

CTU Alternative Economic Strategy - Socialism is the Answer

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Friday, 16 April 2010
Last Updated Friday, 16 April 2010

“… However there is an underlying reason why an alternative economic strategy is required: the economy simply does not work for everyone. It results in massive inequalities, misery on the one hand and huge excess on the other … The economic system which creates and perpetuates such disparate outcomes for people is unworkable”. (Alternative Economic Strategy [AES] p2)

The AES

document produced by the CTU for the 2009 biennial conference is welcomed as a contribution to the debate on the way forward for the New Zealand working class. The AES document has been produced to try to clarify the present world financial crisis and seeks to provoke discussion and debate. There is some useful analysis of the capitalist system.

This is an initial comment on the AES and we hope to produce a pamphlet outlining our views more fully in the future. Comments will also appear on our website.

Capitalism

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has existed for about the last 350 years. Before that people existed under other systems such as primitive communism, slavery and feudalism. Capitalism has been the dominant form of the world economy for a relatively short period of time and cannot be the final chapter of world history. Despite the claims of other commentators history has not finished. The class struggle continues.

In the final analysis the nature of the means of production provides the basis on which our social, economic and cultural activities function. The present global financial crisis was not caused by the bad behaviour of some individuals (bankers). If it had been then the solution would be easy – get them to behave better in the future! Rather it is in the very nature of the capitalist system – it is an organic crisis. That is, the problem is that the capitalist system has reached an impasse. The development of the productive forces has outgrown the narrow limits of private ownership of the means of production and the nation state. Crises are an integral part of the capitalist system, as outlined by Marx and Engels in “The Communist Manifesto” over 150 years ago.

The most important question, however, is not banking but the real economy; the production of goods and services. So that they can make a profit the capitalists must find a market, today, usually the world market. For some time there has been a market for the goods produced but as credit dried up, and confidence was eroded, the markets dried up so too many goods were being produced for too few customers. This led to the crisis which in Marxist terms is the crisis of overproduction. Companies are reducing or stopping production selling their stocks and waiting for demand to return.

Imperialism

Globalisation, or, to give it its proper name, imperialism is nothing new. It was identified by Lenin in his book “Imperialism the highest stage of capitalism”.

We are now experiencing, for the first time, a totally integrated world market so the economic crises that started in America has spread all round the world. And despite claims that New Zealand would not be affected it has been hit hard with unemployment and short time working reaching record levels.

The document firstly makes some proposals for the reform of the New Zealand economy. It timidly suggests buying back Telecom and part of the electricity company that had previously been sold off cheaply. They should be taken over and compensation paid to small shareholders on the basis of proven need.

It also hopes to control the financial institutions that got us into the present mess. It would be utopian to suggest that individuals like George Soros, who made over \$100 million speculating against the NZ Dollar in the recent period could be regulated.

Tobin Tax

The so-called "Tobin Tax" on financial transactions would not deter such speculation as was the aim when James Tobin put it forward nearly 40 years ago.

Taxing the rich, those earning over NZ\$150,000, would begin to address the question of the inequalities of wealth but it is noted that the gap between rich and poor in New Zealand has widened over the last 15 to 20 years despite having a Labour Government for half that time. The capitalist class would not accept attacks on its wealth and would take steps to protect their money – transferring it overseas for example.

The document also deals with the conditions faced by the majority of New Zealanders in education, employment, housing and retirement benefits. On housing, for example, it suggests low interest rates when buying a house which would relieve the burden of repayments. But whilst suggesting a review of housing needs, it is apparent now that there is a lack of affordable housing so there should be a crash housing programme by the government to reduce prices and take building workers off the dole.

Minimum Wage

We support the call for a minimum wage of about \$17 per hour which should be kept at 66% of average wages. When the modern minimum wage was introduced in 1945 it was set at about 85% of the average wage. The campaign by Unite for \$15 is supported by the rest of the Labour movement but a national campaign of demonstrations and strikes should be organised to show the bosses that we mean business.

Finally there is a call for participation by the unions in setting priorities for companies. We believe that is all it would be, if at all. The workers understand their work place and how it should be run. There are examples, such as SIDOR steel works in Venezuela, where the company has been nationalised and is run by the workers under their control and management. New Zealand has a more industrialised economy than Venezuela and it would be possible to organise in the same way. The CTU wants to direct and encourage the capitalists to "engage" with the workers but we believe that they will only listen and negotiate when workers make a stand.

The document begins to identify the problem but it assumes that gains can be made within the Capitalist system. Improvements may be won but they will soon be taken away. The National Government has started to attack the conditions of the working class not necessarily because they want to but because the system has reached a point that they can no longer afford to pay. The increase of 25 cents in the minimum wage is an insult and attack. That amounts to NZ\$10 per 40 hour week for 380,000 people. That's only \$4 million dollars or one banker's bonus.

If the system can no longer provide the people with decent conditions then the system should be scrapped and replaced with a socialist society based on the nationalisation of the major firms under workers' control and management so that the economy can be planned for need rather than profit.

You
cannot plan what you don't control

You
cannot control what you don't own.