

A group of young people are shown from the chest up, holding a white banner. They are outdoors, with a large, ornate building in the background. The woman on the left has 'NO CUTS' and 'NO FEES' written on her cheeks. The woman in the center has 'NO FEES' on her cheek. The woman on the right has 'NO FEES' on her cheek. A sign in the background says 'UNIVER'.

Beyond Resistance

**Fight the cuts
Build People's
Assemblies**

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Beyond Resistance: fight the cuts – build People's Assemblies

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From credit crunch to state bankruptcy

The savage cuts in public spending unveiled by the Lib-Con coalition are greater in scale than any that have gone before. That is because the global catastrophe of the capitalist system that is driving the cuts is deeper than all previous crises.

But it also differs from them. This time, uncontrolled exploitation of resources by profit-seeking global corporations has brought us to the very edge of the ecosystem's ability to sustain life.

The movement against the coalition's cuts programme will not succeed if it is limited to one-off strikes, protests and marches aimed at forcing this reactionary government to change course. Recent struggles in Greece, Italy, Spain and France show that protest, however, determined, does not pay off in a period of deep capitalist crisis.

The lesson from these campaigns is that the movement has to raise its sights, go beyond resistance, be prepared to challenge capitalism for economic and political power, and create an alternative to the profit system.

Saving too-big-to-fail banks, and deferring a global meltdown of the financial and economic system through a variety of government remedies, has only postponed the slide to slump. Unprecedented measures such as 'quantitative easing' – electronic money created by central banks – have failed to restore growth.

Pumping vast amounts of new credit into the economy and bailing out the financial system engineered a temporary, phoney 'recovery' which has now ended. Spending cuts are certain to reinforce the worldwide contraction and trigger a descent into not just a double-dip recession, but a depression and slump of unprecedented scale and severity.

THE GROWTH 'IMPERATIVE'

Allegiance to growth was the single most dominant feature of an economic and political system that led the world to the brink of disaster. The growth imperative has shaped the architecture of the modern economy. It motivated the freedoms granted to the financial sector. It stood at least partly responsible for the loosening of regulations, the over-extension of credit and the proliferation of unmanageable (and unstable) financial derivatives.

Prosperity without growth? Sustainable Development Commission, March 2009

As the financial system started to unravel in 2007, it signalled the abrupt end of an economic boom driven by credit and its ugly twin, debt. Credit and debt of all kinds – government, household, corporate and financial – had mushroomed as the system disgorged more goods and services than consumers could afford to buy. By the middle of the year household debt surpassed the annual Gross Domestic Product – the value of goods and services produced by the economy as a whole. Personal debt in Britain more than doubled in less than a decade. During 2008, as the recession took hold, it grew at £1 million every 11 minutes.

The creation of massive amounts of additional credit has transferred the epicentre of the crisis to the heart of the state. As the speculative boom exploded, it destroyed the myth that government deficits could be repaid out of the proceeds of a continuously growing economy. In the wake of the recession it became clear that governments could no longer service their debts, let alone reduce the total amount owing.

Falling tax revenues, higher social benefits and the cost of the bail-outs have made the deficit – and the rolling over of the debt through more and more borrowing – untenable. Now Britain is following the path of Iceland, Ireland and Greece, Spain, Italy, Portugal, Japan and even mighty Germany in cutting public spending. The United States, which has run up a \$10 trillion national deficit in a futile bid to kick-start its economy, is certain to follow the same path.

The International Monetary Fund (IMF) has warned that banks in Europe and the United States still need another \$4 trillion (or \$4,000 billion) in capital to stay solvent, let alone start lending again. The emergency loan made

to Ireland by the European Union and the International Monetary Fund in November confirms the continuing crisis of the banking system. British banks, meanwhile, have a mammoth £140 billion in loans tied up in Ireland – most of them now worthless.

THE REAL COST OF THE BAIL-OUTS

Public sector support for the banking sector amounts to at least £1.2 trillion committed, equivalent to 85% per cent of GDP – the highest level of any comparable economy. In spite of the scale of support, new lending to households and firms has stagnated. While the Bank of England has cut interest rates, interest rates for households and firms on many mortgages and other borrowing are higher than before the crisis.

Overall the banking system is borrowing more than it is lending; its net lending to households and firms is negative.

Where did our money go? New Economics Foundation, October 2010

This is the insane logic of a system that oscillates wildly between bouts of growth and contraction, whatever the cost in human, ecological and political terms. Competitive currency devaluations are taking place in preparation for full-scale trade wars in which even more jobs will be wiped out.

The stark fact is that defeating the cuts means putting capitalism out of business – politically, economically and financially. Revolutionary solutions are required to prevent a catastrophe that will destroy the jobs, services, pensions and hopes of generations and bring global military conflict closer. Chapters 3 and 4 outline some proposals for you to consider and develop.

There is no way that the Lib-Con coalition can be made to shelve or abandon the cuts. They are simply not in a position to do so; the spending cuts are perhaps 1% 'ideologically driven' and 99% the outcome of the economic crisis and the power financial corporations wield over governments, including the capitalist coalition. This is the experience in Europe, where three 'socialist' governments – in Greece, Spain and Portugal – faced down a number of General Strikes in 2010.

BRITAIN DROWNING IN DEBT

Britain's total debt will top £10 trillion by 2015, according to PricewaterhouseCoopers, which warned the burden could slow growth for decades as interest rates eventually rise. Property-related borrowing and lending between financial institutions helped the collected debt of households, businesses and government balloon from roughly twice gross domestic product (GDP) in 1987 to around 5.4 times by 2009, when total debt stood at £7.5 trillion, according to the report.

Daily Telegraph, 9 November 2010

The credit-driven boom allowed for a period of compromise to endure between the global ruling classes and working people, mediated through the capitalist state. That interlude has come to a crashing end. So every act of resistance raises the issue of power – who holds it and what it is used for.

The crisis has cruelly exposed the cowardly nature of the official 'leadership' of the trade union and labour movement. Trades Union Congress general secretary Brendan Barber and the leaders of the major unions are effectively collaborating with the coalition by refusing to lead any meaningful action. Organising a demonstration on a Saturday in March 2011 – six months after the cuts were announced – must rank as one of the most shameful responses in the history of the TUC.

Political responsibility for the financial meltdown lies firmly at the door of New Labour and all those like Ed Miliband who served in the Blair/Brown governments. They helped create the conditions for the 2008 meltdown by giving the banks and finance industry a licence to print money. Miliband is opposed to anti-cuts strikes and Labour councils are lining up to implement the coalition's programme.

Every anti-cuts fight, however small or large is effectively a struggle against the state, which holds power and rules on behalf of the corporations, and for a principled leadership to replace the worse-than-useless TUC and Labour Party.

That is why A World to Win is advocating a policy of building People's Assemblies (see chapter 4) in every area and every community. People's Assemblies can play a multi-purpose role.

They will support actions like occupations and every act of defiance against the cuts and the wider impact of the capitalist crisis. People's Assemblies should also become an arena where political solutions are argued out in a democratic manner.

Above all, they should aspire to become rival, alternative networks to the power of the existing state, laboratories for ordinary people to practise self-government. This would be the best preparation for an effective challenge to the state, with People's Assemblies beginning to assume control of corporate and financial resources, creating a new and truly democratic power in the land.

We are repeatedly told that "There is No Alternative".

