Enjoyment Factory

Performance is quantum and distribution of Enjoyment

Characteristics of Capitalism

We live in a world of nation states, the vast majority of which combine together a world economic system – a world economy – that is popularly described as 'capitalism'.[1] Capitalism is a word that is partisan as well as descriptive. People who like the world as it is – or at least believe that it is close to the best of all possible worlds – may be called pro-capitalists; and many of those who believe that the world order is fundamentally wrong may think of themselves as anti-capitalists. Most people fall between these two camps – with various criticisms or disconsolations of the prevailing world order – but do not wish for the destruction of capitalism.

'Capitalism' is not a technical word, and can be associated with a variety of subtly different archetypes. For historians, the word's main purpose is to establish a break from a previous world order (albeit a Eurocentric world order) called 'feudalism'; the transition from feudalism to capitalism is typically timed for the years 1350 to 1500, when the middle age (medieval period) gave way to the modern age; so, in this sense, capitalism equates to the modern world order, and alternatives to capitalism could be pre-modern or post-modern.

The 'early modern' period can be taken as roughly 1500 to 1800 (the epoch of 'merchant capitalism'), with substantial political and economic revolutions taking place within a generation either side of the year 1800. The later modern period may be associated with both the emergence of 'industrial capitalism', and the rise of democracy. Arguably, this 'late modern' period still has a way to go before it reaches any sense of maturity. Indeed, it may never do so; the end of modern history is not nigh, and history did not end in the 1990s.

One can argue, that in the prefeudal epoch of Eurasian and Eurafrican empires, forms of capitalism existed.[2] Yes. The main difference is that in these 'ancient' times, only a small proportion of humanity enjoyed 'economic freedom', whereas in the period from 1500 to 1900 – at least in the included parts of the world – close to half of humanity were not the property of someone else. There is a concept of freedom which is intertwined with that of capitalism.

In the years between 1500 and 1900, Europe and European capitalism conquered the world, literally and culturally. Capitalism has been an irresistible expansive force in human history. Capitalism has been imperialism. Capitalism has been growth. Capitalism was what it was. And it may be what it may be. While not obedient to the individual choices of small numbers of 'great men', capitalism is pliable to the concerted voices and choices of large numbers of free men and women. Humankind are the makers of capitalism, not its servants.

The most important themes associated with capitalism are: 'property', 'freedom', the 'marketplace', 'money', 'reformation', 'equity', 'debt', 'growth', and of course 'capital'.

Economics

'Economics' is often conflated with 'capitalism'. And so a person being anti-capitalist is conflated with their being 'anti-economics'. It is true that economics as we know it is essentially 'market economics'; as such economics represents a description and analysis of capitalist economies in action. The act of observing and analysing something (such as capitalism) is not the same as

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[1] North Korea may be the only nation state which we would hesitate to call capitalist.
[2] And American and Austronesian empires, although these did not contribute to the emergence of the Eurocentric capitalism that is associated with the modern era of world history.

being an advocate (cheerleader) for that thing. Economics is, at least in principle, a social science detached from its subject matter. Good economists are disinterested – though not uninterested – in the workings and shortcomings of markets, their objects of enquiry.

The good news is that, while both 'economies' and 'economics' can be complex, the essential understandings of both are surprisingly simple. Capitalism and economics are both accessible to non-economists, although misconceptions of both are widespread, sometimes in deeply entrenched ways.

Further, economists themselves can easily descend into the 'rabbit hole' specialisations of their discipline and their subject matter, and can fall into habits of thought that reflect the technical requirements of these sub-disciplines; thus economists are not always the best people to provide critical overviews of either economics or capitalism. Also, economists – like any other professionals – may be subjected to the biases they carry with them as they embark on their professional journeys of discovery. Analytical biases may be lessened by excellent professional teaching, though not all students are lucky enough to have a full suite of excellent teachers.

