

## Is there an alternative to Capitalism?

We cannot afford to let a small minority of super-wealthy parasites, spivs and speculators run our economy. Instead of bailing them out, we should clear them out.

**Britain's wealth is produced by working people. Together with their families, they—you —should own most of it, not a tiny minority.**

But we also need to plan the main sectors of the economy to meet social, environmental and cultural needs too. That means public ownership of the main industries and services, especially of the largest enterprises.

Although the Soviet Union and eastern European socialist systems collapsed or were overthrown in the early 1990s, for several decades their economies grew faster than the major capitalist ones. Why? Because they were based on public ownership, economic planning and public investment.

But they failed to involve the mass of people in economic and political decision-making or to solve problems of innovation, incentive, quality and consumer choice.

We can learn lessons from the first attempts at socialism and from the more dynamic aspects of capitalism. **Another type of society is possible ... Socialism**, putting an end to all forms of exploitation and oppression, serving the interests of the vast majority.

## What can you do?

Join or be active in a **trade union**, tenants organisation, pensioners association, peace campaign, environmental movement or Third World solidarity group. Order the **Morning Star** at your newsagent—Britain's only national daily paper not owned by big business.

**Join with Britain's Communists—for working class and people's power!**

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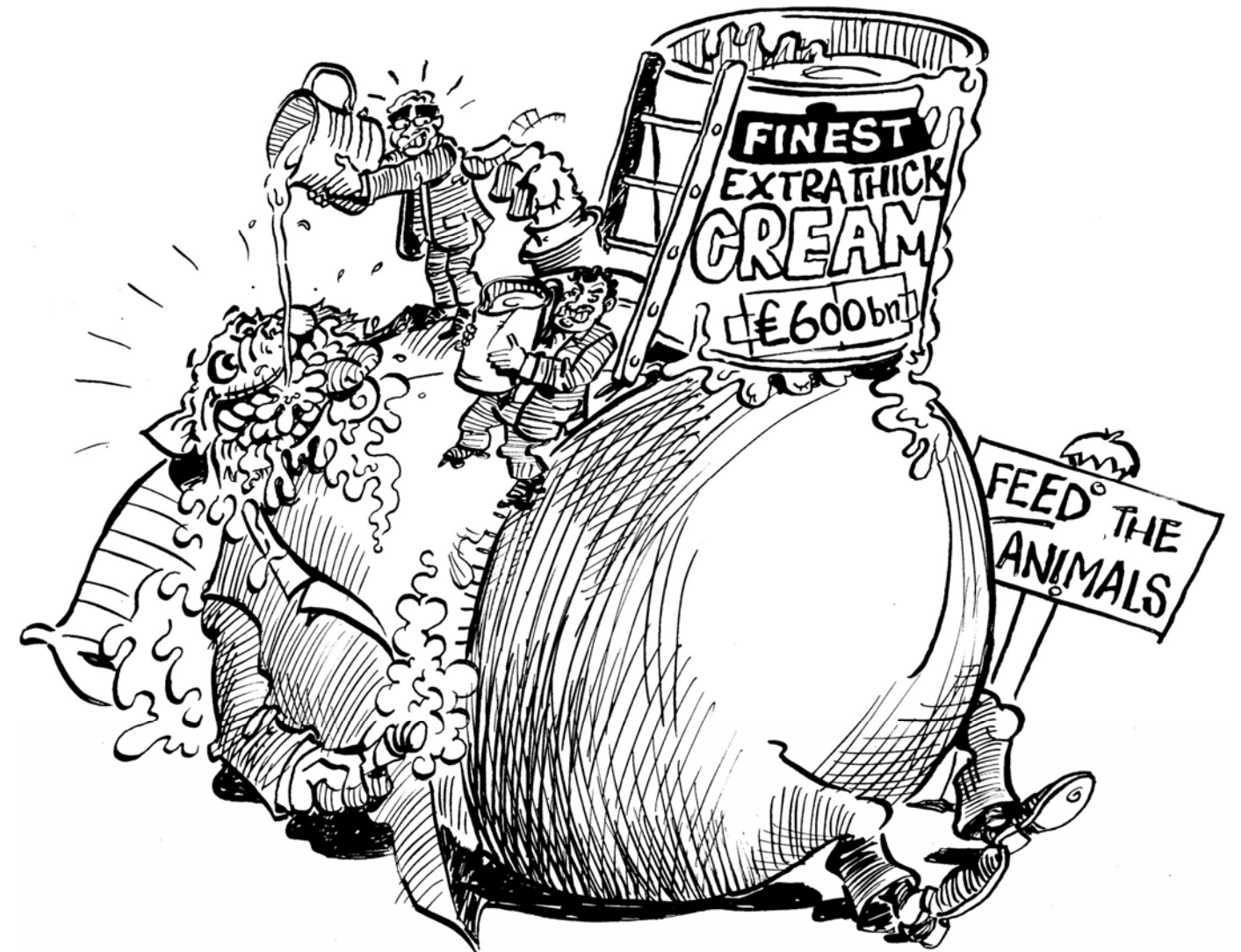
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*Return to Communist Party, Ruskin House, 23 Coombe Rd, Croydon CR0 1BD*