It's time to prove them wrong.



WHERE THE CUTS AXE WILL FALL

The £81 billion cuts in spending – on top of the £6 billion announced in June immediately after the general election – represent the biggest and most sustained assault on the public sector since the creation of the welfare state 60 years ago. It won't be the last.

Despite these ruthless measures, the cuts will hardly make a dent in Britain's budget deficit. The coalition will be back for more before too long. Even under the coalition's plans, the state will still have to borrow £100 billion a year for the next three years, which is unprecedented.

Britain will still have the largest budget deficit in relation to national income of any major capitalist economy. With interest rates set to move higher, funding the deficit through borrowing will become even more expensive.

The Lib-Con coalition is gambling on a 'return to growth' to boost state revenue and cut the deficit. ***But can this gamble succeed?*** It can't because the very measures intended to reduce the deficit will deepen the crisis. The government's Office for Budget Responsibility calculates that the cuts will lead to a loss of an estimated 490,000 public sector jobs in four years, 8% of the total.

Consultancy firm PriceWaterhouseCoopers says a further 500,000 jobs will go in the private sector as spending is reduced and contracts are cancelled. Those thrown out of work and made homeless will not be contributing to 'growth'. There is certain to be much more pain as the contraction of the global capitalist economy tightens its grip. Tax revenues will fall faster as the recession turns to slump.

The coalition has issued a sinister threat with its promise that it will always be better to be in work than on benefits. It means that they're hard at work on schemes to reduce wages across the board while time-limiting benefits for those on the dole. What the so-called spending review spells out is that the capitalist state – whether under the coalition or New Labour – can no longer afford to fund the rights and benefits won in a century of struggle.

- ▶ there will be a 30% cut in funding for local authorities over four years, which will lead to the elimination of many services and the loss of 100,000 jobs
- ▶ cuts to government departments will result in redundancy for at least 100,000 civil servants
- ▶ the welfare budget will be cut by £18 billion, hitting the poorest and those dependent on state benefits
- ▶ new council house tenants will face rents at around 80% of the market rent, treble current levels; funding for new social housing will be halted
- ▶ thousands of private sector tenants will have their housing benefit capped and be forced to move
- ▶ a pay freeze for higher earning public sector workers will reduce the real value of wages as inflation increases.
- ▶ state funding for universities will end, with student fees of up to £9,000 a year providing the finance for teaching and other costs
- ▶ millions of workers will have to delay their retirement after the state pension age was put back to 66
- ▶ the Warm Front programme, which helps lift elderly and vulnerable people out of fuel poverty is cut from its current £345m to £110m next year and £100m in 2012/13
- ▶ the minimum possible increase for the NHS, will leave health care struggling to keep up with an ageing population and scientific advance
- ▶ the universal right to child benefits is abolished
- ▶ several major infrastructure projects, like the renewal energy from the Severn Barrage, have been cancelled
- ▶ rail fares will soar as a result of cuts in government subsidies
- ▶ up to 200 quangos will be abolished, throwing thousands out of work
- ▶ Arts Council faces a 30% budget cut
- ▶ 32% cut in English Heritage funding
- ▶ 15% cut in National Museums
- ▶ 16% cut in real terms to the BBC's funding over the next 6 years.

Questions and Answers on the crisis

Some suggest that the spending cuts are first and foremost a 'con trick', unnecessary and simply ideologically motivated. What's really going on?

The cuts are 'ideological' only in the sense that capitalist governments are motivated to do everything they can to sustain the profit system. That is why governments on both sides of the Atlantic, led by New Labour, bailed out the banks in 2008.

The coalition believes that cutting the deficit will encourage private sector growth, which will in turn boost tax revenues. Or so the theory goes. Naturally, they employ market-driven 'solutions', such as raising tuition fees. But that does not make the budget crisis any less real.

Britain's budget deficit – the shortfall between annual government spending and tax and other receipts – is part and parcel of the same global debt crisis that brought down the banks. The focal point of the crisis has since shifted from the financial system to sovereign states.

Deficits – which are financed by borrowing at interest – are a clear and present danger in so far as both governments and the financial markets are concerned. As Greece and Ireland showed, deficits can rapidly overwhelm state finances and lead to the prospect of default.

Those, like the Trades Union Congress general secretary Brendan Barber, and organisations like the Socialist Party, who claim the cuts are 'ideologically motivated' by a Tory hatred of the welfare state, assume the most superficial, impressionistic outlook. This kind of reasoning cannot explain, for example, why parties in Greece, Spain and Portugal who call themselves socialist have implemented massive cuts and faced down general strikes. They were ideologically-driven alright – by the ideology

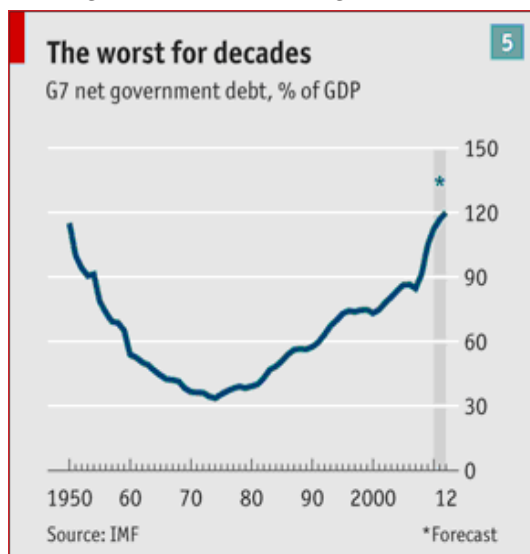
of the financial markets and the German central bank, for which the stability of the euro is the only priority.

To assert that the cuts are a 'con trick' is, in any case, to deny there is a global economic and financial crisis at all. To suggest that the coalition intends to cut over £80 billion in public spending out of class viciousness at a time when the British economy is on a knife edge, doesn't even begin to add up as an explanation, unless you believe they are not bothered about the consequences.

While there is an element of political choice involved, it is at the margins. In fact New Labour also had outline plans for cuts totalling over £45 billion because the budget deficit is far from imaginary. Of course, if the cuts are purely 'ideological' in their nature, it follows that they can be reversed or halted through pressure – within the system. And that there may be others (perhaps New Labour?) who could administer capitalism more efficiently. Or as Lynn Walsh, Socialist Party executive committee member, put it: "The present crew, or a replacement crew, could be forced to change course and resort to renewed state intervention to prevent economic collapse."

As a result of the economic crisis, the gap between spending and income has increased rapidly for many of the world's richest countries and the repayments on government borrowing are no longer sustainable. Under pressure from the financial markets, as well as the burden of interest payments, governments are reducing their debt.

The onset of recession following the financial crisis led to a sharp decline in private and corporate tax revenues, whilst demands for social support like unemployment pay, housing benefits and pensions



WHY GOVERNMENT BORROWING ROSE

Debt rose across the rich world in the run-up to the financial crisis, from consumers bingeing on credit cards through to industrial companies borrowing for expansion and financial institutions using debt to buy risky assets. Since the crisis, governments have been borrowing furiously to make up for retrenchment in private spending.

