

Gonick predicts Canada headed for Depression

by Katy LeRougetel

Is Canada headed for another Depression?

"Yes" was Cy Gonick's bland opening to a Student's union forum held recently at the University of Alberta.

Gonick, University of Manitoba economics professor and editor of Canadian Dimension, followed this remark with a lucid explanation of Canada's present economic situation.

He characterized the upswing experienced in 1975 as "an aborted economic recovery." Analysing the overall economic trend today as that of a steady downward decline punctuated by small upward "bubbles or bumps," Gonick traced its roots and development.

After a sketchy description of the 1920's—"the last hurrah of laissez faire capitalism," Gonick contrasted the boom of the twenties with that of the fifties and sixties—"the maturest stage of monopoly capitalism." Because the two upswing periods were vastly different in their natures, the depressions succeeding them display widely divergent characteristics.

Gonick pointed to three major aspects of the present day economy which shape its depression cycle:

—In the 1940's widespread state intervention in the economy a la John Maynard Keynes enabled the post-sixties depression to penetrate much deeper into the economy. Through its maintenance of enterprises that would otherwise fall prey to bankruptcy, government financing today keeps inefficient businesses alive and prevents colossal unemployment. With the fear of losing jobs diminished, working

class unity and militancy has increased. Gonick cited the ever-growing strength of the most notable features of the past 30 years. The power of the labor force to resist oppressive measures has risen dramatically, he observed.

—A second aspect of the economic situation unique to the fifties and sixties is the greater degree of monopolization in business. Lack of competition allows high prices to be maintained. Thus rising prices create inflation even during an economic downturn — a phenomenon hitherto unknown. In contrast, in the thirties, the competitive business cycle of diminishing demand forced prices down.

Today, a relatively low unemployment rate combines with the presence of inflation to remove the traditional regulating pressures on the system.

Since major new business investments are unlikely, a severe depression can only be avoided by a massive programme of government spending. This would, however, cause "roaring inflation." The fatal contradiction lies embedded within the capitalist system itself.

—The international nature of the world economy in the post-World War II period also has serious consequences. While the 1920's upswing was largely confined to North America, in the fifties and sixties Europe and Japan shared the boom. The US, however, remained at the centre of this "economic empire," controlling the network through institutions such as NATO, the World Monetary Fund and world-wide military bases.

The Vietnam war demonstrated



Cy Gonick

vividly, though, that the expense of policing its vast empire was placing a severe strain on US resources. Moreover, the accumulating contradictions in its economic system were coming home to roost by the late sixties.

In addition, independence movements and socialist revolutions in the Third World countries made them increasingly difficult targets for capitalist exploitation. Gonick predicts that the separate members of the US "empire" will begin competing against each other for markets and profits.

Gonick said two central issues will coalesce in Canada in the near future: the national Canadian question and the ruling class/working class conflict. According to Gonick, the US will turn to Canada as a better source of "surplus value extraction" than the Third World. Because Canada has a branch plant economy, producing US commodities for the smaller Canadian market, Gonick claimed Canada is not in control of her economy. He cited this as a factor facilitating US exploitation of this country. Gonick predicted that the issue of Canadian nationalism will attain great significance.

To transfer income from wages to profits and arouse the business sector from stagnation, the labor movement's strength must be reduced. It's resistance to wage cuts and any lowering of living standards will seriously curb the power of the ruling class (business and government) to alter the state of their economy.

Gonick described the two alternatives open to the ruling class:

—Corporatism, involving the use of tripartite boards and superficial concessions which "co-opt labor leaders." This would enable the peaceful institution of oppressive measures such as the withdrawal of the right to strike from public sector workers. Gonick stressed that in whatever guise the fiscal policies were to be introduced, their aim would be the same: the reduction of real wages and living standards.

—If labor does not prove amenable to cooption, coercion will be necessary. "And," said Gonick, "we have a name for that: it's called fascism."

The success or failure of the government's measures will depend entirely on the reaction of the working class. He predicted the emergence of numerous resistance movements, challenging "working class oppression." Gonick sees the possibility of successful socialist revolutions in Europe or some parts of Europe. These revolutions and workers' movements "Will determine the future political direction of all of us."

Gonick explained the rationale behind the growth of racism in periods of economic depression such as these. Mismanagement of the economy, rather than immigrants, lies at the root of economic dislocation. He pointed out that immigrants merely provide a useful target for frustrations and fears which would more properly be directed at those who control fiscal policy.

Gonick's own conclusion: "Capitalism is being buried but it's taking a long time to get the bastards under the earth."

COMMERCE SOCIETY ANNUAL BANQUET

FRIDAY, MARCH 25/77.
McINNES ROOM

DRINKS — 7:00 p.m.
DINNER — 8:00 p.m.
DISCO — 10-1:00 a.m.

FOR TICKETS PHONE 424-2505
OR VISIT SUB LOBBY
OR
1247 SEYMOUR ST.

\$3.00 SHAREHOLDERS
\$4.00 NON-SHAREHOLDERS

CASH
BAR

Women hardest hit

OTTAWA (UPSTREAM-CUP) — Women workers are hit hardest by the combined effect of the federal anti-inflation programme and federal social service cutbacks.

Madeline Parent, organizer for the Canadian Textile and Chemical Union, told a meeting organized by the Ottawa Committee for Labour Action that because women workers are lower paid and more tied to children and housework than men workers they suffer most by cutbacks in social services such as daycare.

Added to this burden is the bias created by the anti-inflation board (AIB) which calculates all wage increases by percentages. This, she said, is an incentive to employers and trade unions to negotiate percentage increases. A 10 per cent hike will increase the difference between a worker earning \$6,000 and one earning \$12,000 by \$600. The result is that lower paid workers (most often women) fall farther and farther behind higher paid men workers. This increase the segregation of women workers into the lower paying jobs.

"The higher the ghetto walls go up, the harder it is to jump over, especially in time of high unemployment," she said.

Parent stated that after wage controls were introduced it became a sin to ask for higher wages. It was theorized that wages caused inflation and prices just reflected increased wages. Profits, well they were just not important."

She said not only must workers

fight employers for wage increases, but now they must fight the AIB which has been increasingly hard on workers even though "decontrol" is on the horizon.

She criticized recent Canadian Labour Congress (CLC) proposals for a tripartitenational economic



planning council made up of labour, business and government. It would have the power to manage the economy.

Any labor leader she said, referring to CLC president Joe Morris, who thinks it is possible to sit down and plan the economy with business is out of touch with the workers. They do not want to discuss with the business leaders