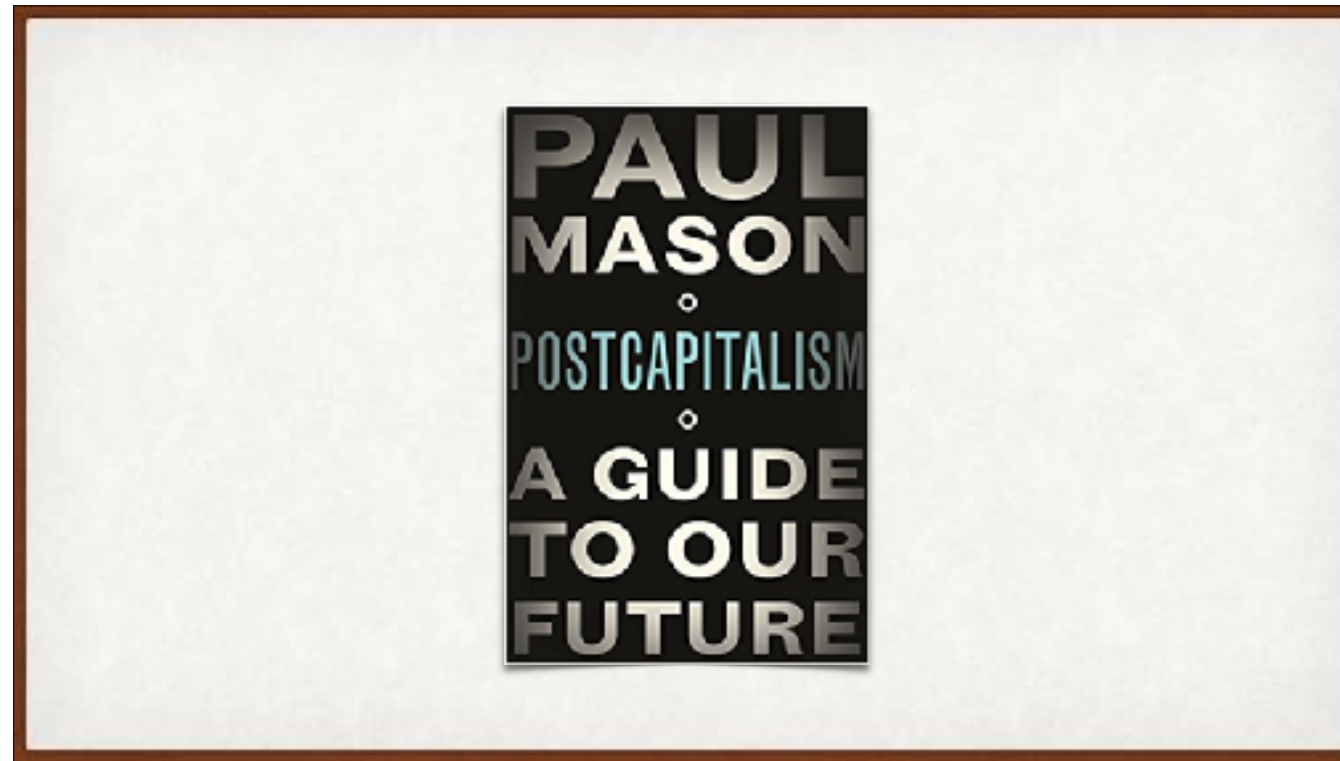


CAPITALISM

PAST & FUTURE

(according to Paul Mason)



Based on this book. Paul Mason (1960), UK journalist. BBC2 Channel 4, economy.