The Economist, 24 August 2010

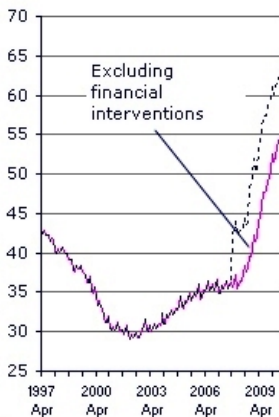
have grown. The fall in consumer spending has hit government revenue, while public spending on rescuing the banks has added to the budget crisis. At the same time, built-in plans for new government spending were based on continuing economic growth.

In Britain, this was dependent on the health of the financial sector. Onshore corporation tax was particularly affected by the recession, with receipts falling by around a quarter in 2008-09 and 2009-10 from their 2007-08 level. The decline was most acute in the financial sector where receipts were down over 50 per cent from their pre-crisis level. All these events contributed to a sharp rise in the budget deficit. At the same time, the corporation tax rate has halved since the early 1980s and will soon

be just 24%. Many corporations like Alliance Boots are registered outside Britain altogether to avoid even this minimal tax burden.

On a number of measures, Britain's budget deficit is the most serious of all the major capitalist economies. It reached £162 billion in 2009-10, which represents 11% of national income (GDP), the highest of the group of 20 leading capitalist economies. The deficit is financed through government bonds which are then traded on global markets. Interest payments on these bonds is running at £70 billion a year, which adds to the deficit. Interest payments are set to reach £100 billion annually. The British government relies on overseas lenders to finance a third of all borrowing.

Net debt (as a percentage of GDP)



UK deficit: Source, ONS

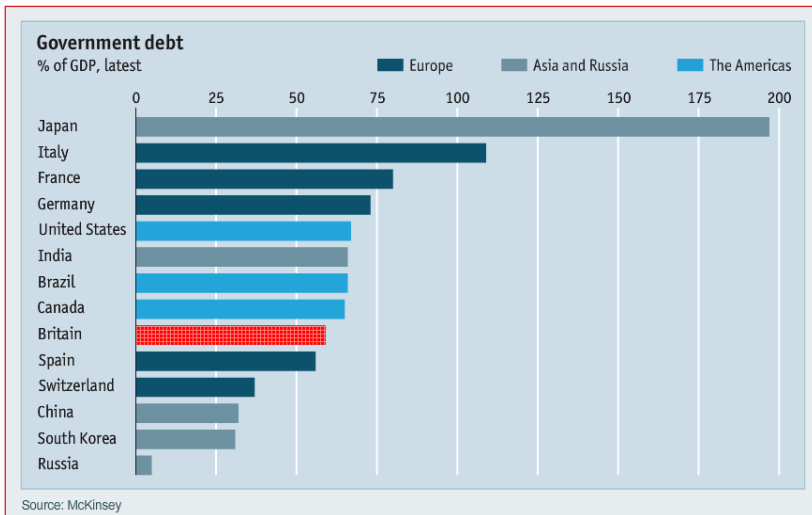
MARKETS CALL THE SHOTS

"It might seem that these things [i.e. elections/demonstrations etc] don't matter too much as it's the financial markets that have the power to dictate to governments and so bring about change, not the unions and the electorate."

Steve Barrow, Standard Bank, July 2010

Budget deficits are added to what is known as the national or public debt which is the amount of money the government owes in total to the financial sector. The national debt is fast approaching £1 trillion (or £1,000 billion – three times the level of 2001) – equivalent to nearly 65% of national income compared with 29% in 2002. An estimated £110 billion of the national debt is the result of buying up failed banks like Northern Rock.

The Office for National Statistics believes that the government could have another £4 trillion in 'hidden' debts. These include potential commitments to banks, unfunded public service pension obligations and a potential £200bn in commitments to private finance initiative schemes. The *Financial Times* noted: "Not since the second world war has the British government borrowed £1 for every £4 it spends."



In the United States, total national debt is about \$13 trillion and rising and is over 92% of the country's annual income. The Congressional Budget Office calculates that the federal deficit will soar by another \$10 trillion between 2011 and 2020, and even that depends on optimistic assumptions about economic growth. Italy has a national debt burden that is well over 100% of GDP, while France's is 85% and Germany's not far behind that. Japan holds the world record, with a national debt equivalent to almost twice its national income.

State bankruptcies, or 'sovereign defaults,' threaten a new stage in the global crisis. Collapse of a single country would activate a catastrophic shock far larger than the worldwide financial crash of 2007-8. The cuts programmes are designed to show to lenders, including the International Monetary Fund, that governments are determined to reduce their debt to manageable proportions, and able to deal with any opposition.

Won't cutting public spending deepen the recession?

Yes. In Greece, as austerity measures slash public sector salaries by up to 20%, gut retirement benefits and hike up taxes, spending by average Greeks is drying up, exacerbating the crisis.

The country's GDP has begun to head south much faster than predicted. Some 17% of shops in the capital have filed for bankruptcy. For young people, the situation is even harder, with official unemployment for 15- to 24-year-olds now standing at 32.5%. In the shipbuilding region of Perama (Piraeus), joblessness has soared to between 60 and 70%.

Though the intention of the Lib-Con coalition is to relieve the private sector of the alleged burden of supporting the 'bloated' public sector, the reality is that an increasing proportion of private sector income comes from central and local government contracts. In Britain, the value of existing public-private contracts is estimated at £80 billion.

Health, education and social services have been amongst the biggest customers for construction companies, information technology and communications providers, management consultants, transport services, and suppliers of everything from food to pharmaceuticals to office stationery.

Cuts in government spending mean that businesses of all sizes will lose income. Many will be forced to close. Wages and salaries, pensions and working conditions will be driven down as services transfer from the public sector, where trade unions have remain relatively strong, to the private sector where membership has all but evaporated.

The proportion of people beyond working age has increased, so there are relatively fewer people working to generate the wealth needed to support those who aren't. This has a long-term, slow-burning effect, working against any attempt at a quick solution.

The coalition, like all capitalist governments, is caught in a vice. They have to cut the deficit to appease the financial markets and prevent state bankruptcy. Yet every cut takes money out of the economy. This is capitalism at its most self-destructive.

Why did the credit crunch trigger a global recession?

The subprime mortgage crisis erupted into public view in 2007, precipitating a global debt tsunami. The ensuing banking collapse culminated in the bankruptcy of Lehman Brothers, triggering a worldwide credit crunch.

The 'crunch' meant that the markets for credit seized up. But the global economy had become addicted to the stuff. The operation of the entire worldwide economic and financial system was – and remains – wholly dependent on increasing amounts of it, swirling around the networks, flowing from place to place, changing hands 24 hours a day, 7 days a week.

Without credit, trade seizes up. And in the autumn of 2008, contracts for shipping crashed by 90%. Liquidity became solidity. If products aren't

being shipped, they aren't being sold or bought, so production has to be scaled back and the recession was the result. It is estimated that US manufacturing has 25% in spare capacity. That's why 10% of Americans are out of work, 20% including the underemployed.

Between 2002 and 2007 the value of loans issued by UK banks almost tripled, and the economy became the most highly indebted – 'leveraged' – in the world. As a result, the UK was hit hard by the financial crisis. The loss of confidence and withdrawal of credit that followed precipitated the deepest and longest recession since World War II. The worst is yet to come.

When did all this fantasy finance madness begin?

The first phase of the growth of joint-stock companies, based on factory-based production made possible by the industrial revolution, reached the limits of accessible markets, resources and colonial territory in the first part of the 20th century. Only two routes were possible: more markets had to be created or excess capacity destroyed – preferably somebody else's.

