

The Opposite Of Capitalism

Everything you know is wrong

Modern civilisation has accrued many recipes for cooking its own goose: industrial-exhaust-led greenhouse steaming, ozone-depleted ultraviolet baking, deliberate or accidental nuclear barbecuing, chemical stewing, Peak-oil sautéing, population-bombed curing... But whatever the latest end-of-the-world scenario offered up by the Minister for The Sky Is Falling, the Right Honourable Chuck N. Little, it will not be the real problem, merely a *symptom* of the real problem.

The real problem behind all the looming disasters, and behind ever-present poverty amidst plenty, ecological vandalism, and mounting social stresses, usually is praised rather than blamed or condemned. It is advocated as the cure-all, as efficient and optimal, as capable of miracles of achievement. I refer to market competition, by which successful nations – their most profitable competitors at least – can and indeed have raised their standards of living sky-high, and faster than a speeding bullet, in the process doing away with many of the hardships that have defined human existence since we dwelt in caves.

And yet, despite the successes and avowed superiority of markets, even their most ardent defenders confess they occasionally fail – in no small measure. Recently, an Economics ‘Nobel’ prize winner referred to almost one hundred economic crises in just the last quarter of the last century, “more frequent (and deeper)” than previously.¹ Similarly, when the 2006 Stern Report called the threat of climate change “the greatest market failure the world has seen”, the then Australian Federal Treasurer would not agree, pointing out that “we have seen market failures that have led to wars and famine and global poverty”.² With market enthusiasts like this, who needs critics?

Less biased assessment of the pros and cons of market competition reveals that whatever it can and has achieved, it also *causes* all of the looming eco-disasters and end-of-the-world scenarios currently so in vogue. This follows ultimately from the illusory nature of market prices.

Orthodox economists, by adopting many unrealistic assumptions, claim that market prices function, via the Law of Supply and Demand (LSD), as accurate ‘signals’ for the allocation of resources, and so lead to optimal results. But this ignores the inherent inaccuracy of LSD-prices due to their exclusion of many relevant and significant costs (such as environmental, social, health, government subsidy)... their inclusion of many other costs of waste, excess, ego gratification and high living... the delusional self-deceptive manipulations of financial flows which cause money to be mistaken for real wealth... and how the pursuit of profit causes work of great need to be ignored except in rare circumstances where it looks profitable. Consequently, instead of guaranteeing optimal outcomes, inaccurate profit-inclusive LSD-prices consistently waste resources and create market failures.

And so, deafened by the hallucinatory sound of money talking, we pursue profits and cashflows, not the satisfaction of needs, building Mercedes for the Mercedes-less rather than homes for the homeless. We pillage the environment on which the economy depends, unable to see beyond the short-term quick and easy loot offered, even as resultant disasters loom. Never mind, just another ‘market failure’ – to be fixed, eventually, by the market. Just have faith. Keep shopping. Keep working.

Except, if we do keep shopping and working, we only increase our chances of disaster. For example, various corporations keep pumping out greenhouse gases as they amass profits, exonerated by widespread and dominant faith that ‘the market knows best’, that some of the profits gained will fund investment to eventually discover new ways to operate without the alleged ecological costs (such as by developing renewable alternatives). Carbon taxes and emission trading schemes add layers of complexity but do not directly change the methods in use nor the message: keep operating in ways seen as dangerous and damaging until you can eventually afford to figure out how to operate safely.³ Keep

¹ Joseph E. Stiglitz, *Globalization And Its Discontents* (Penguin, London, 2002), p.99.

² <http://www.treasurer.gov.au/DisplayDocs.aspx?pageID=&doc=transcripts/2006/160.htm&min=phc>

³ A particularly clear explanation of the inadequacies of both carbon prices and emissions trading schemes, and why relying on them to prompt the market to finally get it right has little chance of success, is given in Raj Patel, *The Value Of Nothing: How To Reshape Market Society And Redefine Democracy* (Black Inc, Melbourne, 2009), pp.158-163

doing things wrong until you can afford to do them right. Profit (and economic growth) first, all else second. If the same approach was taken towards thieves, they'd be allowed to keep stealing until they could afford to go straight.

Clearly, if the looming disasters are not the real problem, merely symptoms of using an antique economic vehicle continuing to run in ever-narrowing circles as it digs its own grave, then the solution will be something new, suited to modern times and free from the contradictions and illusions of the present.

This is the solution...

Abandon profit, and don't save jobs – instead shed pointless, delusional and counter-productive work. Buckminster Fuller estimated that, in the 1970s, seventy percent of jobs in the USA and similar developed countries were not producing “any wealth or life support – inspectors of inspectors, reunderwriters of insurance reinsurers,... spies and counterspies, military personnel, gunmakers etc.”⁴ A full list might fill a book. But if only thirty percent of current forty-hour-a-week work is really needed, then sharing it equally and fairly – and automating as much as feasible; building to last instead of to obsolesce; producing and consuming with less pollution, resources, congestion, and waste; and working closer to our capacities – would mean *a one-day working week*.

Don't panic: the lower income of a shorter working week can be compensated for by *equally* lower prices. Reduced hours mean reduced costs for businesses, so without profit, prices can fall in proportion to income (or rise if circumstances change and longer working hours are needed). No more obsessive-compulsive 'need' to grow.

