

CAPITALISM: WHY WE SHOULD SCRAP IT

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For related materials see
The Simpler Way; <https://thesimplerway.info/>

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Chapter 1.

INTRODUCTION.

Australia might be the best place in the world to live. Most would be likely to say that in general its economic system is pretty good and certainly better than any alternative that could be suggested. But the system has some major problems and faults causing large numbers of its people to experience much less desirable living conditions than they could have. More importantly, it is generating such huge problems for the planet that it could very well trigger a catastrophic global breakdown in the next few decades. This book is intended to make clear how the main source of these lifestyle and planetary problems is the kind of economic system we have, and that there is a very strong case for scrapping it.

The book's first concern is the economic system's undesirable effects on the personal everyday experience of people in rich countries such as Australia. It makes life for most of us much more of a struggle than is necessary, and treats many people at the bottom of the heap badly ... while it greatly enriches the rich. This kind of economy inevitably works more in the interests of the rich than in the interests of the rest of us.

But the second area is much more important. Chapter 3 shows that the present economy is generating most if not all of our major global problems and accelerating us towards catastrophic breakdown. It is causing resource depletion, environmental destruction, extreme inequality, wars over access to resources and markets, loss of social cohesion, and it is preventing people in low-income countries from getting a fair share of the world's resources. It condemns more than half the world's people to deprived and struggling lives when this would not happen if the global economy was not gearing their economies to the benefit of the world's few rich nations and people.

The main fault in the economy is that it is a growth system; it must have ever-increasing amounts of production, sales, consumption and GDP. But the planet is already well past sustainable global levels of resource consumption and ecological impact. There are far too few resources left for all the world's people to rise to anything like the consumption rates and "living standards" people in rich countries average today. We cannot get to a sustainable and just world unless the per capita levels of production and consumption in rich countries are dramatically reduced.

The second major fault is that this economy allows market forces and the profit motive to determine who gets things and what is developed, and this mechanism always delivers most to the richer people who can pay more, while it ignores need.

Many analysts argue in detail that these problems will lead us to terminal global breakdown within decades, and that these trends cannot be reversed unless we shift to a very different kind of economic system.

The common reaction to this “limits to growth” case is that economic growth can be “decoupled” from resource demand so that technical advance will make possible continued growth despite dwindling resources. This is incorrect. There are now many studies showing that this technical-fix faith is seriously mistaken.

The rather long Chapter 3 goes into many aspects of a capitalist economy, pointing to difficulties and faults. But is there any realistic alternative? Most people would say there isn't. This book's main task is to explain convincingly that there is.

Is the alternative “Socialism”? You will be a) relieved to hear that the answer argued below in Chapter 10 is no, b) but dismayed to hear that the answer is ... Anarchism. But it's best not to discuss in these very ambiguous and confusing terms. Just be reassured that the solution is a form of thoroughly participatory democracy whereby most of us live in fairly small communities which run their highly self-sufficient local economies to provide sufficient goods and services for all to enjoy a high quality of life. The crucial element must be much simpler lifestyles and systems, because only in such communities can the per capita resource and ecological impacts be got right down to sustainable levels. Lifestyles will have to be materially frugal, but they will be entirely sufficient and there will be major quality of life benefits. There will be no need for deprivation or hardship, and we could actually increase resources going into high tech R and D, modern medicine etc. Chapter 10 details the case.

The important point here is that although it must be an economic system in which what is done is not decided mainly by those with capital investing in what will maximize their profits, this does not mean it has to be run by an authoritarian centralized Socialist state, or even a benign state of the kind the Scandinavians have. Chapter 10 explains that most economic decisions will (have to) be made by town assemblies in which everyone has a say and a vote. Centralised states cannot run these communities satisfactorily. There will still be some functions for centralized agencies, such as coordinating telecommunications, railways, legal systems etc., but they will not have that much to do, and eventually they will be under the control of the local assemblies. So you need not fear big-state or nanny-state Socialism.

The argument will be that the present predominantly capitalist economic system is not reformable; it cannot be fixed. The problems it is generating are due to essential defining mechanisms built into its foundations and if we removed these it would no longer be a capitalist economy. Thus the goal has to be shifting to a quite different system. However it is important to recognize that the present economy has important merits; it does various things very effectively, such as get rid of inefficient firms, cut costs, and encourage innovation. These merits will be discussed with a view to explaining how we could have these benefits in a system which doesn't have the faults this one has.

It is pretty obvious that most people would not at first sight agree with this claim that the system has to be replaced, because there isn't widespread serious discontent with it or demand to replace it. This book's first purpose is to argue that most people don't realize how unsatisfactory capitalism is. Their complacency is largely due to the fact that the system is good at delivering lots of goods and services to us in rich countries. Unfortunately few realize that their consumption, comfort, leisure and security would not be possible if they were not getting far more than their fair share of the world's scarce resources.

The book's intent is to offer a quiet, polite and rational case for consideration, especially by those who do not initially agree with it, in an attempt to persuade sensible thinking people to its critical view. It is not an angry polemical rant. Unfortunately much of the literature against capitalism is only read and agreed with by people who are against capitalism. The concern here is to put forward considerations, reasoning and evidence that will persuade people who are not initially opposed to capitalism to agree that we urgently need to replace it. It is not addressed to economists or experts; it is for "ordinary people" and especially teenagers and students. And I believe that it is the best critical analysis you will find. The literature against capitalism is voluminous but mostly turgid, cranky, and not very convincing.

Finally, it will be argued that the system can be replaced in a non-violent way, and without a powerful centralised state forcing the change through. Indeed, it will be argued that the only way we can get to an alternative economy that enables a sustainable, just and nice world is if it is built voluntarily and willingly by ordinary people who have come to see the need for it. The good news is that a shift in awareness of the required kind is now underway around the world and there are many practical grass-roots movements working on building the new systems we need.

Chapter 2:

THE UNDESIRABLE IMPACTS ON OUR QUALITY OF LIFE

This Chapter deals with the undesirable ways a basically capitalist economy impacts on the personal lifestyles of people in the richest countries such as Australia. These issues are not as significant as those regarding the fate of the planet taken up in the next Chapter, but it will be argued that this economic system imposes heavy costs on our welfare and quality of life. Unfortunately most people seem to take it for granted that life inevitably must involve a lot of drudgery, hard work, struggle, insecurity and stress, without realizing that most of this is inflicted by the kind of economic system we have or seeing that we could have a system that eliminated most if not all of these burdens.

The unequal distribution of benefits.

Consider the paradox that this economy creates vast and ever-increasing amounts of wealth but most people struggle to get by, and see little or no improvement in their capacity to pay their bills as the years go by. This is mainly because the wealth created is increasingly flowing to the richest few. (Chapter 4 discusses inequality and the way a capitalist economy inevitably accelerates it.) The top social policy concern is not how can we reduce struggle, how can we provide comfortable, secure and satisfying lives to all with a minimal or no amount of struggle ... it is how can we increase the GDP as fast as possible?

Work.

This economy makes us work far longer and harder than would be the case in a more satisfactory system. This is largely because the cost of living and especially the cost of housing is so high. The debt that has been taken on by Australian households in order to cope is now about the highest in the world. Many households need two incomes to survive, and most of them would probably say it's still a struggle to pay the bills. National income has been doubling about every 25 years, but for many and possibly most people it is increasingly difficult to get by. For instance a few decades ago a single income was all the household needed, tertiary education was free, and that one income could pay off a house.

Because the very rich have been increasingly able to take more of the national wealth created, that wealth has not gone into reducing the hours ordinary people must work. In the more or less richest country in the world, the USA, national wealth has more than doubled in the last three decades but the real wages taken home by most workers have not increased at all. That increase in output could have gone into reducing the hours people have to work but it has not.

It will be argued in Chapter 10 that in a sensible economy most of us might need to work for money only about two days a week or less. This is because we would be living simply, for instance in very low cost, small and humble housing, within highly self-sufficient communities organised to provide a lot of free food and services via community cooperatives, working-bees and rosters. Yet we have an economy in which there must be constant effort to increase work and production. The Liberals won a recent election on the slogan “Jobs. Jobs. Jobs.”

In addition to the long hours, many and probably most of us have to do work that is not enjoyable or meaningful or in any sense “fulfilling”, especially for the many in low-paying jobs. Many who would say they have a “good” job spend eight hours a day doing the same limited thing which adds nothing to their enjoyment of life or their personal growth, and they must spend another two or more hours getting to work and back. In the kind of economy argued for in Chapter 10 we would make sure that just about all work was enjoyable (... and if some of it wasn't we'd all do our fair share of it no matter how important anyone thought he or she was.) And because the economy would be mostly localized not globalized, we would not need to spend much time getting to work ... on our bicycles. (More issues to do with work are considered in Chapter 4.)

Unemployment.

One of the most disturbing yet little-recognized faults in this economic system is that it involves unemployment. It makes work precarious. You fear that you might not be able to get any. This inflicts great psychological and financial hardship on very large numbers of people. But unemployment is totally unnecessary. In a good economy a top priority would be to ensure that all who wanted work could have a share of the work that needed doing. It would be easy to design an economy that did this, just by organizing to make sure everyone who wants work can do something useful and valuable for society. The administration costs would be far less than the unemployment payments now made, and we would not be wasting all the idle productive capacity, or inflicting the psychological costs on people.

So why is there unemployment? The answer is that in capitalist society labour is treated as a commodity to be bought and sold in a market. It is like bricks or timber, an input to production that an owner of capital can buy and use to produce things, but that can be left idle if using it would not make a profit. Money, land and labour are things that should not be treated as commodities. Labour is people who need work and incomes. It is alright to leave a brick idle but it's not alright to leave a person without work or income. In capitalist society there is great pressure on people to find owners of capital willing to use their labour, and pressure to accept the conditions offered, including pay rates. If no capitalist thinks he can make money hiring them then it's alright for them to be cast into miserable conditions. This is brutal and barbaric. Whose interests does it serve ... the owners of capital or the rest of us?

There are economic systems in which this is not the arrangement. Your household is an economic system. It involves work, production and consumption

and distribution and development decisions, but none of these are made with a view to making profits. No one has to compete for jobs. It is a cooperative system. No one seeks to get rich and be able to avoid work because they have investment income. Goods such as dinners and clean clothes are produced and allocated but not sold. When we ask how well it is functioning we do not think about its GDP. People in your household economy do a lot of work without expecting any payment. No one is dumped into unemployment. Thus, it is an economic system that is totally different from the one outside the household. The overriding driving principle is not to make money but to maximize the welfare of all family members. But the economy outside the household does not operate on such principles.

In a capitalist society much and probably most work is unpleasant. It suits the factory owner to have many people repetitively doing limited tasks that do not involve much skill or pay, and he has little or no reason to make the work enjoyable. Few if any workers would do these jobs if they had any choice, so a major incentive is the threat of unemployment. As Socialists say, unemployment “disciplines the reserve army.”

And the robots are coming. Their role is to replace workers with machines. In a sensible society they would be an unmixed blessing, because they would mean less work needed to be done by humans. But in this society the benefit of putting in a robot goes to the owner of the factory, and it is no consolation to the displaced workers that the machine results in cheaper goods...which they are less able to buy than before. This is another example of how this economy typically works in the interests of richer people rather than of the rest. It enables those with capital to get most of the benefit of automation. A satisfactory economic system would make sure that the benefits of automation went to all people, by enabling production of the things we all need while spreading the reduced work across all wanting work.

Housing.

The Australian economy produces a lot of wealth, but it is very difficult to get a house to live in, young people are finding it more difficult than their parents did, many have no hope of ever owning a house, and most distressing of all, many people are homeless. One of the main reasons we have to work so hard is that it costs so much to get a house. In a sensible economy it would cost very little, because a high priority would be to build small and cheap housing for all who need it. Chapter 10 will explain how you could build yourself a humble but perfectly sufficient, and beautiful, small house for well under \$20,000. In fact you could build a cute mud brick tiny house, perfect for young couples, for maybe under \$5,000. For the costing see [TSW: Housing](#). (An experienced builder would guide you, and you could pay him in labour.) But in Sydney in 2020 the lowest cost of building a house was over \$150,000. To build the average house would cost you around \$320,000. (Delahunty, 2019.), meaning that by the time you have paid the interest on the loan, and the tax on the amount you have to earn to pay off the house loan plus interest, you have had to earn around \$600,000! (...for the house, not including the land.) This is delightful for people who own capital; it forces you to borrow a lot from them to get your house and then spend

decades working to pay it back plus interest. It also means that large numbers of people can't get a housing loan and are forced to rent, so they have to pay even more over their lifetime for housing, and it means many end up homeless.

In this economy you cannot buy a very low-cost but perfectly adequate and sufficient house; because they are not produced. Why not? Because in a market system house builders make much more profit building big and expensive houses for those who can afford them. So the housing industry in this economic system sets most of us up with a huge and decades-long amount of work, debt, worry and insecurity. What if interest rates rise? What if you lose your job, or have an accident and can't work? The bank will "buy" you out...at a low price you will have little scope to haggle about.

In this economy houses are not regarded as things to be made available to everyone who needs one as cheaply as possible. Houses are commodities, and their price is allowed to be determined not by the cost of building them but by how much they can be sold for. It is no surprise therefore that as people with more money compete to get houses the prices rise and the builders shift to building only expensive houses they know they can sell to richer people. They aren't going to maximize profits building small as-cheap-as-possible houses are they? And investors and banks find lucrative opportunities in speculating on rising house prices as people with higher incomes compete to secure one.

This illustrates one of the main themes running through this book; that is, the power and undesirability of the market system. Many things like housing could be provided to all at low cost but they are allowed to be treated as commodities that go to those who can pay most for them in the market system, which means that humble, cheap but sufficient housing is not built. The American health system shows what this leads to; excellent but extremely expensive care for the very rich along with very poor care for most people and no health insurance at all for millions. In a good society the market might have a significant role but it would not be allowed to be a major determinant of what is produced and who gets it or of what is developed. (Detailed in Chapter 10.)

Insecurity.

This economy makes most of us worry about security, in several fields. This contributes to what is now likely to be our most prevalent illness syndrome, which is to do with depression, stress and anxiety. We worry about losing our job and then possibly losing our home because we can't keep up the payments, about falling into poverty, not being able to provide for our old age, and about physical security in urban environments. In the US having an accident or becoming ill can mean financial ruin.

Similarly in this economy many services that a good society would guarantee to everyone, such as good health care and satisfactory provision for care in old age, are commodities for sale at maximum price. Consequently, high quality care is available for richer people but many have to worry about what will happen to them if they become ill or when they grow old.

Note how the above concerns exist primarily because in this economy individuals have to pay for their housing, health care and aged care out of their individual incomes, and have to buy such things mainly from corporations seeking to maximize their profits. We do not guarantee and provide sufficient incomes, housing, health and aged care etc. to all, paid for by taxation if necessary... which is what we do for roads, police, railways etc.

In a good family we all look after each other and make sure worries about security are minimized or eliminated. A good society would do the same. To say the least that is not a priority in this economic system. Most of the increase in wealth produced, evident in a rising GDP, goes to the rich few and not into making things like aged care more available for all, or helping neighbourhoods to be more interactive, communal and mutually supportive.

The undesirable cultural effects.

Chapter 3 deals at some length with the undesirable social, moral and spiritual effects of a capitalist economy. It creates a social climate of competitive, acquisitive, selfish individualism. Because we have to compete in the market for jobs and incomes, and this is difficult and many do not fare very well, our focus has to be on our own and our family's welfare, not on the welfare of others or how our community can thrive and develop ways of cooperatively providing good lives for all.

Suburbs and neighbourhoods are little more than dormitories for isolated families and workers. Few people are there all day. There is negligible interaction, familiarity, community, bonding, provision of assistance, organized maintenance or productive activity, and little sense of social responsibility. People are passive consumers and produce little or nothing for themselves and engage in few if any functions that might create social bonding let alone community resilience or capacity to provide. Citizenship means little more than obedience to law.

The irony is that when people come home from work they go inside and watch a screen for several hours, time which could have been devoted to community interactions and activities that maintained a rich local culture and replaced the screen watching with more rewarding leisure activities.

The media compound the problem, being the dominant source of information and ideas, being preoccupied with trivial entertainment as well as concerned primarily with increasing passive consumption.

Because so many in the "precarariat" struggle and many are dumped into "exclusion" many turn to behaviour that is socially and personally disruptive, such as drug abuse and crime. Over 55,000 cars are stolen every year in Australia, and there are probably twice as many home burglaries. How many would there be if everyone had a guaranteed minimum income and a worthwhile job in a vibrant local community? And this impoverished cultural climate contributes to the incidence of depression, stress, anxiety, alcoholism, boredom, family violence and racial conflicts, ...and the need for the vast police, court, prison and "welfare" expenditures.

Above all is the ethos, the climate of selfish individualistic struggle in a predatory winner-take-all situation. You have to focus on your own welfare, you must compete against others to get the jobs and income and housing etc. you want, knowing that there will not be much help if you can't cope. You have to be suspicious of others out to disadvantage you, such as advertisers who routinely deceive, and people tempted to cheat you because they too are struggling to get by. The context is not characterized primarily by concern for the welfare of all, looking after the least able, cooperation, support, community, desire to see all thrive and to contribute to the public good. Many Eco-villagers live in communities where these are the dominant values and members are very conscious that such an atmosphere is the major factor in their high quality of life. They can be proud of how caring their communities are; most of us back in the mainstream can't be.

Conclusions.

Australia is very rich, technically sophisticated, and innovative ...shouldn't we be aspiring to a much more satisfactory state of affairs, to arrangements which enable people to have nice lives without all that work, struggle, worry, insecurity, poverty and mental un-wellness? Why don't we have such a situation? The answer is because we have a basically capitalist economy. It is not driven by a determination to build a nice, secure and equitable society; it is driven by determination to maximize profits. Is there no better way?

Chapter 3.

THE GLOBAL EFFECTS ... THE DESTRUCTION OF THE PLANET

There are far more important considerations than our personal life experience. The economic system we have is damaging the planet and leading all of us towards a catastrophic biological and social breakdown that is likely to impact within decades. The fundamental cause is the fact that the levels of production and consumption and thus resource use in rich countries are far beyond those that can be sustained for much longer or extended to all the world's people. Yet we have an economic system that cannot take us in any other direction. Capitalism is about maximising the amount of production for sale and constantly increasing it.

We cannot solve the alarming global problems confronting us if we continue to be committed to affluent-consumer lifestyles in economies driven by market forces and economic growth. For decades the argument for this “limits to growth” analysis of our situation has been overwhelmingly convincing, but it has been almost impossible to get people or governments to attend to it.

The way of life we have in rich countries involves average per capita rates of resource consumption that are probably ten times too high. (See below.) There is no possibility of the “living standards” of all people on earth ever rising to rich-world per capita levels of consumption of energy, minerals, timber, water, food, phosphorous etc. These rates of consumption are generating most of the alarming global problems now threatening our survival, including resource depletion, environmental destruction, the deprivation of billions in the low-income countries, resource wars and deteriorating social cohesion and quality of life.

Most people have no idea of the magnitude of the overshoot, of how far we are beyond a sustainable levels of resource use and environmental impact. Here is an indication of the reasoning. (For the detailed derivation see Trainer 2021a.) “Footprint analysis” indicates that the amount of productive land required to provide one person in Australia with food, water, energy and settlement area is about 6 - 8 ha. So if 9 billion people were to live as Australians do perhaps 72 billion ha of productive land would be required. However, if we were to leave one-third of the productive land on the planet to nature, the rest left for us to use would total only in the region of 8 billion ha. In other words, our rich-world per capita footprint is about nine times as big as it would ever be possible for all people to have. (For a long discussion of the limits to growth issue see [TSW: The Limits to Growth](#)).

Figures for some other items indicate worse ratios. For instance, the top ten iron ore and bauxite consuming nations have per capita use rates that are around 14

times the rates of the bottom 80 nations. (Wiedmann, Schandel and Moran, 2014.) Mineral ore grades are falling; all people could not rise to present rich world levels of mineral use. The same case can be made with respect to just about all other resources and ecosystem services, such as agricultural land, fertilizers, forests, fisheries, water and biomass.