Rivalry between empires led directly to World War I, clearing the way for a new round of growth. In the 1920s, a boom in the United States was engineered on the back of land and share speculation. The 1929 Wall Street crash abruptly terminated this particular fantasy and a slump followed that fuelled the drive to another orgiastic round of mass destruction – World War II.

In 1944, the soon-to-be victorious powers met at Bretton Woods in the USA and (without the support of the Soviet Union) eventually agreed on measures to relaunch capitalism, this time under the management of new international bodies, including the International Monetary Fund. A system of fixed currencies was established. They were tied to the dollar, which was itself theoretically exchangeable for a fixed quantity of gold – \$35 for an ounce. Money supply was limited.

The signatories to the Bretton Woods agreement pledged to use state spending to prime the economy where necessary. Capital controls were firmly established with the aim of preventing 'hot money' from taking leave of a country in difficulties.

Keynes' policy of a controlled expansion of the money supply helped to fund economic growth and the capitalist world largely avoided banking crises and investment bubbles for almost a quarter of a century.

But it proved impossible to 'manage' capitalism. Bretton Woods was abandoned in August 1971 by President Nixon. Expansionary dollars had uncontrollably leaked out of America into Europe, where they were used to buy up assets, while the cost of fighting the war in Vietnam added to the printing and circulation of the greenback outside the United States. As a result, the dollar became highly over-valued and gold backing became more illusory than real. Capitalism was straining to break free of the Bretton Woods straitjacket.

In the wake of Nixon's decision, the total money supply in the United States rose by 10% in 1971 alone, the greatest increase on record. Inflation took off. Over a few months, the price of gold rose from \$42 per ounce to \$800, unemployment soared in all the major economies and the class struggle took on an intensity not seen since.

The rate of accumulation of credit and debt throughout the post war period always exceeded the rate of growth. The gap between the two widened and took off after 1971 when the tension between them – measured by the price of gold – became stretched to breaking point.

1980s DEBT CRISIS LEADS TO DEFAULT

In 1973 the producers of oil - which is traded in dollars - tripled their prices to counter the fall in the value of the currency. Their soaring revenues were deposited in Western banks and kick-started speculative, but inflationary investment. In the early 1980s, a mounting debt crisis undermined several developing economies which had borrowed huge sums of petro-dollars from major banks. Latin American debt to commercial banks increased at a cumulative rate of 20% between 1975 and 1982, when Mexico defaulted.

As *The Economist* (16 October 2008) explained: “Companies with costs in one currency and revenues in another needed to hedge exchange-rate risk. In 1972 a former lawyer named Leo Melamed was clever enough to see a business in this and launched currency futures on the Chicago Mercantile Exchange ... Mr Melamed saw that financial futures would one day be far larger than the commodities market. Today’s complex derivatives are direct descendants of those early currency trades.”

Capitalism has an insatiable hunger for growth. Feeding it demands an unlimited supply of credit that cannot be contained by constraints of any kind. Controls that stand in its way – including those put in place after the 1929 Wall Street Crash were destined to be overturned.

CARTER KICK-STARTS DEREGULATION

Dismantling of post-war controls – or deregulation – actually began in earnest under Democratic President Carter in 1980, when federal state controls over airlines and road transport pricing were abandoned. Thatcher’s first act when she came to power in Britain in 1979 was to scrap controls on currency exchange.

In 1980, the US removed ceilings on deposit interest rates and in 1982, Congress passed laws that expanded the powers of the housing and savings and loans sectors, enabling them to trade in other areas. In 1986, the City of London was opened up to global competition and electronic trading in what is known as the ‘Big Bang’.

As early as 1987, the Federal Reserve had allowed commercial banks to undertake risky dealings to the tune of 5% of their turnover, ignoring laws passed in the 1930s. This increased step by step until it reached 25% well before the law – called the Glass-Steagall Act – was formally repealed by President Clinton in 1999.

The inflation of the 1970s and first half of the 1980s added considerably to a vast and growing reservoir of money that desperately needed an outlet. Add in new communications technology and you have the birth of the global financial system, where money never sleeps.

Why does capitalism need to grow year on year?

Capitalist society is founded upon shareholders providing funds for investment in return for profits taken from the value added by workers during the production process. Competition to attract investors forces companies to reduce prices by cutting the costs of production.

As well as reducing wages, one of the most important ways they can do that is to invest in technologies that increase productivity. This generally increases the overall amount invested but reduces the amount of labour needed to produce a unit of each type of commodity. Since the rate of profit is dependent on the ratio of labour to fixed capital – machines, buildings etc., it tends to decline as investment overall grows.

So, to keep the total amount of profit as high as possible, production and sales volumes must increase to offset the declining profit per unit. Pretty soon the contradictory demands of cost-cutting and additional investment force companies to seek additional funds. This comes from existing and new shareholders, by takeovers and mergers, and, when that proves insufficient, by borrowing from banks.

Sophisticated techniques can push sales volumes by increasing the market until it becomes saturated. Then credit for consumers comes into play, providing people with the money to buy things they never knew they needed. It's a spiral that breaks when the credit extended can no longer expand the market because people are no longer earning enough to make their payments.

Whilst the volume and value of commodities and services produced by globalising and increasingly powerful corporations grew exponentially over the last 30 years, despite increasingly frequent crises, the rate of that growth declined steadily and inexorably.

Put in its simplest form, the unprecedented expansion of credit was called into existence in order to overcome the decline both in the rate of growth and in the tendency for the rate of profit to fall. The growing tension between these two opposing movements was expressed in successive, worsening crises and slumps throughout the 1990s and in the early part of the 20th century with the dot.com and Enron collapses.

NOT WORTH THE PAPER IT'S PRINTED ON

When paper money came into use as a means of exchange, it reduced the danger and inconvenience of carrying 'real' money in the form of precious metals but introduced the possibility of easily printing virtually unlimited amounts of any currency. Paper money requires relatively little labour to produce in relation to the value of the labour it supposedly represents.

More developed forms of credit enabled a unified system of production, distribution and exchange to encompass the world, without the constraints of waiting for a packhorse laden with silver, or a ship carrying gold doubloons to arrive.

Every kind of credit represents a promise to repay the debt at some point in the future. The expectation for the lender is that the borrower will be able to repay the loan and interest from future activities that generate the value needed, or forfeit something of value which guarantees the loan.

In contrast to paper money or credit, real value is only generated through a physical transfer of human labour into a product or service. Part of the added value is returned in the shape of wages and the surplus is retained by the owner of the business for distribution as rent, interest and profit.

Credit-financed investment and consumption opposes but cannot eliminate these declining tendencies. It finances growth until limits are reached – resulting in crises, which become progressively worse.

Why does the gap between the amount of credit and real value matter?

The entire global economy now depends on unimaginable numbers of contracts for credit and debt representing amounts surpassing the value of the real economy many times over. The difference between the two is called 'fictitious value' or 'fantasy finance'.

Just before the crash, a conservative measure suggested that the amount of credit and debt circulating through the networks was 10 times greater than the value of the real, productive economy it reflected. Declining growth, profits and wages crossed paths with the increased

costs of debt servicing. Reality overwhelmed hope and the house of cards collapsed.