Professional economists can benefit from busman's holidays, meaning regular sabbatical time traversing the wider contours of their discipline (and of related disciplines); in particular accessing – and reflecting on – literature written for wider audiences. It is not out of bounds for thinking 'amateurs' to be critical of specialists and 'experts'; nor is it unreasonable for professional social scientists to address criticisms of their work from outside their disciplines. Further, it is important that political leaders do understand that all epochs and all disciplines have their blindspots. The soliciting by political representatives of expert advice should be undertaken with this in mind. An academic's busman's holiday should include reading works written in different epochs, allowing contemporary blindspots to become apparent.

Capitalism can be thought of as an ongoing performance by decision-makers who we may call 'economic agents' or 'players'. Actual decision-makers are 'households' (people at home) and 'organisations'; organisations can be divided into 'firms' (businesses, companies, people at work), 'governments', and 'charities' (not-for-profit providers of services or aid). The object of the event is the 'enjoyment' – ie survival and prosperity – of all participants.[3] Capitalism is not like a competition or game which necessitates that a few participants win and many participants become losers.

In the simplest version of the game, however, there is only one class of player – 'countries'.

Merchant Capitalism

In merchant capitalism, countries aim to acquire money. Thus, in our example, Britain would be happy to keep the asparagus credits issued by Australia. Britain would see itself as having become richer because it has 'made money' 'at the expense of' Australia. Britain would see itself as the winner, and Australia – which had given up money – as the loser. Merchant capitalism is a rivalrous game of winners and losers.

By contrast, economic capitalism is a competitive performance in which all countries win. Further, in this example, Australia has won (it got the beans it wanted). And Britain is also in a

[3] We note that the object of 'the economy' is 'enjoyment', not employment. Market employment – paid work – is cost; enjoyment is benefit.

position to win, but only actually wins when it uses money – asparagus credits, or newly created bean credits – to buy some desired items (eg to import carrots from Canada).

Unbalanced trade exists when money is held by some country (eg Britain). Money may be held because Britain wishes to buy something in the future rather than in the present (that is, for intertemporal trade); or money may be held because Britain is operating as a merchant capitalist, and would like to hold onto that money because it regards that money (Australia's asparagus promises) as a permanent addition to Britain's wealth. Under merchant capitalism, the export of beans from Britain to Australia is understood as a 'win' to Britain and as a 'loss' to Australia.

In economic capitalism, unbalanced trade is not necessarily irrational. It may be deferred, time-shifted or 'inter-temporal' trade. Thus, Britain may wait a year before buying carrots from Canada. And Canada may wait another year before buying asparagus from Australia.

In this case, in year 0 Australia runs a balance of trade deficit, and Britain runs a balance of trade surplus. (A 'balance of trade deficit' – essentially a 'financial deficit' – may equally be called an 'enjoyment surplus'. And a 'balance of trade surplus' may equally be called an 'enjoyment deficit'.) If all other countries have balanced trade in year 0, then Australia's trade deficit must be exactly equal to Britain's trade surplus. Australia, the deficit country, has gained the enjoyments it wanted; Britain, the surplus country, has gained trade credits while giving up the enjoyments that Australia acquired. So, as it stands, in economic capitalism only Australia has gained *so far*; but, from the merchant capitalism viewpoint, Britain (with its trade surplus) is the winner, and Australia (with its trade deficit) is the loser.

In the late nineteenth century, some writers shortened the name 'merchant capitalism' to 'mercantilism'.[4] It was known by economic writers of the late eighteenth and the nineteenth century – writers such as Adam Smith and Thomas Malthus – as the 'mercantile system' or the 'commercial system'.

To economists[5], merchant capitalism is an irrational nonsense. (But it is how international capitalism has worked in much of the past. In that era, the preferred form of payment was 'gold' or 'silver'. Thus, rather than acquiring 'trade credits' from Australia, a mercantilist Britain would prefer actual gold – or promises to pay gold; gold that Australia had either physically mined, or previously received as payment from some other country, say, Denmark. Further, in the historical era of merchant capitalism, countries didn't just trade for gold; they would steal it, through piracy or conquest.) Essentially – though they wouldn't have put it this way – mercantilist nations were pursuing policies of perpetual enjoyment deficits, given that 'enjoyment deficit' is simply another name for a 'trade surplus'.

