

# A'S POOR- PRICE OF TALISM

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the government to restrict foreign competitors in the same areas. In order for these industries to survive they must ensure that salaries and fringe benefits are as low as possible:

The productivity gains in the low-wage industry are not reflected in relative wage-rate changes in low-wage industry.

Rather than contributing to higher wages, productivity increases are either being absorbed into broader profit margins or otherwise into lower prices due

low-wages and low potential for union dues, unions often do not consider it worth their efforts or within their own financial capabilities to organize the massive sort of campaign required in this particular worker's environment.

Because of the susceptibility of these industries to market or technological changes, there are frequent economic dislocations, plant shut-downs and job lay-offs. Over 16,000 Ontario workers alone were thrown out of a job in 1970-71. It is in this sector of the economy that the majority of the unskilled

States. Subsidiaries throughout the world are instruments of the parent company and therefore subject to the priorities of that parent company and the legislation of its host country. The conflicts with Canadian priorities have not been slight. For many years American subsidiaries were not permitted to export goods to communist nations. During Johnson's and Nixon's presidency legislation was adopted which forced American subsidiaries to return substantial amounts of their Canadian earned capital to the U.S. When American firms get into their own economic hot water it is easiest for them to save money by cutting back investment, reducing operations and closing down their plants in Canada. This foreign control has decreased tax revenues, employment stability and economic growth.

Secondly, a tremendous amount of capital is pumped out of Canada every year both in profit and the legal games parents companies and subsidiaries play with each other. Apart from the approximately 1.5 billion dollars of Canadian profits which crossed the border last year, inter-company trading, in which Canadian products are often undervalued for tax purposes, typically comprise 50 per cent of all our exports.

Compounding these immense losses of Canadian capital, additional losses result from such inter-company tricks as inflated service contracts and management fees, dividend repatriation, and patent and royalty payments.

Thirdly, most U.S. corporations here are primarily involved in the simple manufacture and marketing of products. Research, the training of managerial skills and the large-scale development of supporting services and industries are directed to the United States. (Canada, for instance, has the lowest rate of patents in the Western World.) Thus, American resource-extraction and primary manufacturing companies send their materials to the United States for final processing and refining. This has had the disastrous effects of rapidly depleting our natural resources, underselling their value and retarding the growth of Canada's own high-wage secondary manufacturing industry.

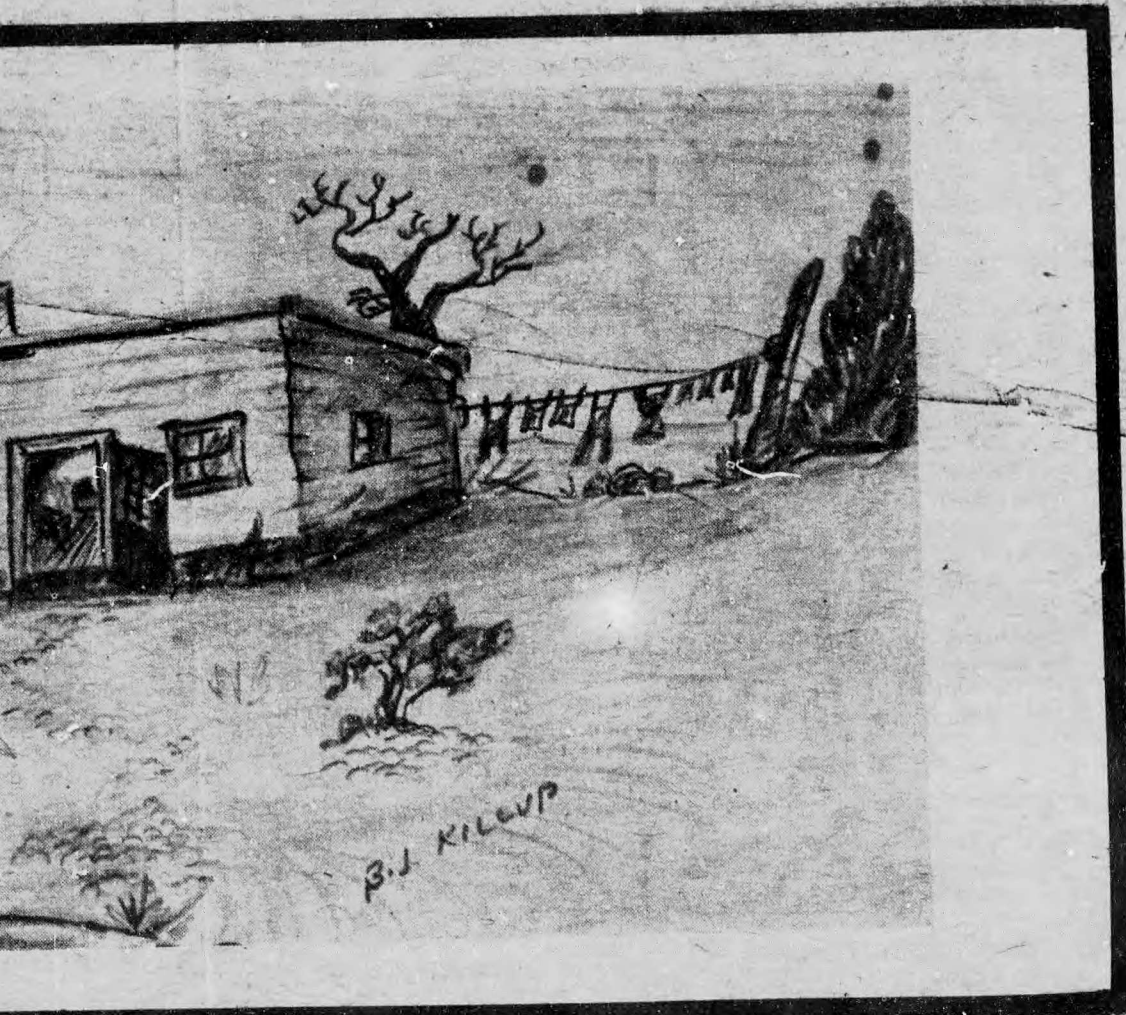
Our economic environment is one where wages are tied to the industrial concentration of particular sectors and the plans of American corporate interests, instead of being tied to capitalist laws of supply and demand. Individuals with skills and a willingness to work are forced into low paying jobs or are thrown out of a job when their specialty becomes mechanized or when particular decisions are made in the U.S.