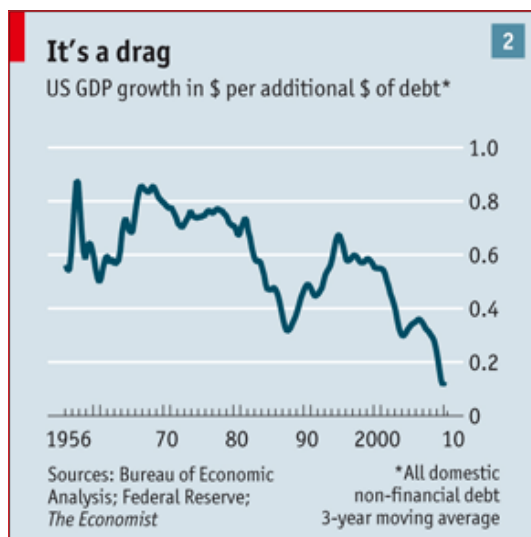
Economists – notably John Maynard Keynes – who were looking for ways to restore growth in the 1930s and after World War II, spread the belief that increasing the availability of credit would induce growth sufficient to generate the value needed to make the repayments as well as making profits for investors.

It turned out not to be true. Every increment in GDP required a greater quantity of debt. Each successive dollar or pound sterling of debt bought a smaller increase in GDP. The addictive dependence on debt was insatiable.

As *The Economist* reported (24 June 2010): “From early 2007 onwards there were signs that economies were reaching the limit of their ability to absorb more borrowing. The growth-boosting potential of debt seemed to peter out... each additional dollar of debt was associated (at least in the US) with less and less growth.”

The credit collapse was triggered by events which exposed the built-in vulnerability of the entire system. In June 2007 a Bear Stearns hedge fund ran out of money. The fund had raised \$600 million from investors and then borrowed another \$6 billion against it in what is known as leveraging. Backing for the loans was provided by packages of subprime mortgage debt resold as CDOs or collateralised debt obligations.

When increasing numbers of US homeowners failed to pay back their debts, Bear Stearns started to feel the pain. More than 20 subprime lenders had already filed for bankruptcy. When ‘the Bear’, Wall Street’s fifth biggest investment bank, which notionally



held more than \$13 trillion in derivatives contracts, asked its lenders to forgo interest payments for a year, they in turn demanded the securities which supposedly backed their loans.

But CDOs were designed not to be traded but to be held until all the loans within them had been repaid. When creditors attempted to sell CDOs through auctions, it revealed a basic truth: no one knew what they were worth so the CDOs went unsold and the great unravelling had begun.

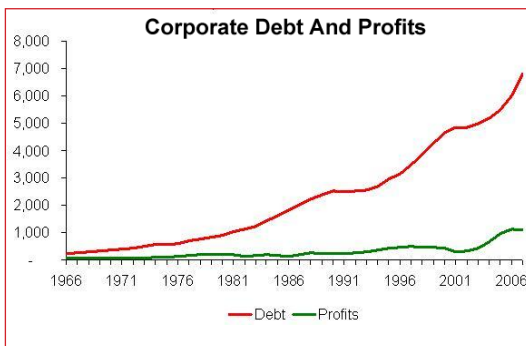
In 2007, estimates measured the total debt in the world at ten times global GDP and it has kept on growing. Much more credit/debt remains hidden in off-balance sheet accounts, and unregulated and therefore unreported markets for exotic financial products, its scale unknown.

What's all this to do with globalisation?

From the 1980s onwards, external sources of finance soared enabling the creation of transnational corporations. Towards the end, corporate investment was increasingly carried out with capital borrowed from

the private equity finance fund holders, asset-strippers gambling with other people's money.

As a result non-financial corporate debt in the United States soared in relation to profit levels, as the chart shows. The sector's debt as a share of annual income (GDP) rose from 52% to 79% between 1990 and 2009 – a rise of



more than half during the period, while in Britain corporate debt rose from 66% of GDP in 1990 to 103% in 2009. Some of the borrowing was used to buy back shares, thus increasing their face value. This benefited executives who had stock options built into their rewards packages.

WHAT ARE 'FINANCIAL MARKETS'?

Modern financial markets operate over worldwide networks of computers enabling traders to buy and sell financial products of various kinds. They grew tremendously in size and scope over the 30 years of the globalisation process. New types of markets emerged while older forms were transformed.

Shares in the global corporations are traded in stock markets in financial centres across the world which compete for the traders' lucrative business. Overseas owners account for 42% of shares traded in London, following the 1986 Big Bang deregulation which opened up the City stock market to outside investors.

As countries struggle with sovereign state debt, the now misnamed 'securities' or bond market has come to assume major importance. This market trades in debt issued by governments (and, to a less extent, corporations) around the world in the form of interest-bearing bonds. The riskier the debt is considered, the higher the interest rates.

As of 2009, the total debt outstanding on the worldwide bond market was an estimated \$82.2 trillion, of which the U.S. share was \$31.2 trillion according to Bank for International Settlements. Daily trading in the US bond market is over \$800 billion. Buyers (and sellers) are mainly large institutions like insurance companies and pension funds, as well as private hedge funds.

As the sovereign debt crisis mounted in Greece, the bond markets refused to extend the country's credit. The European Central Bank and the IMF had to step in. British coalition ministers have said that the main reason for the emergency budget in June was to show

Another tranche of the borrowing mountain went into a mergers and acquisitions spree. Companies bought out competitors, not just in their own country but across borders. This process greatly accelerated development of the world economy and the emergence of true global corporations that transcended borders and individual states in their operations.

The rapid increase in the output of consumer goods – everything ranging from PCs, microchips, cars, washing machines, cameras, trainers, and clothes to food – required an equivalent demand in the marketplace. In the late decades of the 20th century, a 'solution' was found. The age of consumer credit was born.

the bond market that the government was serious about cutting the budget deficit and its dependence on borrowing.

Other significant financial markets trade in foreign currencies. This has grown out of all proportion to the requirements of international trade. An estimated 70-80% of the turnover on foreign exchange (forex) markets is speculative, carried out almost exclusively by loud men in red braces gambling on the tiniest variation in exchange rates.

The average daily turnover worldwide was almost \$4 trillion, according to a survey in December 2007 and increased 15% in 2008. The amount of money traded on the forex market is much greater than the stock market. The world's currencies are traded 24 hours a day, five days a week.

Perhaps the most speculative – and riskiest – of the financial markets is the one where derivatives are traded.

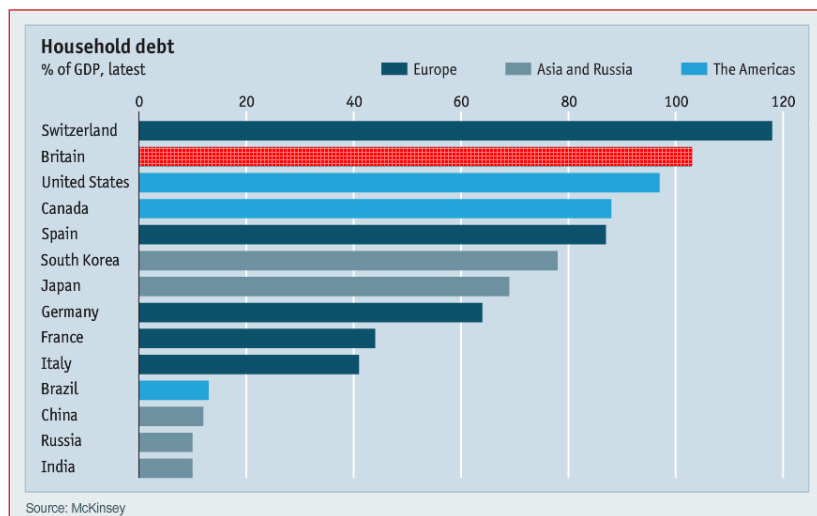
As the name suggests, derivatives are financial instruments that are derived from other assets. They include futures, forwards, swaps, options and involve foreign exchange, commodities and credit contracts. London and Chicago are the major market centres for derivative trading.