And don't worry about your mortgage either. No profit means no compound interest. Besides, your home could cost you nothing! Even with *total* business costs (worker income) balanced by *total* prices, the price of any individual product need not equal its cost. Free (or discounted) goods – such as a fair quota of staple food and basic clothing, health care, education, even housing – can be afforded simply by increasing the prices of all non-free consumables by the appropriate proportion, the costs of the free (or discounted) goods, in effect, 'absorbed' into the prices of the rest. Likewise for costs of building factories, offices, and farms, environmental regeneration, welfare for the disabled and retired, *any* necessary or desirable expenditure that does not produce consumable goods.

To handle this, interest-free finance, at the start of each year, credits each producer account with enough funds to cover expenditures planned for that year. It also credits consumer accounts each week with wages and/or welfare earned. A purchase debits the purchaser's account by the price, but credits the producer's account with the cost. Over the year, some producers undoubtedly spend more or less than they expect, or sell fewer goods, or suffer shortfalls – so by year's end, their accounts differ from at the start, data which should help inform future allocation of work and resources. At year's end, though, reset producer accounts to zero, then re-credit them for the next year's expected expenditures. Do not adjust consumer accounts, keep them cumulative: then, hard workers and frugal spenders keep accounts mostly in credit, while big spenders and lazy burdens more often have debits. Consumer accounts, publicly available (even after death, as the ultimate epitaph), should evoke pride or shame, and so increase motivation towards working and spending responsibly.

These arrangements can be considerably enhanced by adopting a bottom-up decentralised participatory form of Internet-based democracy underpinned by small self-governing electorates arranged into progressively larger associations whose decisions require the majority agreement of constituent groups. Call this *plurocracy* (since it allows a plurality of views), and base it on electorates called 'localities', each consisting of (say) two hundred voters. Groups of (say) twenty localities form electorates called 'towns'. Groups of towns, in turn, form larger electorates ('cities') – groups of these, still larger electorates – and so on.

At least at the locality level, *voters* make most or all decisions – *not* their representatives, who 'merely' provide or disseminate options and proposals to their electorates, and make sure they have all available and necessary information to make up their minds.

⁴ Buckminster Fuller, *Critical Path* (St. Martin's Press, New York, 1981), p.226

Electorates at every level function semi-autonomously. Although each locality, for example, must heed the plurocratic decisions of its town, these apply only to issues affecting two or more localities, such as construction methods or building height restrictions. Each locality makes its own rulings for purely internal affairs, such as where to build a new house or shop (though recommendations might be made by the town or city). Most importantly, each electorate can secede from its 'parent' electorate, and join other more-like-minded electorates (not necessarily with common borders) or else become independent.

Plurocracy, true democratic self-government, could involve numerous other features, but of most relevance is its capacity as a market surrogate: it enables needs and desires, for goods and services *and* provision of labour, to be tabulated and accrued from the bottom up, assisting producers and workers to plan and employ resources accordingly. It also enables free land, homes, factories and other fixed capital to be *stewarded* rather than owned or rented. People living in the smallest plurocratic electorate with borders fully enclosing unused land have responsibility for looking after the land until they agree on how, if at all, to use or develop it. Home stewards have all the usual rights bestowed by ownership, except they cannot sell (or buy) their houses: those who look after or improve their homes (and perhaps, to provide additional motivation to work, who have also kept their accounts consistently balanced or in credit) simply move house – the more responsible their stewardship, the greater their options (assisted by nomination of preferences to create online waiting lists). Fixed capital is stewarded mostly by the people operating it – all the workers of a factory, for example – but also, and ultimately, by those most directly affected by the capital's operations: those living in the smallest plurocratic electorate with borders fully enclosing the capital.

For international trade, persistent imbalances between the total costs of a nation's exports and imports lead to altered working hours: longer to increase exports, shorter to reduce them, the aim to restore balance. To further discourage imbalances, and to help develop the poorest nations and relieve incipient international tensions, exports to poorer nations could be discounted in proportion to their poverty, the difference credited by the exporting nation to itself.

As for currencies, define them as the payment for (say) five minutes of carpentry, three minutes of medical care, six of farming, or any combination of jobs, definitions differing from one nation to the next. An average of all national standards – a global 'composite-job' – determines international exchange rates: if (say) Australia pays \$4 for ten minutes of the composite-job, and the USA \$3, then \$1AU = \$0.75US.

Many might react to these proposals with horror: An end to profits!? A one-day working week!!? Unrestricted credit!?! Impossible! Disastrous! What would motivate people? How could they cope with all that spare time? Idle hands make the devil's work. Harrumph.

But don't let fear of change rule. A shorter working week without loss of purchasing power or fear of financial ruin need not spoil people, destroy incentives, or encourage hedonism and anarchy. We would still need to use our time productively, spurred on by other – better – motivations than profit, reasons far more sustaining and 'natural' than the current manufactured need to work: reasons such as the urge to avoid boredom and to feel useful and valued (or, if you prefer, to satisfy and please others)... the thrill of achievement... self-development and the hope for immortality through exceptionality... and the satisfaction of basic needs and desires. Indeed, vastly increased spare-time should unleash rather than quell our capacities, inspire *greater* creativity, and motivate us far more than monetary reward does now.

The goal of arranging a fairer saner economic system that allows all people to prosper and doesn't spoil us for choice of how to end the world should provide sufficient motivation in itself – a truly worthy goal capable of serving (in the words of JFK's speechwriter) "to organize and measure the best of our abilities and skills", much more so than did the mostly technological achievement of a lunar landing.

But of course we could never land a man on the moon, could we?

Herman Royce is [God Almighty's](#) biographer and self-appointed spokesperson, inventor of [A Free Lunch](#), and the first person in history to say "Now I've seen you naked, I could never eat turkey."