

# Gonick predicts Canada headed for Depression

by Katy LeRougetel

Is Canada headed for another Depression? "Yes," was Cy Gonick's opening to a Students' forum in SUB theatre Fri-

Gonick, University of Alberta economics professor and editor of *Canadian Dimension* followed this remark with a explanation of Canada's present economic situation. He characterized the upswing experienced in 1975 as "an economic recovery." Analysing the overall economic situation today as that of a steady upward decline punctuated by all upward "bubbles or rumps," Gonick traced its roots to development.

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

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

In the 1940s 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 mass unemployment. With the fear of losing jobs diminished, working class unity and militancy increased. Gonick cited the growing strength of the labor movement as one of the most notable features of the past 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



Cy Gonick

fifties and sixties Europe and Japan shared the boom. The US, however, remains at the centre of this "economic empire," controlling the network through institutions such as NATO, the World Monetary Fund and worldwide military bases.

The Vietnam war demonstrated 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. Its 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."

## Gifts received

The university received nearly \$2 million in gifts during the period from July 1 to September 30, 1976.

Information presented at today's Board of Governor's meeting showed the federal government was, as usual, the largest single contributor donating \$700,000 out of the \$2,000,000 total.

Associations and organizations granted \$680,000 to the university and the provincial government gave \$475,000.

Most donations were for research purposes: \$1.185 million out of the \$1.92 million total. Other grant categories included endowments, and grants for faculty or departmental purposes, and for general education purposes.

## Fee Payment Deadline

JANUARY 17, 1977

University regulations provide that the last day for payment of the second instalment of fees and for payment of fees for Second Term only registrants is January 17, 1977. A penalty of \$15.00 will be charged on any payment made or postmarked after that date.

The regulations further state that should payment not be made by January 31st, registration will be subject to cancellation.

Fees are payable at the Office of the Comptroller, 3rd floor, Administration Building, or by mail addressed to the Fees Division, Office of the Comptroller, The University of Alberta.

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