The financial markets are dominated by 'leverage' – by which investment is made with borrowed money. This allows traders to multiply credit by committing just 10% of the value of the contract.

We were all loaded up with mortgages and credit cards. Without this expanding burden of debt, consumers couldn't possibly afford the ever-increasing new varieties of commodities which had to be sold to keep profits attractive for potential investors. Step forward the financial sector.

As *The Economist* (24 June 2010), reported in a special supplement on debt: "At the end of the second world war in 1945 consumer credit in America totalled just under \$5.7 billion; ten years later it had already grown to nearly \$43 billion, and the party was just getting started. It reached \$100 billion in 1966, \$500 billion in 1984 and \$1 trillion in 1994, or around \$4,000 for every man, woman and child."

“The peak, so far, was almost \$2.6 trillion in July 2008. Household debt approached 100% of GDP in 2007, a level seen only once before, rather ominously in 1929. America was not alone in embarking on a debt spree.”



In Britain household debt rose from 100% of disposable income in 1995 to 170% in 2007, according to the OECD, by a long way the biggest debt to income ratio in the advanced capitalist economies. By 2008, the household saving ratio had fallen to the lowest level since the 1950s and household debt had risen to 100 per cent of GDP, as households borrowed heavily to purchase increasingly expensive property.

The UK has become the most indebted country in the world, surpassing Japan. In total, private sector debt reached more than 450% of GDP in 2009.

Research shows that total debt for the US stood at \$49 trillion as at February 2009, which was a record 350% of US GDP. And these figures don't include the forthcoming budget deficits or the massive level of unfunded liabilities in the US, which some put as high as another \$49 trillion. Adding unfunded liabilities to total credit market debt puts the debt to GDP ratio at a staggering 700% of GDP.

The credit-led expansion of capital during the period of globalisation created a web of transnational and global corporations, transacting business 24 hours a day, 7 days a week through global financial markets. The turnover of the largest of the corporations – including oil extractors and refiners, pharmaceuticals, car manufacturers and retailer WalMart – outgrew the economies of most of the world's 190 plus countries.

National governments' policy became subject to, and determined by the needs of global corporations. These were expressed by lobby companies, realised by investment decisions and enforced by the International Monetary Fund and the World Trade Organisation.

Continued global growth – the production of an ever-increasing volume and value of commodities – has depended on accelerating the expansion of the sources of credit. Activity in the financial sector grew to fever pitch, stimulating the creativity of the mathematical 'geniuses' who invented new ranges of investment products. The notional value of these new financial 'instruments' was calculated – derived – from the underlying value of domestic and commercial property, government bonds, shares and currencies, and the income from the additional economic growth they did and would supposedly continue to stimulate.

DERIVATIVES TIME-BOMB

One of the biggest risks to the world's financial health is the \$1.2 quadrillion [thousand trillion] derivatives market. It's complex, it's unregulated, and it ought to be of concern to world leaders that its notional value is 20 times the size of the world economy. But traders rule the roost – and as much as risk managers and regulators might want to limit that risk, they lack the power or knowledge to do so.

Peter Cohan, *Daily Finance* 10 June 2010

The interconnectedness and interdependence of the players in the newly globalised economy provided channels for communication through which crises were transmitted around the world. When the subprime mortgage market failed, the trails it exposed led to every major and minor bank in the world, to every corporation boardroom, to local councils and to the parliaments of every country.

Won't China drag the world out of recession?

Corporations producing in China, like Foxconn, Apple and Honda, depend on the availability of virtually unlimited amounts of cheap labour. That's why factory production transferred there and to other low-wage countries during the latter part of the 20th century, ruining their ecosystems.

Global corporations out-sourced mental labour like software production and call centres to the better-educated workers of the Indian sub-continent, equipping some with the ability to buy their way into the consumer culture – the continuing rise of a 'cybertariat'.

The concentration of large numbers of workers in Chinese factory towns, sleeping in dormitories, enduring poor conditions, has led some to suicide and others to organise. Strikes have broken out in many places, including Honda's plants, forcing wages up.

This, and the worsening global downturn, has forced China's government to use the country's vast funds accumulated during the years of plentiful exports to keep the huge country attractive to the corporations. They are busy extending the infrastructure including roads and railways into the interior, closer to new sources of even cheaper labour.

In competition with European companies they are sending Chinese corporations abroad to Africa, buying up and leasing land for agro-fuel crops, and securing access to declining quantities of resources including the rare earths used in computers, mobile phones and the proliferating numbers of hybrids.

There are reports that hundreds of thousands of students are being forced to spend long periods working for nothing in the newly-minted production facilities. Workers in the mature economies will be forced to compete. Many more school-leavers and graduates alike are obliged to work for nothing, just to get the experience on to their CVs.



Sustaining capitalist production under conditions of retrenchment must lead to a competitive race to the bottom. The costs to people and the planet of any kind of recovery far exceed any monetary benefits.

What's so special about this crisis compared to the 1930s?

After the 1929 crash, the world economy consisted largely of nations struggling with mass unemployment and consequently low demand, playing host to and protecting 'their' companies which produced in and operated out of their territories, engaged in a sharpening competition for hard-to-find export markets.

The current system of global accounting which measures the GDP of countries and the trade between them is an 80-year anachronistic hangover that has yet to catch up with the interconnected web of globalised corporations and the financial markets operating across a latticework of world-wide communications.

Though credit soared in the 1930s, the solution to the Great Depression was found, not in Keynesian stimulus, or in Roosevelt's New Deal, but in the physical destruction of much of Europe and Japan and the murder of tens of millions of people arising from a series of trade wars that led inexorably to the second world conflict of nations.

Post war, after just two decades of rebuilding, the insistent demand for growth stimulated the explosion of credit worldwide. In turn, the fantastic expansion of the financial sector gave capitalism a new lease of life in the form of an economy of global manufacturers. Together they accelerated the rape of the planet's natural resources, extracting and burning fossil fuels in the pursuit of fading profits, taking the planet to and beyond its safe ecological limits.

The consequences of a return to capitalist growth for the planet and its populations of living beings are deadly. It cannot be on the agenda.

Another world is necessary!

Act globally – start locally

After decades of profit-chasing growth of production and consumption funded by credit and debt, interrupted by worsening crises, globalised capitalism has reached the limits of its ability to expand.

The economic system is now obliged to consume itself, and to destroy the capacity for meeting the needs of the people who produce all of the wealth. Rapid globalisation resulted in:

- ▶ global corporations becoming more powerful than governments
- ▶ financial markets running out of control
- ▶ unsustainable levels and methods of production
- ▶ depleted resources
- ▶ environmental ruin, global warming and climate change
- ▶ worsening public health, including high levels of obesity
- ▶ vast wealth for a few and yawning gulfs of inequality
- ▶ unrepayable debt: personal, national and global.

