

Editorial

## The Working Class Must Advance Its Own Demands, Not Line Up Behind One or Another Section of the Capitalist Class

The economic crisis has just begun, but already it has propelled the disequilibrium crisis that has gripped Canadian politics since 1993 into a full-blown political crisis, with a constitutional crisis waiting in the wings. The Conservatives are attempting to whip up a frenzy of anti-Quebec, anti-eastern hatred, especially in the western provinces, by accusing the opposition parties of being anti-democratic and attempting to stage a coup d'état. For their part, the opposition parties are accusing Harper and the Conservatives of being anti-democratic and having lost the confidence of the House of Commons.

The event that triggered this political crisis was the Harper government's tabling of an economic statement on November 27, purportedly to deal with the economic crisis. The Conservatives used the cover of the crisis to propose cutting off funding to

political parties, effectively bankrupting the Liberals, as well as attacking the right of public sector workers to strike and of women workers to seek pay equity. Their statement essentially contained no measures to deal with the economic crisis, with the government claiming it had already taken adequate measures during the past two years.

The following day the Liberals announced their intention to bring down the government on December 1 and to ask the Governor-General to install a government in power comprised of a Liberal-NDP coalition with support from the Bloc Quebecois. Harper's response was to cancel the December 1 Opposition Day and then to ask the Governor-General to prorogue parliament until January 26, 2009, a request that she granted.

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Commentary

## Legality vs. Democracy

The Harper Conservatives have been accusing the opposition parties of organizing a coup because they organized a coalition to replace the Conservative government. They suggested that their actions were an abuse of the parliamentary system and extremely anti-democratic. For their part, the opposition parties responded by explaining that what they are doing is perfectly legal and democratic, but that Harper's request to the Governor-General to prorogue parliament was an abuse of the parliamentary system and extremely anti-democratic.

In fact, they are both correct. The British parliamentary system is not a presidential system in which people vote directly for a president. Nor is it a European-style system in which people vote

directly for a party. Rather, it is a system in which people vote for a candidate who may or may not belong to a political party. Then whichever party or group of parties can form a government is called upon by the Governor-General to do so.

In a minority government situation, such as exists in Canada at the present time, it is perfectly legal for the opposition parties to bring down the sitting government and replace it with a coalition government, if the Governor-General sees fit to recognize the coalition as the new government. If the Governor-General decides not to recognize the coalition he/she has the authority to call for new elections.

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Both the Conservatives and the coalition parties spent the subsequent week or so inflaming passions. Each side told people that they are the only ones who truly represent the aspirations and will of the Canadian people and that they are the only ones interested or able to deal with the economic crisis. Both sides claimed that their opponents were only interested in holding onto or seizing political power.

At the heart of this crisis is a sharp division within the monopoly capitalist class, primarily between the oil monopolies and the businesses dependent on the oil industry on the one hand and the manufacturing and resource extraction capitalists on the other. The Harper Conservatives, like the Bush administration in the U.S., is closely aligned with the oil monopolies, while the Liberals are more closely aligned with the manufacturing capitalists in southern Ontario and the mining and lumber capitalists of northern Ontario. The NDP gets most of its support from trade unions and workers that see their interests as corresponding to the interests of those same manufacturing and resource extraction capitalists. The Bloc Quebecois is aligned with the manufacturing and resource extraction capitalists in Quebec and the trade unions that identify with the interests of those capitalists.

During the past several years both the manufacturing and resource extraction sectors have come under intense pressure from all sides. They have faced severe competition from foreign manufacturers, particularly from China. The skyrocketing price of oil - largely a by-product of the policies of the Bush regime - has cut into their profits further. To make matters worse, the high-dollar policy of the Harper Conservatives has increasingly priced every commodity except oil out of foreign markets, especially the American market.

Auto manufacturing, the backbone of the Ontario economy, has been particularly hard hit and the auto capitalists have been demanding handouts to prop up their sagging profits. The Harper government has consistently rebuffed those demands while handing out billions of dollars in tax cuts and other subsidies to the oil monopolies. With the price of oil now less than a third of what it was just a few months ago the conflict over which group of monopoly capitalists will control the state and the state treasury has now boiled over and is reflected in the current political crisis.