The Global Capitalist Economy

Households and four types of real organisation, instead of 'countries' (which serves above as an abstract 'catch-all' player): firms, governments, charities and financial intermediaries ('banks').

The economic pie represents the annual 'output' of consumables and machinery. Consumables give enjoyment directly, and machinery promises more future enjoyment.

Three appearances of each pie: output, income, spending.

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[4] https://www.collinsdictionary.com/dictionary/english/mercantilism

[5] Or at least to economists wearing their 'economist hats', ie assuming their professional role as economists. Economists are human, however, and, like all humans, they also wear other hats. Isaac Newton was a famous 'scientist', who was also an 'alchemist'. And these were just two of his hats. To understand his life, it is necessary to appreciate the interplay between the different hats that he wore.

The global economy – Chapter 3 – gives the understandings necessary to see the faults of present-day capitalism, how mercantilist thought processes reinforce these faults, and how remedies are not technically difficult to achieve. Indeed, by developing an appreciation of democracy as the driving force of sustainable capitalism – by using democratic accounting processes – the solutions 'fall into our lap', so to speak.

Before we can do this, we need to note the second intellectual impediment to the achievement of democratic capitalism. That impediment is 'economic liberalism'. Indeed 'neoliberalism' is to 'economic liberalism' what 'neomercantilism' is to 'merchant capitalism'.

Liberalism – Economic Liberalism

The liberal mindset, with its emphasis on private property, scepticism towards of public institutions, and a monetarist obsession with (and simplification of) inflation.

Democracy

The political *and economic* 'rights' of the people in a system of 'people-rule'.

People – all adults – are 'principals' rather than 'property'. As principals, they are beneficiaries, just as company equity-holders are beneficiaries.

Public Equity

The economic part – so far, unfulfilled – of democracy. Follows capitalist principles of ownership and ownership rights.

Addresses the unsustainable income distribution rules that arise mainly from economic liberalism (emphasis on private property income rights), and also from mercantilism's accounting illogicalities, such as treating market employment as a benefit, something to be maximised rather than a cost to optimised.

Public property rights.

Public Debt

Role of government deficits – and debt as accumulated deficits – in the context of the need for a financial renegotiation of income maldistribution.

Growth, Productivity, Sustainability, and Population

High – even growing – living standards (enjoyment) do not require annual increases in the market output of consumables and machinery (the output pie). Growth in output today – and in the need to pressurise potential buyers of consumables – is a necessary requirement when the existing income distribution rules otherwise deny too many people even a subsistence-level income.

Productivity – rather than output – is a measure of living standards. But present income distribution rules prevent people from taking productivity gains in any form other than output growth. This forces us to lead high-footprint lives, of high market-intensity enjoyment.

Sustainability is about switching to lower-footprint living, and to adopting a 'circular' human ecology that better reflects natural ecology.

The discussion so far essentially assumes population stability.

Population growth, per simple principle, requires economic growth to maintain enjoyment levels. We know how to manage population growth – it's a matter of adopting the same principled and sustainable income distribution rules already alluded to. But, rising populations can at times, actually help to bring about more sustainable outcomes. In particular, with higher populations we may value our commons and our 'sinks' more highly, and move away from unsustainable (and profligate) living modes as perceived entitlements.

Downsizing

In economic capitalism, it is the people who choose. Thus, people should be able to choose to move to lower market-intensity enjoyments; rising or stable productivity with reduced market output, and hence reduced market employment.

An income distribution system based on public equity as well as on market forces is a prerequisite to making this kind of sustainable choice possible. It is the logical development of capitalism for production to become less labour-intensive and more capital-intensive.

As market production becomes less labour-intensive, then it becomes more intensive in public capital as well as in privately-owned capital. It means that rates of what today we call income tax must rise, and that income from that source must also rise in proportion to total distributed income.