A World to Win's proposal is as follows: to supersede the social relations that underpin capitalist production and develop a global society based on co-operation, co-ownership and sustainability. The following principles provide ways to act globally by starting locally:

- ▶ replacing private ownership of production facilities of the major corporations, land and water with a variety of forms of co-ownership
- ▶ furthering democratic control and self-management of economic

- and financial resources, including public services
- ▶ shifting productive capacity towards satisfying need rather than generating profit
- ▶ encouraging ecologically sustainable production and distribution
- ▶ supporting small-scale enterprises, creative workers and farmers to work sustainably
- ▶ favouring local production for local needs.

Resisting the cuts – immediate tasks for local communities

Workers and communities internationally must now come together to form networks of People's Assemblies and urgently prepare plans to move beyond resistance to the cuts.

Detailed plans of action and support are needed to occupy and defend all places of work at the first suggestion that they may be slimmed down or closed.

Local communities should prepare methods of defence to prevent the closure and destruction of useful productive facilities. Empty houses, like the brand new ghost estates in Ireland, should be taken over and occupied by homeless families and individuals.

How the world can look in the future

The main objective is to make the transition to a new system of production, distribution and exchange based on the satisfaction of the needs of all people.

Capitalism has developed an array of potentially useful methods and technologies. Once liberated from the straitjacket of profit and private ownership, these will form the basis of the sustainable society of the future. Other parts of the existing globalised capitalist economy that are unnecessary, wasteful and destructive will be discarded.

Tasks for a revolutionary government

A revolutionary government elected from People's Assemblies would take immediate steps to deal with the budget deficit. These could include the following measures:

- ▶ enforce a substantial reduction in rents across all sectors and end exploitation by private landlords to massively cut the housing benefit bill
- ▶ scrap Trident nuclear missiles and all further investment in military hardware, reorganising the armed forces to assume a purely defensive role. Withdraw from Afghanistan
- ▶ return energy generation to the public sector
- ▶ transfer the pharmaceutical corporations into social ownership, thus reducing the National Health Service drugs bill and switch to cheaper, generic drugs
- ▶ terminate the exorbitant leaseback arrangements known as the Private Finance Initiative, which are a licence to print money
- ▶ announce a debt repayment moratorium, allowing for a budget deficit while longer-term solutions to state finances are implemented
- ▶ cancel debts to all poor countries.

Workers in every industry will work with communities to prepare proposals to transfer the institutions they work in and the assets they use to social ownership. They will begin the process of repudiating and renegotiating national and household debt.

Following the example of the People's World Conference on Climate Change organised by the Bolivian government, revolutionary governments will co-sponsor conferences which should set up new global institutions to co-ordinate international trade.

These will replace the arrangements put into place after World War II to reconstruct the capitalist economy, including the World Bank, the World Trade Organisation and the International Monetary Fund. The priorities for these new institutions would be determined by the

replacement of investors' profits by the principles of fair trade and a not-for-profit global system of credit and finance.

Shareholding must be brought to a close. Speculative currency trading will be banned. Opportunities for it will cease as soon as a single global currency can be introduced. Software designers and developers, and the traders who operate stock exchanges, commodity and foreign exchange centres, will be redirected to redevelop the accounting infrastructure needed for an integrated system of local and global fair trade.

CO-OPERATIVES GO GLOBAL

The International Co-operative Alliance has 235 member organisations from 87 countries active in all sectors of the economy. Together these co-operatives represent more than 800 million individuals worldwide. They include workers' co-operatives, consumer co-operatives and agricultural co-operatives. Co-operatives provide over 100 million jobs around the world, 20% more than transnational enterprises. The World Council of Credit Unions (WOCCU) which represents the worldwide movement has members and affiliates in 97 countries around the world. Members include regional and national credit union associations, co-operative associations, and business service organisations. Together, they represent more than 49,000 credit unions serving 184 million members.

Capitalist production is defined by the wages-for-labour contract. This has now broken down. Millions of families in the USA, until now the world's richest country, are now destitute, workless and homeless. The spiral of demands for cuts in wages, pensions, services and benefits to reduce the growing deficits has already sparked protests in 25 countries.

The broken wages-for-labour contract will be replaced by systems of collective ownership, not just for the services which can no longer be afforded by the capitalist state, but for the whole of the economy. Global corporate conglomerates will pass into the hands of the employees who work in them and the communities they serve. They will be self-managed by workers' co-operatives, and be accountable to planning committees staffed by producers' and consumers' representatives elected by local assemblies.

The distribution of profit to shareholders will be eliminated from every part of the system of production and finance. Credit for investment will be made available at low interest through a network of democratically-owned and controlled institutions based upon the well-understood and long-standing mutual principles of credit unions, building societies and co-operative banks.

Food production can and must be freed from the constraints imposed by agri-business that drives farmers off the land, as well as those that remain at the mercy of the banks. Title to land used to extract rents under the ownership of the church, the monarchy and in private hands will be transferred to collective stewardship.

The current focus on the overproduction of highly-processed junk food dependent on seed appropriated, developed and supplied under licence by a handful of global corporations using oil-based chemical fertilisers in combination with toxic herbicides, will be replaced by the sharing of seed and expertise, and composting.

SELF-MANAGEMENT - FOOD

Under self-management, all the existing enterprises – supermarkets, distribution facilities, processing plants, food producers and farmers – will co-operate in interdependent, self-managed networks. Each enterprise will be run by an elected workers' council with access to a wide range of expert, financial, technical and scientific advice. The responsibilities of those involved in self-management could include:

- ▶ working locally with representatives of consumers, hospitals, schools, social services and other large users to ensure local needs are identified and met
- ▶ taking advice from experts in the fields of nutrition, food economics and safety
- ▶ identifying with consumers what new products can be developed and supplied to meet both local and national needs
- ▶ ensuring that food hygiene, safety and nutritional qualities meet agreed standards
- ▶ identifying what can be produced locally and what needs to be acquired from elsewhere
- ▶ formulating proposals on their own working conditions, hours and salaries
- ▶ ensuring that revenues generated from these activities are accounted for and that contractual obligations in the supply chain are fulfilled
- ▶ producing a democratically arrived-at plan for food supply in the short, medium and long-term for submission to local representative bodies.

Land management and research will be re-oriented from industrialised degradation to a holistic cycle of nutrition and restoration. The uncontrolled depletion of resources – forests, minerals, fish and fresh water – will be superseded by systems of stewardship and renewal.

By removing the destructive imperative of shareholder value, control of the extraction of minerals and fossil fuels will pass from for-profit corporations to new agencies appointed by regional assemblies. The tasks of these new bodies will include the development of safe technologies that minimise ecological impact. Priorities for the conservation and use of non-renewable oil, gas, coal, rare earths and other minerals will be determined by social needs now and in the future.

Global distribution networks will be re-optimised to favour the satisfaction of local needs from local production. Transport systems will be rapidly re-engineered to minimise and eliminate the use of fossil fuels. Marketing methods will be re-oriented from the stimulation of *wants* to the identification of *needs*.