KONDRATIEFF (1926)

CAPITALISM GOES IN WAVES

Steam engine 1825

Electricity 1860

Internal combustion engine 1875

Personal computer 1945

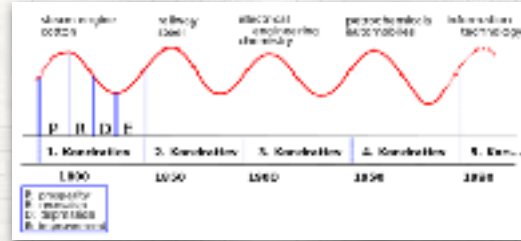
Information technology 1970

P R D F

1. Kondratieff 2. Kondratieff 3. Kondratieff 4. Kondratieff 5. Kondratieff

1890 1920 1950 1980 2010

P: prosperity
R: recession
D: depression
F: recovery



- Nikolai Dmitrijewitsch Kondratjew 1892 - 1938
- Paper: 1926 "Die Langen Wellen der Konjunktur" in "Archiv für Sozialwissenschaft und Sozialpolitik "
- killed by sowjets after 8 years imprisonment, rehabilitated 1982, contradicted doctrine of BOLSHEVISM "imminent doom of capitalism"
- capitalism changes & adapts
- goes in waves as follows:
 - dramatic expansion, wars, revolution, new technology (improvement, prosperity)
 - slowdown, reduction of capital investment, rise of savings (slowdown)
 - commodity price and interest on capital fall. wages and prices collapse (recession, depression)

FOUR KONDRATIEFF WAVES SO FAR

- 1790 - 1848 (steam age, USA, UK, France)
- 1848 - 1890s (railways, telegraph)
- 1890s - 1945 (heavy industry, electrics)
- 1940s - 2008 (transistors, synth materials, mass production)

MASON'S CENTRAL THEORY

- Kondratieff has a point, despite problems with the theory
- We are at the end of the fourth cycle
- The fourth cycle was lengthened!

problems:

investment dynamics not modeled in a sophisticated way
non-capitalist world passive bystander (becomes important later)
long waves are the ultimate destiny of capitalism
YULE-SLUTSKY effect (moving average over noise produces patterns)

refined cycle (according to mason):

longer cycle (no “normal” mechanics):

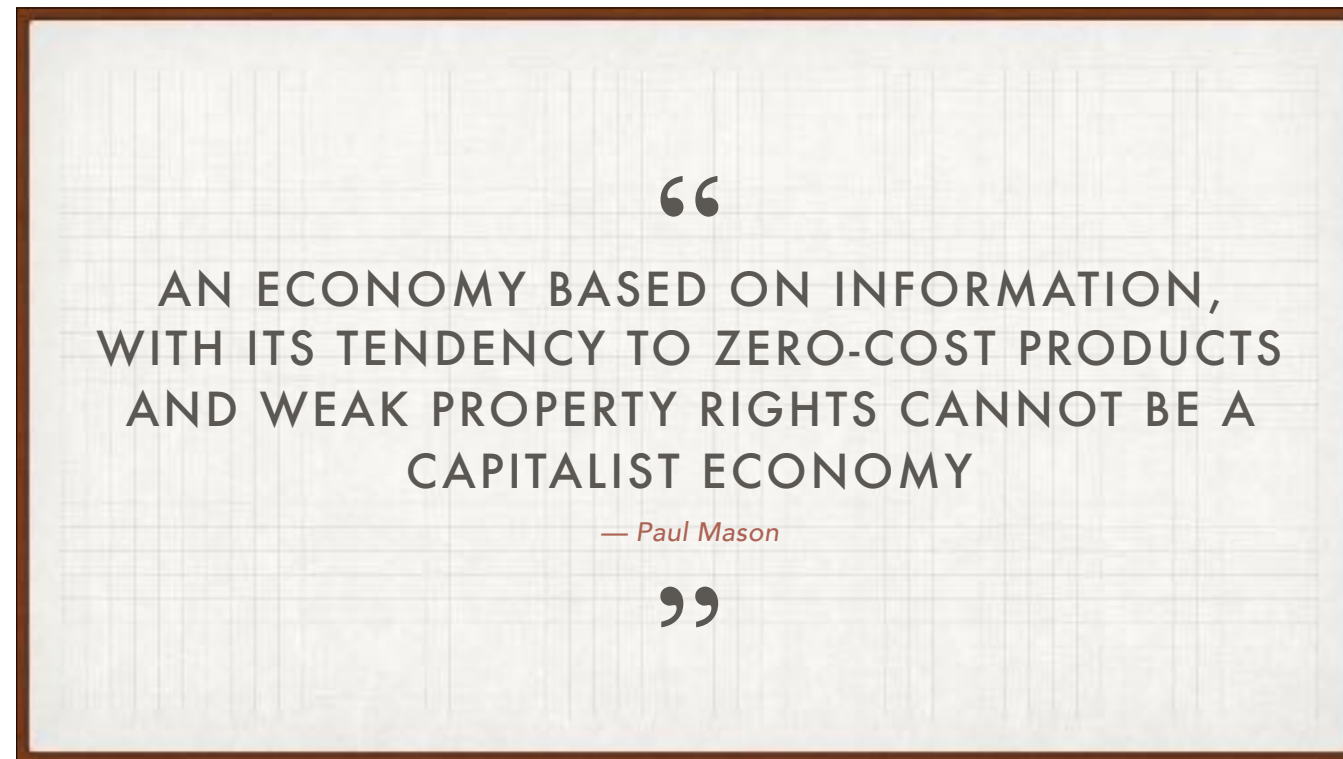
Defeat of organised labour
Rise of IT
Unchallenged Superpower can “create” money
Sounds familiar?

