

**problems they made.** As such, it is one thing to gamble your own income on a risky decision, but quite another when that decision can ruin the lives of millions of others. **Such is the power capitalism gives to a small few, while the rest of us are forced sell our labour and work for our incomes, just to live day to day!**

## What about New Zealand?

Bank guarantees (ie bailouts) have just been announced in Aotearoa by the government in an attempt to tell us that our banking system and our deposits are safe, and that the government will pump 150 billion of dollars into our banks if needed. So, where will that money come from? In short, from you and me. Costs will be passed on to us via raised fees and taxes, cuts in our wages — in short, forcing us to clean up a mess we did not create. If proof is needed on just how illogical and unjust the capitalist system is, then we needent look far...

## What Now?

With the panics in the finance markets, now is an ideal time for looking at alternative ways of living. **Anarchists argue that running an economy based on allowing the few to control, gamble and profit from the labour of the many is not only immoral, it does not work.**

We need a society which is not based on bribing the rich to ensure investment and economic development. We need, as anarchists have long argued, an economy in which those who do the work control both it and its product. **Capitalism needs to be ended, not propped-up by government regulation and bank guarantees.** Any solution to the current panics will be paid for by the working class and the elite will, as always, benefit from the

sacrifices of the many. If we remain quiet then any bailout to financial institutions will reflect the interests of big business, no strings attached. If we remain quiet then **the costs of recovery will be inflicted on us in the shape of rising unemployment, lower wages, higher taxes.** If we remain quiet, then neo-liberalism will shrug off this crisis like the previous ones and continue privatising the gains while socialising the losses and costs.

Our task as workers is to raise our voices and engage in **direct action.** Attempts to cut wages must be resisted, as we did not create this crisis and because it will make it worse. Attempts to close workplaces must be meet by occupations. Attempts to evict families from their homes must be stopped. **We need to socialise the means of life, not have them run by a few capitalists or state/socialist bureaucrats.** To do that, we need to organise in our communities and our workplaces, building horizontal forms of equal, direct democracy, and build an alternative to a system in crisis — one based on solidarity, mutual aid, libertarian socialism, and freedom.

### Anarchist analysis on the crisis:

<http://anarchism.pageabode.com/anarcho/capitalism-in-crisis-again>  
[http://www.wsm.ie/news\\_viewer/3613](http://www.wsm.ie/news_viewer/3613)

### Video:

<http://anarchia.wordpress.com/>

### General Websites:

[www.anarchistfaq.org](http://www.anarchistfaq.org)  
[www.infoshop.org](http://www.infoshop.org)

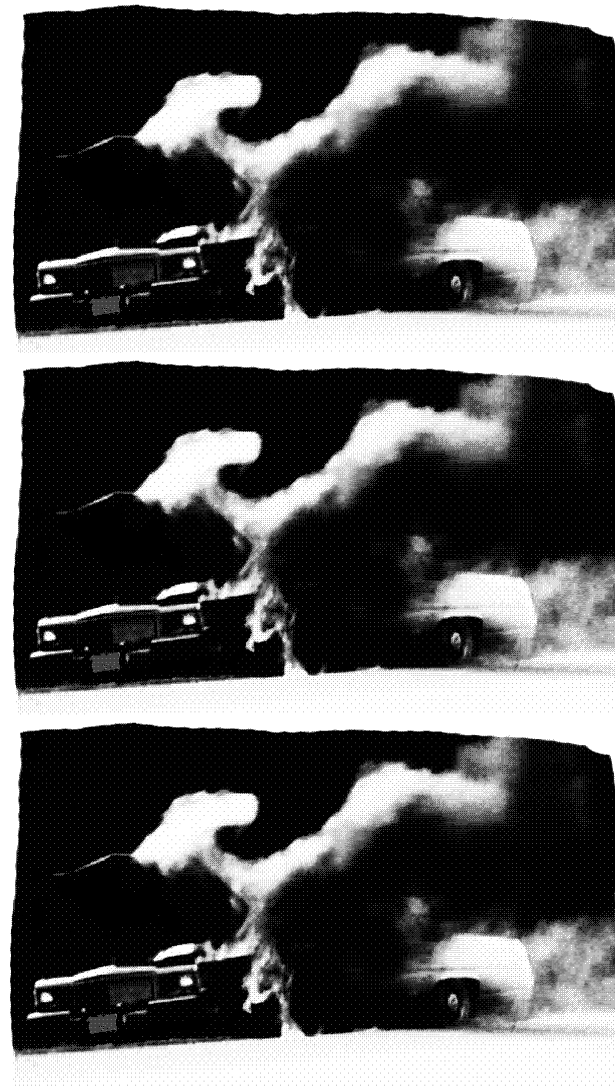


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# CRASH!

