

Attend the SEP conferences in Australia:

The Failure of Capitalism and the Fight for Socialism Today

Melbourne: August 27-28

**The Socialist Equality Party (Australia)
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The conferences being organised by the Socialist Equality Party in Sydney and Melbourne over the next two weekends will discuss the critical political issues facing the working class that arise from the renewed crisis wracking the world capitalist system. They could not be more timely.

The deepening economic crisis in Europe and the United States—ever growing national debts, fears of banking failures, the downgrade in the US credit rating—and the wild swings on stock exchanges answer all those who claimed the 2008 global financial crisis was just a temporary downturn. On the contrary, it marked the breakdown of the entire capitalist order, expressed most sharply in the decline of American capitalism and the collapse of decades of speculative and semi-criminal forms of profit accumulation.

Every action taken since 2008 has been aimed at defending the financial elite responsible for the crisis. Governments internationally took onto their books some \$15 trillion of the losses suffered by banks and corporations—a sum greater than the annual output of the United States. They are now seeking to extract it from the working class amid levels of unemployment and social misery unseen since the Great Depression of the 1930s.

In the US, the Obama administration has announced \$2.4 trillion in cuts to education, food and energy assistance, health care and retirement benefits. More than 1.8 million jobs will be destroyed, adding to the 25 million people already unemployed or underemployed. State governments are closing health services, schools, libraries and even parks.

Across most of Europe, youth unemployment is well over 20 percent. In Britain, \$100 billion in cuts are being made to welfare, housing and social services. In Greece, a second austerity budget will eliminate 150,000 public sector jobs and privatise \$70 billion in state assets.

Such measures, replicated in varying degrees in every developed

country, amount to nothing less than a social counter-revolution. Australian business commentator Rob Burgess this month described the process as the “death knell of social democracy”—the end of the period when governments provided “health, pension, education and other programs.”

This agenda cannot be imposed democratically. In country after country, protests are being met with police repression. As opposition grows, the defenders of the profit system are discussing dispensing with the facade of parliament altogether and ruling through dictatorial means.

The class war being waged within countries finds its parallel in the eruption of imperialist rivalries between the major powers and the turn to militarism, above all by the United States.

Adding to the wars in Iraq, Afghanistan and Pakistan, the US and its European allies have launched a criminal assault on Libya to control its oil, against Chinese and Russian interests. Conflicts between the US and China over dominance in the Asia-Pacific are deepening, involving every country in the region. Any number of flashpoints could trigger open conflict.

Since the onset of the global crisis, the Australian ruling class and its political and media representatives have insisted that Australia would escape any significant impact. This country, they claimed, was “exceptional”, citing soaring mining exports to Asia and China in particular. In the wake of the latest financial turmoil, Labor government treasurer Wayne Swan again declared that Australia was “in a very good position to cope with the worst that the world can throw at us”, being situated “in the strongest part of the global economy, the Asia-Pacific.”

Australian exceptionalism is a myth. No region, let alone country, stands apart from the breakdown taking place in the globally integrated networks of finance, production and trade.

The Australian banks depend on international borrowing for 40

percent of their funds. Another credit crunch, such as occurred in 2008, would place the country's banking system on the brink of collapse overnight. China and other Asian manufacturing countries are dependent upon the US, European and Japanese markets. A renewed recession in these economies will have a vast impact throughout Asia.

Moreover, Chinese capitalism, far from being a pillar of stability, is wracked with economic dilemmas and social tensions. To prevent unemployment and unrest, the Beijing regime has maintained growth by a debt-fuelled frenzy of infrastructure development and real estate speculation. Any slowdown in China will rapidly deflate Australia's mining industry.

Even without a rupture in record investment and exports, the "mining boom" in remote areas of the country brings no benefit to the vast majority of the population. On the contrary it has contributed to the higher interest rates and sharp rise in the Australia dollar, which have plunged manufacturing and other industries into recessionary conditions, leading to the lowest retail growth in 50 years and a slump in finance and construction.

Australian corporations are responding with a sustained offensive on working conditions. Wages for new employees at auto paint manufacturer PPG were slashed by 43 percent earlier this year, to compete with the two-tier wage benchmarks being imposed across US industry. The airlines, the steel industry, the car plants, retailers and construction companies are likewise "restructuring" and preparing mass sackings.

At the same time, the Gillard Labor government, to meet its pledge to financial markets of a budget surplus by 2012-2013, has launched an assault on what remains of the post-war welfare state, like its international counterparts, bringing "user pays" to social security, health, education and aged care.

The combined government-corporate assault will worsen already unprecedented social inequality and deprivation. Decades of free market restructuring—spearheaded by Labor governments and policed by the pro-capitalist trade unions—have resulted in 40 percent of jobs being low-paid part-time or casual positions. Australia has among the lowest social security support in the developed world, leaving at least 2.2 million people below the poverty line and millions more in financial distress.

One year ago, SEP-organised conferences discussed the anti-democratic political coup that ousted the prime minister, Kevin Rudd, and installed Julia Gillard. We argued, against those who claimed the coup was caused solely by Rudd's poor opinion polls, that the conspiracy was a response to demands by Washington and powerful corporate interests for a refashioning of Australian government policy. Gillard, we predicted, would align unequivocally with US foreign policy and turn to imposing austerity against the working class.

Developments over the past year verify the correctness of this

assessment.

This year, powerful movements of the working class have erupted internationally—from Tunisia and Egypt, to Greece, Portugal, Spain, France and Wisconsin in the US mid-West—against austerity and social inequality.

The growth of social tensions has also been sharply reflected in this month's youth revolt in London and cities across Britain. What has been revealed is the depth of alienation and anger among a generation of young people who have been denied any prospect of a decent future.

It is not a question of if, but when, open class struggles will erupt in Australia. The crucial issue, as everywhere in the world, is on the basis of what perspective and under whose leadership such struggles will develop.

The promotion of the myth of Australian exceptionalism is aimed at breathing life back into the 120-year-old nostrums of the Labor Party and the unions that Australia is a "workers' paradise" and a "Lucky Country". Throughout the past century, Labor and the unions have subordinated workers to the profit system with the claim that unique characteristics of Australian capitalism meant it could be reformed to provide social equality. Socialist revolution, they insisted, was not only impossible in Australia, it was not necessary.

The transformation of the Labor Party and the trade unions into open agencies of the corporate and financial elite testifies to the bankruptcy of their national-reformist program. It confronts the working class with profound political tasks. The working class in Australia is part of the international working class and has identical interests. The only way it can meet the turn to militarism and social counter-revolution is through the overthrow of the capitalist profit system and the establishment of a workers' government in the fight for an international socialist economy to meet social needs, not private profit. This perspective requires above all the building of the SEP as the new revolutionary leadership of the working class.

We urge WSWS readers, SEP supporters, workers and youth to attend the forthcoming conferences and participate in this vital discussion.

Register now and encourage your workmates, fellow students, friends and family to do likewise!

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