For its part, the Canadian Labour Congress and various trade unions have issued calls for their members to support the "progressive coalition" led by the Liberal Party. However, it is hard to see what is

progressive about this coalition. The NDP and Bloc have both accepted the Liberal position on the war in Afghanistan and the Bloc has temporarily suspended its demand for Quebec sovereignty. Those are both major concessions to the Liberals at a time when the Liberals are in a very poor bargaining position.

The coalition has also promised to adopt the Keynesian economic policies that were agreed to by all of the G-20 countries in recent meetings in Washington and Lima. However, it is unclear what precise policies they are talking about. Keynesian economic policies essentially involve putting government money in the hands of consumers in order to stimulate demand for commodities. Traditionally this has been accomplished by a combination of direct handouts to the poor and government investment in various labour intensive projects.

Such policies take relatively long periods of time to work their way through the economy and restore the profit margins of the monopoly capitalists. But with some of the biggest capitalists, including General Motors and Chrysler, lining up at the trough and threatening to declare bankruptcy if they do not receive billions of dollars in government handouts, it is difficult to see how the coalition will be given the time for Keynesian policies to work.

Both the Conservatives and the coalition parties are creating maximum confusion on this issue. They are talking about measures to stimulate the economy in one breath and handouts to the capitalists in the next, as if they were equivalent. They are not. In fact, they are opposites. Measures to stimulate the economy rely on getting money into the hands of consumers so they can buy more products. Handouts to capitalists, on the other hand, mean taking money out of the hands of consumers and putting it directly into the pockets of the rich. Such handouts will be used to increase the dividends to shareholders and to purchase more modern technology to replace workers. In other words, handouts to the capitalists are a drag on the economy, not a stimulus. They serve to deepen the crisis, not alleviate it.

The trade union leaders try to camouflage this reality by insisting that the handouts must be accompanied by "ironclad" guarantees against layoffs. However, General Motors recently made such promises to the Ontario government in return for tens of millions of dollars, and then promptly reneged on the deal and laid off hundreds of workers with absolutely no consequences.

Regardless of how hard they try to pretend that

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## For Your Information

# The Crisis in the Cattle Sector

The National Farmers' Union (NFU) recently released an analysis of the cattle sector in Canada, 'The Farm Crisis and the Cattle Sector'. It looks at the impact on farmers' returns of free trade and consolidation in the industry.

The study traces prices, adjusted for inflation, from the depression to the current day. It found that prices began to drop steadily in 1989, reaching their lowest level in May 2003, after the discovery of BSE ("mad cow disease") in Canada.

Excluding the depression years, prices paid to cattle producers for finished steers in Ontario (that is the price beef packing companies pay for a steer ready for slaughter and processing) ranged from \$130 per hundred-pound weight to a high of \$280. Prices went up and down over the 47 years between 1942 and 1989, with no dominant trend.

However, starting in 1989, prices began noticeably to move downward. Between 1989 and May 2003, prices ranged from between \$98 and \$140. In other words, during that period the best price was not much higher than the worst price in the previous half century. After BSE was discovered, prices dropped to as low as \$50 per hundred pounds, and have since only recovered to around \$85. The average price between 1942 and 1989 was \$174 per hundred weight – double the current period.

The NFU asks what changed in 1989. The study identifies two significant factors –Cargill opening its first meat-packing plant in High River, Alberta, and the ratification of the Free Trade Agreement. The former was part of a major reorganization of meat packing in Canada during which the number of plants dropped drastically, as did the number of companies in the industry. Before 1989 the big four meat packers were Burns, Swift Canada, Canada Packers and International Packers, but together they only controlled half of the meatpacking in Canada. The other half was handled by a network of regional meatpackers operating in every province. Today, 89 per cent of meatpacking in Canada is controlled by three companies – Cargill, Tyson (largely comprised of the former Iowa Beef Packers or IBP group) and XL.

This consolidation led to massive increases in efficiency in the industry. However, the NFU study finds that during this same period of increased efficiency and productivity, salaries to workers in the meatpacking industry declined, as did the prices paid to farmers.

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In terms of the second factor, free trade resulted in a reorientation of Canadian cattle production to serve the American export market. Prior to 1990, cattle exports from Canada were fairly steady, with a dollar value of around \$500 million/per year (adjusted for inflation). Between 1990 and 2003, cattle exports to the U.S. increased five times on a volume basis and eight times on a dollar value basis, to over \$4 billion a year.