These figures make glaringly obvious the impossibility of all people ever having the "living standards" we have taken for granted in rich countries like Australia. We are not just a little beyond sustainable levels of resource demand and ecological impact – we are far beyond sustainable levels. Again, few people seem to grasp the magnitude of the overshoot. We must face up to dramatic reductions in our present per capita levels of production and consumption.

But why think in terms of all people rising to rich-world levels? Even if we ignore the moral problem that would be set by assuming that the present rich few should go on consuming far more than their fair share of world resources, how secure would your future be if the presently highly unequal access to resources got even worse? Do you think this won't lead to trouble? We have taught the world's poorer peoples that progress is achieving materially higher "living standards" and GDP, so what happens when they realize that this is not possible for them? And what happens when their systems are collapsing because of deterioration in resource availability and price rises etc? Are you ready to deal with the resulting civil wars and refugees from failed states containing billions of people?

In any case all the world's nations are determined to rise to the "living standards" and levels of GDP that the few rich ones have, so whether you like it or not you had better think about whether that is possible, about the above reasons for concluding that it is not, and what we should do about it. You are going to have to cope with the resource and ecological effects of 10 billion people trying to live as affluently as average Australians do at present.

Now add the growth commitment.

The main worry is not the present level of resource use and ecological impact discussed above, it is the level we will rise to given the obsession with constantly increasing the amount of production. If we assume a) a 3% p.a. economic growth, b) a population of 9.8 billion, c) all the world's people rising to the "living standards" we in the rich world would have in 2050 given 3% growth until then, the total volume of world economic output would be around 20 times as great as it is now, and doubling every 23 years thereafter.

So even though the present levels of production and consumption are grossly unsustainable the determination to have continual increase in income and economic output will multiply these towards absurdly impossible levels in coming decades. Increasing numbers of people are realising that growth is suicidal. There is now a global "Degrowth" movement.

But what about technical advance?

When confronted by global sustainability problems most people just assume that technical advance will solve them. They do not realise that the magnitude of the overshoot and the unsustainability rules this out.

The core “tech-fix” faith is that resource demand and environmental impacts can be “decoupled” from economic growth, i.e., that production and consumption can go on increasing while resource demand is sufficiently reduced. This is utterly implausible. How likely is it that the world’s amount of production could be multiplied by 20 while resource use and environmental impacts are reduced by say 50%, a factor 40 reduction? Reductions in impact per unit of output are achieved for some limited items, but there are many studies finding that overall decoupling of GDP growth from resource use is not being achieved and is not at all likely to be achieved. There have been many reviews that have come to this conclusion, such as those by Hickel and Kallis (2019), Parrique et al. (2019) and Haberl et al. (2020). These summarise the findings of hundreds of studies.

This means that we must face up to a dramatic reduction in the amount being produced and consumed. Technical advance, recycling, efficiency improvements etc. are not going to bring the resource demands and environmental impacts down anywhere near sufficiently.

Global problems should be seen in these “limits to growth” terms.

This “limits to growth” perspective is the essential base from which to understand why we have the most serious global problems facing us:

- Resources are being depleted fast. Mineral grades are deteriorating and costs are rising, conventional oil supply has peaked, fisheries and forests are being over-harvested, soils are being lost and poisoned by chemicals, and water scarcities are already causing major problems. Food scarcity is an increasing concern.
- The environmental problem is basically due to the fact that far too much producing and consuming is going on, taking too many resources from nature and dumping too many wastes back into nature. We are eliminating species mainly because we are taking so much habitat. The environmental problem cannot be solved in an economy that is geared to take ever-increasing amounts of resources to feed into ever-rising production, consumption, "living standards" and GDP.
- Poverty and underdevelopment in the low-income countries are inevitable if a few living in rich countries insist on taking far more of the world’s resources than all could have. The Third World can never develop to rich world ways, because there are far too few resources for that. Even worse, as Chapter 5 will explain, it has been developed into a situation in which its resources flow out to rich countries while the basic needs of billions of people go unmet.
- Conflict and war are inevitable if all aspire to rich world rates of consumption, and if rich countries insist on growth on a planet with limited resources. Rich countries must support repressive regimes willing to keep their economies to

the policies that enable our corporations to ship out cheap resources, put so much of their land into producing export crops, exploit their cheap labour etc. We must be ready to invade and run countries that threaten to follow policies contrary to our interests. Our rich world “living standards” could not be as high as they are if a great deal of repression and violence was not taking place, and rich countries contribute significantly to this. If we are determined to remain affluent we should remain heavily armed so that we can go on grabbing more than our fair share. (See Chapter 4.)

The role of market forces in generating the big global problems.

The above figures show the extreme inequality in access to the planet’s resource wealth. We in rich countries could not have anywhere near our present “living standards” if we were not taking far more than our fair share of world resources. Our per capita consumption of items such as petroleum is more than ten times that of the poorest half of the world’s people. The rich 1/5 of the world’s people are consuming around 3/4 of the resources produced. Many people get so little that at least 600 million are hungry and more than that number have dangerously dirty water to drink. Hundreds of millions live on \$5 per day or less. Why is there such gross economic injustice? Why do most people get far less than a fair share of world resources, especially when so many resources come from their lands?

This grotesque injustice is primarily due to the fact that the global economy is a capitalist economy and therefore operates on market principles and allows profit to determine what happens. In a market need is totally irrelevant and is ignored - -- things go mostly to those who are richer, because they can offer to pay more for them. Thus we in rich countries get almost all of the scarce oil and timber traded, while millions of people in desperate need get none. This explains why one third of the world’s grain is fed to animals in rich countries while hundreds of millions have insufficient food.

Even more importantly, the market system explains why Third World development is so very inappropriate to the needs of Third World people. What is developed is not what is needed; it is always what will make most profit for the few people with capital to invest. Thus land is put into development of export plantations and cosmetics factories but not into development of small farms and firms in which poor people could produce for themselves the basic goods they need. Many countries get almost no development at all because it does not suit anyone with capital to develop anything there, even though they have the land, water, talent and labour to produce most of the things they need for a simple but satisfactory quality of life. Chapter 5 elaborates on the way this economic system treats the perhaps 5 billion poorest people in the world. But the same market mechanism determines that perhaps a billion people in rich countries also remain poor and struggling, because it will not allocate to them a fair share of the available resources, jobs or wealth.

Conclusions on our situation.

These considerations of global sustainability and economic justice show that the big global problems cannot be solved in consumer-capitalist society. This

economy cannot be fixed. The problems are being caused by some of the fundamental structures and processes built into this economy. There is no possibility of having an ecologically sustainable, just, peaceful and morally satisfactory society if we allow growth, market forces and the profit motive to be the major determinants of what happens, or if we constantly seek economic growth and ever-higher “living standards”. The longer we have this economic system the more we will accelerate into a time of great troubles from which we might never recover. Many are now saying this, including many scientists and economists, such as Bardi 2011, Collins 2018, Duncan 2013, Korowicz 2012, Kunstler 2005, Mason 2003, Morgan 2012, Greer 2005 and Gilding, 2011.)

Chapter 4.

BUT WHAT IS CAPITALISM? CHARACTERISTICS, DYNAMICS, CONTRADICTIONS, TRAJECTORY

Capitalism is a unique, surprising and remarkable system. For millions of years humans have engaged in economic activity but not within a capitalist form of economy. Then around 1400 -1500 AD it suddenly burst onto the scene. Historians still debate why it emerged but there is considerable agreement that it was a totally new system. Previously during the long medieval period there had been more or less stable traditional arrangements whereby surplus produce and labour flowed routinely from peasants to the lords, via procedures which did not involve markets, profits, wages, entrepreneurs, innovation, money, interest payments or investment. The most plausible explanation of the change seems to be in terms of the development of conditions, including reduction in farm labour due to the plague, which pushed the land-owning lords into obliging richer tenants to compete for licences to plots according to their capacities to produce surpluses. (This is argued by Brenner and Meeksins-Wood: see Alston and Philpin, 1985, and Meeksins-Wood, 2002.) Thus came the role of competition, pressure to invest in increasing productivity, and market forces. Previously kings, lords and merchants accumulated wealth to spend, not to reinvest in order to increase their productive efficiency and drive competitors out of the market.

Following are the essential characteristics of capitalism.

- A relatively few people own most of the capital, including factories, productive land and money.
- The owners of capital invest it in producing goods and services to sell.
- These are sold in a market, where there is competition between producers, and the most "efficient" producers win most sales.
- Thus there is deadly competition between capitalists to survive in the market. This drives a constant quest for innovation and greater efficiency, maximizing profit, and reinvestment of surpluses.
- Everyone in capitalist society is dependent on the capitalist investment system; it is more or less impossible to live outside it providing for your family or group in other ways. People have to sell labour to someone who owns capital, to get a wage that enables necessities to be acquired.

- Labour, land and money are treated as commodities, i.e., things that can be bought and sold in a market. Money can be “hired”, that is borrowed, to be paid back with interest.
- The economy is driven by the quest by the owners of capital for maximum profit. It is not driven by considerations of morality, justice, need, ecological sustainability, welfare, social cohesion or what is needed. They invest in what will most benefit themselves. It is not the case that the industries a society develops or the way goods are distributed are decided by society considering what it needs.

In the real world no economy functions purely according to these principles. Governments always to some extent intervene and regulate and provide various goods and services. But they typically do so in order to facilitate the capitalist system, and to save it from itself by correcting its socially destructive tendencies.

Let's now look critically at some of these elements, beginning with three most important ones that have been introduced above.

Production for profit not need.

This is the fundamental defining principle of capitalism and the most serious criticism of it. A sensible society would make sure that its capacity to produce things was geared to meeting its needs, and would apply that capacity first to its most urgent needs. But this is not what happens in a capitalist economy. The only consideration on the part of those who own the productive capital and who are therefore either rich or very rich is what applications of the capital will add most to their wealth. Always the answer is producing something people with more money to spend will buy. The answer is never producing what is most urgently needed by people, the environment or society. As a result vast productive capacities, factories, minerals, land, forests, etc. go into producing vast quantities of unnecessary throwaway trivia and building cruise ships and too-big houses and luxury cars, while large numbers of people remain poor and unemployed and suffer difficult conditions. Governments are left to deal in a grudging and miserly way with the neglected needs, and the damage to lives and ecosystems.

The growth commitment.

Little more needs to be said on this topic. Limitless growth on a planet with limited resources will lead to trouble, and there is abundant documentation that we have gone far past the point where it begins to do so. A sensible economy would provide that stable and low amount of output enabling all to have sufficient goods and services for a secure, relaxed, stress-free and satisfying life. A capitalist economy cannot do this. It pits those owning most of the capital in mortal competition against each other to produce and sell more and more. As Marx pointed out long ago, this is not the fault of those who own capital: it is a fundamental characteristic of, and fault within, this kind of economy. It is not an element in a household or aboriginal or medieval town economy. The capitalist is as trapped as the worker; he must constantly strive to produce and sell more, more efficiently, to beat the competitors trying to kill him off.

The central role of the market.

The third major fault in this economic system is that it allows market forces to be the major determinant of what happens in the economy. But as noted above, what is done should be determined by rational and democratic discussion of problems and needs according to considerations of morality, justice, environmental sustainability, social cohesion and what's good for people. Markets totally ignore all these factors; what they always do is allocate scarce and valuable things to richer people and nations ... simply because those bidders can pay more for them. And market forces always produce development that is primarily in the interests of the rich. When an investor is looking for the most profitable venture in Guatemala he is not going to set up a plantation to grow food for impoverished peasants; he is going to look for ventures that provide luxuries for richer local or overseas consumers. Not only does that do little to meet urgent local needs, it draws local resources such as land and labour into producing things to go to rich people overseas.

There are many more important considerations that should be taken into account in economic decisions than merely the monetary costs and benefits, but those are all that the market takes into account. Making the market the only consideration is delightful for the owners of capital because it allows them to ignore all the social, psychological and ecological costs involved in their investment and productive activities.

On the recommendation of the IMF Bolivia sold off its water supply system to private corporations, who immediately raised the price and cut off delivery to poor areas where good profits could not be made.

Wikipedia, 2021.

Two giant corporations own 90% of Chilean water supply. People in Chile pay the highest water rates in Latin America. The President is auctioning off 38 rivers to transnational corporations. Around 67% of the population live in "water emergency" areas.

CIVICUS, 2020.

When the water supply had been privatised " ... prices immediately tripled. Locals were not even allowed to collect rainwater. They were expected to pay for every drop of water they used."

Driver, 2021.

Thus, in a market system the poor don't get much, Third World countries with nothing else to export have to compete against all the others to offer low prices for their exports, their "development" is mainly development of industries to produce goods the world's rich want, and their governments have to minimise expenditure on needs so that they can build the infrastructures the exporters want. And if the market is the main determinant of who gets things and what industries are developed inequality inevitably increases. Those who are richer in the first place have greater "effective demand" and thus producers attend to their wants. Thus owners of capital can make more money than they would if they had to invest in the most needed activities, and they are able to buy up more assets such as housing and rent them out, again getting richer. Ordinary and poor people can do little or none of this. The astounding levels of inequality which inevitably result are discussed below.

A fundamental claim made by defenders of the market system is that the economy does not need to be regulated because if it is left alone it will “self-regulate”. The “hidden hand of the market” which Adam Smith drew attention to is claimed to automatically make things work out best because it rewards “factors of production” according to the value of their contributions. This doctrine is hardly worth discussion in view of the above explanation of how the hidden hand has such a powerful tendency to deliver wealth to the already rich. (Adam Smith said it would only work well if guided by good moral values, but this is confused; good values can only lead to good outcomes if there is regulation of market forces to prevent the market forces from operating normally.)

But what about the common claim that “...the market makes the most efficient allocations of resources and investment.” This is absurdly wrong. It is only true if “efficient” is defined merely in terms of the monetary return on sales or investment. If on the other hand we are concerned with using resources and capital to meet needs most effectively, or to do what is morally right, or to develop what is sensible, or best for the environment, then market forces are not only appallingly inefficient, they will almost always result in precisely the wrong outcome! Resource producers never sell vital resources to those in most need of them. Foreign investors in the Third World never develop industries to supply what most poor people need. Market forces never result in outcomes likely to preserve the environment.

Conventional economists, and most people in rich countries, think the market system is effective, but this is because it has had such desirable consequences...for them! What they overlook is the fact that they are rich. They are among the few in the world who win and take when markets determine production, distribution and development. The market system does work well ... for them. They have “effective demand”, i.e., the money to buy things. But there are three large groups who have no power to bid in the market and therefore will get nothing from it; the poor majority of people on the planet, all future generations, and all other species. Before you claim that the market works well ask those groups how well it works for them.

Conventional economic theory says these non-monetary factors and effects are “externalities”, not really aspects of economic functioning but side effects. This is grotesque and totally unacceptable. A theory that is supposed to account for what happens in production, consumption, distribution, exchange and development obviously should concern itself with all the effects of the system. Unemployment has massive psychological and social costs, but these are ignored because conventional economic theory only counts monetary costs. The environmental damage and costs are also ignored. Firms do not have to take them into account, or pay for them, and thus these costs can be left for someone else to pay. It is therefore a theory, a frame for analysis and decision making, which allows private firms to avoid massive costs of their activities.

This does not mean that the market can have no place in a good economy. It means that its role must be carefully and democratically decided in terms of what it is sensible to leave to it. It will be argued below that a great deal of minor decisions could be left to it, such as what kind of bicycles are produced. Most of the (small) firms and farms could (and I argue below should) be privately owned, because for quality of life reasons it is desirable that people be in control of their own little productive venture. But a) the big

industries and social services such as railways and steel works should be run by public agencies (under rigorous public scrutiny and accountability), and b) the activities of the small firms should be governed by strict guidelines designed to gear them to community benefit. (More detailed discussion in Chapter 10.)

The “freedom of enterprise”.

Endorsement of the market as the central mechanism is typically justified in terms of ensuring “freedom of enterprise”. The trouble is that there is far too much freedom...for rich people to do and to get what they want, and to get more than their fair share by being able to pay more in the market. It is not possible to have a satisfactory society unless many freedoms are limited or prevented, such as the freedom to drive on whichever side of the road you feel like today. There will always be many difficult choices over which freedoms to limit and how much, and it is easy to be too restrictive, but grappling with these issues is unavoidable and it is important that constant effort goes into improving the decision making systems.

The strong commitment to so-called “free trade” also shows how this obsession with freedom suits the rich, especially the corporations and consumers in rich countries. It ensures that they can get, that is buy up, most of the world’s resources, including especially those in poor countries, simply by paying more for them. Those resources should be going into developing simple basic industries to produce for the poor, but that could only happen if there was strong regulation of trade to limit or prevent many current practices. At present poor countries with little to export must compete against each other to win the export sales, thereby lowering the prices we in rich countries need to pay.

Similarly in the Neoliberal era governments have been eager to implement trade policies which let foreign corporations drive their own local producers out of business and dump large numbers of workers into unemployment, by reducing the regulation of trade which could protect their own industries and workers. Of course, protection can involve problems such as propping up inefficient producers, but support for local industries should be decided by reference to many factors in addition to minimizing monetary costs, such as maintaining national self-sufficiency and thus resilience, saving towns from decline, and maintaining the livelihoods and welfare of people.

It is the freedom that corporations and the rich few have to invest and trade as they wish that has generated the astronomical and ever-rising levels of inequality in the world. The solution is not primarily to redistribute their wealth by taxing or transferring some of it to the poor, it is to set up arrangements whereby they cannot accumulate so much in the first place, and to ensure that the resources and livelihoods they would otherwise take can be put into benefiting the rest of us. These measures should include making banks lend primarily to people and firms in need of capital (but presently unable to pay the interest rates) rather than to already super-rich investors, and hindering/preventing many lucrative ventures that further enrich the rich (e.g. investment in sports cars, cruise ships, luxury housing...) Above all the goal should be to stop the few giant corporations from taking all the opportunities to produce things; these should be spread across many little firms, giving enjoyable livelihoods to people now unemployed. (This is “Distributivism”, discussed below.) Obviously, such things cannot be done without interfering with the freedom of capital to go where it likes to do what it likes. Before the Neoliberal era many such limits

were in place, such as obliging Australian banks to set aside money to lend at limited interest rates for lower-cost housing.

You might want to argue that a corporation of rich individuals should be free to do what it likes with its own capital, but when capital is invested it draws our resources into producing something. Bill Gates' luxury house used up more than \$100 million worth of the planet's scarce cement, glass and energy. So the freedom involved here is a freedom to take more of the dwindling resource wealth that all the world's people have a claim on.

It should be said that the market mechanism has important merits and might have a significant role to play in a good society. It is acknowledged below that the market can be an extremely powerful motivator of effort, research, innovation, investment and restructuring. It can get rid of inefficient firms and reallocate resources quickly, with no arguments. Above all it removes the difficult decisions from the political sphere where favouritism, ideology and corruption can maintain undesirable arrangements. But we have to work out how to achieve these goals through other mechanisms and these will have to involve considerable social control, and they might involve considerable difficulties.

However there are two factors that will make the required social control much more viable than might have at first been thought. Firstly, the total economy (sketched in Chapter 10) will be far smaller than it is now and without growth, meaning there will be far less concern with establishing new firms or finding outlets for accumulated capital. Secondly, much and probably most of the economy will function on a not-for-profit basis, including for instance town co-operatives providing fish, fruit, poultry etc. Much of the economy will not involve any money, such as the free fruit from the commons and the free concerts and outings organized by the local leisure committee. Small firms in some sectors might be paid at rates the community sets to ensure secure and sufficient lifestyles for producers and low cost produce for townspeople. Add the non-existence of a growth imperative and there would be relatively little need for social control of the economy.

Privatisation.

As Neoliberal doctrine has become more dominant since the 1970s it has increasingly been taken for granted that in principle governments should not run firms because (it is assumed) they are more efficiently run by private enterprise. Consequently, there has been a huge transfer of operations such as water and power supply to private corporations. But there is an overwhelmingly strong case that in many important areas privatisation has been a huge mistake, yielding little or no public benefit, providing inferior and more costly services, and in many instances having to be reversed.

