

Why the Economic Crisis?

- * End restrictions on trade union rights so workers can fully defend themselves.
- * Cut 10% from Australia's \$62 million a day military spending and withdraw all Australian forces from Iraq and Afghanistan.
- * Establish a government-owned people's bank.
- * Re-regulate the financial sector.

While these policies will not fundamentally change capitalism, they will benefit working people and must be struggled for. Part of that struggle is to win a new type of government in Australia, one that puts the needs of people before the profits of big business.

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Capitalism is an unplanned and crisis-ridden economic system. Employers always chase maximum profits. They use new technology to cut the cost of labour and increase output. They lower wages, abolish benefits and cut working conditions. Globalisation has allowed capitalism to double its global workforce. It has also created a worldwide wage competition and many high-wage jobs have been destroyed. Worldwide, production has rapidly expanded.

Because workers are not paid the full value of what they produce, but only enough for them to survive, the world's working people cannot buy back all the goods and services they produced. This is the situation we are in now — an economic crisis of overproduction. Working people did not create the crisis, but they bear most of the hardship.

- * The recession is no longer just looming; it is already here.
- * By the end of this year there will be 1 million unemployed in Australia.
- * Workers are being laid off as companies cut expenses or relocate.
- * Workers lose their homes as they cannot pay the mortgage.
- * Superannuation funds are bleeding
- * Prices continue to rise, but wages, pensions, unemployment benefits stagnate.



Financial crisis

The present crisis has been made worse by the financiers and speculators syphoning off billions of dollars from the real economy of production and consumption and into the casino economy to make quick gains from speculation and gambling on the stock market, adding nothing to the real economy.

Markets cannot be left to function on their own. Deregulation and privatisation have failed. Profiteering has brought the world to the brink of economic collapse. It's time to put a halt to these unbridled speculative activities and for governments to re-regulate economies. Put people's needs first.

No more "neo-liberalism"

Conservative governments, as in Australia and the USA, bowed to big business demands to impose anti-worker, pro-business policies known as "neo-liberalism".

Economies were deregulated, public enterprises were privatised, government-run services contracted out, government controls over investment were removed giving capital free movement globally to seek low-wage, non-union labour to exploit. These policies must end. They have brought misery and hardship.

People's action is essential

WorkChoices gave bosses even more freedom to cut wages and conditions and sack workers at will.

The Howard Government was defeated mainly by the massive combined strength of the unions and community standing up for trade union rights.

Restrictions on trade union rights are still here and will be used against workers in this crisis, so we must continue to fight against them and bring about real changes for working people.

A working-class solution is needed

Many of the current responses to the crisis such as slashing government spending on public services and infrastructure, sackings, wage cuts, evictions and similar measures pursued by governments and employers only add to people's suffering. They are also counterproductive as they reduce people's purchasing power, further contracting the economy and deepening the crisis.

The buckets of public money handed over to bail out financial institutions divert money from the real economy and leaves those who contributed to the crisis, free to carry on as before.

The Federal Government's stimulus package will have some effect, mostly short-term but this is not enough to hold off a recession.

Policies for real change

The priority of governments should be to address the needs of people who did not create the crisis, but are its victims.

*Immediately raise pensions, wages, unemployment and social welfare benefits.

* Increase spending on the public sector and infrastructure.

* Create public sector jobs and stop privatising essential services.

* Provide guarantees and protection for workers' superannuation

* No evictions. Substantially increase the available public housing.

* Full entitlements, retraining and a living wage for laid-off workers.

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