The report notes: Export overdependence created a trap.... "Canadian cattle farmers were urged to thrust their heads into that trap. Then a single case of BSE sprang the trap, pushing down prices that, for a variety of reasons, were already far below historic norms."

The study concludes by suggesting several reforms that Canadian cattle producers could pursue to solve the current crisis. Included in these is the creation of collective marketing agencies. As the report notes, the power imbalance between farmers and packers is dramatic. "Tyson is a \$27-billion-dollar-per-year company; Cargill is four times larger. Either company is ten thousand times larger than our biggest family farms."

Creating collective marketing agencies would result in higher prices by giving farmers collective selling power; ensure equitable market access for smaller sellers, ensure equal pay for animals of equal value and protect producers from packer power, retribution and/or abuses.

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### ***Legality vs. Democracy...from page 1***

The Governor-General also has the authority to prorogue parliament at any time, whether that request comes from the prime minister or is his/her own idea. In other words, there is nothing illegal about Stephen Harper's manoeuvre to avoid an opposition non-confidence motion.

However, the issue of whether or not these legal activities are democratic is an entirely different matter. Both sides in this debate are suggesting that the "normal" manner in which parliament operates is "democratic", while the unusual activities of the other side are "undemocratic". However, one only has to look at the fact that "majority" governments are routinely elected in Canada with far less than 50 percent of the popular vote (and often under 25 percent of the

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they have opposing visions on the direction of the economy, both the Conservatives and the coalition parties are in basic agreement that the people should be made to pay for the economic crisis. Their differences are only on which groups of monopoly capitalists should collect the bulk of the loot.

Therefore, while it would be a very positive thing for Harper's government to be removed from power, there is nothing to be gained by the workers lining up to support the Liberals under the guise of a coalition government. During the recession of the early 1990s both the Liberals federally and the NDP in Ontario implemented the neo-liberal agenda of the Mulroney Conservatives with a vengeance. Why should we believe that this coalition will do anything different this time around?

The issue that nearly everyone appears to be avoiding in the midst of this political crisis is that capitalism has failed. It has failed to provide workers with secure jobs. It has failed to provide Canadians with adequate levels of health care, education and other social programs, and experience shows that what there is will soon be taken away. It has even failed to provide the capitalists with levels of profits that will allow them to remain in business. In other words, it is a total failure. When pseudo-socialism went into crisis in Eastern Europe in the late 1990s the headlines screamed that socialism had failed. Where are those headlines now that capitalism has entered an even deeper crisis?

Both the Harper Conservatives and the Liberal-led coalition are claiming that they know best how to guide the country out of the economic crisis. Both are lying. The economic crisis is a byproduct of the capitalist system itself and not of one or another policy of any government. If such crises could be avoided by wise government policies then they would not occur on such a regular basis. Furthermore, if either set of politicians were sincere about wanting to defend the interests of the Canadian people during this crisis, would the logical thing not be to ask the Canadian people what they would like to see done? Would it not make sense to organize a nation-wide discussion about how best to deal with the crisis in a way that causes the least harm to Canadians, instead of trying to put Canadians at each other's throats? However, neither side will do this. Perhaps they fear that Canadians may well conclude that it is the capitalists and politicians whose system has caused the crisis and it is they who should be made to pay for it rather than the people.

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eligible vote) to understand that there is nothing democratic about the "normal" operation of the Canadian electoral system.

This is a system that was originally conceived as a method of regulating the conflicting interests of male property owners, that is of the wealthy minority. It was never intended to be democratic in the sense of allowing the will of the majority of the population to be implemented. As the franchise gradually expanded to include non-wealthy males, females, Aboriginal peoples, etc. the wealthy minority was forced to come up with a method of preventing those people from exercising power.

The method they came up with is the current parliamentary system dominated by political parties representing the interests of (and/or controlled by) the wealthy minority. And in case something unexpected happens and a government hostile to the interests of that wealthy minority somehow gets elected, there is the Governor-General in the wings with full authority to refuse to recognize that government.

Neither the Harper Conservatives nor the opposition parties have the slightest interest in a political system in which the will and interests of the vast majority of the people can be expressed, because such a political system would not tolerate an economic system which causes human suffering on such a vast scale. All of their talk about "democracy" is sheer hypocrisy and is aimed at confusing people and covering up whose interests these parties and politicians are actually serving.

## **Modern Communism**

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