The evidence from many studies of firms that have been privatised does not show that in general their performance has improved; often it deteriorates as costs are cut, staff are dumped, prices hiked and profits siphoned out. Some kinds of enterprises are best left to private firms but governments can run many things quite well and can run some things far better than private firms. (See below.) The privatisations have mostly been of public utilities such as power supply where the goal should be to provide good service to all people even though this might be more costly in some regions or for some groups. Governments can decide that they should accept higher monetary costs for the

public good, whereas private corporations will try to reduce all costs to a minimum and cut services to costly areas. Given that the corporation's only interest is in maximising its profits it is not surprising that frequent outcomes of privatisation are higher prices and cutting provision to the bone. A good example is the privatising of water supply in Bolivia noted above; the corporations immediately raised the price to levels poor people could not afford, and actually ceased supplying the poorest regions.

There is a large literature documenting the grossly unsatisfactory history of privatisation in Australia. Menadue (2017) provides several examples. The NSW government sold Port Botany and Port Kembla to the same buyer, making competition between the two ports impossible. The result was increased rental charges of up to 400%. Australian airport services were privatized, and charges, e.g., for parking, skyrocketed. Menadue says, "The biggest failure of all in privatisation has of course been in electricity generation and distribution. Wholesale prices are now double what they were." Quiggin (2017) makes much the same point re power supply; the privatization of "... systems has delivered no benefits, while incurring huge costs rises." The recent privatization of the NSW Land Titles office illustrates the typical effect on charges for services; they rose by up to 1800%.

Health and aged care.

Perhaps the most disturbing fields illustrating the issue are to do with health and aged care. Private provision in these industries in Australia can be seen as a comical disaster. The public Medicare component of the health system has operating costs one third of those of the private health insurance firms. And this is despite the fact that the government pays \$12 billion of taxpayers' money each year as subsidies to prop up the private health insurance sector. Foote (2022) reports "... the big players in the Australian retirement village sector – Lendlease, Stockland and Mirvac – pay no income tax." Gittins, (2018) says, "Private health insurance is a con job.

Simms and Reid (2013) report that health care is typically much more expensive in countries with heavily privatised systems. By far the worst case is the US. For instance, in one year the US, with predominantly private health care, spent around \$7,000 per person on health while the UK National Health Scheme spent around half that sum, yet, judging by outcomes such as life expectancy at birth, the UK National Health System did just as well. The private health care arena provides abundant opportunities for inflating charges, for instance by doing more tests than are necessary, prescribing unnecessary and expensive drugs, imposing unsatisfactory insurance conditions, and enabling outrageous fees. Doctors and hospitals can refuse to treat someone or take on a costly chronic illness case unless the patient guarantees he can pay the fees. The US demonstrates the appalling result; vast flows of money to the corporate providers, Rolls-Royce care for the very rich, and very poor or no health care for the majority. Over 30 million Americans cannot afford health insurance and an accident or illness can ruin a family.

There is surely no Australian sector where skimping on provision and costs is more evident than with respect to aged care. Private aged care operators feed their old people on an average expenditure of \$6 a day. (Hugo et al., 2018.) Could you feed each person in your family well on that? It's far under half the average Australian household expenditure on food per person. (ABS 6530, 2020.) Discontent with the system is widespread and intense, evident in comment surrounding the recent aged care Royal Commission. For instance, the Doctor's Reform Society (2020) says the "...Royal Commission into Aged Care is deeply concerned about the appropriateness of market forces to deliver care to those needing Aged Care." ... "Nothing in this interim report suggests that a way forward is to privatise anything. Indeed, the report has clear concerns about 'the market'." In October 2017, the Carnell-Paterson review concluded that "... the market is an inadequate mechanism to ensure the safety and wellbeing of highly vulnerable residents".

West (2018) points out that, "In Australia's aged care sector, governments pick up some 70 per cent of the cost while private providers rake in the profits, often deploying aggressive tax avoidance schemes ... The six largest for-profit companies were given over \$2.17 billion in government subsidies in 2017, representing 72 per cent of their total revenue of more than \$3 billion." Buckley (2020) says that in the 2015-6 year the big four biggest aged care providers made over \$400 million in profit.

The comments of a previous federal health minister summarise the situation; "It was a mistake to privatise aged care. Private providers who operate for profit too often have scarce regard for the welfare or needs of older people." (Baume, 2020.) Bricknell, (2020) is another who says, "It is time to conclude that aged care should no longer be framed as a private market." Edgar (2020) agrees; "The overwhelming evidence is that the private-for-profit market model has not resulted in expected improvements – more competition, more choice, improved efficiency, improved access and so on. It is clear that aged care should no longer be framed as a private market."

The main way the private providers cut costs is by understaffing. Sutton (2021) reports, "Only 3.8% of Australian aged care homes would meet new mandatory minimum staffing standards..." Many of the covid deaths in aged care facilities have been due to too little staff.

An accountant's report for the royal commission into aged care found that ... for-profit aged care providers in the second-highest quartile had a profit margin of 16 per cent, compared with ... 4 per cent for state government providers in 2018. Return on equity was 12 per cent for non-profit providers and 72 per cent for for-profit providers. (Gittins, 2021.)

Superannuation.

The superannuation sector provides another glaring example of the inefficiency of a service run for profit. A recent survey found that not one of the forty best performing providers was run for profit. (Gruen, 2017.) The main reason why non-profit providers of superannuation services deliver more to their members is that

they are not siphoning off a large chunk of earnings to send to shareholders. This applies to all other areas; how much lower might your electricity bills be if your payments did not include dividends to investors in your power supplier? In 2006 Bolivia took pension funds into state control, saving \$500 million that was previously flowing out of privatised funds to investors. (Dowson, 2018.) Murry and Fritjers estimate that an astounding 27% of potential retirement savings are lost to Australian retirees through fees and other provisions. (Pp. 75, 212.) In Denmark and the Netherlands governments run the retirement systems at far lower cost to ordinary people.

Banking.

Another disturbing area is banking. In Chapter 10 it is explained that governments can “raise” all the capital they need without any interest cost. They can do this if the central bank is publicly owned, but the Australian Commonwealth Bank was privatized decades ago and now governments seek finance from private banks and investors ... and pay it back with interest. Simms and Reid (2013) note that this is much more expensive than when governments do the job and invest public funds; they can borrow more cheaply and have no incentive to add profitable scams to the cost of the project. They report that for 2011 the cost of capital under the heavily used private finance initiative was estimated to have added £20 billion to the taxpayers’ bill.

Total bank profits are now around \$40 billion each year, meaning that every year almost \$1,600 is flowing from each Australian to shareholders in private banks, when none would be if the banks were publicly owned utilities. (Murray and Fritjers 2022, p. 143.) That’s an incredible \$4,300 per household! Hudson is one of many who stress that “ ... Money and credit, land, public services and natural resources should be controlled by the government so that they can be provided at cost or on a subsidized basis, thereby lowering the cost of living and doing business.” This would also mean that society could decide what money is to be invested in, not banks focused on maximising their profits. Reference will be made below to the publicly owned Bank of North Dakota, which thrives largely because it does not pay anything to shareholders.

Child care.

The same pattern is evident with respect to child care. Bryant (2020) says “... we know that the for-profit sector generally delivers lower quality education care. Only 18% of for-profit providers reach the National Quality Standard, yet these providers are the beneficiaries of the \$8 billion in subsidies the government grants to the sector every year.” Menadue (2021b) concludes, “It is extraordinary that about 70% of our long-day care services are now run by for-profit operators when we know that the for-profit sector generally delivers lower quality education care.”

Technical and further education (TAFE).

The privatisation of provision of technical and further education in Australia has been another highly unsatisfactory chapter in the story. Many claim that it has not only been hugely damaging to the system but has involved a readiness to resort to blatant exploitation. Providers have strong incentives to generate courses of little value, enrol as many students as possible, often in courses they had little chance of completing, while skimping on costs. Simon (2020) says “To say that unscrupulous for-profit private providers have cost taxpayers \$7.5 billion vastly under-estimates what went on in this policy catastrophe.” Quiggin, (2016) notes how this could have been foreseen given that for-profit provision in the US has been a disaster area.

Criticisms.

Many studies and reviewers express general condemnation for the practice of privatisation. Here is a selection of general comments.

Chiu (2020) says, “There is growing evidence privatisation has not delivered better services or lower costs.” He quotes Rod Simms, head of Australian Competition and Consumer Commission, saying recent privatisations had “severely damaged” the economy, and that there is widespread “...recognition that the private sector does not inherently deliver better outcomes for the community than the public sector.”

Similarly, Ellen Brown (2016) says regarding the US, “... studies have found that on average, private contractors charge more than twice as much as the government would have paid federal workers for the same job. A 2011 report by the Brookings Institution found that “in practice [Private-Public-Partnerships] have been dogged by contract design problems, waste, and unrealistic expectations.” In their report Public Services International (PSIRU 2015) stated that “Experience over the last 15 years shows that PPPs are an expensive and inefficient way of financing infrastructure. ... Public-private partnerships are a good deal for investors but a bad deal for the public.”

Roberts (2018) says, “A global review of water, electricity, rail and telecoms by the World Bank in 2005 concluded, “ ... the econometric evidence on the relevance of ownership suggests that in general, there is no statistically significant difference between the efficiency performance of public and private operators” (See also Estache and Rossi 2005). Simms and Read (2013) say it’s worse than that; “The largest study of the efficiency of privatized companies looked at all European companies privatized during 1980-2009. It compared their performance with companies that remained public and with their own past performance as public companies. The result? The privatized companies performed worse than those that remained public and continued to do so for up to 10 years after privatization.” Godrej (2015) agrees.

The Centre for Full Employment and Equity (undated) concluded: “After 35 years of public sector retrenchment there is little evidence to support the repeated claim that outsourcing and privatisation would improve the quality and lower the cost of providing what were useful public services. “

Driver, (2021) says, “The US has one of the most privatised healthcare systems of any advanced nation, yet it is far more expensive than any other country’s, without noticeably better results. When the world’s steel industries were compared, the most efficient steel companies were found to be the government-owned businesses in South Korea and Taiwan.

West (2021a) says “...there is zero evidence that politicians ought to be selling off essential monopolies, assets which belong to all of us, at all. ... How about the privatisation of Australia’s nursing homes, the electricity grid, our city toll roads? Is it the elderly, the energy customers or the motorists who benefit? No, it is the fee-takers and financiers, every time.” “... an increasingly craven press, funded by corporations, has relentlessly pushed the line – against all evidence – that privatisation is efficient. ... It is bizarre that despite the blatant, irrefutable evidence that privatisations fail, we keep doing it.”

Note that much of this evidence is on efficiency defined narrowly in terms of monetary values, showing that even on mere dollar measures privatised service provision is in general no better. But most public firms are geared to achieving non-monetary goals as well, such as locating offices in areas needing jobs even though this increases monetary costs, of providing water and postage to all at a standard rate when charging more in some areas would raise income. Despite foregoing these many opportunities to maximise income, public provision is in general no less “efficient” in purely monetary terms. This is largely because they do not ship out large amounts of income to shareholders.

The British experience.

The mania for privatisation in Britain included British Airways, British Telecom, British Gas, British Rail, British Aerospace, Cable and Wireless, British Steel, British Petroleum (BP), Britoil, Rolls Royce, Jaguar, and water, council housing, coal, electricity, Tote betting, Northern Rock and other national banks, the Royal Mail, the probation services, roads, large sectors of education and the NHS (all of the dentistry sector), and sections of the police force. The total was over 40 previously state-owned businesses, mostly carried out by Thatcher. Over 92% of the net profit made by the privatised British Rail went to shareholders. The chairman of the electricity corporation was paid \$8 million per year. (Surin, 2022.)

Conclusions.

The privatisation issue shows that monetary “efficiency” is not the only factor that matters in an economy. Governments should retain control of many industries in order to achieve social goals, such as making sure all have access to satisfactory services like water supply, health care and low-cost pharmaceutical goods, locating outlets and branches in needy areas, keeping prices as low as possible, and in general making sure that important things are done. If governments give up their role in running firms they give away their capacity to determine the development of society. Revenue from public operations can be used to achieve non-monetary goals. In the Third World Neoliberal doctrine, especially via the Structural Adjustment Packages (see Chapter 6), forces governments to privatise and thus lose revenue that could have been used to strengthen communities. It

also makes them give up much of their power to even make development decisions, by insisting that it is undesirable for governments to own firms, that development should be left to market forces, and that governments should devote scarce funds to facilitating private ownership of firms. This means governments can't make sure national resources are devoted to developing what will meet national needs, and that corporations are left free to decide what will be developed and what those resources will be used for, and that they will make these decisions according to what maximises their profits.

Note how this reveals the absurdity of conventional economic theory which asserts that allowing profit maximisation in the market to determine everything results in what is best. A similar illustration comes from pharmaceutical R and D where the health problems affecting most people on earth are ignored while drug companies develop new hair-restorers, de-wrinkling creams and cough syrups to market in rich countries. Malaria is one of the most deadly diseases in the Third World, but drug companies have put little effort into researching anti-malarial drugs, because few people in rich countries suffer from malaria. Barrenho, Mirdo and Smit (2019) find that only about 1% of new drugs developed are relevant to Third World illnesses.

Because the top priority, usually the only consideration, for private firms is profit maximization the quality of the provision typically deteriorates when a public firm is privatised. Quality includes all the non-monetary outcomes the operation ought to be trying to maximise, such as how pleasant the retirement home experience is for old people, how good the diets are, how many staff are on hand, how often health checks are carried out, how many activities and outings are organized.

Similarly privatized prisons are not inclined to hire lots of teachers and psychologists to improve the chances that when released inmates will be respectable and contented citizens capable of securing a job.

Privatisation is a modern form of "enclosure", the process whereby European lands that had been used for centuries by peasants were taken by the aristocratic class. Both are processes whereby resources owned by all, the "commons", end up in the hands of a small group of rich people. The iron ore in the Pilbara and Sydney Kingsford Smith airport were once owned by Australians and operated for our benefit. But they are now owned by tiny groups of very rich people who are accumulating most of the wealth produced. Of the wealth earned by iron ore mining in Australia Gina Rinehart has taken \$30 billion and Twiggy Forrest has taken \$27 billion. (ABC, 2021.) Why on earth is that allowed? It is, or was, our iron ore. This is what happens when governments grant licences to corporations to build and then own or operate freeways, airports, mines, harbours, power stations etc. This simply gives away to shareholders vast amounts of money that the state could have kept. It might make some sense if private corporations could always do things better than public firms, but this is well known not to be the case. It is another illustration of the way government is set to do what suits the business class.

These cases also illustrate what happens when as Polanyi points out (see below) the economy is separated from the moral rules governing the rest of society. Economic activity becomes a realm in which social and moral considerations which should govern all our actions can be ignored, meaning that what's just or good for people or the environment need not be considered and all that matters are monetary costs and benefits. Polanyi points out that in medieval towns the moral code included rules such as "do not take advantage of another's misfortune", and this applied to all situations including economic transactions. But now that rule does not prevent someone pouncing on a bargain when a person in an emergency has to sell cheaply, or when a person does not realise a proposed transaction would be bad for them.

In a satisfactory economy many things might best be left to (carefully monitored) private firms operating in a market (see Chapter 11), but most major or important firms and industries should be publicly owned and controlled democratically (not by authoritarian states) so that non-monetary factors can determine their goals and conduct. It is then possible to ensure high quality and social benefit, if necessary at the cost of lower revenue. The state-owned NSW railways are obviously crucially important and of very high quality but they run at a large monetary loss.

Another highly unacceptable aspect is that when governments decide to sell off firms they first seek to make them attractive to buyers by removing the less profitable operations. So the buyers get the juicy bits and the state has to deal with the costly bits that are left, notably in the health sphere the care of chronically ill and poor people. In addition, governments tempt buyers by setting lucrative conditions such as reducing regulation, lowering taxes and prohibiting competition. (Menadue, 2017.) The sales make the government's next budget look good, but they dump higher costs on customers of the privatised firms for many years to come.

Similarly, the government saves money on infrastructure projects by allowing private corporations to build them and pay the costs, again looking good by getting things done, while shunting higher costs onto society in the long run. This is an increasing trend. Hudson (2021) says, "America doesn't build infrastructure these days unless it's monopolized." Often the deal for a toll road includes a guarantee that the government will not build roads that might draw drivers away from the toll road. In other words, if it becomes evident that such a new road is in the public interest, too bad.

Keep in mind that often government agencies develop new technologies...and give them to private corporations to sell for profit. "Covid vaccines are a classic example – taxpayers footed the bill to develop them but the results are now legally the intellectual property of Pfizer, Johnson & Johnson, etc. It's blatant theft. Even the internet that I'm using to write this essay was developed with public funding and then privatized." (This Bear 2021.)

Also consider the never-questioned implications of patent law here. When a firm develops a new drug it can be given a 20 year monopoly on its sale, meaning it can sell it at as high a price as it likes without any competition. But if the drug

firms were public institutions, as the admirable Australian Commonwealth Serum Laboratories used to be, prices could be minimised. Baker (2020) says, “When drugs are subject to generic competition, they can often sell for less than 1 percent of the patent-protected price. The private firm is not going to be better at developing drugs than the public firm, because the firm does not develop the drugs; that is done by the scientists who work in it, trained by the state.

A major force for privatisation is the constant push by the capital owning class to get access to more opportunities for good business and rent collecting. This is a large group including many small business owners, banks, financial agencies and people with savings to invest, all eager to see more public operations turned over to private operators who will provide themselves with investment incomes. Governments must be careful not to threaten the interests of this class, so even left-leaning governments try not to irritate them. The situation is another illustration of the way government is strongly inclined to favour the interests of the rich. (See further below.)

The mania for privatisation goes with the “financialistion” of the economy, which is discussed in more detail below. Capitalism has changed greatly from the era when producing and selling things was the major source of profit, to a form in which most income comes from getting hold of assets to rent, and does not produce anything. The owners of capital have increasing difficulty selling stuff, largely because everyone who can afford a fridge has already got one, and most people are struggling to pay the bills on stagnant wages and don’t have enough disposable income to do a lot of purchasing. So the owners of capital have turned to buying up property to rent and getting governments to sell them things like prisons to run for a fee. These assets bring in nice rents such as bloated toll road charges. It is in the short-term interests of governments to facilitate all this because they have less to do and the income from the sale makes their budgets look good. But they are saddling the public with having to pay higher fees and get worse service for many years to come.

A final testament to the unsatisfactory privatization business is the rate at which they are reversed because they have failed. Many have been quietly returned to public ownership. There have been over forty cases in recent Australian history and over 500 in Europe since 2000. (Christophers, 2020.)

There is strong public opposition to privatisation. As Chiu (2020.) says, “Australians hate privatisation.” Why then has there been such a plethora of privatisations, and why do the major parties still push for it energetically? Several commentators point out that this is largely due to the dominant Neoliberal ideology that private is the right way and public ownership isn’t. (E.g., CPSU/CSA 2017.)

To summarise, the privatisation commitment is deeply entrenched, widely accepted, but it is a myth. The extensive evidence is that private firms are not more efficient than publicly owned firms. Some might be but many are not. Privatisation often results in worse service provision and higher costs. Yet governments are strongly inclined to help private capital to get hold of as many opportunities as possible to do good business. The results include losing the

capacity to gear businesses to public needs, and losing the wealth that is taken out for shareholders and overpaid management fees. The continuing practice shows the power of the capitalist class to get what it wants and the power of capitalist ideology in keeping criticism of capitalism at a safe low level.

But why have any big private firms?

It is argued in Chapter 10 that in a good economy it is highly desirable to have lots of small private and cooperative firms and farms, operating under guidelines set to ensure socially satisfactory outcomes. These would not be capitalist ventures as the capital involved, for instance the shops, would really only be the tools people need to produce things, and there would be no concept of investing money in order to get an income without working for it. In a good society no one would be able to do that (except for people unable to work.) But why should we have any big firms that deliver dividends to shareholders? Why should not the big firms be owned and run as public enterprises?

Consider the mining industry in Australia. In 2018 the Australian mining industry exported \$250 billion worth of minerals, but royalties paid to the government amounted to only \$12 billion. And the companies received \$4 billion in subsidies from the government. Around 2020 the profits of the big coal producers equalled 30-45% of sales value. (CFMEU, 2020.) The average net profit rate for the world's top ten mining companies in 2017 was 27%. (Basov, 2018.)

