more subversive, literally, than that?

This strategy of subversion is also radical in the context of the deep and corrosive polarization that the American Right has imposed on public space. Under Bush, the Republican right wing maintained a partisan death grip on the executive, legislative and judicial branches of government. The media were largely under ideological occupation by the neocons and evangelicals whose influence shifted the centre of discussion far to the right. Anyone caught on the "left" (a loose term in America) was marginalized and trivialized, if not silenced altogether.

Nor was this ideological war limited to the domestic scene. When Bush declared after 9/11 that "either you are with us or you are with the terrorists," he drew a line at least as sharp as the East-West divide in the Cold War, and one with particular implications for the Muslim world.

Facing this ferocity of partisanship in his run for the nomination, and with his own baggage of "otherness" in his innate liberalism and, more nastily, in the colour of his skin, Obama chose a risky stance, summed up in his famous campaign phrase about not being interested in red states or blue states but in the United States. He clearly understood, as some liberal idealists do not, that to adopt an all-out attack mode against a Right so hegemonic in the society and its political institutions would be suicidal. He instead focused on the glaring deficiencies of the Republican project in terms of the real, practical situations of ordinary Americans. After eight years

Obama's message is in his method, and his method is to engage his enemies on their terms, in their language, and to ask them to reconsider their positions in relation to their values. What could be more subversive, literally, than that?



of neocon ideology posing as public policy, and especially after the dramatic collapse of Bush's casino capitalism in late 2008, his practical critiques found growing resonance.

Beyond this, he was also running a very different kind of campaign, in which he targeted moderate Republicans and independents (not to speak of conservative Democrats) who had been swayed by the conservative social and cultural themes of the Right. Look, he was saying, I see the world through your eyes; I share your Christian values; I worry about the same things that you worry are threatening the American way of life. But the Republican prescription for these ills has simply not worked.

Hatred, suspicion and division are not the way forward. Let's call off the culture wars that have so corroded the fabric of civility and trust. There is a new American consensus out there, just waiting for the politicians to recognize it and move on to a more constructive agenda.

A number of Obama's speeches make this strategy clear.

His "race" speech during the campaign for the nomination became a classic of American oratory the moment it was delivered. Obama took on the issue of race in America from the perspective of his own African-American identity and history, but he was also careful to speak across the racial divide. He asked white Americans to see the world through black eyes and black Americans to see the world through white eyes. Since the late 1960s, the Republicans had been successfully playing the race card against the Democrats. Obama took that card away.

His Cairo speech to the Muslim world in June 2009 spoke to Muslims in the words of the Qur'an, judiciously chosen not to lecture Muslims patronizingly as Bush had done, but to engage them constructively across the divide of faith while at the same time honestly facing up to the past errors of the West. It marked a shift from the "hard power" failures of his predecessors to a "soft power" approach. The aim is to isolate further the zealot core of violent Islamist fundamentalists from the Muslim mainstream – not to speak of isolating the fundamentalists in Israel equally committed to ceaseless conflict with the Palestinians.

His Notre Dame speech in May addressed the hot button issue of abortion. Obama asked his Catholic audience, "As citizens ... how do we engage in vigorous debate? How does each of us remain firm in our principles, and fight for what we consider right, without demonizing those

Look, Obama was saying, I see the world through your eyes; I share your Christian values; I worry about the same things that you worry are threatening the American way of life. But the Republican prescription for these ills has simply not worked.

with just as strongly held convictions on the other side?” He asked his listeners to remember that the “ultimate irony of faith is that it necessarily admits doubt ... It is beyond our capacity as human beings to know with certainty what God has planned for us or what He asks of us.” This doubt “should humble us ... and cause us to be wary of self-righteousness.” He appealed to the Catholic social conscience to work to undermine the social and economic conditions that made abortion a necessary option.

His speech on health care reform to Congress in September was addressed to politicians as well as voters. But the strategy was the same: gear down the divisive rhetoric and focus on what is held in common as a basis for action. Unfortunately, this speech followed an incendiary summer in which the Right on the airwaves and in the streets, and Republicans in office across the land, orchestrated a recklessly irresponsible campaign of lies about health care reform (“death panels”! Canadian horrors!). Obama’s mild defence of a “public option” in the face of hysterical charges of communism appeared fainthearted to liberals, but he was still trying for common ground – especially with the more conservative members of his own party in Congress.

