

Editorial

The Central Question: Who Should Pay and Who Should Receive?

The financial crisis which began in 2007 and came to a head in October 2008 is now developing into a full-fledged economic crisis. In December alone Canada lost 129,000 jobs, the vast majority being full-time manufacturing jobs. In the same month the U.S. lost 598,000 jobs, while China lost 10 million jobs. There is a growing consensus that the coming depression will rival that of the 1930s, while some economists are predicting that it will be the most severe economic crisis in history. It will certainly be the broadest crisis as it has already impacted heavily on every country in the world, unlike the Great Depression of the 1930s which affected mainly the industrialized countries.

After two and a half decades of declining real wages and cutbacks to social spending in the name

of “competitiveness” and “fiscal responsibility”, the governments of the U.S., Canada and most European countries have found literally trillions of dollars to hand over to bankrupt banks, insurance companies and large manufacturing companies. These handouts are being made in the name of “stimulating” the economy and lessening the impact of the crisis. However, nothing could be further from the truth. Rather, the handouts are being made to save a handful of super-rich capitalists from the ruin which is an inevitable consequence of their own economic system.

A great cover-up is being perpetrated on the people to hide the real source of the problem. Some, including U.S. president Barack Obama, are blaming

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Commentary

Stimulus Packages and “Saving Jobs”

It is becoming clearer every day that, despite all of the claims about “saving jobs”, the stimulus packages being adopted in the U.S. and Canada are nothing but massive attacks on the working class. In the U.S., General Motors presented its restructuring proposal to Congress last week. GM is now demanding US\$30 billion and has promised to eliminate 47,000 jobs in return. Chrysler is also asking for more money than it originally had and is pledging to eliminate 3,000 jobs. GM is also demanding another \$6 billion (for a total of \$9 billion) from the Canadian government and is planning to close two auto plants in Canada. The United Auto Workers (UAW) union in the U.S. is currently in the process of negotiating the biggest concessions in the history of the union and Canadian Auto Workers

(CAW) President Ken Lewenza has promised to match whatever concessions are made by the UAW.

Both the UAW and CAW are claiming a “victory” because they convinced the auto companies to remove rollbacks in the pensions of already-retired workers from the table. However, both unions have been silent on the issue of the job losses, apparently accepting them as a *fait accompli*. The issue of pensions is, of course, a red herring. Long before the current crisis General Motors had been threatening bankruptcy if it was not relieved of its US\$50 billion debt to the autoworkers’ pension fund. If anything that debt has now increased due to the losses in the stock markets and the resulting increased unfunded liability of the pension fund. It is, therefore,

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the “excessive greed” of a few financiers. Others are blaming the deregulation of financial markets under presidents Clinton and Bush. Social democrats and trade union leaders are demanding a return to Keynesian economic policies, suggesting that straying from those policies is the source of the problem. However, these are all lies to fool the gullible.

Economic crises are not the result of bad fiscal policies or poor economic planning. Nor can they be prevented by good fiscal policies and wise economic planning. Economic crises are inherent to the capitalist system and are caused by the underlying flaws in that system. In particular, the cause of all capitalist economic crises are a combination of the anarchy of capitalist production, the tendency for profit levels to decline due to the increasing organic composition of capital and the tendency for the richer to get richer while the poor get poorer. At best, fiscal measures can delay the onset of a crisis, but the trade-off is that the crisis will be that much more severe when it finally does arrive.

Anarchy of production refers to the fact that, while production is highly planned at the level of individual plants and corporations, there is no overall planning of production. Each capitalist corporation plans its production in accordance with the prices and profits of the preceding accounting period. Investment in new productive facilities flows into those sectors that are most profitable, resulting eventually in an overcapacity of productive capability and a glut of those commodities on the market.