So Australians got 2.4% of the wealth generated by the mining export industry while 97.6% of it went to investors, many of them overseas. What is the sense of that?! Why aren't Australia's mines owned by all Australians? Some countries do own their resource industries. But such is the power of the dominant pro-free enterprise ideology, and such is the frenzied reaction the rich would engineer, that no Australian government would ever propose nationalizing the mining companies. Around 2014 when the mining industry was making "super profits" an effort was made to increase taxes, but the mining corporations reacted with frenzied outrage and quickly crushed the Mining Resource Rent Tax.

Similar figures are evident regarding privatisation of prisons. In 2020 the Serco corporation paid a \$80,000,000 dividend to its shareholders while GEO Group paid a \$31,500,000 dividend to its shareholders, double the \$15,000,000 they paid out in 2019... Taxation data show that in one year "...GEO Group raked in \$1.46 billion of revenue without paying a cent of tax." (Tran, 2021.)

If we ran the mining or prison industries as public enterprises that operated at only 10% of the efficiency of private companies the public would still be well ahead! But more important is the moral problem that nobody seems to see or care about. It is not acceptable for rich people to receive incomes without having to do any work for them, especially when most people have to work hard for their incomes and many cannot even get work, while rich people consume things those workers produce. (Of course, some rich people work hard, but many people, rich and not so rich, receive income without working for them.)

The drive to increase unnecessary consumption.

In a world where resources are scarce we should be trying hard to reduce the amount used. But because growth in output and sales is the overriding goal in this economy there is powerful incentive to get people to buy vast and increasing amounts of unnecessary stuff. If we all lived with what is sufficient this economy would collapse. Over \$500 billion dollars are spent every year on advertising, that is, on the effort to get us to buy more than we would if we were not badgered. In addition, there is the effort to change fashions so that you will throw away last year's style, and the effort to design items that will not last long. A major factor driving this is the consumer culture which has defined normal living as involving and enjoying shopping for new and expensive things and keeping up with the style trends. Again, billions are spent to maintain those ideas, desires and habits.

Overpricing.

Economists tell us that a basic law of economics is that when goods get scarce their price rises. This is true ... in a market economy. But when things get scarce in your household economy their price doesn't rise. And in a market economy the price rises only because participants raise it: it doesn't have to rise. And they will raise it as far as they possibly can, regardless of its value or whether this means some people can't afford it. Large numbers of people cannot afford to pay the prices doctors and dentists demand.

This is another way in which this economy involves undesirable structures, procedures and motives. Participants are driven by a competitive struggle to get more than others and to take advantage of the disadvantage of others. Here is what tends to happen at the big end. "In the late 1990s pharma was selling AIDS medicines in South Africa for \$10,000 per treatment-year while Indian generics were selling for \$350 per treatment-year. A high margin for the well-off would yield more profit than a thin margin for ordinary folk. The fact that the death rate among ordinary folk would be thus inflated was immaterial." (Legge, 2021.)

Booms and slumps.

Another of the most irrational, costly and absurd aspects of this economic system is that it routinely oscillates between periods of over-production and periods of too little activity. Recessions and depressions occur, inflicting great harm on firms and people. In a satisfactory economy we would manage levels of investment and production to ensure that at all times there were enough of these to meet needs comfortably.

Why do booms and slumps occur? Simply because what happens in this economy is determined by what people with capital choose to do. At times they can see great opportunities to invest in new ventures, so they rush in but before long too many have done so and are soon producing more than can be sold, and then many go bust. Workers lose their jobs and incomes and thus demand goes down, and capital owners don't invest in new firms because they would not be able to sell the goods these might produce. Again, this erratic process could only be fixed by more effective regulation. Governments do make some effort to smooth out the booms and slumps, mainly by adjusting interest rates, but they do not make a sufficient effort because they believe they shouldn't "interfere with market forces."

Booms and slumps also reveal the invalidity of the conventional economic theory's claim that a market economy tends to stability, for instance where supply equals demand, so it is best not interfered with. What it quickly tends to result in if unregulated is concentration of wealth and property in the hands of a few.

Welfare, charity...why are these needed?

In Australia about one quarter of the population receive welfare payments of some kind, costing around \$200 billion p.a. In addition, a lot of charity, voluntary effort and resources are going into looking after "disadvantaged" people. Why are there so many who are playing little or no productive role and needing to be provided for by the government?

Of course there are many who cannot provide for themselves and need to receive incomes and assistance from the national budget, but much of this could and should be delivered through via spontaneous and non-monetary community functioning. (The mechanisms are discussed in Chapter 10.) The core point here is that this economy is not designed to make sure all can have a useful role, a contribution to make, and thereby receive sufficient income to live well on. Opportunities to produce and contribute are not shared out sensibly; some take more than they need and some are prevented from making the contributions they could. For instance, corporations automate factories and eliminate jobs thereby forcing many to be unemployed and idle. In the alternative economy to be discussed in Chapter 10 we would make sure older people with a lifetime of experience and many skills could continue to make valuable contributions to local production and the management of systems at a leisurely pace. Above all, everyone would have a livelihood, some important and appreciated work to do, meaning that opportunities to produce would be shared well. This is much more socially sensible and resource-efficient than allowing big transnational corporations to take all the producing activity just because they can provide cheaper goods.

Chapter 10 explains how organizing local economies according to this kind of principle would harness up all the bits of time and energy that the wide variety of people in the town could be putting into doing useful things, some in firms and jobs producing goods for sale but many occasionally dropping into co-operatives to help out and chat to old people or assist at the school or help clean up the recycling racks in the community workshop.

So not only would no one be forced into idleness, there would be far less need to spend resources paying them unemployment benefits or providing professional care for many who had been put into aged care "homes". And much of the care needed would be via voluntary rosters and given spontaneously by people within the community.

Automation ... is a problem.

In a sensible economy if someone invented a machine that will do boring work people once had to perform that would be an unmixed blessing, but in this economy it's a serious problem, because it pushes workers into unemployment. The factory owner gets all the benefit, in the form of a reduced wages bill, while those who used to work there lose their jobs. In a sensible economy the benefits would be shared by all, in the form of having less boring work to share around.

This phenomenon provides a good illustration of what Marx saw as the many and serious contradictions built into the nature of capitalism. The interests of the factory owner contradict those of the worker. He argued that these contradictions would eventually cause the system to self-destruct. Let us assume that the owners of capital could gradually move to total replacement of all workers with cheaper machines, what would happen? They would all produce much cheaper products ... and go broke, because no one would have jobs and incomes so no one could buy any of the products, and the whole economy would collapse. The ever-worsening inequality in capitalist economies moves us towards this kind of system-destroying outcome. Add in the contradiction between the drive to make profits and the need to care for the planet's ecosystems. Even more worrying might be the damage to the social bond as the contradiction between market forces and concern for the underdog and the public good intensifies.

Inequality: Massive and ever-increasing.... and inevitable.

The market mechanism built into the foundations of this economy has a powerful and inevitable tendency to create and increase inequality. The market heaps goods, income, wealth and opportunities on those who are richer in the first place.

Consider the following indicators of how great inequality has now become.

In 2020 "... the combined net worth of the top 1% of Americans was \$34.2 trillion (about one-third of all U.S. household wealth), while the total for the bottom half was \$2.1 trillion (or 1.9% of that wealth). (Hudson, 2022, p. 61.)

In the US most of the large increase in GDP over the last thirty years has gone to the richest 1% or less of the people, while the real incomes of workers have hardly increased at all.

Around 2018 1% of Americans possessed nearly as much wealth as the bottom 90 percent. (Street, 2021.)

In the year to 2020 the richest 200 Australians increased their wealth by 24%. (McIlroy, 2020.)

One-fifth of the world's people get 86% of world income, while the poorest one-fifth get only 1.3%.

About 1% of the world's people own half the world's wealth.

The wealth of the world's billionaires rose \$5 trillion amid the pandemic. (Thorbecke, 2021).

In 2018 in Australia, the highest 10 per cent of households by wealth owned 46 per cent of all household wealth. The lowest 60 per cent of households owned just 16 per cent of the wealth." (... a per capita ratio of 17/1. (Hutchens 2021.)

These disturbing figures are an automatic, inevitable built-in consequence of an economy which allows a few to own most of the resources and productive capacity and to put these into whatever purposes are most likely to increase their own wealth. Over time those with a lot of wealth accumulate more of it, simply by investing it, whereas the lowest 50% or more of people have no wealth to invest. Obviously if you have \$1 million to invest in normal times you might get \$100,000 richer every year but if you have no money to invest you will not get richer. One consequence is that most interest payments flow from poor to rich, because low-income people need to borrow more than high-income people, and they borrow from richer people. In this economy inequality can only escalate. In the Neoliberal era of the past forty years governments have greatly increased the freedom for the rich to take more wealth.

Inequality does not just affect the conditions low-income receivers experience, it lowers the quality of life for all. Wilkinson and Pickett (Dowson, 2018) make this clear; the greater the inequality in a society the more there are public health costs, law and order costs, welfare costs, unpleasant surroundings etc. impacting on all.

Most people seem to think that great inequality is quite acceptable because there is “equality of opportunity”, that is, all have the opportunity to get ahead, to do well at school, start a business, and become rich. But there is an important distinction between equality of opportunity and equality of outcomes in society. You could have a society in which a very few were very rich and most were very poor, but all had an equal chance of getting into the rich group. In a good society we would not be content just to have given every one an equal chance to become rich or impoverished. We would not want there to be any serious inequality of outcomes and we would not want anyone to be deprived of basic necessities. Again, this could not be achieved unless steps were taken contrary to market forces to prevent serious inequality from emerging. When people are free to or forced to compete in a market, extreme inequality will in time result because some will become the winners and take most of the wealth.

The inequality evident between rich and poor countries is similarly explained. Third World nations are locked into the global market system, having to find something to export in order to earn money needed to pay for vital imports, and to pay the interest on their large debt. They must compete against each other by lowering the price of their fish or timber exports, keep wages low to attract corporations, and pay huge sums to construct the infrastructures foreign investors want, the ports and power stations. They get relatively little benefit from this “trickle down” form of development as their resource wealth flows out to benefit rich country corporations and shoppers. (See Chapter 5.)

It will be argued in Chapter 10 that the solution to inequality is not primarily to redistribute wealth, that is, it is not to increase taxes on higher-income earners. It is to shift to an economy which does not generate unacceptable differences in wealth. The new economy will (have to) be highly localized, made up of many mostly small-sale firms and farms close to where we live. We will make sure that opportunities to produce will be widely available (This is “Distributivism”; see below) and that everyone has a livelihood performing a share of the producing

the town or suburb needs. Town banks run by boards of elected citizens will hold most of our savings and will lend primarily to ventures that are of value to the town. And it must be a zero-growth economy, meaning there can only be investment in maintaining or adjusting productive plant, not in increasing it. Therefore there will be few if any opportunities for capital accumulation. More importantly, the new world view, the values and dispositions we will have in these economies, will recognize that monetary and property wealth is not important for a good life. What will matter is living in a thriving, supportive and culturally rich community.

These new arrangements, ideas and values are very different to those that are predominant today. At present most people strongly desire wealth and luxurious living standards and engage energetically in the competition to get them, for instance in working hard for educational credentials and struggling in the labour market for higher-paying jobs.

It seems that there is not that much discontent with the level of inequality that exists in our present society, indeed there is readiness to see great wealth as an admirable sign of initiative, energy, and well-earned success. Certainly luxurious living standards are seen as highly desirable, and few would be content with just sufficient income or property for a modest but enjoyable life. As discussed above, this fierce and largely unquestioned commitment to limitless affluence, more appropriately referred to as greed, is the fundamental cause of our planet's woes.

The “Trickle down” claim.

The basic justification for conventional development in rich and poor countries is that although it mostly enriches the rich, in time “...wealth will trickle down to benefit all.” There is indeed a tendency for this to happen, but there are several reasons for strenuously rejecting this rationale for being content with crumbs from the tables of the rich.

Little trickles down.

In the global economy the amount of benefit that trickles down is evident in the fact that one-fifth of the world's people now receive about 70 or 80 times the amount of world income the poorest one-fifth get, and according to a number of studies such as by Hickel (2017) the ratio is getting worse. Edward and Summer (2013) report that between 1990 and 2010 global consumption increased by \$10 - \$15 trillion, but 1% of people received 15% of it. The gain for each of them was 637 times as much as the gain for the poorest 53% of the world's people.

The strongest justification for the trickle down strategy is the claim that world poverty has been greatly reduced. The conditions large numbers experience have indeed improved greatly, but the situation is complex and the overall effects are debated. Firstly, there is the issue of the definition of the poverty line, commonly taken to be an income of \$1.90 or \$2 a day. (Hickel, 2017.) Roser and Ortiz-Ospina (2017) confirm this figure and say it is “... not even enough for people to secure decent nutrition, to say nothing of other basic

requirements.” The income necessary for a minimally acceptable lifestyle would be much higher. This means that the numbers still experiencing the serious hardship of “extreme poverty” would be far greater than the official poverty statistics indicate. In addition, the fact that several billion struggle in bad conditions after many decades of trickle down development is a significant indicator of its ineffectiveness.

A good indicator of the significance of trickle down in even the richest countries is the fact noted above that the real income of almost all American workers has hardly increased in 40 years, while the GDP and the wealth of the rich has increased greatly.

Secondly, some argue that much of the reduction in global poverty rates has been due to achievements in China. (Hickel, 2017, Edward and Summer, 2013.) In addition, whether or not China is a satisfactory example of development is debatable. McRae (2008) believes it is mostly benefiting a small proportion of the people, leaving perhaps 800 million in rural poverty. He says inequality in China is “...appalling and getting worse.” (For detailed accounts of China’s precarious social and ecological situation see Smith, 2020.)

Conventional “development” also impoverishes; what are the net effects?

Conventional economists typically enthuse about gains and benefits but fail to attend to the losses and costs. Conventional development drives many people into poverty, mainly by depriving them of resources and livelihoods they once had. For instance, Structural Adjustment Packages (below) require removal of protection and subsidies and permit foreign corporations to enter and take over markets and productive activity that poorer people used to enjoy. When governments allow corporations to log forests and build dams and mines, tribal and peasant people are typically removed from their ancestral lands.

At the macro level it is evident that many poor countries have not benefited from trickle down policies. Fletcher (2016) quoting the U.N. Human Development Report says that in 2003 after decades of Neoliberal development, 54 nations were poorer than they had been in 1990, and Sub-Saharan Africa had a lower per capita income than 40 years before. (See also Hickel, 2017.) The poor in Third World countries that are most integrated into the global economy have fared worse than those in other countries. (Woodin and Lucas, 2006, p. 55.)

It is not clear how big the net gains in income, employment and welfare have been but the above evidence on global poverty changes suggest that they have been much less spectacular than is commonly claimed.

The rate of trickle down development is extremely slow.

At present rates it would probably take more than a hundred years for the “living standards” of the poor majority in the Third World to rise to present rich-world levels. Yet if the available resources could be applied directly by people to meet their own needs rapid improvements would easily be achieved.

The moral issue.

The trickle down rationale promises to improve the welfare of those in great need via crumbs from the tables of the rich consuming most of the world's resources. Most of the benefit of conventional development goes to national elites, foreign corporations and rich-world consumers. A morally acceptable development process would prioritise improving the conditions of the poorest.

The global resource situation will not permit Trickle Down to work.

Perhaps the most effective argument against trickle-down doctrine derives from the above sustainability considerations. The limits to growth rule out any chance that development which promises to lift the poor to rich world affluence via trickle down benefits can succeed, simply because there are far too few resources for this to be achieved.

Trickle down theory legitimizes capitalist development.

The trickle down myth is widely debunked. "Trickle down economics generally does not work ...", (Amadeo, 2021.) Hail says, "There is no credible evidence that trickle down economics works. It is a fallacy. An article of faith, perhaps – but not science." (2017 p. 9.) Keating (2018) says, "Pleas for company tax cuts by big business and their media lackeys, on the grounds that the benefits will trickle down, are the height of self-interested hypocrisy. They are not supported by any evidence, not by any authoritative commenters who have explored that evidence."

The trickle down doctrine is a con trick persuading people that the basically capitalist economic system is acceptable because it is lifting poor people out of poverty. This is not to say its advocates intend to deceive; many genuinely believe "...a rising tide lifts all boats". But it should be glaringly obvious that this is far from a satisfactory way to lift poor people to reasonable living conditions, and yet the claim is widely accepted as justifying the capitalist approach to development.

Globalisation and the Neoliberal triumph.

Globalisation has been primarily a response to the essential problem a capitalist economy creates, which is where to find profitable investment outlets for all the capital that is constantly accumulating. In the twenty-year boom after World War 2 this was not difficult, because of the pent-up demand and the need for reconstruction. But by the early 1970s it was becoming increasingly difficult to invest profitably. Globalisation is essentially about corporations and banks wanting to get rid of the barriers hindering their access to more business opportunities. The doctrine enabling this push, eagerly accepted by governments, is Neoliberalism. It involves

Deregulating, i.e., reducing government control of the economy and capacity to direct or restrict what firms can do.

“Freeing” trade and investment, i.e., allowing more to be determined by market forces and profit.

Privatising, i.e., selling government businesses to private corporations.

Corporations have therefore been increasingly able to enter markets previously out of bounds for them, to move to where the wages and conditions are lowest, to drive local producers out of business by undercutting their prices and taking their trade, to take over local firms, to divert local land and resources from producing for local people via local firms and to put these into producing for export via transnational corporations.

Under the new doctrine governments have less and less power to block or control what corporations want to do. Third World governments are legally restricted or prevented (e.g., by the trade agreements they have had to sign to be able to export to rich countries) regarding efforts to protect their people against what the corporations want to do. Some governments have been fined hundreds of millions of dollars for trying to restrict what corporations are doing, e.g., to ban a corporation’s ecologically undesirable products from sale. ... because that would be seen as “interfering with the freedom of trade”.

Around 1990 the US banned importation of tuna from Mexico on the grounds that the nets used to catch it caused the death of many dolphins. The world trade governing body ruled that this ban must be dropped.

“... the panel viewed preserving the multilateral free trade system as more important than any one country’s evaluation of the need to protect the environment... the GATT dispute resolution panel gave priority to free trade over environmental protection.” (Globalisation 101, 2020, Palmer,2016.)

Mexico lodged a demand to be paid \$472 million in compensation.

Wikipedia, (2019).

Monbiot (2021) reports that after Italy banned new oil drilling in coastal waters. a UK oil company is currently suing the Italian government for the loss of its “future anticipated profits.”

These cases show how the rules of world trade have been become extremely favourable to the corporations while contradicting the interests of the poor majority of the world’s people. It can be argued that one major consequence has been the rise of Trump. The North American Free Trade Agreement removed restrictions previously limiting foreign investment by corporations, especially in Mexico where small farmers and others had been protected by government regulation. Many poor Mexican farmers were immediately put out of business as

cheap grain flooded in from the US (where it was produced by farmers receiving large subsidies!), and there was a massive closure of factories in the US as they were relocated to low-wage countries. The resulting devastation has fed into the festering discontent among poor Americans finally bursting out as support for Trump.

The goal more recently has been is to extend the kinds of freedoms the corporations and banks have achieved in the trade area to foreign investment, the provision of services by governments, and the purchasing governments undertake; i.e., to drive back or eliminate government regulatory control and involvement in these areas.

Thus, globalisation has meant that what happens in a country increasingly depends on what it suits the transnational corporations to do there. Small and economically weak countries have little choice, given that they have few products that can earn export income, and this drives down the prices rich countries have to pay. If it does not suit corporations to do anything in your country then you can have no development. The corporations therefore have an open world in which to do business, and great power to go into a country and produce or develop or buy what they want because the county is desperate to earn income.

Another very important consequence of this more open interconnected and little-regulated global economy is that governments have little control over financial flows. Vast amounts of investment capital can now suddenly rush into a country, or out, chasing speculative opportunities, causing very destructive booms and crashes. About 97% of the transfers of money around the world are not to pay for products or trade, they are just to speculate, that is gamble, on currency rate changes. In the 1997-8 "Asian meltdown" millions of people who had jobs and could feed themselves one day were plunged into poverty the next day because financial markets suddenly decided to sell a country's currency or withdraw investments. In some cases food prices suddenly multiplied by four. Neoliberal doctrine upholds this freedom for banks and corporations to destroy whole economies in the pursuit of maximum profit.