The result is that Canada not only has one of the slowest rates of economic growth but has consistently had the highest rate of unemployment among modern industrial nations. The year 6-7 per cent unemployment figures, are sizeable underestimations of the real level of unemployment in this country. Approximately 1 per cent of the unemployed are hidden in various manpower training programs, another 1 per cent are on the LIP doles and methods of determining the number of unemployed hide even more. Unemployment figures are created by phoning 35,000 homes and asking the residents if they have worked during the last week. Those who have only part-time jobs are counted as employed and those who do not have the money to afford a permanent dwelling or a phone are completely ignored.

Youth is the hardest hit — government figures show that about 12 per cent of those under twenty-four are unemployed. Yet the Committee of Youth suggests that even these figures underestimate the true level by about 11 per cent and that in fact well over twenty per cent of all youth are unemployed. Recent studies of unemployment show that the number of hard core unemployed is increasing. Approximately one in five unemployed Canadians has been looking for a job for over seven months and over one-third of all unemployed have been job hunting for over four months.

We live in a society where enormous wealth co-exists with extreme deprivation and shattered lives. A small group of people, mostly Americans, who travel on expensive vacation, live in luxurious homes and use corporate expense accounts benefit directly from those who slave for low-wages or are forcibly unemployed.

Although it is not difficult to agree that our economic system causes tremendous inequality and impoverishment, it is commonly imagined that the state's activity in the economy and our daily lives has served to diminish the gross injustices of Canadian life. Conservatives who view state interferences with distaste are likely closer to an accurate appraisal of the consequences of intervention. For the state in capitalist economics maintains the structural conditions which are responsible for these inequalities in the first place. Suffice it to just note here that the massive increases of public expenditures on the infrastructure—highways, airports, universities etc., are designed to provide a stable and profitable environment for corporate investment. We shall concern ourselves, however, with the more direct ways in which the state perpetuates and re-inforces the essential features of an exploitive economic system—through corporation subsidies, regressive tax structures, inflation policies and the welfare system.



drawing by brenda kilcup

consumer-  
machine-

to raging competition. (The Real Poverty Report, ch 5, Adams et al)

who will be unemployed for part of the year, approximately 15 per cent of the Canadian work-force, will enter in and out.

## AMERICAN DOMINATION

This situation is aggravated, if not caused, by American domination of the Canadian economy. Most of the high-wage, capital-intensive corporations are subsidiaries of parent companies owned and controlled by American interests. Three major consequences on incomes and unemployment can be sketched.

Firstly, the key decisions concerning investment, production, marketing, and general policy are made in the United

Wages and fringe benefits are also low because of the union weaknesses in these industries. There are several reasons for this. Government legislation is biased against multi-unit negotiations. Thus, workers are forced to bargain with the particular plants in which they work rather than with the larger corporation which the plant represents or with other workers with similar jobs. The relatively small number of workers in each unit combines with the industry's antagonistic union policies to inhibit the development of effective worker organizations. Because of the