The tendency for profits to steadily decline is based on the fact that labour is the only source of surplus value and, therefore, the only source of capitalist profits. However, competition is constantly driving capitalists to reduce their labour costs by increasing labour productivity, primarily through investment in labour-replacing technology. Profit is defined as net income divided by the total investment in capital (buildings and machinery) and, in general, the dividend is increasing faster than the nominator, resulting in declining rates of profit. This tendency can be temporarily reversed through new methods of organizing work and the opening of new fields of production, as well as through the destruction of competing capitalists through war and, increasingly,

through the use of the state to forcibly transfer wealth from the poor to the rich. However, these reversals are usually very temporary, typically lasting only a decade or so. Then the inexorable decline in the rate of profit reasserts itself. The policies of neo-liberalism which were adopted in the mid-1980s created a period of rising rates of profit which lasted more or less from 1993 until 2007. As soon as that trend ended and the rate of profit began to decline again, the entire capitalist system went into crisis.

The third feature of capitalism – the richer getting richer while the poor get poorer – is the most serious cause of the crisis and the most difficult for the capitalist system to address. The increasing concentration of wealth in the hands of a smaller and smaller section of the population is a constant feature of capitalism which results in a steadily shrinking market for commodities at the same time that productive capacities are increasing. The shrinking of the market is offset to some extent by the decline in prices of some commodities due to increasing productivity and increasing competition. However, statistics show that real wages peaked around 1975 and have been in decline ever since. Both relative and absolute poverty have increased steadily, especially since the adoption of neo-liberalism, which is essentially a policy whereby the most powerful monopolies increase their profits at the expense of everyone weaker than them – workers, peasants, smaller capitalists and even smaller nations. However, this growing relative and absolute impoverishment of the vast majority of the world’s people also has a revolutionary aspect. Sooner or later people are going to say “Enough!” and will begin looking for alternatives to capitalism.

The “solution” to the crisis being proposed by the capitalists and their states is to take money from the people and give it to the rich – the bankers, financiers and big manufacturing capitalists. This is their answer to the question: “Who should pay and who should receive?” If one understands the causes of capitalist crises, it is not that difficult to figure out that this approach will not solve the problem. Rather, it will merely make the crisis worse and prolong any recovery by further impoverishing the people and further constricting the market for commodities.

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Banning Criticism of Israel in the Name of Human Rights at Carleton University

The administration of Carleton University, under the pretext of upholding the Ontario Human Rights Code, is attempting to prevent criticisms of Israel on campus, including removing posters advertising Israeli Apartheid Week. Israeli Apartheid Week, from March 1-8, is being marked on university campuses in over 40 cities around the world, including several Canadian cities. Israeli Apartheid Week will be marked in Winnipeg with a documentary film screening and discussion.

At Carleton University in Ottawa, the student group Students Against Israeli Apartheid (SAIA) is organizing a series of public events on campus to highlight crimes being committed by Israel against Palestinians. On February 8, members of the group began postering for the upcoming week, a poster created by the cartoonist Carlos Latuff which depicts a child holding a teddy bear being targeted by an Israeli warplane. The word Gaza is written on the ground on which the child stands. (The poster can be viewed at www.apartheidweek.org). On February 9, Carleton University's Equity Services office had the posters removed, stating they "could be seen to incite others to infringe rights protected in the Ontario Human Rights Code" and are "insensitive to the norms of civil discourse in a free and democratic society." When SAIA asked Equity Services for a written description of what would be acceptable under the "norms of civil discourse in a free and democratic society", they did not receive a response.

Carleton's newly appointed President, Roseanne Runte, has already made her pro-Israeli bias clear. During the invasion of Gaza, condemned by governments and human rights organizations around the world, she refused a request by over 50 Carleton professors to condemn Israel's bombing of the Islamic University of Gaza. Instead, she sent an email to the administration condemning "intellectual" (or academic) boycotts. When SAIA subsequently tried to organize a debate on the issue of an academic boycott of Israeli universities, President Runte refused. She also, on February 3, following her speech outlining her vision for Carleton, refused to take questions from two SAIA activists on the issue and had their microphones cut off.

On February 12, Carleton's Interim Provost Feridun Hamdullahpur sent an open letter to all Carleton faculty and students in which he suggests, without naming SAIA specifically, that emotional debate on the Mideast issue may be taking place without respect for the rights of all students.