NEOLIBERALISM

- four elements:
- fiat money
 - as of 1971
 - generating money out of money alone
 - reserve banking
 - BASEL I 8\$ cash for 100\$ loan
 - invitation to game the system as of BASEL II (weighed properly)
- financialization
 - companies turn to markets for \$
 - banks turn to consumers and investment banking for profit
 - consumers are participants credit cards etc
 - all simple forms of finance are packaged up and bet on in financial markets
- global imbalances
 - offshore production, slash wages
 - based on borrowing, trace deficits
 - defeat organised labour
- info tech
 - 2008 crash: trying to apply old economic models to a new “information economy”
 - may not be able to capture the value of “info economy”

INFORMATION ECONOMY

- growing evidence that IT is not creating a “new capitalism” but dissolving it
- destroying the old relationship of wages, work & profit
- zero marginal cost of information
- Richard Stallman (& other OSS people) should not exist according to economic models
- free market with intellectual property limits full utilisation of information
- MARX was talking about a “general intellect” and “social knowledge”
- mainstream economics does not capture this (based marginalism, zero priced goods, non-market agents and non-ownable products)
- MARX was talking about a “free machine” in labour theory.
- Argument boils down to this quote:



So. Capitalism has not always existed, it might not last forever. Where to?

THE FUTURE: GOALS

- rapidly reduce carbon emissions
- stabilize the finance system by socializing it
- deliver high levels of material prosperity & wellbeing to all people
- gear technology towards reduction of necessary work (automated economy)

Mason presents four immediate goals, based on five principles

- Understand the limitation of human willpower
- Ecological sustainability
- Transition must be a man transition
- Attack the problem from all angles
- Maximize power of information

THE FUTURE: FIVE-POINT-PLAN

- Create a comprehensive computer simulation of the current economic reality
- Change the role of the state to a Wiki-State
- Expand collaborative work
- Suppress or socialize monopolies
- Let market forces disappear
- Socialize the finance system
- Pay everyone a basic income

- 1) Create a comprehensive computer simulation of the current economic reality (Funny enough, there is no good model as of today)
- 2) Stop privatizing
 - Reshape markets to favour sustainable, collaborative and socially just outcomes
 - Debt writeoff, end austerity
- 3) Expand Non-Market-Economy (e.g. Office for the Non-Market Economy)
- 4) Capitalisms reflex when margins turn to zero (see Amazon))
- 5) Profit needs to be derived from the act of innovating and creating, not rent (or the mere fact of having money)
- 6) As per 2008 risks were socialised (bailouts), so rewards should too, Nationalize central banks, make them more transparent.
- 7) Would accelerate technological progress. Not that new of a model.

This will unleash the network power towards a transition beyond free-market, beyond carbon, beyond compulsory work.

Because ultimately, we need to...

LIBERATE THE 1%

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