

Is Capitalism Dying Of Old Age?

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Dot coms crash, phone companies are disconnected and stock markets slide. The world contemplates another financial crisis. Is this merely a 're-adjustment' or is the industrialised world facing a more fundamental problem.

Perhaps it is the time to ask if capitalism has, at last run its course, and is now dying of old age.

To believe that capitalism dying we must regard it as being alive in the first place. Treating an economic or social system as a living organism appears quirky to say the least. The conventional approach is to regard these systems as machines: we prime pumps or apply the breaks - the machine heats up or it slows down. But the performance of economic and social systems is dependent on the actions of millions of humans - so it is not unreasonable to believe the behaviour of these systems could be analogous to biological systems.

Our own digestive system is a good model for the food chain. Health care and pharmaceutical industries are an extended version of our own immune system. State planning government, planning and education perform meta roles similar to those of the human brain while television, and other forms of media, could be regarded as the eyes ears and mouth of society.

Capitalism's death may come as a shock - after all we only recently celebrated the demise of the Soviet Union. Here was justification of our belief in capitalism - that it was a better way to organise a society than communism. Both systems were born within a few

years of each other: both grew out of the industrial revolution. Then communism died and the capitalist world celebrated. Two elderly neighbours - who had hurled abuse at each other over the garden fence: one falls down dead and the other believes that this proves he is immortal.

Communism was first to the grave because it contained too many unnatural elements. The human mouth, stomach and brain are fairly autonomous organisms. We are hungry so we eat - and if we eat too much we get fat. Communism was based on the theory that you can eat what you like, then order your stomach to stay thin. (Under most regimes the reverse

was the case.) The capitalist, free market based, economic system is more in tune with the natural relationship between different parts of the body.

But any social system has a finite life because, like a living organism, it grows old and dies. Capitalism's demise will occur when the rate cells die, and cease to be active, cannot keep pace with the rate at which new cells are produced. There is a point when medicines fail to keep pace with disease - and cannot repair the damage done by a lifetime of over indulgence.

Despite first appearances, the current downturn is not 1929 all over again. But sighs of relief are premature. After 1929

the Federal Reserve, and other financial agencies around the world, discovered ways of treating markets before they crashed. It found ways of reducing the fever of an economy moving into recession. The magic pill was the interest rate cut - prescribed at the onset of a downturn and given in regular doses until the patient recovered. This worked well when the system was in its youth, and even better during middle age: when a better understanding of the correct dosage eliminated undesirable side effects.

But in old age the economy does not respond so well. Today society is made up of an increasing number of pensioners

whose disposable income is cut when the interest rate falls. These are the same people who used to burst into life when lower interest rates reduced repayments on their property loan and higher purchase agreements. These are the same people who once benefited from higher wages when companies took on larger loans at the reduced interest rate. Today, as demographics move against capitalism, the bacteria which infected it in the 1930's, once again, has a free reign within its body - and it is now resistant to all known drugs.

Other age related diseases are laying our economic system low. Low cost junk food, consumed during its youth, is

taking its toll. Although many countries suffer from similar afflictions the problem is most acute in Britain. BSE and spates of food poisoning are testament to way the food industry has cut corners to bring an over abundance of cheap, low quality food to the table. This food industry, analogous to the human digestion system, has been abused a every stage - from consumption to waste disposal. As the patient ages a life time of poisoning and over indulgence has left it obese, unfit and recovering from one illness just in time to be laid low by the next. Emergency treatment to rid the body of BSE created the conditions which enabled Foot and Mouth to spread so widely - and so

rapidly. We wait anxiously to see if the disposal of so many carcasses causes yet another 'illness'.

A few years ago we were told we had reached the end of history. Today this seems as ridiculous as the claims that eCommerce was the threshold of a new industrial age. History didn't end with the fall of the Berlin wall, it merely allowed an elderly capitalist system to sink back into its armchair and reminisce about the bloody battles of yesteryear. Then, when he discovered the World Wide Web, granddad suddenly discovered religion - he wasn't going to just die after all. Here was the chance for eternal life - and riches were poured

into building a virtual church within which to worship to this new god.

Worse still the old man became senile - this had been creeping up on him for years. Standards in education have fallen and the dumbing down of the media is so acute that sometimes he just sits there, gibbering to himself for hours on end.

It is just as difficult for a social, or economic, system to envisage its own demise as it is for us to imagine our own death. You don't find many newspaper articles - or television programmes - speculating on what will replace capitalism. For the simple reason that newspapers and television stations are part of the capitalist system. The

individual rehearses most situations they are likely to encounter in life - except the end of it: what would be the point? So it is with social and economic systems. They, like us, have the misplaced belief that they will live forever.

What follows capitalism depends on how it dies. But a financial crash or an environmental disaster would fling the doors open to the Greens. Either way we can wave good-bye to democracy - the recent fuel protests by motorists and farmers show that today's voter will be unlikely to put their cross against a Green party candidate's name for two elections in a row.

But our democracy is hardly the real thing - it would be unrecognisable to the Greeks who developed the concept. Today the voter has the choice between two parties who are wedded, to a greater or lesser extent, to ageing capitalist ideals. In many countries democracy is seen as something imposed on it to ensure a free flow of resources - mostly oil - to the industrial world. To many it seems that freedom and global stability can only be maintained by keeping Americans warm in winter and cool in summer.

The idea that a biological, rather than a mechanistic, model can be used to describe the behaviour of an economic

system is highly unconventional. In fact it may only be valid at the moment because so many individuals are reaching retirement age and contemplating their own mortality - this could be what is influencing the mood and performance of the economy as a whole. However these individuals are biological entities rather than machines. Adopting the biological model would allow non economic subsystems - such as the environment, health and the food chain - to be factored in to the economic system's overall performance. Doing this could limit the amount of disruption we will suffer if Green movements take over mainstream politics.

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