He writes: "Carleton University, regardless of the circumstances, cannot and will not tolerate actions that infringe or contravene the Ontario Human Rights Code and Carleton's own University Human Rights Policy and Procedures. Discrimination, harassment, and intolerance which take the form of inappropriately challenging or questioning a person's race or beliefs are actions that are contrary to the mission of Carleton University and put in peril the essence of the Canadian university experience.

We understand that some events may be planned which may be related to some serious and emotional world issues. I would therefore ask everyone to take a few moments to become familiar with the Carleton University Human Rights Policy and Procedures and the Student Rights and Responsibilities Policy. Both documents play an important role at the University and provide us with guidance towards civil and collegial behaviour. However, they are also tools to be used to address inappropriate behaviours including discrimination and harassment. Among other sanctions that may be applied under these policies, students can be withdrawn from their studies indefinitely. Note that under the authority of these policies, all reported incidents of racial or religious intolerance will be investigated vigorously and addressed regardless of the persons or groups involved."

In response to this campaign of intimidation, SAIA is calling on the administration to demonstrate its commitment to free speech through reversing the decision to remove the posters and to go ahead with a debate on the issue of academic boycotts. As well, Carleton alumni across the country are organizing a letter writing campaign to senior members of the administration and members of the board of governors, to counter the pro-censorship campaign being organized by Israeli apologists.

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inconceivable that GM will not call on the U.S. government to legislate an end to its obligations to its retired workers and their pensions will be slashed, regardless. It is also inconceivable that Ford and the various auto parts companies will not demand similar concessions from their workers.

The main purpose of the stimulus packages, apart from lining the pockets of the monopolies and their shareholders, is clearly to create an atmosphere of impending disaster in order to blackmail workers into accepting concessions as inevitable. They are part of the ideological assault on the working class to passively accept the burden of the economic crisis as a necessary evil to save the system.

For their part, the trade unions long ago accepted the survival of the capitalist system as their most important consideration. This is why, at a time when capitalism has failed and is preparing a massive assault against the working class and people, not a single trade union in North America has called for an end to this barbaric system. No trade union has called on the workers to refuse to accept the burden of the crisis and to instead demand that the rich be made to pay. This, despite the fact that the trade unions are past masters at “militant” posturing in order to divert the wrath of the workers. In the past the trade unions have actually adopted “no concessions” resolutions while in the midst of making concessions. The absence of such posturing is a sign of two realities.

First, there is the reality that the trade unions are impotent in the face of this capitalist onslaught because they are tied hand and foot to the capitalist system. Saving the capitalist system requires workers to make big sacrifices and the trade unions are busy “negotiating” those concessions. But, more importantly, it points to the fact that the capitalist system is entering a period of extreme vulnerability, a period in which it could very well be overthrown in many countries. Within such a situation there is no room for trade unions taking militant positions, even if the militancy is phony; there is a danger that workers may take it seriously and actually fight against the attacks. In other words, the crisis has finally exposed the trade union movement as bankrupt and as a weapon in the hands of the capitalists against the working class.

The problem facing both the capitalists and the capitalist trade unions is that the class struggle is spontaneous. There is bound to be a period of “shock and awe” in which the working class recoils in the face of the sheer viciousness of the attacks, particularly since their trade unions are part of the offensive against them. However, sooner or later the working class will decide that it has no choice but to fight back and, when that time comes, the existence of the trade unions and their capitalist masters will be brought into question. The progressive and revolutionary forces must begin preparing now for that inevitability.

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On the other hand, reversing the equation has definite possibilities. There is, of course, an issue of fundamental justice that those who caused the problem should pay for it, but more importantly, making the rich pay for the crisis that their system has caused is the only solution that makes economic sense. Making the rich pay means transferring wealth from the rich to the workers and the poor. It means raising wages, increasing spending on education, healthcare, social assistance and other social programs. This is the only way to eliminate the mountains of surplus commodities on the market and put all of the laid-off workers back to work. It is the only viable way out of this crisis.

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