There is a common thread that runs through all of his words. Obama strives to synthesize the best of both sides in the ideological divide, to build a liberal conservatism and a conservative liberalism. Put baldly, this may sound like no more than the old “pragmatism” blarney that politicians fall back on to cover their own lack of convictions or ideas. But I think if we consider Obama’s words carefully, it is much more than that. There is a recognition that in democratic societies there are always deep divisions, and the freer the society the more passionately differences are held. If we want to move forward and confront the big issues that demand solutions, using the values of one group as a whip against others will be counterproductive. This was the catastrophic failure of the American Right, even when armed with all the weapons of hegemonic domination of American life.

If the narrow ideological zealotry of the Republican minority and the hysterical farmmongering of the Rush Limbaugh rabid Right has a rational design, it must be to force Obama off his message and to truly polarize political debate. If relentless negative rejection of all desperately needed reform eventually forces Obama into actually playing the militant culture warrior role that right-wing caricatures have falsely portrayed, then the Right will have won.

What a hollow, mean victory that will be.

# The hubris of the public intellectual

by Finn Poschmann



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Economists have not had a good war. In the battle over how to understand and respond to the recent financial crisis and recession, few have emerged covered in glory and medals. Indeed, some economists and economic ideas have been tarred as the proximate causes of the waves of financial destruction that swept the Western world and elsewhere.

As is often the case, some of the sharpest shots have been unfriendly fire from within the profession. The most prolific – and prominent – sniper is surely Paul Krugman, an eminent Princeton University economist who for years has been shooting from his perch as a regular columnist in the *New York Times* and an occasional contributor to the paper's weekend magazine.

Professor Krugman is brilliant, and there are few students or instructors of economics who have not read carefully his work on trade theory, to pick one area in which his influence has been significant. Even his polemics are well done. His much-circulated essay on the state of macroeconomics<sup>1</sup> is a useful overview of the divides within the economics business – even if it did suffer from his tendency to employ straw-man caricatures of financial

economists, his choice bêtes noires, who are all described as idiots savants whose naive trust in economic models to assign prices to financial assets was obviously silly.

But since taking on the role of public intellectual in the past decade, Krugman has allowed his passionate distaste for everything connected to George W. Bush to distort his writing and perhaps to undermine his credibility.

One example, a recent New York Times column,<sup>2</sup> begins by attacking Republicans for expressing doubt about the value of a public health insurance option, in other words a government-run health insurance component similar to what prevails in Canada. The Republicans are, I submit, undertaking a legitimate debate over health care funding and insurance (a debate mostly absent in Canada, I feel compelled to point out). Krugman quickly shifts to an attack on growing income inequality in the United States since 1980:

*Moreover, most of whatever gains ordinary Americans achieved came during the Clinton years. President George W. Bush, who had the distinction of being the first Reaganite president to also have a fully Republican Congress, also had the distinction of presiding over the first administration since Herbert Hoover in which the typical family failed to see any significant income gains.*

*And then there's the small matter of the worst recession since the 1930s.*

*There's a lot to be said about the financial disaster of the last two years, but the short version is simple: politicians in the thrall of Reaganite ideology dismantled the New Deal regulations that had prevented banking crises for half a century, believing that financial markets could take care of themselves. The effect was to make the financial system vulnerable to a 1930s-style crisis – and the crisis came.*

Here we have one more sharp poke at George W. Bush, embodiment of a “Reaganite” ideology that supposedly bears the blame for all that has gone awry in America – from income inequality to the current recession. On this telling, a misguided trust in markets lay at the root of the United States’s recent financial and economic debacle. What is intriguing about this passage is how political animus has led to selective historical omissions.

So some background. The primary “New Deal regulations that had [supposedly] prevented banking crises for half a century” are embodied in the Glass-Steagall Act of 1933. In the 1990s, a series of mergers put the companies that had become Citigroup, a bancassurance conglomerate, offside of Glass-Steagall owing to the combined firm’s wide-ranging financial activities. A congressional initiative – led, yes, by Republicans – sought to

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bring the legislation to where the market had already moved. (The ordering and timing was different, but much of the same happened in Canada in the last two decades, enabling chartered banks to buy brokerage houses and engage in a range of other activities.)