a look at today's financial crisis in plain english



GARAGE COLLECTIVE

and the elite were getting richer and richer, lining their pockets with our cash — until the bubble burst, proving the theory that **neo-liberalism, capitalism, and the free market would NOT continue to sort itself out.**

To look at the crash of the shadow banking system, we have to look at the regular banking system and how it all works within capitalism.

## The Banking System

When we put our money into the bank, the bank only **keeps a fraction** of it in reserve. The rest of our money is actually lent out by the bank as credit or loans. **So, if we all went into the bank and asked for our money back, they wouldn't have it.**

This is how a bank makes its money — not by gaining more accounts, or by people making re-payments — but by banks constantly creating more loans and credit. So when we ask for loans from the bank, we are actually **borrowing from other peoples accounts** and debts, which for the bank, has an element of risk. Because of these risks, when you get a loan, the bank decides how dodgy you are (credit rating, liabilities etc) and gives you a **risk factor rating.**

Technically, a bank has **regulated limits** on how much risk it can take on board, and this effects how many loans it can give out to people. So, once it's reached its maximum risk limit, it can't give out anymore loans and therefore can't make anymore credit or money. This is where shadow banking comes in.

**Shadow banking allows banks and other financial institutions to continue trading after reaching their regulated limits.** What happens is banks can

sell their risks onto other financial companies, who, for a price, agree to manage that risk for them. These are called **credit derivatives**, and allow banks to keep their risk ratings down, their books balanced, and their loans flowing. It worked out to be profitable for both parties, and quickly grew as a new, invisible, and untapped market as another way for capitalists to get even richer.

The flipside of this is that the debt and risk gets spread around these corporations, making global links amongst firms, banks and nations — the individual banks' risks suddenly becomes a huge collective risk, all linked together. All good, until part of the chain goes bust and brings everyone down with it, including our major banks. This is basically what is happening today.

## 2008...

With the crisis in the finance markets rumbling on, it is hard to make any specific comments on it all, as it is sure to become outdated. What is clear, as stated above, is its roots lie in the nature of financial capital and capitalism — its tendency to generate market 'bubbles,' as resources are poured into specific markets (such as housing) in an attempt to make more and more money.

**Using our money, the system and those who benefit from it (bankers, investors, corporations, governments) gamble with huge risk, dancing dangerously between dollars and debt.**

Needless to say, the most serious consequences of this risk and when it all goes wrong are usually **suffered by working people** — who can lose our jobs, health and even our lives — depending on how the gambled risks of the wealthy turn out in an unstable, illogical financial world. **In short, it is blatant class robbery which usually fixes the**

The current **capitalist crisis** can often be confused and distorted by the use of language totally foreign to most working people. Of course, this is to keep those in the know, in the know — while the rest of us are left to clean up their mess!

You'll here a lot of terms thrown about in the media — bank guarantees, liquidity and solvency, credit, 'bubbles', bailouts etc. These are economic terms which try to shield the huge mess capitalism is in at the moment. We should look past the jargon and remember throughout this crisis, that the mess the economy is currently in **is not an isolated incident, but the result of the capitalist system and all it's inherent failings.** In fact, this type of crisis is nothing new, only in an uncharted form.

## What's really going on?

So, the current crisis has deep roots. Some are in the inherent dynamics of capitalism, others in the particular form current capitalism has taken (neo-liberalism). More specifically, it's about the crash of the **shadow banking system** — the part of the economy which is not regulated by financial laws or the state. The shadow banking system is about the same size as the **regulated banking system** (which is our banks, loans, credit etc), and has grown by the trillions (!!!) in the last 10 years or so. It's basically a way for banks, corporations and other financial institutions to make more money outside of state regulations — **a free and invisible market.** And it was great for a while — corporations