Pension fund managers will be freed from the self-defeating requirement to maximise income by chasing profits from investments in hedge funds and derivatives. The accumulated funds can then be directed to socially-useful purposes including community-owned and operated renewable energy generation, which in turn can produce income for further investments.

People's Assemblies and power

Communities whose services and living standards are under unprecedented assault by the Con-Lib coalition government and the impact of the economic crisis, should establish People's Assemblies as a way of moving beyond resistance towards a direct challenge to the state.

The May 2010 general election that resulted in a political stalemate was a fraud because none of the major parties would reveal what they intended to do if elected. So the coalition has no mandate or authority to destroy jobs, services, living standards and undermine pensions.

People's Assemblies are a democratic alternative to a failed, undemocratic political system. Delegates to the Assemblies will represent ordinary people's interests, whether they are young or old, in work or unemployed, in the public or private sectors, trade unionists, women, students, minorities and community groups.

Assemblies will bring together anti-cuts campaigns and all organisations resisting the coalition's attack on jobs, services, pensions and standard of living. A network of People's Assemblies will have the capacity to facilitate a transition to a democratic society based on co-operation and self-determination instead of profit and corporate power.

They will challenge the lie that there is no alternative to the capitalist system, which has plunged the world into a global crisis and is the source of the coalition's attacks.

People's Assemblies can:

- ▶ defend communities against closures, evictions, and job losses
- ▶ fight for democracy and rights
- ▶ campaign for action on climate change
- ▶ oppose war and the secret state
- ▶ struggle against racism and attacks on minority communities
- ▶ build links with movements internationally
- ▶ create a new democratic society through a transfer of economic and political power.

FAQs

Q: How will Assemblies come into being?

A: Through local initiatives of people and communities who want to resist cuts, job losses, repossessions and go beyond protest to build a real democracy.

Q: What is A World to Win's role in setting up Assemblies?

A: AWTW is joining with others to take the idea forward. We advocate the policy of setting up People's Assemblies wherever cuts, closures or strikes are happening, where young people gather, where people are at risk of benefit cuts, and home repossessions or evictions are threatened.

Q: What will Assemblies do to show they are the legitimate representatives of the people?

A: They will have a strong defensive role, as the government launches its attacks. They can learn lessons from others about how to defend communities and individuals. For example, from the movements in the US against evictions, where communities are getting together to stop people being thrown out when they can't pay their mortgage.

The experiences of Transition Towns who have been encouraging communities to do things for themselves, exploring new ways of living, can provide a source of inspiration.

Assemblies can learn from history – from the Paris Commune, early Soviets or workers councils in Russia, the Councils of Action created during the 1926 General Strike in Britain, the movement that brought down the Berlin Wall, to the struggles in Venezuela and Bolivia today.

Q: How will this be different from the old politics?

A: The Assemblies will involve and mobilise the whole community, including young people, people from minority ethnic communities, small businesses and self-employed people as well as workers from every sector.

They will show by their own actions that there is another way of living, and another way of 'being political' that isn't about money-grubbing and getting expenses. They will work for education, for culture and a decent life for all.

There will be opportunities for everyone to share their skills and talents, and for young people to work creatively and learn. A wide range of people will gravitate towards them. They will embrace different points of view, not only those on the left.

Q: What will AWTW's role in the Assemblies be?

A: Our Manifesto says: "The Assemblies will also look beyond a failed economic system towards building a true democracy in place of the sham one we live under now." That is the revolutionary policy we will campaign for in the Assemblies.

The coalition government is taking the actions it is because the system it serves – the capitalist system – is terminally unstable. It must be replaced.

The existing parliamentary system is a façade that increasingly undermines and devalues the right to vote that was won in bitter struggle against the ruling classes. We have to extend and expand democracy to give expression to what the term actually means – the power and rule of the people.

We will work within the Assemblies to win people to the idea that they should not be talking shops, or just organise protests or social

support, but start to see themselves as the legitimate representatives of the people, with the right to replace the existing undemocratic structures of both local and national government. This includes revolutionising the Welsh and Scottish assemblies, which in their present form have dashed the hopes raised by devolution.

Extending democracy

A Britain based on local and regional People's Assemblies would aim to democratise society as a whole in new ways:

Co-ownership of resources. The key areas of the production and financial process, including land, would transfer from private shareholder ownership into forms of co-ownership. These resources would be held in trust by locally-elected bodies and placed under democratic control.

The workplace. All workers should have the right to democracy at work, whether in a factory, hospital, call centre, in public transport, civil service, local government, offices, shops, schools, colleges or university. All major decisions would require the consent of the workforce. Self-management would be encouraged in place of hierarchies.

Education. School, college and university students and staff should get the right to take part in the running of their institutions.

The principles for a transitional democratic state could include:

- ▶ self-organisation throughout society where possible
- ▶ involving as many people as possible in governing and administration
- ▶ an end to special privileges and incomes for state officials
- ▶ total accountability and subordination of all officials to elected bodies
- ▶ elections for all public offices
- ▶ complete transparency and openness at all levels

- ▶ new legal and justice systems based on community control and self-policing.

Democratic rights

Rights to liberty and freedom from arbitrary arrest will be reaffirmed in unconditional and positive terms in a **Bill of Rights**. There would be explicit rights to:

- ▶ Habeas Corpus, requiring people arrested to be brought to court and charged or released immediately
- ▶ free and equal legal representation
- ▶ freedom from state surveillance and interception of communications
- ▶ inspect freely all data held by the state and other bodies
- ▶ organise, associate, demonstrate and strike independently of the state
- ▶ free movement of people based on 'no borders' principles.

Economic and social rights

A new constitution would enshrine enforceable rights in a charter. They should include:

- ▶ decent housing at affordable cost for everyone
- ▶ free education for students at all ages; the right to free continuing education and training
- ▶ employment for those who can work and a genuine living wage for those who cannot
- ▶ the right to co-operative ownership and self-management
- ▶ the right to democracy in all areas/activities of the workplace
- ▶ equal pay and job opportunities for women; free child care
- ▶ free health care at all levels and types of treatment
- ▶ dignity in old age through pension provision at average income, and free care
- ▶ safe and nutritious food at affordable prices
- ▶ the right of minority communities to equality in all areas

Beyond Resistance: fight the cuts – build People's Assemblies

- ▶ the right to live in an environment shaped by ecological care, respect for the whole eco-system and production for need, not profit
- ▶ affordable access to cultural and personal development opportunities
- ▶ the right of all communities to continuity of culture, language, traditions and habitat.

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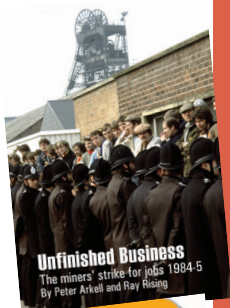
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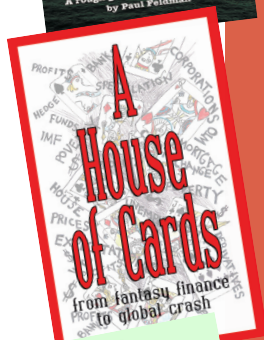


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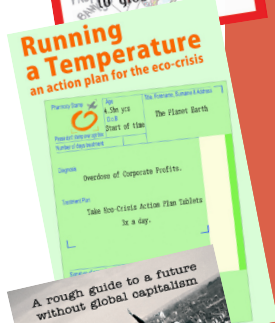


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