And in a globalised world involving huge amounts of international trade there are abundant opportunities for big firms to avoid taxes through "transfer pricing". A firm can register in a low tax country and send its products to an Australia subsidiary at a highly inflated price so that when they are sold here the subsidiary makes little profit in this country where taxes are relatively high. The high payments the subsidiary makes to the firm's head office are transferring the sales income to head office, in a country with low taxes.

There is now a very large literature critical of Neoliberalism and globalisation. Unfortunately most people who are dismayed see them as having failed or as being irrational, because they are not solving our problems. This is a fundamental mistake. It is to assume that the World Bank and the IMF are run by fools who can't see that their Structural Adjustment Packages and the privatisation, deregulation and enforcement of market like a dream! But they were not intended to work for the poor, or for you. The most charitable interpretation is that they are intended to "get the economy going again" ... via conventional free enterprise

strategies ... which incidentally work beautifully for the corporate and banking rich. Obviously the best way to crank up GDP is indeed to free up corporations to invest and produce and sell more ... isn't it?
solutions do not work. This is quite wrong; these policies do not fail, they work

The recent Indian example.

President Modi's proposals have recently been defeated but the case illustrates what is happening in many places.

In the 1990s, under pressure from Washington and agribusiness, the World Bank demanded African and other governments in developing countries end their agriculture subsidies (... while agriculture in the USA and EU remains heavily subsidized.)

India, with 1.4 billion people, perhaps half in agriculture, "...is the last bastion where global agribusiness has been unable to dominate the production of food." Modi was determined to enable it. He set out to end laws which protected India's 650 million small farmers by guaranteeing minimum prices and restraining the access of transnational corporations and their capacity to buy up peasant land.

This would have resulted in the ruin of an estimated tens millions of marginal or smallholder farmers and small middlemen in India's fragile food chain.

The new Modi laws were measures the IMF and World Bank have been demanding since the early 1990s to bring Indian agriculture and farming into the corporate agribusiness arena.

Engdahl, 2021.

In 2019 over 10,000 Indian farmers committed suicide.

Down To Earth, 2021.

Under the proposed new laws, farmers would have had to sell directly to corporations, which in India often assert monopoly control over markets and so can dictate low prices to farmers. The new situation would have led to small and marginalized farmers, who make up 85% of all of India's farmers, being unable to survive and having to sell, losing their land to corporations. The three laws, which were passed without any consultation with farmers and in violation of parliamentary procedure, are so blatantly pro-agribusiness that they even forbid farmers from suing corporations, leaving the former completely at the mercy of the latter.

Globalisation, whether deliberately intended or an unwitting side effect, has been a stunningly successful drive by the corporations and banks and their few highly paid lawyers and managers to bring in rules for the global economy which allow them to take even more of the world's wealth and resources. Since 1970 they have been astoundingly successful in increasing their wealth. Globalisation has been described as the most massive transfer of wealth in human history, mostly from the billions of very poor Third World people who now have less access to the land, forests, fisheries and markets they once had. (Chussudowsky, 2004.) They have done it without using (much) military force. For the most part they have done it simply by changing the rules by which the global economy functions, to give greater freedom for trade, lending and investment, meaning that the corporations and banks have greater access to resources, markets and labour.

You might be thinking that the people who work for agencies such as the World Bank must not understand that globalisation and the Neoliberal agenda have brought economic and social destruction to many countries over three decades while enriching the corporate rich. "Surely they do not grasp that the SAPs they inflict on the poor nations have these effects." Firstly this could only be possible if they had never read any of the vast critical literature. But have a look at the book, Confessions of an Economic Hit Man (2004) by John Perkins' detailing his previous work in getting poor countries so heavily indebted that they become trapped into a form of "debt slavery", unable to pay off debts and thus having to go on endlessly paying out interest and accepting policies that are in the interests of creditor banks and nations. (The full title of the associated 2005 video interview with Perkins is "Confessions of an Economic Hit Man: How the U.S. Uses Globalization to Cheat Poor Countries Out of Trillions".)

Why have governments gone along with all this, doing everything possible to facilitate globalisation, thereby serving the corporations and banks while betraying their own people? Firstly, Neoliberal think tanks have convinced everybody that liberalising is the way to "... get the economy going again." But the main reason they went along was because they had no choice. They had to cut corporate taxes (meaning less money to spend on hospitals etc.), entice corporations in, be seen by the credit rating agencies as a good country for foreign investment, reduce costs of production for exporters...or their country would not be competitive in the global market place. If a government said it was going to raise wages and pensions and unemployment benefits and going to raise taxes to pay for it all, its exports production costs would rise reducing export sales, and foreign corporations would cease investing in a more costly environment. The government would have ruined its own economy. Thus the saying which sums the situation up well is, "...no government now can defy the global capital markets". All must do what the corporations and banks want, or be trashed, i.e., abandoned by investors, unable to get loans and unable to compete in trade.

A hundred years ago this was not possible. Nations and even small regions were highly self-sufficient and independent. Most of their food came from within their own borders. If a big bank in New York crashed it would make no difference to local economies because they would still have their small town bank and local jobs.

The massively unjust global economy must be seen not as a result of unfortunate and unintended mistakes, but as the result of a deliberate and stunningly successful drive by the corporate rich to bring in new rules which increase their freedom to accumulate wealth at the expense of everyone else. It has been created by the drive built into capitalism to ceaselessly strive for more investment opportunities, more sales, more accumulation of capital.

Financialisation: The destructive power of debt, interest and rent.

Over the last forty years there has been a remarkable increase in the amount of effort going into financial activity, that is into lending, managing investments, insurance, purchase of assets especially land and housing to rent or resell, bankruptcy procedures, currency exchange, and dealing with debt. In that time the proportion of US GDP generated by financing quadrupled. The finance industry doesn't produce any goods or services; it just manages money and draws interest and rent for doing this. Much of the effort goes into sheer speculation, buying and selling assets and debt in gambles on possible price rises and falls.

A major activity is simply acquiring assets to lend in order to receive rent. For instance, much investment goes into buying real estate in areas where prices are rising, and reselling later at higher prices. Macfarlane (2020) reports that since 1995 three quarters of all wealth accumulated in the UK, totaling £5 trillion, has come from rising house prices alone. Another is buying bankrupt firms cheaply and selling off their assets.

Much banking activity involves shifting money into and out of these ventures, by lending it to investors eager to get hold of assets. Most of this is just money seeking to "earn" more money and is of no benefit to society, while it siphons wealth out to speculators. As Christophers (2020) says, it "... produces nothing; just suction in more of the wealth pie, impoverishing the rest of society." Mazzucato (2021) says, "In the USA and the UK only about a fifth of finance goes into the productive economy: the other four-fifths is cycled through the finance sector itself." Hudson's works (e.g., 2022) show how this is not just non-productive but is damaging to the economy because the rents and interest payments on assets the investors are getting hold of siphon wealth out of ordinary consumers and thus depress demand for goods and services. He explains that in the past this process has destroyed many societies. (See further below,)

A lot of effort goes into acquiring infrastructures, roads and ports in order to derive rental income, e.g., from road tolls. Often this is done by getting government contracts to build roads, tunnels and bridges but also involved are large-scale services the state could and once did provide, often free to the public users, such as health care, education, transportation, prisons, "welfare" services, communications and information technology.

Consider the things we can enjoy freely because they are public assets, such as national parks and beaches. Now these are opportunities for good business profits to be made. At present you can go onto any Australian beach freely. The government could sell the beaches to private firms which could then charge an entry fee. The investors buying such an asset could draw a nice rent, the government would add to its revenue and the banks and other financial agencies which organised the deal could get fat fees. The GDP would rise. But nothing of any value would have been added to the real economy, money would be being siphoned out of people's pockets to those of investors, and in fact the national quality of life would have been lowered. This is what the privatisation discussed above usually does; that is, transfer to private firms operations that were carried out by government cheaply or without cost, and then the buyers jack up prices, provide poorer service and rake off profits for ever more.

The transfer of wealth is surprisingly large. The authors of the book Rigged (Murray and Fritjers, 2022) estimate that around an incredible 50% of an ordinary person's income is siphoned out via debt and interest! One consequence is that people now cannot afford to get things they need without borrowing money, such as houses, cars, education, aged care and health cover. Borrowers then have to pay out interest for years, sometimes more or less doubling the total amount eventually paid out for an item. About 80% of lending is for housing and often the amount the borrower has eventually paid out is twice as much as the house costs. That indicates the vast wealth transfers involved when financialisation has occurred.

Higher education used to be free in Australia, but now large fees have to be paid and students have to take out big loans. Student debt in the US is a major burden. Over 40% of college students have debt averaging over \$33,000. The cost of an Arts degree in Australia is set to rise to over \$100,000. So a student will have to borrow this and pay back maybe twice as much. The finance corporations take out their fees for arranging all these deals and the banks cream off interest on the large loans students have to take on. Thus huge amounts of wealth now flow to lenders because the sector and many others have been "financialised", when this was not necessary. A few decades ago the finance industry accounted for about 3% of profits made in the US economy but in a recent year the figure was over 40%.

The profits banks make is another indicator of how big this sector is. In 2017 four Australian banks accumulated \$32 billion in profits. In 2022 it was \$39 billion. That is around \$4,000 per household! If banks were publicly owned, as the Australian Commonwealth Bank once was, most of that amount could be avoided, or added to public revenue.

Another field is speculation on exchange rates. A lot of money constantly flows across national borders to pay for investment and trade, but that makes up only about 3% of the actual amount that flows from one nation to another. Around 97% of the flow simply goes into buying and selling foreign currencies to speculate/gamble on rises and falls in their values.

A similar and largely unrecognised fault in this economy is that people can buy up land and premises, sit on them for years while development in the vicinity raises land and building prices, then sell them often making huge "capital gains" profits without having done any work or producing anything of value. This is easily stopped; in the Australian

Capital Territory, the government takes some of the increased value, although there is no good reason why it should not all be taken.

This increased volume of financial activity has come about partly because people are now forced to borrow more to get by than they used to (Australian house prices and household debt are now very high) and because corporations have increasingly focused on getting hold of assets, property and service provision, which they can then rent out. The money they siphon off reduces the amount people can spend on other goods and services, thereby depressing the “real” economy.

Those getting this rent and interest money do not spend much of it back into the economy as investment in factories to produce things ...because that is not very profitable...because people can't afford to buy lots of stuff ...because their disposable incomes are being reduced by all those interest payments! Thus finance is the major factor transferring wealth from the poor to the rich.

The housing arena illustrates what is happening. Prices are “... being driven by hedge and private equity funds buying residential real estate to rent it back to those who can no longer afford to buy a house.” (Urie, 2021.) In an effort to deal with the 2008 GFC central banks resorted to “Quantitative Easing”, in effect creating vast sums of money and giving them to banks to lend in order to get economic activity going again. This enabled large sums to be lent to speculators eager to buy up housing and rent it out.

Hudson (2022) details how the rise of financialisation has been an enormous and radical change in the nature of capitalism. Once most profit was made producing goods and services, but now it comes from getting hold of assets to lend or rent and drawing income without producing anything. As noted above, this burdens people with having to devote much of their income to paying rents and interest, and therefore depresses the economy because people have less to spend on goods and services. The process inevitably accelerates over time, because interest paid goes into acquiring more assets to rent, and thus compounds, while wages do not. The trajectory is therefore towards impossible levels of debt and eventually social collapse. Hudson explains how this process has been a major factor in to the collapse of whole societies, including the Roman empire, and is now undermining western society (but not China because financialistion is prevented there.)

A hundred years ago there were fierce theoretical and parliamentary battles to get rid of rentiers siphoning off unearned income but Hudson explains how the rentiers have now conquered economic theory and practice. A good indicator of this is that economists count income in the form of interest and rent as adding to the GDP when in fact it produces nothing and adds nothing to national wealth; it actually diminishes the real economy because it transfers large amounts of purchasing power out of the hands of ordinary people.

This shift towards financial operations can be seen as an indicator of the deterioration of the capitalist economy. Again, it has come about largely because it is increasingly difficult for the owners of capital to make good profits producing things people might buy such as fridges, meaning that the best profits now are to be made in getting hold of already-produced assets to rent. Governments have become fiercely determined to facilitate this, by privatising many of the functions

and services that once were publicly owned and operated. Financialisation is a major element in the “cannibalism” which Collins (2018) identifies as a central factor in capitalism now. It is eating itself. Effort increasingly goes into getting hold of previously produced wealth, not producing more wealth. Chapter 8 discusses this dynamic as a major factor in the self-destruction of capitalism.

Investment and investors.

In any economy investment is needed, to establish new productive establishments and to maintain old ones. In tribal and peasant economies it usually takes the form of all the people turning out to build a new garden or storage hut. In our economy it mostly takes the form of private individuals or firms deciding to lend some of their money to enable the building of a new factory etc. In many instances, especially in small-scale local economies involving mostly family firms and farms, this would seem not to raise serious theoretical or moral problems as it is in effect spending savings or getting a loan to buy or build new tools to use. But two significant problems arise when we move to the large scale.

Firstly, there is the basic problem market systems involve discussed above, which is that private investment will flow into those ventures most likely to maximise profits for people with capital and not into those designed to meet needs. As noted above, investors never invest in producing what is most urgently needed.

The second problem goes almost completely unrecognised. Investors receive incomes without having to do any work for them. In a world where most people have to work hard and long just to get enough money to live tolerably, where billions can't live well even though they work hard, and where many cannot get jobs or earn anything...why is it OK for some people to receive large incomes without having to do any work at all? And these people are, surprise surprise, mostly rich people ... poor people can't do it. And they consume food and goods produced by those who do have to work. Interest and dividends from invested capital is of course the major factor generating the obscene levels of inequality in the world. Sayer (2014) puts it this way, “ ... interest is ... unearned income that accrues without any effort ... As the poor become poorer and the rich become richer, the rich acquire increasing control over another crucial asset: money. Interest payments, overwhelmingly, are a transfer of money from the poor to the rich.” Macfarlane (2020) reports that in the UK one third of all income received each year comes from investments, not from work.

It is astounding that this is not seen as grotesque, a stupid arrangement and morally outrageous. This testifies to the domination of capitalist ideology. Alternative arrangements for getting together sufficient capital to establish new firms can easily be imagined. For instance in Maleney, a town in Southern Queensland, a community bank was set up by local people who voted for a charter which stated the kinds of purposes for which funds would be lent. These had to be of benefit to the town and its inhabitants. The board, elected from local people, made the decisions, via procedures for public debate and review etc. Many agencies like this are “mutuals”, set up to provide services to participants by pooling some of their savings to enable others to be given loans to build houses etc and paying out no dividends to shareholders. The very large Mondragon collective system in Spain which includes big exporting firms, operates its own bank and has experienced expert business people in “business incubators” who help to shape up proposed ventures people bring to them. It provides funds and advice to get the promising

proposals going. Because the bank is owned and run by the cooperative all repayments benefit its members and enable further lending. There is a bank in the US, only one, which operates this way, the State bank of North Dakota and it is an outstanding example of a publicly owned bank. On all the standard measures it performs far better than any privately owned American bank, mainly because none of its earnings are siphoned out to shareholders. (Brown, 2013.) Why can't this kind of thing be standard practice at the state and national level?

In the kinds of cases mentioned interest is at times paid, but it need not be and in the stable or zero growth economy we must shift to there can be no interest paid. What few understand is that the entire issue and problem of investment, dividends and interest will be totally different in the new economy we have to move to. Interest payments for instance will and must cease. This is because the economy must be a zero-growth economy and it cannot be if interest on loans is paid. As noted above, if at the start of a year money is borrowed and this sum must be paid back at the end of the year plus interest, that cannot be done unless the economy has by then created the additional money that goes into the interest to be paid. That is, the total value/wealth then in existence must have grown from what it was when the loans were made. In a much reduced and stable economy very little investment would be taking place, only enough to maintain or adjust society's stable amount of productive capacity, but the most important point is that in addition no interest can be paid on loans. This is not optional or a recommendation; the fact is that if it is to be a zero-growth economy then there cannot be any interest payments. Thus, Degrowth to a small and stable economy will greatly simplify many things, especially the investment scene. It will eliminate most of the present finance industry and most investment decisions will be made via public discussion and public banks.

What about the argument that the worker makes a contribution of labour to production and his wages are his reward, while the investor makes a contribution of capital and interest is his reward for this, including the reward for taking the risk? In general there is little risk; in general investors get richer. But what is the investor risking? He is risking losing his money and then having to work for an income like the rest of us! A dreadful risk! Why don't we work out a system that enables the required capital to be raised without providing anyone with unearned income?

Governments favour the rich.

Many sections of this book document the way governments are eager to do what business wants. This is inevitable because the biggest concern of government is how to "...get the economy going again" and they believe the best/only way to do this is by assisting the business sector to invest and produce more to sell. In addition, there are large numbers of rich people who expect to see their investments and assets yield well, so if the government does not focus on increasing opportunities for producing things to sell these influential people are going to get angry.

But above all there is the strong and never-questioned assumption that it's important to do what business wants, maybe because of beliefs such as "...it creates jobs and wealth", "...it runs things best" and "...it is not good for the state to run everything." The result is lots of outrageous scams where corporations are

allowed to get business opportunities and siphon off huge amounts of wealth. Sometimes it's approving dubious development proposals, or giving licences to corporations when public companies would do the job at least as well and save the money siphoned off by shareholders, and often it's about granting subsidies and tax relief. Often it would be much better if the venture was run by a public agency but it goes to a private corporation.

How do you explain this?

Chevron's Gorgon gas project earned \$32 million every day, but in the 2019-20 year paid only \$7 million in tax. Two-thirds of WA gas production, including the output from Chevron's Wheatstone, Shell's Prelude and Woodside's Pluto LNG projects, paid no tax and Chevron are being given this valuable and finite resource virtually for free or royalties at all last year.

"Oil and gas companies like Woodside are reaping, making huge profits from its sale, creating few jobs and returning almost nothing to everyday West Australians." (Mazengarb, 2022)

Here's another one.

In 2019-20, the fossil fuel industry earned \$115 billion from selling Australia's petroleum and coal resources and paid state and federal governments an estimated \$7.3 billion in royalties. But in 2020-2021 the industry received more than \$10.7 billion in subsidies from the Australian government.

Another report found a return of less than 10% to Australia ... on mining exports worth \$2.1 trillion. (Foote, 2021.)

This very common kind of situation is absurd and infuriating, yet there is no criticism of it. It is accepted that the right to mine Australia's energy and minerals can be given to private corporations for low royalty payments, and they then have the right to ship the resources out making huge profits for foreign shareholders, while paying little or no tax. If the Australian government owned and ran the mines we would get all the wealth produced, not just a pathetically small proportion.

To add insult to injury, in 2022 gas prices in Australia more or less trebled and large numbers of people were not able to afford enough energy. Yet the corporations were producing a huge amount... and exporting it at the high global scarcity prices and making fabulous "super-profits". Supply to Australians could have been maintained, at no price rise, by meeting our demand first, but no, the corporations are allowed to sell it to foreigners for maximum profit in the world market, while depriving Australians of sufficient supply...and charging them the

high prices they can get overseas! (One state does have the power to meet local demand first.)

As if that's not enough, the industry is 95.7% foreign owned, meaning that about 83% of profit goes out of the country to foreign owners, equal to \$5,000 per household. (Murray and Fritjers, 2022 p. 119.)

And most pay no tax at all! (Verender, 2022.) Their profit margins have been over 30% for half the years since 2001. (Murray and Fritjers, 2022, p. 121.) And they pay negligible if any royalties. In 2019 royalties paid by petroleum producers totalled 2.9% of export income. (Foote, 2021.) Royalties and taxes paid are actually lower than subsidies received from the government! Murray and Fritjers (2022, p. 117) report that the government pays miners over \$18 billion p.a. in subsidies. We are paying them to ship our wealth out!

