

Editorial

Will the CAW Proposals Solve the Crisis in Manufacturing Jobs?

At the end of May rallies of tens of thousands of workers were held in Windsor, Oshawa and Ottawa to protest the continuing and escalating loss of jobs in the Canadian manufacturing sector. During the past five years over 250,000 manufacturing jobs have disappeared in Canada as a result of plant closures and technological change. The Canadian Autoworkers Union (CAW) organized the rallies as part of a national campaign aimed at forcing the federal government to address this crisis in manufacturing jobs and take measures to reverse this trend.

The CAW claims the high Canadian dollar, unfair trade practices and lack of government support for the manufacturing sector are the cause of this crisis. The main proposals it presents are reducing the value of the Canadian dollar, the erection of trade barriers to foreign imports and the adoption of “Buy

Canadian” policies by all levels of government, as well as increased government support for the manufacturing sector.

The main problem with this CAW campaign is its basic analysis of the source of the problem. Any analysis that ignores the fundamental question of how the economy is organized and suggests, instead, that the crisis in manufacturing is merely a matter of some erroneous policies will contribute nothing towards solving the problem.

What the CAW has missed is the fact that the Canadian economy is a capitalist economy which is an integral part of an international capitalist economy. One of the main features of a capitalist economy is anarchy of production. This means that individual corporations produce blindly for the market based on

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Chapters Picket in Winnipeg



A successful picket urging Chapters bookstore to cut its ties with Israeli apartheid was held in Winnipeg on June 9. Chapters’ majority shareholders Heather Reisman and Gerry Schwartz are founders of the Heseg Foundation, which provides support to foreigners who volunteer to serve in the Israeli Defence Forces, an occupation army. More activities in Winnipeg are planned in the months ahead.

short-term considerations of maximizing profits. Anarchy of production gives rise to periodic crises of overproduction which can only be resolved through trade wars and mass destruction of productive capacity. Anarchy of production also gives rise to the uneven development of capitalism on both a national and international scale.

The rapid loss of manufacturing jobs in Canada (and all of the other developed capitalist economies) and the transfer of those jobs to countries such as China and Korea is a consequence of the anarchy of production and uneven development of capitalism. Thus any proposals which are advanced to solve this problem within the confines of the capitalist system will be short-term solutions at best or futile at worst. In fact, historically such policies have either exacerbated the problem or have merely shifted it onto another sector of the economy.

If the CAW proposals are reduced to their essence, they come down to demands for increased currency inflation, increased trade barriers and increased government handouts to the manufacturing capitalists. What effect would such policies have on the jobs of Canadian workers?

Increasing currency inflation - which is what reducing the value of the Canadian dollar really amounts to - may succeed in the short term in increasing Canadian exports of both manufactured goods and natural resources. However, such measures invariably create artificial trade surpluses and fuel trade wars between various countries. China is following precisely such a policy and its economy is benefiting in the short term. However, China's artificially low currency exchange rate is accompanied by a whole host of other domestic policies designed to keep workers' wages extremely low and working conditions dismal. In other words, Chinese (and foreign) capitalists are maintaining extremely high rates of profit on the backs of the Chinese working class.

While the situation in China is somewhat more extreme than that in Canada, what the CAW is calling for is essentially the same thing. Currency inflation is a hidden tax on working people and the CAW proposal to reduce the exchange rate of the Canadian dollar means that the profits of the manufacturing

capitalists (and possibly some jobs in the sector) will be maintained by a hidden transfer of wealth out of the pockets of Canadian workers and into the coffers of the manufacturing capitalists.

Interestingly, the CAW proposal to erect trade barriers (primarily against Asian competitors) has a similar effect. Trade barriers will have little, if any, effect on the prices received for Canadian exports. In fact, to the extent that such trade barriers fuel trade wars, those prices could actually be forced down. At the same time, the purpose of trade barriers is to reduce competition from abroad and drive up domestic prices (and profits). Since nothing comes from nothing, the increased profits for the manufacturing capitalists must come at the expense of profits and jobs in some other sector of the economy.

The issue of government handouts to the manufacturing capitalists, which the CAW refers to as "strategic investments" (that is not just any handouts, but handouts to corporations where the CAW happens to be the union), is a straightforward transfer of wealth out of the pockets of workers into the pockets of the capitalists. The CAW actually makes a very persuasive case that the value of manufacturing jobs to Canadian society makes such "investments" worthwhile. However, this case is based on the misguided assumption that capitalists and governments are in the business of "creating jobs". Nothing could be further from the truth.