# Crisis of Capitalism Your Questions Answered



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## What is Capitalism?

Under capitalism, most large businesses are owned in the form of **share capital**. Shares pay a dividend to their owners out of company profits.

Most shares are owned by a small number of wealthy **capitalists**, or by pension or insurance or investment funds mostly owned or controlled by capitalists.

More than one-quarter of Britain's national income takes the form of company profits. That's why, in Britain today, **the richest one-tenth of the population own nearly three-quarters of the wealth**, while the poorer half of the population own just 1 per cent.

## Why a 'crisis of Capitalism'?

Big companies invest and produce in order to increase market share and maximise their profits. So they also want to keep wages down and prices up.

Every so often, more is produced that can be sold at a profit. As investment and production are cut back, workers are laid off and demand for capitalism's products falls still further. **Boom** leads to **recession** and **bust**.

This is a **cyclical crisis**. Modern capitalism also has **credit shocks** and other structural crises. The massive world-wide markets in shares, currencies, commodities, financial and insurance contracts etc. produce endless speculation and reckless gambling—all for capitalist profit.

When market dealers lose confidence in a currency, a major fund or bank, or a commodity, the result can be panic and collapse on an international scale.



## What is happening now?

For the past seven or eight years, the New Labour government acted to delay a cyclical recession. Purchasing power in the economy was maintained through borrowing. Mortgage and credit card debt soared above £1,000 billion, while the government ran up a £250 billion debt to big business under the Private Finance Initiative (which will cost at least £650 billion to repay over the next 30 years or so).

**Now the bubble has burst.** First we had a banking and financial crisis. Mortgage banks which had been borrowing recklessly to fund their operations ran out of credit. Other banks which had borrowed to speculate in worthless contracts would no longer lend to each other, and so went begging to oil-rich dictators, China and Western governments.

**Now the cyclical economic recession is arriving**, because people can no longer earn or borrow enough to buy capitalism's products at a big enough profit for the capitalists. So workers are being laid off, unemployment goes up, production and investment are cut back, and capitalists sell their company shares because dividends will be going down.

## What can the government do?

Already, the New Labour government has pumped £100 billion of public money into the banks and money markets, and then pledged another £500 billion—that's four times annual government spending on the NHS and education. Banks have been taken into full (e.g. Northern Rock) or partial public ownership (e.g. Halifax, Bank of Scotland, NatWest).

But the banks and mortgage companies have not passed on the benefits to householders and small businesses.



- ★ **The government should take all the major banks into full public ownership.** Why should public money fund shareholders' dividends? Instead of greedy profiteering, the banking sector could then be used to boost industrial investment, reduce bank charges, ease the credit crunch and provide alternatives to house repossessions.
- ★ **The government should also take back control of interest rates** from the Bank of England, cutting them to help exports and investment.

- ★ The domination of British economic policy by the City of London must be ended, and **priority given to manufacturing, high technology and research and development.**

## What else can be done?

To counteract recession, spending power in the economy needs to be increased.

- ★ **Trade unions should lead a united battle for higher wages, benefits and pensions**, campaigning alongside pressure groups, students, pensioners and the unemployed.
- ★ The New Labour government must be pressed to **raise the national minimum wage**, including for young workers, and **enforce equal pay for women.**
- ★ We need **a law to ban mass redundancies in viable enterprises**, with failing businesses taken into public ownership where necessary.
- ★ **Domestic gas and fuel prices should be frozen** at their January 2008 levels and **the 'big six' energy monopolies taken back into public ownership** along with the heavily subsidised **rail and coal** industries.
- ★ Increased government spending, including **a huge programme of public sector house building**, should be financed by taxes on the rich and big business.
- ★ And the government should abandon costly plans to expand nuclear power and nuclear weapons, and **invest in renewable energy sources including clean coal and solar power.**