Meyer (2019) reports Taxation Office figures show that in 2017-18 the giant mining companies in Australia earned \$53.8 billion without paying any tax. "... one-third of companies with revenues over \$100 million, or 710 firms, didn't pay any tax at all..." He says, "While the average single Australian worker pays 25 per cent of their income in tax, large companies earning over \$1 billion averaged tax payments of only 2 per cent of total income."

And then there are the lax rules for cleaning up abandoned mine sites. Murray and Fritjers, (2022, p. 111) refer to a report that in Queensland there is a \$3.2 billion gap between the clean-up bonds the miners have undertaken and what the cost would be. Even the state's Auditor General estimated it at \$1 billion. In Victoria the bonds established for three coal mines totalled \$42 million but the cost has been estimated at between \$652 and \$957 million. (Murray and Fritjers, 2022, p 117.)

Possibly the most lucrative favours are to be found under the heading of privatisation. Murray and Fritjers (2022) detail many cases where governments contract private companies to build roads etc. on terms that yield high returns to the companies at an avoidably high cost to the public. They actually claim that we pay twice as much for such projects as we would if the government did the job. (p. 41.)

This strong pro-business bias is often evident in the reduction in tax rates for rich individuals and corporations. Driver (2021) says, "Tax rates have generally decreased for the richest people over the last few decades. At the same time there has been an increase in other taxes that affect the poor." Quiggin (2020) noted that, "The Australian government intends to introduce tax cuts which ... will benefit high-income earners the most ... while the government begins to wind back income-support measures, such as free child care..." Murray and Fritjers (2022, p. 169) say that in the year 2019-2020 33/5 of the biggest 2,400 companies in Australia paid no tax at all. They quote an estimate that transnational corporations operating in Australia dodge \$50 billion in taxes they ought to be paying and that the total amount avoided is around \$70 billion p.a.

Generous laws governing capital gains, negative gearing and the taxing of superannuation all constitute favourable treatment of the rich. In recent years taxation has shifted from wealth and assets, for instance in the dropping of inheritance taxes.

Murray and Fritjers say that the favourable treatment of the pharmacy industry has resulted in Australians paying eight times as much for drugs as the New Zealanders pay. (p. 177).

Another example of how routine policy favours the mega-rich is evident in “Quantitative Easing”, the strategy employed to solve the 2008-2009 GFC by giving trillions of dollars to the banks to lend in order to stimulate the economy. Who ends up with this money ... the small businesses and impoverished people who would spend it immediately? No, it goes to (i.e., is lent by the banks to) rich people and corporations on the pretext that they will invest it and create jobs. But given the depressed economy investors are not borrowing from banks to do that. They can't make good profits doing that can they, because the economy is seriously depressed and people can't afford to buy much. So the borrowers use the cheap loans to buy up assets they can rent, and to pay their CEOs big bonuses. In fact the \$178 billion the Australian government recently created to get the economy going is sitting in banks because they can't get anyone to borrow it! (West, 2021.) The action that would rapidly get the economy going again is of course totally unacceptable; that is, hiring a helicopter and dumping a few billion dollars over poor suburbs. But of course that's not acceptable, yet giving money to the rich is. As Urie (2020) says, “If hedge funds, private equity and various and sundry financial speculators can be bailed out, then why couldn't black homeowners have been bailed out ...? As Hudson says, somehow the helicopters only hover over Wall St.

Urie explains that the US during the GFC the US government conjured up “...five trillion dollars ... ‘out of thin air’ to bail out financial speculators and the corporate looting class...” but “... where was this power when Joe Biden claimed that ‘we’ can't afford a functioning healthcare system?”

Numerous other examples of governments being kind to business could be given, especially from US Presidents Reagan and Trump, usually justified with a trickle down rationale. The Haynes Royal Commission into the Australian banking sector unearthed appalling practices including criminal acts. It made many recommendations ... which have been largely ignored by governments. “Even in those rare cases where the crimes of the capitalist class are so egregious that they cannot be ignored by the State, the penalty is rarely more than a fine – and usually a fine far smaller than the profits of the crime. Individual capitalists are virtually never held accountable.” (This Bear, 2021.) “In study after study, political scientists have shown that the U.S. government is highly responsive to the policy preferences of the wealthiest people, corporations, and trade associations – and that it is largely unresponsive to the views and needs of ordinary people.” (Karagianis, 2020.)

In reference to one Australian budget Menadue (2020) said, “It is no surprise then that in the budget we see largesse for business” It is prepared “ ... to commit

to further business concessions to lift business investment. Yet we know that direct incentives will not promote a significant increase in investment unless companies see an increase in community spending.” He quotes Gittins (2020) saying, “This ‘Liberal values’ business-directed tax reducing approach to fiscal stimulus explains why the budget didn’t include the two measures economists most wanted to see because they would do most to boost consumer spending and jobs: a big spend on social housing ... and a permanent increase in unemployment benefits (almost every cent of which would be spent).”

Tingle (2020) made much the same case; “The government’s apparently obstinate determination to push all its support through the private sector also means ruling out something obvious such as spending money on jobs in the public sector ... The very sectors that conspicuously need more staff and the fastest-growing part of the workforce before Covid-19 are in the public sector in areas such as aged-care, disability-care, health, education, mental health, employment services and child care.”

Menadue (2020) points out that various commentators say this bias is well understood by the public. “If the Government thinks the community does not see through all this then it is badly mistaken. The Election Study conducted by the Australian National University told us in December last year that “ ... only 12% of Australians believe the government is run for ‘all the people’ ...” In contrast, 56% said the government is run for a “few big interests”. “The recent budget confirms the public view that the Coalition fails to understand and act in the interests of all the community. It acts on behalf of business interests.” (Menadue, 2020,)

But in fact the economy is highly regulated ... mainly in the interests of the corporations!

The main point of the foregoing criticism of the market system is that to the extent to which market forces are allowed to operate, inequality, injustice and social and ecological damage will result. This explains much about the global situation. But we have to add the fact that in many of the important areas of the economy outcomes are not left to market forces because governments regulate and make decisions which suit particular interest groups, especially in the corporate sector. Under Presidents G. W. Bush and Donald Trump astounding tax benefits were given to the very rich, massive contracts awarded without competition to favoured corporations (for example for reconstruction projects in Iraq after the invasion), vindictive labour and welfare laws were put through, and the military sector received ever-increasing contracts. Similarly, in Australia the 2006 labour legislation greatly benefited business at the expense of workers. None of these actions has anything to do with market forces. It was not that in these instances corporations competing in the market led to some succeeding and accumulating great wealth. It was that particular corporations exercising their great power to influence government decisions got the contracts, deals, laws etc. that enabled them to secure lucrative business or operate on terms that favoured them.

As explained above, the market’s worst effects are seen in the unacceptable way it distributes goods and services. These inevitably go mostly to richer people. But

where power has its most unacceptable effects is in determining who gets productive opportunities, and in determining production conditions such as wages and safety laws. Big corporations can threaten to move their factories to another country if governments do not grant them concessions or lower wages or safety standards. They can remind a government of the donations they made to its election campaign. Above all a great deal of productive capacity is allocated by governments when they grant contracts or licences, for instance to open a mine. Much of the law-making which governments engage in sets the conditions corporations must operate within, such as to do with minimum wages, taxes and subsidies, right to strike, and safety rules. As was noted above, there are huge numbers of lobbyists constantly badgering governments to do what corporations and others want; in the US 12,000 at the federal level alone.

Power beyond the market is also evident in the operations of agencies such as the World Trade Organisation, IMF and World Bank. The coming of the era of Neoliberal globalisation can be seen as the introduction of new rules regulating the way trade, debt, foreign Investment etc. are to be handled. These rules massively suit the corporate sector, for instance by stipulating that indebted countries must leave most economic activity to the “free market” (while agribusiness in rich countries enjoys huge subsidies.)

The power of the business sector to avoid market forces takes many forms, including the ownership of the media, the ability to hire teams of lobbyists and lawyers, the capacity to direct “philanthropic” donations to particular causes, to fund think tanks, and to mount campaigns.

So two apparently contradictory things are happening. The Neoliberal ideology insists on free market policies and eliminating government assistance and intervention and regulation etc...in those areas where the rich benefit from the elimination, while at the same time governments often pass laws which ignore the market and settle big economic issues ... in the interests of the rich.

In other words, sheer power determines much that happens in the economy. This situation inevitably gets worse in a capitalist economy. This economy began in the form of individual entrepreneurs competing against each other only in terms of the price at which they could sell. But over time corporations have acquired a great deal of power beyond the market to determine what happens, often working with governments that are usually eager to please them but often prevailing despite government opposition.

Debt.

The total amount of debt in the global economy is enormous and has grown rapidly in recent years. It is widely recognised that this bubble must burst before long, and that it will have hugely destructive consequences. (Tverberg, 2021, Hudson 2022.) The US debt has trebled since 2008 and by 2020 world debt had reached about 3.7 times world GDP. In a capitalist economy a small amount of debt is considered to be desirable as it represents borrowing to invest in growing the economy and if the amount is moderate you can expect that output and earnings in future from the new ventures set up will enable the debt plus

interest to be repaid. But debt grows faster than the economy, so in the long term there's trouble.

Debt should best be seen as a claim on income from sale of future output. It represents an expectation that future production and sales will be large enough to enable pay-back. But this assumption is increasingly uncertain, firstly because resources are getting scarcer and more costly casting doubt on whether in future things can be produced at a low enough cost, and secondly because of declining household disposable income as the rich cream off more and more wealth. Will people be able to afford to buy at the rate required to enable the firms producing goods to pay off their loans plus interest?

Governments desperate to stimulate their economies eagerly pump more money into their economies by in effect "printing" it and giving it to the banks to lend, and by lowering interest rates to encourage people and firms to borrow it to invest.

The main effect is that richer people and firms pounce on the availability of lots of "cheap" (low interest) money and take out loans to invest in acquiring assets; hence for example the early 2021 Australian housing price boom. Governments will not adopt the glaringly obviously best way to get the economy going, again the "helicopter money" strategy of flying over poor suburbs and shaking out bags of notes. People would grab them and run straight to the shops. Ellen Brown has made the obvious point; "The way to stimulate economies is to get money into the pockets of people who will spend it." Why don't governments do this? As has been explained, because that would be giving money to poor and ordinary people! It's OK to give it to the rich and the banks and corporations, for instance in tax relief and "Quantitative Easing", on the pretext that the rich will invest it in setting up factories. But in recessions the rich don't do this simply because they know they can't sell the stuff new factories might produce. They typically use the money to invest in acquiring assets and to pay their managers bonuses ... which after the GFC left the global economy more or less in recession for over a decade. (A rare occasion when a helicopter strategy was used was when the Australian Rudd-Swann government gave everyone \$900, ... and saved the country from the GFC.) Money dumping helicopters somehow seem to hover over rich people not poor people.

Hudson (2022) and others point out that the acquisition of more assets to rent out siphons more spending power out of the hands of ordinary people and therefore actually depresses the real economy ... and then in order to get it going they pump in more money hoping it will boost investment and purchasing .. but it doesn't and just increases the overall debt burden. Their answer to the debt problem is to increase the debt. Hudson stresses that it is a kind of Ponzi scheme.

Perhaps the most worrying aspect of debt is that if there is any debt at all then there must be economic growth. As has been explained, the money borrowed cannot be paid back in future plus interest unless more "value" is produced than the money represented when it was lent. This means that in the steady-state economy we need there can be no interest payments. Hardly anyone seems to realise this.

The magnitude that debt has now risen to is an indicator of the sickness of the economy. Tverberg (2021) points out that in the 1951-1976 period a 60 cent rise in US debt was associated with a \$1 rise in GDP, but now it takes an \$8.8 increase, in deflated terms, to raise GDP \$1. That is, it now takes 13 times as much debt to get the spluttering economy to lift the GDP \$1. And in 2020-2022 interest rates have been at extremely low levels, so any rise in them will drive large numbers of people into bankruptcy and risk collapsing the economy.

The debt situation is one of the main factors leading towards catastrophic global economic breakdown. Tverberg (2021) says that before long "... the worldwide debt bubble will start to collapse, bringing oil prices down by more than 50%. Stock market prices and prices of buildings of all kinds will fall ... International trade will dramatically fall. The standard of living of most people will fall precipitously." Hudson's works explain at length how the historical accumulation of debt has strangled and killed off whole societies and empires. He says that's the path we are on, with global debt levels now far greater than could ever be paid off.

Work.

It might at first sight seem like an extreme claim, but capitalism has destroyed work. A major source of life satisfaction and enjoyment should be producing, creating the things we want in order to live well, but in this society work for most people is at best just tolerated as necessary and inescapable, and for many it is a more or less unpleasant burden. Some studies report that 80% of Americans do not like their jobs. (Ivanhoe Newswire, 2019.) In addition, we do far too much of it; we could have a very satisfactory society in which on average we need to do perhaps only one-third as much producing. (See Chapter 10.)

Job satisfaction surveys can be misleading. Many who say they are satisfied with their job mean that in view of their circumstances they could not expect a much better one. The right questions are rarely asked, such as, do you enjoy doing the work, and would you happily continue to work on holidays? It will be argued in Chapter 10 that production could be organized in ways whereby we would answer yes to these questions, and wouldn't need to do a lot of it..

In our present economy the worker's only involvement in production is that he or she sells labour to the owner of the factory for a wage. He or she typically has no control over the work conditions or processes, often must repeat one narrowly defined thing again and again, does not own the product made, cannot vary the process, or keep an especially good product, and cannot go fishing when he or she would prefer to. Marx criticized this as "alienated" labour; the worker's labour has been separated from other possible values, meanings and sources of satisfaction and fulfillment. This is because in this economy the major factor determining working conditions is cost minimization, getting as much product out of the worker as possible. This certainly yields low-priced goods but workers pay a heavy cost in terms of work experience.

As noted above, people working within the kind of settlements discussed in Chapter 10 would very likely say yes they would like to go on "working" on

weekends and holidays. Firstly, the amount of work to be done is greatly reduced by living frugally and self-sufficiently, eliminating among other things most of the work presently going into producing cars and trucks, throw-away products and too-big houses. Secondly, most producing would take place in small family-run firms and farms and in cooperatives under the control of participants. You would have pride in your skills as a baker or carpenter or fruit grower. The pickles and jams you use would be made by people who enjoy processing small batches of local produce, developing their own recipes, and being complimented by the friends and neighbours who use them. They would not need to “work” at this for more than a day or two a week, because they would not need much money to live well when many goods and services come “freely” from local commons and working-bees. They would not have to struggle to pay their way because the community would have the sense to make sure no one is poor or goes bankrupt and loses their livelihood. Where adjustments have to be made the community would work out how best to redeploy people and resources. Above all, there would be the sense of your produce contributing to the maintenance of your thriving and supportive and admirable community.

Workers would be living in highly self-sufficient and resilient communities, largely independent and secure from the whims of the predatory and fragile global economy. At present an event on the other side of the globalized world, such as a major bank failure, can devastate economies and throw people into unemployment and poverty all round the world. We have become totally dependent on the global economy for jobs and goods on the supermarket shelves. Before the advent of capitalism people were able to provide for themselves via their fields and collective arrangements such as village commons. But in a capitalist economy people cannot do this and are dependent on getting a wage from an employer, to buy things employers produce. The settlements and economies discussed in Chapter 10 restore the capacity of people and communities to be independent of the global economy and safe from the whims of employers and investors.

One of the most interesting and overlooked elements in the dominant world view is the way work has come to be thought about. The hard worker is admired, even though he might work at advertising cigarettes. Much effort goes into teaching kids in schools to be hard workers, and to accept the importance of slogging away at tasks that are unpleasant. Laziness is a sin and we beat up on ourselves for not “getting back to work”. Bertrand Russell (1932) got it right when he said, “I think that there is far too much work done in the world, that immense harm is caused by the belief that work is virtuous ... the road to happiness and prosperity lies in an organized diminution of work ... If the ordinary wage-earner worked four hours a day, there would be enough for everybody and no unemployment.”

The “hidden curriculum” we experience through many years of schooling teaches us very effectively that it is appropriate that our fate in life depends on how hard we work at our studies. If you work hard at school and earn credentials you will have access to good jobs but if you drop out early then you can expect only a lousy job, and maybe none at all. Thus radical education theorists point out that school is a powerful legitimiser of social placement. It gets everyone to believe that where they end up in the social hierarchy is rightly determined by their brain power and how hard they worked at school, so they have little justification for complaining. They also point out that for large numbers of kids school work is

about getting used to doing things that are of no interest or meaning to them; you just come to accept doing what you are told without expecting it to be of any value to you. It's not so surprising then that they accept work in the factory or office that has no meaning or value to them.

Schools spend most of their time training kids in working, but spend hardly any effort teaching them how to do leisure. In my firm opinion one of the most important thing kids should learn is hobbies. They should be introduced to a wide range of arts, crafts and activities, and to people who are obsessed with various creative pursuits, and above all they should learn that this realm is of great importance in a satisfying life.

Surely the point of life is not to grind away at unpleasant work, but that's what most people do without protest. We should be able to spend most of our time enjoying life, improving things and contributing to a better society, and especially helping other people thrive and flourish. How unsatisfactory it is then to define "education" primarily in terms of acquiring productive skills. The less time we have to spent producing things the more we would have to devote to such pursuits.

Now how come we suffer from this costly mistake, this syndrome of delusion that work is supremely important, to be accepted no matter how boring, morally noble, and that idleness is sinful? Whose interests do these taken-for-granted and never-questioned convictions serve? Not workers, who could have nice lives on, Bertrand Russell thought, four hours work a day. ... obviously they serve the interests of employers. They want you to work diligently, obey orders, not question the point of the work being done, and to be satisfied when a wage is all you get out of your work.

Connections with feminism.

More work is actually done in the non-monetary domestic economy than in the monetary realm economists confine themselves to. That is, more work is done washing up, making beds, helping kids with their homework, caring for elders etc. than is represented by the GDP. Women usually do most of this. All this work is totally ignored by conventional economic theory and practice; it is regarded as having no economic value whatsoever. (Hence the title of Marilyn Waring's book, Counting for Nothing, 1999.)

The issue goes beyond the "unpaid work" of women. Chapter 11 points out that it is not possible to understand economic phenomena unless reference is made to cultural factors, especially the ideas and values that energise and direct people's efforts to produce and exchange things. Conventional economic theory totally ignores all but the incentives people experience to work for money. However in a tribe customs can be powerful determinants of what is produced and how it is distributed. In a family a lot of work and production takes place but it is motivated by non-monetary incentives and values related to concern for the welfare of all. Eco-feminists such as Ariel Salleh (2001) have drawn attention to the overlooked role of women in economics, especially with respect to the reproductive "work" they do. The term refers to more than biological reproduction of children. It includes the maintenance or reproduction of social conditions and relations. They do most of the informal work that keeps the household and community in good

shape, and much of this is caring ... for children, aged people animals, invalids, gardens and men who come home tired from the factory. Their interactions with each other help to maintain values, good behaviour, social stability and cohesion. (Men do this too of course, but they are away much of the time.) They socialise infants into citizens. This could be labelled the “nurturing” sector of the economy. None of this work involves money. The wider economy could not survive without it.

Capitalist society is very “patriarchal”. There is hierarchy, competition and winners, inequality, domination and power. These contradict the values and procedures traditionally associated with social reproduction, and their prominence today obscures the importance of nurturing for the economy. Chapter 11 will show how communities functioning according to Simpler Way principles require and reward nurturing values, attitudes and behaviour. All people will realise that their individual welfare and quality of life depend entirely on whether they care for each other, their ecosystems, their society. There will be few if any differences between the roles and contributions of women and men. They will work and play side by side with no incentives for status differences to emerge.

Money and banking

Some of the most unsatisfactory aspects of this economy are evident in the money and banking systems. Unfortunately, these tend to be not well understood, partly because money can be puzzling stuff.

Money should just be something that facilitates economic exchange, the safe keeping of savings, and the keeping of accounts. But in our economy it is also a commodity, something that can be “hired” for a fee, i.e., borrowed and paid back with interest. Consequently there is now a vast and largely parasitic financial industry lending and managing money.