The most basic law of capitalism is the maximizing of profit and the main function of any government is to ensure that the capitalists within its jurisdiction maximize their profits at the expense of capitalists in other jurisdictions or the workers within its jurisdiction. The creation or elimination of jobs is incidental to that goal. Government handouts to capitalists for the purpose of "job creation" or "job preservation" usually have precisely the opposite result. The handouts are invested in new technology in order to increase productivity and, hence, the competitiveness of the capitalist enterprise. Increased productivity translates into fewer, not more, jobs. For example, recent government handouts to the auto manufacturers to the tune of hundreds of millions of dollars have done nothing to slow down the pace of

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An American and Israeli-backed Coup

Amidst all the media coverage of street fights and gun battles between Hamas and Fatah over the last few weeks, there has been virtually no discussion of what has actually been happening in Gaza and the West Bank. The reality is that the democratically elected government of the Palestinian people has been declared null and void, with the full support of the United States and Israel.

Indeed, for a year and a half now the Bush regime has led an international effort – an effort supported wholeheartedly by the Canadian government - to bring down the elected Hamas government. Its focus has been twofold: economic and diplomatic. Almost immediately after Hamas was elected, in elections that all international observers, including former U.S. President Jimmy Carter, declared were fair and democratic, all aid to the Palestinian people was frozen. Even the establishment this past March of a ‘unity government’ that included Fatah representatives did not lead to an end to this aid embargo.

Deepening the economic crisis in the occupied territories has been Israel’s refusal - in violation of international laws governing occupying powers - to turn over to the Palestinian government the tax revenues it has collected on behalf of the Palestinian Authority. As a result social services in the occupied West Bank and Gaza Strip have been almost completely decimated, poverty has skyrocketed and catastrophic incidents, such as the collapse of a sewage treatment plant last month, have resulted in death and suffering.

In addition, on the diplomatic front the U.S. has

urged its allies to sever all relationships with Hamas officials, banning representatives from the Palestinian government from a number of international meetings and gatherings, excluding them from discussions on the Palestinian situation and imposing informal travel embargoes on high-profile cabinet ministers. At the same time Israel, in addition to its ongoing assaults against the population in Gaza and the West Bank, has arrested and detained many Hamas members of parliament.

Yet despite all these efforts, the Hamas government remained in place, a symbol of America’s failure to impose its will on the Palestinian people.

Recent reports indicate that the Israelis, Americans and Fatah President Mahmoud Abbas were planning a coup against Hamas, to be followed by an immediate influx of over a billion dollars in aid. According to a number of sources, Hamas found out about the coup plan and then launched its offensive against Fatah in Gaza.

Then came the street fighting and gun battles. These were first met with a wall of silence from the Fatah President, Mahmoud Abbas. Then, in a move that may violate Palestinian Authority law, Abbas announced on June 15 that he had dismissed the government, fired Prime Minister Ismail Haniyeh of Hamas and appointed instead Salam Fayyad, and set up an “emergency” second cabinet, based entirely in the West Bank.

Salam Fayyad, the newly appointed Palestinian Prime Minister, is reported to have close ties with the Bush administration. He served as the Finance

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auto plant closures and the elimination of thousands of jobs in the sector.

The automobile industry is in the midst of a classic crisis of overproduction on a world scale and some of the biggest auto corporations are facing bankruptcy. At the same time, every major car manufacturer is rushing to build factories in China. Once China floods the world market with cheap cars, the Canadian government will not have enough resources to keep the auto industry in Canada afloat no matter what policies it adopts.

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Clearly, the CAW must be aware of this situation and its campaign to save manufacturing jobs is just a short-term act of desperation to stave off the inevitable for as long as possible. This would not be such a bad thing if the CAW admitted to workers that this campaign is a stop-gap measure and called on them to begin discussing alternatives to capitalism as a long-term solution. Instead, the CAW is conceding the ongoing hemorrhaging of manufacturing jobs for the short-term, while presenting its proposals for the working class to subsidize the profits of the auto capitalists as the long-term solution to the problem.

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Annual Winnipeg Peace Walk Held June 16



On June 16 over 200 people participated in the annual Winnipeg peace walk organized by Peace Alliance Winnipeg. Below and to the left are scenes from the walk.



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Minister in the interim Fatah government of the Palestine Authority from 2002-2006. Before returning to Palestine in 2001 as the International Monetary Fund (IMF) representative to the Palestinian Authority, Fayyad worked for 20 years as an economist in the U.S., including stints with both the World Bank and the IMF.

Israeli and American officials immediately praised Abbas' dissolution of the government. The U.S., Canada, the European Union and others moved quickly to restore the aid they had stopped following Hamas' election victory. U.S. Secretary of State Condoleezza Rice told reporters that "President Abbas has exercised his lawful authority as president of the Palestinian Authority and leader of the Palestinian people." Israeli Prime Minister Ehud Olmert called Abbas a "friend" and pledged that Israel would be "helpful and supportive of the Palestinian people in every possible way, including economic cooperation and security cooperation," now that the democratically-elected government has

been deposed. Olmert then went immediately to Washington to discuss the situation with the President Bush.

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