The key U.S. reform legislation was passed in 1999, which I remark because the President of the day was of course neither George W. Bush nor Ronald Reagan, but Bill Clinton. President Clinton, in his second term, faced a Republican congressional majority. The House of Representatives and the Senate had clashed over the contents of the reform bill, but Congress agreed

on changes that gave financial regulatory reform an overwhelming bipartisan majority. There would be some deregulation, but it would be coupled with consumer-oriented measures intended to give a broader mandate for the Consumer Reinvestment Act. Under this legislation, banks could do more lending than before, primarily mortgage lending in lower-income neighbourhoods, specifically to racial minority borrowers.

And there is the rub. Readers of my last essay in these pages<sup>3</sup> may recall that I gave some of the history of the dramatic expansion of government-insured mortgage lending in the United States, which more than any other single factor lay at the root of the financial debacle we have just witnessed. Arguably well-intentioned members of Congress, who saw political favour in directing more credit into disadvantaged neighbourhoods, entered an unholy alliance with neoconservatives, also arguably well-intentioned, who also encouraged home

ownership for people who perhaps ought not to buy a house because they could not afford to do so. The initiative drove up the U.S. home ownership rate, notably at the low end of the real estate market.

The alliance that underpinned these changes benefited numerous lenders and securitizers, who became very rich by bundling together doubtful and good mortgages and selling them on to government-controlled mortgage underwriters and insurers who were encouraged, or required, by Congress and the White House to take on enormous risks on behalf of taxpayers.



Investment banks and financial institutions found themselves in trouble because they had imagined they fully understood the risks in the government-sponsored mortgage securities markets they had helped create. They didn't.

The key state agencies, Fannie Mae and Freddie Mac, now insure or hold on their own books \$5.5 trillion in mortgages.

In turn, investment banks in the United States, plus organizations like state-controlled German banks, traded and invested heavily in the securitized mortgages that backed the lending I just described. Investment banks such as Bear Stearns and Lehman Brothers, as well as the large mortgage lenders, many of them government-backed, came under the gun as the lending market they had facilitated unravelled over the course of 2007 and 2008. These investment banks and financial institutions found themselves in trouble because they had imagined they fully understood the risks in the government-sponsored mortgage securities markets they had helped create. They didn't.

And that brings me back to Professor Krugman. The history I have just summarized is hardly obscure, but neither is it well understood. This history is required to parse the “Reaganite” and George W. Bush roles in the financial meltdown and recession. Krugman, in his political animus, does not provide it. Thereby, he ceases to be a “public intellectual” and becomes more of a partisan ideologue.

Consider this Web addendum to his summer 2008 defence of Fannie Mae and Freddie Mac, the state-sponsored mortgage lenders:

*What you need to know here is that the right — the WSJ editorial page, Heritage, etc. — hates, hates, hates Fannie and Freddie. Why? Because they don't want quasi-public entities competing with Angelo Mozilo.*<sup>4</sup>

Angelo Mozilo was head of Countrywide Financial, the largest of the aggressive private mortgage lenders. No honest assessment would conclude that Fannie and Freddie were Countrywide's competitors; they were mutual enablers. The people who ran these institutions did business with each other and became rich doing so, and they lobbied and funded the legislators who oversaw their activities. A misunderstanding of this underlying political economy seems to have led Krugman down a garden path.

Academics' getting excited and motivated by politics is nothing new. Yet there is always a cost, and that is the trouble when partisan animus overshadows thoughtful policy discourse. An early victim can be the truth.

## Notes

<sup>1</sup> New York Times Magazine, September 6, 2009.

<sup>2</sup> New York Times, August 23, 2009.

<sup>3</sup> “Buying Trust with Trillions,” *Inroads*, Winter/Spring 2009, pp. 10–13.

<sup>4</sup> Paul Krugman, “Ideology and the GSEs,” July 14, 2008, retrieved November 7, 2009, from <http://krugman.blogs.nytimes.com/2008/07/14/ideology-and-the-gses/>