The essential fault is again due to the market system. As explained above, in a market system things go to those who are able and prepared to pay most for them. So it is no surprise that money is lent to, hired out to, mostly richer people, those able and willing to pay the highest interest rates the lenders can get. This means that most of a society’s capital goes into setting up industries that are most profitable simply because they produce goods that richer people want. Hence there are few if any firms producing very small, cheap, humble but adequate housing. A bank is not going to lend to a firm intending to produce housing that poorer people can afford when it can lend to a firm that is building McMansions and is able to pay much higher interest rates. This means that what is developed, that is whatever firms create in our society, is not decided by us, it is decided by the banks and all they consider is what will make most money for them. The situation can only be remedied by regulations that either make some banks provide low interest loans, (...which was the situation in Australian for housing loans decades ago) or by making all banks into public institutions.

So the power to decide what money is used for is in the hands of the few who have most of it, that is the rich and the banks. Your town might desperately need a youth club or meeting place for the elderly but what you are more likely to get is

a fashionable boutique, high-rise units or a supermarket. Banks therefore have immense and unrecognized power to determine what happens. Greco illustrates the significance of this power by noting that the Duke of Wellington was heading to lose the Battle of Waterloo until the Rothschilds bank decided to lend to him. "The Rothschilds had decided the outcome of the Napoleonic Wars by putting their financial weight behind Britain." (Grecco, 2009, p. 91.) There have been many similar cases in history where the capacity to persuade banks to fund armies was crucial in enabling a king to win. This means that the determination of our society's development, the power to decide what is going to be built, is largely in the hands of the owners of capital. Governments do have the power to intervene and regulate, but they work hard not to. They are typically determined to minimise interference with the free market and to maximise freedom for business to do what it wants. This is most evident in the above discussion of privatisation where the obsession with transferring public functions and assets into private hands was shown. So if we are to develop the things our community needs most we will have to get around the power of capital owners to lend to and develop only whatever will maximise their wealth.

The mass of ordinary people are prevented from setting up the many little firms they could be operating to enable their towns to produce for themselves many of the things they need, because access to finance is decided by "market forces". As a result, billions of people especially in the poorest countries are forced into idleness and deprivation because they can't establish small farms and workshops. Further, the land and resources they could be using are taken (bought) by the rich and put into ventures that are most profitable to them in the global market system, such as growing crops for export.

Again we see one of the worst things about this economic system; it allows the rich to take most of the business opportunities, the producing and selling that is going on, and thereby to eliminate livelihoods and condemn people and towns and whole nations to idleness and little or no income. The old Catholic "distributivist" philosophy recognized that the redistribution of opportunities to produce is much more important than the redistribution of wealth after it has been produced. Yes Walmart can sell more cheaply than others, but it is important not to let that determine what we do. We should be happy to pay more if it means lots of people can have livelihoods. Again there are many things we should not let market forces determine, and who gets access to money is one of them.

Another undesirable consequence of the money system is that it is extremely unstable, fragile and dangerous. The occurrence of booms and slumps discussed above is to do with the way the system periodically implodes destroying the lives of millions. When people with money suspect that they will soon be unable to make good profits in an industry or a country they can quickly withdraw their capital and the credit rating agencies can classify the country as a bad place to invest, thereby terminating many productive operations and dumping the country into chaos. In the Global Financial Crisis ten million Americans lost their homes. Again, this is because the system is driven by people with a lot of money constantly chasing after the most profitable investments they can find. They can't make good profits these days investing in the production of more fridges or vacuum cleaners (because the wages of American workers who might want to

buy them have not risen significantly in 40 years and their disposable income is depleted by rent and interest payments), so they speculate on assets; e.g., buying houses hoping they can soon sell them at the higher prices ... which are partly generated by the speculation. Financial institutions thrive on this; there are lots of loans banks can make to the speculators, and lots of fees. Then the boom crashes and large numbers of people lose their jobs and homes, and large numbers of lenders lose their money. Then people with capital swoop in and buy up the assets of bankrupt firms cheaply.

Governments could quickly and easily implement satisfactory monetary systems ... but they won't because to do so would involve regulation and thus would be seen as "socialist". It would be to "interfere with market forces", to take control of money away from the rich and their banks, and to at least regulate and cap interest rates, and to make sure that much lending goes to socially necessary purposes. But this would be to devastate the flows of wealth to those in the financial sector, so it would not be tolerated.

Probably the worst thing about the money and banking system is the general acceptance of the vicious "deficit myth." (Two of the most detailed accounts are Stephanie Kelton's The Deficit Myth, 2020 and Bill Mitchell's Macroeconomics, 2019.) Almost all politicians, economists and ordinary people take it for granted that a government should try to avoid going into debt, so should not spend more than it can raise in taxes and the businesses it operates. The fundamental assumption here is that a government is the same as a household in that it must only spend as much as its income allows, or borrow money and go into debt if it wants to spend more. It seems obvious that if it takes on big debts that have to be paid back someday it will burden future citizens with large interest and repayment bills. But the Modern Monetary Theorists such as Kelton and Mitchell stress that this understanding of the situation is totally wrong. Governments can and should (and do) create, "print", money and spend it. They do not need to borrow or go into debt. When the US government carried out Quantitative Easing to remedy the GFC, who did it borrow the trillions from? No one, it simply printed the stuff ... although the process is cloaked in confusing procedures and gobbledegook.

The most ridiculous aspect of the current monetary system is that governments go to private banks and rich lenders to borrow vast sums of money and pay vast sums to them in interest, from our taxes, when this is totally avoidable. In 2019 the Australian Federal government's debt was around \$540 billion and it paid out around \$22 billion each year in interest on its borrowings. (Owen, 2020.) In addition, governments claim that they cannot afford to do crucial things such as provide housing for homeless people, when they could easily do so because they are able to create as much money as they need.

The common knee-jerk response to MMT is that if a government creates money it will end up with mega inflation, as happened in Weimar Germany and Zimbabwe. This is as silly as saying if the government trebled tax rates it would ruin the economy. Of course it would. But no sane government would create and spend more money than was needed to enable available and unused resources to be put into production. If the money created is just enough to get available resources into production there will be no surplus money pushing up prices. Parliaments can always set limits on the amount to be created. Consider the fact that the trillions of dollars created by "Quantitative Easing" after the GFC

did not cause inflation, and the fact that Japan has been doing this kind of thing for ages without inflation.

If governments create large sums of money and use them to gear available but idle resources, especially workers, to unmet need, the process is just the same as when Amy who is flat broke but can sew writes an IOU to Fred, who is also flat broke, to buy some of his carrots, and Fred then uses the IOU to pay Amy for repairing his shirt. Amy created a form of money that enabled trade between them. After their trading they can burn the money Amy created, the IOU. Governments can do the same on a large scale, for instance printing money to pay for the construction of a swimming pool and getting it all back later by allowing that money to pay for pool entry fees, or council rates. There is no sleight of hand or getting something for nothing here; it's just a matter of enabling economic activity. (See further in Chapter 10.)

Note another bad effect. MMT would enable a lot more to be spent on things like welfare and prisons, but at present governments claim they can't afford to fund these things adequately. So they have a water-tight alibi to privatise them. Meanwhile communities go without facilities they could be enjoying.

Because generations of economists and politicians have failed to understand MMT massive social damage and misery has been caused. During the Great Depression how many millions endured ten years of poverty because they had no money to produce and sell basic necessities to each other, (... among other things, contributing significantly to the rise of the Nazis.) When MMT is understood it is obvious that the unemployment plus under-employment rate should be and can easily be reduced to zero. There are always important things to be done so just create and spend enough money to set up enough farms and factories to give jobs to all who want them. (Again Chapter 10 elaborates on these themes.)

Burdens are not shared well.

If a problem arises in your household economy, such as running out of coffee, you share the inconvenience. But when the national economy inflicts heavy costs and inconvenience on a few they are typically left to cope as best they can. For instance, when the system fails to provide enough jobs some are dumped into unemployment while the rest go on as before. The Covid pandemic has hit many very hard but many billionaires have become much richer, especially due to on-line goods orders.

It is therefore not surprising that there is great resistance to proposals to phase out coal mining. The Australian National party has blocked sensible climate initiatives for years because they know the proposals would mean elimination of many mining jobs and entire towns while the rest of the nation was not affected much, if at all. Similarly appropriate steps to save the Murray-Darling river system have been blocked by farmers and townspeople who know the reductions in water use needed would devastate them while the nation offered miserly compensation at best.

This situation is characteristic of an individualistic culture in which you sink or swim more or less on your own. A society which shared burdens well would be much more collectivist and managed, contrary to the basic capitalist outlook.

Energy and the economy.

It can be a serious mistake to think about economic issues primarily in terms of dollar values. Many have pointed out that the crucial factor for analysis is energy. This economy does an enormous amount of producing and this takes energy. The graph for the increase in world energy use is very close to that for world GDP increase. To focus on only one aspect, Tverberg points to the dilemma that has arisen regarding oil prices. A few years ago many thought the advent of “peak oil” would see prices skyrocket, but in fact around 2020 they had declined markedly. Tverberg sees that this was due to falling demand, caused essentially by rising inequality which has reduced the disposable income of most people. As a result, oil prices have fallen to levels at which producers cannot make normal incomes. The situation for the sector that has kept supply high in the recent past, “tight oil” from fracking, has been extremely bad; almost no producers in the industry’s short history have ever made a profit. (See below.).

Tverberg estimates that when all costs, not just those for getting oil out of the ground, are included producers would have to be paid around \$120 per barrel, but actual prices have recently been around \$50-60 per barrel. She says, “...the world market cannot get prices to rise high enough for producers to cover all of their expenses, including taxes.” Yet if they charged higher prices the economy would be hit hard.

The low prices have led to major cut backs in petroleum exploration and discovery, meaning that in the next few years significant shortages are likely to occur. The tight connections between the economy and energy are thereby evident. The urgent need to get off fossil fuels will add to the volatility. (It should not be assumed that shifting to renewables will solve the problem; that shift is essential, but will probably involve significantly higher costs; see Trainer 2017.)

Trade.

It is taken for granted that trade is good and that we should do a lot of trading. The rationale is to do with Riccardo’s “comparative advantage” argument, which is that it’s best for a country to specialise in producing what it can produce most cheaply and to import other things from the countries that can produce them more cheaply than it can. Thus there is a strong inclination to avoid protection of local industries, making all countries highly dependent on imports. Big capital likes this arrangement because it means gigantic factories located in low-wage countries can be set up to capture markets all around the world. Consumers in rich countries like it because it minimises the prices to be paid for goods.

But again what the market does is not necessarily what’s best, and should never be the only determinant of arrangements. It might be wise to retain national self-sufficiency in some industries for security reasons. Often if industries are not protected cheap imports kill them off and people are thrown into unemployment

and poverty and towns die. The North American Free Trade Agreement saw large numbers of US jobs lost to Mexico and China, contributing to the rise of Trump.

A major concern is the great resource consumption involved in trade, all those enormous container ships and ports and trucks. At present 55,000 carbon-emitting ships carry 11 billion tonnes of stuff every year, several tonnes for each rich-world person. That is a strong argument for localism combined with reducing the demand for stuff.

But the main reason for minimising trade is that it locks poorer countries into a form of development that enables the rich countries to exploit them savagely. Chapter 6 explains how conventional (capitalist) development theory and practice assume that a poor country must sell a lot of resources to earn the money to pay for building factories and for setting up the power stations and ports the foreign investors want to enable export of resources (and to pay the associated interest on the huge loans required). But they never get ahead and typically end up with impossible levels of debt, then have to plead for assistance from the IMF, which grants more loans...on condition that they, you guessed it, ...export more resources to pay the now greater debt. This means the economy has to be geared to the interests of the rich world's corporations and banks and can't afford to spend on the development of industries to meet the needs of the people. As a result vast amounts of wealth now flow from poor to rich countries in the form of cheap resources and high interest payments, and there is a need to import a lot from corporations in rich countries because national self-sufficiency has not been developed.

In Chapter 11 it is explained that a sustainable and just world can only be achieved via intensely localised economic systems which maximise the self-sufficiency of small towns and cities in which people are content to live in materially simple ways, drawing mostly on nearby small farms and firms. This would mean that very little would need to be transported within a nation, let alone imported from overseas.

The inevitable accelerating destruction of the environment.

Capitalism is the main factor destroying the ecosystems of the planet. This is widely understood now. As has been explained above, most of the world's big problems are being caused by too much producing and consuming using too many resources and causing unsustainable environmental impacts. The overshoot is not minor; we are so far past sustainable levels that there is a strong case for dramatic reductions. The only way you could still be for a capitalist economic system would be if you believe technical advance could not just decouple economic growth from its resource and environmental costs, but cut these dramatically ... but Chapter 2 referred to the large volume of studies and evidence showing that this cannot be done.

Capitalism is a growth system; it involves investors trying to set up more firms all the time to produce and sell more stuff. It involves investors seeking to put their money into ventures that will pay the money back plus interest or dividends and this is not possible unless production is increased. It cannot tolerate zero growth,

let alone recession, for more than a short period. Yet right now the footprint indices are telling us that doing this is using up global resources at almost twice the sustainable rate. If the normal goal of 3% p.a. growth is achieved then by 2050 the GDP and resource demand etc. will be about three times as big as they are now, and six times as big 23 years after that. To believe that such a trend is possible is absurd, and to pursue it is suicidal. The ecosystems of the planet are deteriorating fast. An ecologically sustainable society must have an economy that does not grow at all and has far lower rates of production, resource use, consumption and affluence than there are now.

The elimination of Education.

Capitalist (and other) societies invest vast sums in building and running schools, universities, colleges and other institutions, in which all young people are forced by law to spend at least about ten years of their lives. These are called “educational” institutions, but they are not designed to Educate, very little Education occurs in them, and they do a great deal of Educational damage. The little Education that manages to take place in them is largely incidental, and it’s surprising that any occurs when you examine the situation.

These institutions are however very effective in turning out graduates who have learned a great deal and have many skills, who will work hard, accept orders and do what they are told, and compete for higher-paying jobs. That is, they turn out good diligent workers and techies able and willing to staff the factories and offices. There is no secret conspiracy here; everyone wants these agencies to enable their kids to develop skills the factories and offices need so they can get a good job, and the factory owners and governments want skilled workers who can produce lots of consumer goods. What takes place in these institutions is schooling and training, not Education.

What is Education? There’s no correct answer but here is a brief indication of the kind of goals I would argue that Education should aim at achieving in the individual.

- Inquisitiveness, readiness and desire to inquire, think, ask questions, find out and learn more about the world. Interest in things, interest in everything. Education involves becoming more capable of interpreting the world. The point of getting to know more is to be able to understand the world better.
- Sense of awe and wonder, inclination to find existence fascinating and to think about it and appreciate it.
- A broad understanding of “Big History”, of the nature of the universe the origins and evolution of life on earth, the emergence of humans, our history, the emergence of “civilisations”, the importance of ecology, etc.
- Good thinking: readiness to think logically, carefully, as free as possible from prejudice and dogma, readiness to question, to consider evidence and to assess claims according to the weight of evidence, concern to consider

opposed views and to re-examine one's own. Desire to sort issues out carefully and not jump to conclusions or let prejudices settle issues. Critical thinking, capacity for and readiness to analyse how satisfactory arguments and positions are.

- Understanding and considering a wide range of perspectives, ideals, world-views, philosophical theories (e.g., about morality, knowledge, freedom, human nature, religion...)
- Concern with personal development; what characteristics, values, ideals, goals do I want to be for. What are my weaknesses and strengths? Consideration of admirable characteristics and historical figures. Do I have characteristics I need to work on?
- Concern with the nature of and evaluation of one's society and with one's "obligation" to contribute to it. What are its merits and faults? Interest in political philosophies such as "liberalism" and "collectivism", different systems, their historical origins and effectiveness. How might one's society be improved?
- Altruism; concern for the welfare of other beings, involving concern to improve social systems.
- The supremely important Educational theme is affective; the goal is to develop a strong lasting interest in becoming a wiser and more admirable person, and a constant learner.

An Educational program researched and designed to achieve these goals would look nothing like what happens in existing schools and universities. This shows that those institutions are not designed to Educate. An Educational system would have nothing to do with exams, competition, teacher power, compulsory attendance, enforcement and punishment, grades, credentials, uniforms, prizes, failure, disobedience, selection for university or jobs. Credentials have little or nothing to do with Education. A highly credentialed and skilled person with many degrees can still be a very poorly Educated person. Your typical doctor or judge has never been introduced to Buddhism or Existentialism.

Educators would be wise, friendly and caring helpers, skilled in guiding people to valuable information and experiences and suggesting how puzzles might best be sorted out. They can never use force; learners are in charge and they decide what they want to learn. At times an Educator will have to think hard about how to get someone to tackle issues or do exercises s/he knows it is important for the learner to deal with if s/he wants to achieve goals.

Education cannot be boring, although it can be unpleasant when one is confronted by difficult ideas and issues.

It is not possible to have a good society unless we have lots of well-Educated citizens, people who have these kinds of interests, ideals, and dispositions.

How can we be so sure that present institutions are not interested in these goals and thus not concerned with Educating? It is easy to tell. Enormous effort is constantly made to examine what schooling has achieved, via massive testing and research industries ... but there is never any research into whether or not goals of the above kind are being achieved. They claim to be Educating, but obviously they have no intention of Educating, they make little or no effort to Educate, and they never check whether they are Educating.

In fact, it is quite likely that schooling does more Educational harm than good; it makes many people hate school, and puts large numbers off learning and inquiring. In addition, it does the serious psychological damage of convincing large numbers that they are dumb. Schooling is probably the biggest of all human rights violations, not the most severe but most widely suffered. Millions of kids are forced for years to do things they don't want to do.

Obviously existing institutions churn out the kinds of people the capitalist system wants...good workers, with skills that are useful in producing things, managing systems and developing new products. The selection system which grades everyone with credentials according to how well they did at school, performs a marvellous automatic social allocation function. Those who do well are allowed to get good jobs, and those who don't then meekly accept that they only deserve lousy or no jobs and have no justification for complaining. They have also learnt to accept hierarchy and top-down authority, to compete, that competition is natural, and that those who get to the top deserve their privileges. They have learned their lowly place and they have learned that "brainy" people rule, make the decisions. They also learn that life is about struggling to achieve or at least survive as an individual; it is not about equals cooperating to take control of their social arrangements. These learnings suit the capitalist class very nicely.

But how many graduate from university courses with a deep "love of learning", keen to read and inquire and discuss important issues etc? Most students see their courses as work they have to grind through in order to become qualified, and some ceremonially burn their notes when they are through. That's a characteristic of a "schooled mind." How many ever read Shakespeare again, or do maths puzzles for the fun of it? If we were interested in Educating we would have found out.

Schooling is therefore a powerful agent of domination. Yet it is probable that no one staffing our schools and universities or managing our systems has set out consciously to design agencies that have these effects. This reveals another major criticism of the situation; the stunning failure of those who work in the system to think about what they are doing. Most are content to work in their factories, doing what they are told. And these are people think they have had a "good education"; after all, they have good credentials.

There is a considerable Radical Education literature detailing this general perspective. (See [Education: The radical view](#), and [Education: An ideal view](#).)

The contradictions built into capitalism.

A capitalist economy involves major contradictions and conflicts. It is not a harmonious system in which all elements work together to achieve desired outcomes. In your household economy people share the jobs and help each other and adjust arrangements in a coordinated cooperative effort to achieve goals all share. But central in capitalism is the conflict between the owners of capital who want to pay the lowest wages possible and workers who want the highest wages possible. There is also mortal conflict between capitalists as they must try to beat others competing in the market place. When governments try to protect aspects of society by regulating they are contradicting the wishes of corporations. The needs of society and the environment conflict with the desire to maximise profits. The factory owner wants to introduce automation but this clashes with the interests of the workers who don't want to be sacked. The more rampantly successful the capitalist class is the more it moves itself and the rest of us in a suicidal direction, because if it automates all the factories, or drives wages right down there will be less purchasing power in the hands of people and the economy will go towards depression. The workers want good safety standards but this raises costs for the factory owner. The system thus involves many significant conflicts of interest and is characterized by constant struggles. Vast amounts of time, talent, energy and resources go into fighting these wars...the lawyers, think tanks, lobbyists, campaigns, advertising etc. all gobble up resources and effort that could be going into doing socially useful things.

One of Marx's most important insights was that these fundamental contradictions are built into the foundations of capitalism. Another was that they would in time lead the system towards self-destruction. We would seem to be well down this path now. (See Chapters 7 and 8.). The system has created serious resource scarcities and social and environmental damage, but it cannot stop growing, and thereby accelerating its own difficulties.

Clearly the goal should be to develop an economic system which enables us all to cooperate in providing the things everyone needs for a delightful life, at least with a minimum of conflict over sub-goals and means.

Imperialism: The inevitable stage.

Throughout the last perhaps 6,000 years history has been largely about the rise and fall of empires. "Elite" groups have kicked and clawed their way to domination over their society, stealing more and more of its wealth. They are never content with enough, they constantly seek to extend their territories and capacity to loot, to exploit their masses and to coerce their people into fighting wars for the ruling class. In recent centuries the Portuguese rose to the top, then the Spanish, followed by the Dutch and then the British. Through more than seventy colonial wars Britain conquered and colonised much of the world and therefore was able to siphon out vast wealth. World Wars 1 and 11 can be seen as struggles between Britain and Germany for world imperial domination. As Britain declined through the Twentieth century the US rose to be top dog.

What many fail to grasp is that the process of imperial expansion continues today and is the main source of most of the world's trouble. The ceaseless quest for more and more profitable business opportunities and outlets for the investment of

the ever-accumulating amounts of capital leads to the drive for more access to resources, investment opportunities and markets in foreign countries. In recent times this has largely shifted from outright military conquest and possession of territory to financial means. In general, it is now not necessary to send a gunboat, because the transfer of wealth can be ensured with the stroke of a pen. All we have to do is get a country hopelessly indebted to us and they have no choice but to accept bail-out terms which bind them to the policies that see their resources flow out and foreign investment flow in. (See Chapter 6.)

A major mechanism has been discussed above; the Structural Adjustment Packages imposed by the World Bank and International Monetary Fund. Indebted countries are bailed out with further loans on condition that they reduce regulation of their economies, sell off government firms to private corporations, allow foreign investors in on favourable terms, cut subsidies to the poor, boost resource exporting, prioritise paying off debt, and devalue their currencies, (meaning lower prices for their exports to us and higher price for their imports from us.) These policies are a delight to foreign banks and corporations and shoppers in rich-world supermarkets. They gear the economy to paying the debt by exporting resources and opening up to investment by foreign corporations. There is a vast critical literature arguing that these policies do not “fix” the economy but they inflict great social costs and fail to gear development to the urgent needs of the majority.

But in addition to these normal workings of the economy a great deal of effort goes into securing more resources and markets through forceful political and military action. Governments willing to facilitate the activities of foreign corporations are supported and those unwilling are likely to be harassed or to suffer “regime change”. The US has a long history of military intervention, including organising coups, funding rebel armies, bankrupting entire countries, and carrying out invasions designed to install regimes prepared to rule as required. It has initiated most of the estimated 600 attempts to kill Castro. (See Wikipedia, 2021b.)

The US is the dominant power controlling the empire that the rich world draws much of its wealth and affluence from. Its approximately 800 military bases on foreign soil are there to secure our empire. (China has been estimated to have less than ten, maybe only one.)

“Despite what you always hear, US interventionism has nothing to do with resisting the spread of ‘communism’ ... it is independence that we have always been opposed to everywhere, and for quite a good reason. If a country begins to pay attention to its own population, it’s not going to be paying adequate attention to the overriding needs of investors. Well those are unacceptable priorities, so that government is just going to have to go.”

Chomsky, 2003, p. 65.

“Washington is driven to replace all foreign governments which resist integration into the US economy, including the Syrian, Cuban, North Korean, Venezuelan, and Iranian governments.”

Gowans, 2020.

You and I could not be so affluent, comfortable and secure if we did not have this empire. We in rich countries get far more than our fair share of the world’s resources. We could not do so in a global economy that was just or was not kept in place by military force.

This is the inevitable result of capitalism. It must constantly find more and more outlets for the investment of constantly accumulating capital, more resources to fuel more production, and more markets to sell into. This leads to strenuous efforts to persuade or force foreign governments, especially in poor but resource-rich Third World countries, to implement policies that enable corporate access.

There is a massive literature documenting the empire, including many long and heavily documented works, such as by Chomsky, 2014, George, 1991, Blum, 2004.) There is huge documentation on the appalling things that have been done to support compliant regimes and get rid of those unwilling to rule as we wish. (For a detailed summary account see [TSW: Your Empire](#).) Yet within the general public there is almost no concern about the issue, no understanding and no disapproval, let alone roaring outrage and disgust and determination to end it and deal with the perpetrators. As Chomsky and others ask, why are not all US Presidents prosecuted for war crimes given the dictators they have supported, the subversion, the assassinations and invasions, the destruction of whole nations such as Libya and Iraq they have authorised? There is even less understanding that all people in rich countries are beneficiaries of the empire and that they can only have their affluent “living standards” because a great deal of effort goes into securing the empire from which they draw wealth.

Capitalist ideology.

Despite critics and criticism capitalism enjoys very strong support, especially within government circles and among general publics. This is mainly because a number of specific ideas and values are widely held, often implicitly. They are taken-for-granted as just being the way the world “naturally” works. These can be regarded as elements in a powerful capitalist ideology.

The term “ideology” is being regarded here as a view of the world which it is in the interests of a particular group for people to hold, but which is contrary to the interests of those outside the group. Long ago the dominant ideology was that kings have a divine right to rule, and kings as well as serfs believed this. Sometimes there is an element of truth in a particular ideological claim and sometimes an element can be quite correct but misleading, or can support a position that there are stronger reasons for rejecting. (For instance, it is usually true that there is trickle down, but...)

By far the best way for an elite to rule is not by force but by ensuring that their rule is regarded as “legitimate”, seen to be in order or normal or deserved. Then not only is it unnecessary to put down dissent but those being ruled are likely to support the elite and to be willing to fight its wars.

Important in maintaining legitimacy is heading off or minimising criticism. This usually involves both feeding in favourable messages and minimising attention to problems and faults. Ruling classes own the media, think tanks and foundations etc. so it is not so difficult for them to maintain the thinking, or lack of it, that keeps people content with the situation or willing to tolerate it. They do this largely by controlling the agenda, the issues that preoccupy public attention. A powerful factor here is distraction, the flooding of consciousness with attention-grabbing trivia, the TV soap operas, celebrities, scandals, sport, block-buster movies, funny cat videos, fashion, pop music, advertising, and Facebook obsession. These preoccupations with trivia ensure that critical social issues do not get on the agenda, that vast numbers of people never think about them.

Another major factor is the appeal to “freedom”. People are constantly told that ours is a free society, that they are free unlike people in North Korea, that we fight to protect freedom around the world, that a free enterprise economy is the only way and “socialism” takes away freedom. This is a powerful force ensuring the freedom the corporate rich have to do what they want to do.

It is not being assumed that these effects are consciously contrived by scheming conspirators. They are conditions and structures automatically generated by late capitalist society. For instance, life in dormitory suburbs is pretty boring so it is no wonder people watch mindless entertainment on screens much of the time. But in addition, a lot of expertise and money is put into deliberate effort on the part of the ruling class to maintain the ideology that it suits them for people to hold. (Herman and Chomsky’s book Manufacturing Consent, 1988, is a classic analysis of this.)

Following are some of the elements discussed in previous chapters which would seem to be essential elements in the understanding of the world most people hold, and which it is in the interests of capital for them to hold. All of these are open to challenge, some because they are simply wrong but others because even though they might be correct this does not mean present arrangements are satisfactory; there might be a better way than the one endorsed. Most of these have been discussed above.

Firstly, overt, conscious propositions, theses, including:

- The present economy is generally seen as acceptable; there is not much desire to replace it.
- Socialism is not worth considering. It has been tried and failed.
- It’s no good for the state to run or control a lot of functions.

- Freedom is extremely important and this economy provides for it. You are free to buy things and own property and to set up a business.
- Economic growth is desirable, in fact essential. It is the way to improve to conditions for the poorest. It is very important to grow the GDP.
- The higher the GDP the higher “living standards” are.
- Privately owned firms are more efficient than publicly owned firms.
- Wealth and possessions are very important.
- Competition is natural and good. It brings out the best in us and keeps the economy efficient.
- Market forces make the best allocations of goods and capital, the most efficient ones. They reward contributions according to their value.
- Some amount of unemployment is normal and acceptable.
- It is alright to treat labour, money and land as commodities that can be bought and sold.
- Success and failure are important. You should strive get ahead.
- It is alright for investors to receive income without having to do any work for it.
- The best get to the top. In general those with wealth and power deserve them.
- Inequality is inevitable; some are talented and work hard and many are lazy and lack talent.
- It is important to work hard.
- It is alright to take advantage of another’s misfortune, or ignorance or weakness; “caveat emptor”.
- It is alright that a few who own a lot of capital have the power to decide what is to be invested in and developed, and that these decisions need take into account only the maximisation of profit to the owners of capital.
- The market rewards factors of production such as capital and labour in proportion to their contributions to national wealth
- Human nature is selfish, competitive and acquisitive, so it makes sense that the economy prioritises competition to maximise private benefits.

Then there are elements within the intellectual climate or culture which tend to be about taken for granted conditions, values and dispositions. Many people are totally unaware that these are morally problematic. Take for instance the viciously negative and punitive attitude towards poor, unemployed and homeless people. Sometimes people in these conditions have brought them on themselves but in many cases they have not. Large numbers of skilled, hard-working and responsible Australians over fifty-five have been tipped into unemployment and are never going to get another job. Some who once held high positions in companies or universities are forced to live in their cars. The situation is not due to their faults, it is due to an extremely faulty society.

This society's attitude to large groups of "disadvantaged" people, as reflected in government policy, is brutally punitive. For many years assistance to unemployed people in Australia was \$45 a day, far below the poverty line and generally agreed to be far too low to live on tolerably. (In 2021 it was raised a little.) In addition, the unemployed are forced to apply for 15 jobs a month, (... this is to be raised to 20 in July 2021) at a time when there are eight people looking for work for every job being offered! (Martin, 2021.) Rules like this are not only utterly pointless, they reinforce a climate in which there is little willingness to assist those dumped by the system, and therefore little demand to raise taxes to assist them.

Most people struggle to define the system that dominates our lives. But if you press them, they're likely to mumble something about hard work and enterprise, buying and selling, reward for effort and talent. This is how the beneficiaries of the system want it to be understood. In reality, the great fortunes amassed under capitalism are not obtained through hard work but through investing, followed by inheritance. (Monbiot, 2021a.)

Merits?

It is important to think about the system's pros as well as its cons. Capitalism does some important things very effectively. However, the argument in Chapter 10 will be that it is possible to develop a system which also does these things effectively while avoiding the problems generated by a capitalist system.

Capitalism is astoundingly productive, and over recent centuries has greatly increased living standards defined in terms of goods consumed per capita. It harnesses great amounts of human and physical energy, drawing/forcing these into work and producing. But these are no longer merits. There is now far too much producing going on. We need an economic system that will allow us to produce just enough for very nice lifestyles, and shift to priorities other than consuming.

It has lifted many to very high living standards, and it is lifting the rest.

"There is trickle down. Look at the very high living standards the system has delivered to the average Australian." These claims are true, but quite misleading. It was explained in Chapter 3 that Australian "living standards", conventionally defined in terms of resource consumption, are now far too high. As well as being grossly unsustainable, we can have them only because the very unjust global

economy allows us to take far more than our fair share of the dwindling world resources. The case against trickle down has been outlined in Chapter 4.)

It makes producers strive for greater efficiency all the time, to survive in competition. Yes, but the mechanism is unnecessarily brutal; less efficient firms are annihilated with damaging consequences. We could easily work out how to ensure sufficient efficiency and make adjustments without scrapping factories and humans. Anyway efficiency (...in dollar or resource-use terms) is in general not as important as whether the system is resilient, not conflict-ridden, looks after everyone, achieves social and quality of life objectives, and is enjoyable to operate in.

The system self-regulates: “For example it adjusts supply to demand, and sets prices. There is no need for enormous bungling bureaucracies to say how much the price of things is going to be. Above all it eliminates problems to do with deciding which weaker firms to phase out and what new firms are to survive or be set up; competition in the market does this very effectively. Imagine having a state bureaucracy deciding whether firms were to be wound up.”

But the foregoing criticism of the market has shown that the “benefit” of not having to grapple with these questions is achieved at the unacceptable cost of extreme injustice as market forces attend mostly to the whims of richer people. There are many things which should not be left to the market, (... although many discretionary items and services could be left to market forces; see Chapter 10.) Yes. the system self-regulates to a large extent, but it arrives at many seriously unacceptable arrangements.

Note also that the adjustments which might seem to be made automatically by the market’s “hidden hand” are actually made by humans and involve an enormous amount of thought, time, worry, risk and work. Shopkeepers decide whether to raise prices, boards decide whether to close factories. Yes, the system keeps these decisions out of the parliamentary and state bureaucratic arenas, saving large and endless disputes, corruption, political favours etc., but the question is whether at least some of them should be shifted to an arena where they can be made by public mechanisms geared to the public good.

The system involves a great deal of freedom, People can buy and produce and set up firms as they wish. Again, the problem is that some have far too much freedom to do what they wish. A good society cannot be achieved unless many things are regulated or prohibited. The task is to work out arrangements that maximise the long-term welfare of all with minimal infringement on liberties. Chapter 10 argues that the limits that might need to be put on economic activity would not constitute unreasonable and unacceptable restraints on freedom.

Easily overlooked are the serious restraints and absences of freedom capitalism inflicts. We are forced to work too hard, tolerate authoritarian bosses, struggle on inadequate incomes in dreary suburbs, watch our ecosystems deteriorate, endure unemployment, go without adequate housing, worry about insecurity, and put up with high rate of stress, anxiety and depression.

It has been argued above that in the present economy there is far too much freedom for the owners of capital to do what benefits themselves. But this does not mean that the solution should be far more power in the hands of a centralized state to regulate and run things. That solution has obvious difficulties and dangers, ranging from bloated and inefficient bureaucracies to authoritarian state power. Chapter 10 will argue that most if not all of these dangers can be avoided if we move to much simpler systems and lifestyles, firstly because there will be far less economic activity to manage, and secondly because most of the decisions can be taken by participatory assemblies in small towns, suburbs and regions.

The task taken up in Chapter 10 is to show that we could develop an alternative which deals adequately with these issues.

So it's class war – and we lost!

Warren Buffett, one of the richest Americans, summed the situation up well when he said, "It's class war ... but it's my class, the rich class, that's making war, and we're winning ... and it's been a rout." (Zahn and Serwer, 2020.) Chapter 8, on the state that capitalism has reduced the US to, demonstrates how right he was. Reflect on the power of the ideological forces at work here, ensuring that just about no one ever mentions class conflict.

There are different definitions of social class. Following are the class divisions I think we should focus on.

The capital-owning class.

The uber-super rich tiny few, the Bezos-Gates set each with tens of billions in assets. (Bezos \$192 billion.)

The 1%, with around 40% of world wealth.

The rest of the rich, around 5% of people, owners of big firms, banking executives, top managers, consultants, and professionals, all with large financial assets invested.

The middle classes.

Ranging from upper to lower ... including business owners, managers, bureaucrats, academics, teachers, tradespeople. Secure and comfortable beneficiaries of the system, especially the professionals with their outrageous fees happy to provide Rolls-Royce services for the rich which ensure that the poor must go without proper health, legal and dental care. Standing (2011) identifies many of these as the "salaried" and notes how this class provides much of the system's inertia.

The working class.

People working for lower and insecure wages, often struggling. Standing identifies most as the “precariat”, an increasing and deprived group including gig workers grasping for occasional work, indebted to lenders and renters.

The lumpen-proletariat.

The dumped, excluded, unemployed, homeless, substance-abusing, docile human wreckage the system creates, does not need and resents spending anything on.

Capital ownership tapers down this hierarchy because even some workers derive interest on small investments. The middle class is shrinking as a few climb up while automation and IT send many down. The corporate level takes over many functions middle class professionals and small businessmen used to perform and organises much of these tasks to be carried out by wage earning workers, or by IT and automation. The working class is extraordinarily docile, historically doing little more than grumbling about its conditions. For two hundred years the Left has been remarkably unable to do anything about this. But the situation is changing now. As the immiseration intensifies the “deplorables” are beginning to take action, predictably in the wrong directions such as blaming migrants, supporting fascism and voting for Trump. These people are likely to be the main but unwitting threat to capitalism in the near future, causing the collapse of present democratic systems and the onset of authoritarian rule.

Many books point to the astounding and alarming power the super-rich have now accumulated, notably Giridharadas’ Winners Take All, (2018) and Goodman’s Davos Man (2022). (The title refers to the kind of people who meet at the elite Davos forum each year.) Goodman confirms the above discussion of the Neo-liberal triumph. “It is no exaggeration to say that through the Neoliberal era they have taken basic control of the global economy and shaped it to enrich themselves at the expense of everyone else.” The media they own, their think-tanks, lobbying, legal challenges, philanthropical support, “educational” projects, and campaign contributions get governments to pass the policies, laws, subsidies, projects, tax relief etc. they want. There are 12,000 lobbyists in Washington, spending \$3.5 billion each year in their efforts to influence members of congress. (SidmartinBio, 2022, Sachs, 2021b.) It costs several hundred million dollars for a Presidential candidate to win a US election, so he or she is then heavily indebted to the corporations who donated large amounts to the campaign fund. In the 2020 US federal election campaign contributions totalled \$14.4 billion. (Sachs,2021b.) The blatant hypocrisy of the contribution system is evident when corporations commonly donate to each side! Obviously they are not trying to get the side whose policies they favour elected, they are simply bribing both sides.

An indication of their power is evident in the persistent acceptance of the “Trickle Down” myth as justifying policies which massively enrich the rich while depriving the poor. Goodman refers to “...the ... demonstrably bogus idea that cutting taxes and deregulating markets will not only produce extra riches for the most affluent, but trickle the benefits down to the lucky masses—something that has, in real life,

happened zero times.” (p. 9). He refers to their “relentless plunder” and the effort they go to in reinforcing the belief that migrants are responsible for unemployment and deprivation. He notes that, “In 2020, as many as 500 million people descended into poverty, while billionaires’ wealth grew by \$3.9 trillion globally.”

Goodman makes a most important point about the form capitalism has now morphed into. Classical capitalism involved firms in ruthless and unprotected competition to survive in the market, with government doing nothing for them but maintaining the rules of the game. But now capital has captured government, which works to give capital the conditions it wants. “The capitalism since hijacked by Davos man is not really capitalism at all. It is a social welfare state run for the benefit of the people who need it least; a sanctuary for billionaires.” Others have called it “Socialism for the rich.” The above section on how governments favour the rich at national and local levels, for instance in their obsession with privatising, aligns with this global picture. Such is the power capital has come to hold. It now more or less literally runs the world.

One does not have to postulate any grand conspiracy run by fat cats in smoke filled rooms to explain the situation (although a lot of that goes on, for instance openly in the annual Davos gatherings.) The capitalist system has built into its nature structures and forces which automatically lead to the accumulation of ever-greater wealth and power at the top. Money accumulates in the hands of a few and with it comes power to influence to enable further accumulation.

The failure of people to think about all this in class terms is a remarkable tribute to the power of capitalist ideology. It is annoying how issues are almost never discussed in the media or the pub in terms of class privilege and the situation of the working, precariat and lumpenproletariat classes. If you refer to the capitalist class or criticise the capitalist system you are likely to be regarded as a pathetic fool who does not understand that socialism has failed, or a communist dupe. Nothing is likely to change until people in general come to see their situation in terms of class conflict, and to see that the capitalist economic system is controlled by and works for the upper-middle class, the very rich and the super-rich, and does not work for most people even in rich countries, let alone for the five billion people in the rest of the world. Fortunately there is increasing realisation that the systems and policies which the capitalist class has engineered siphon vast wealth out of the labour and savings of the rest, into their vaults. The rapid acceleration of this plunder is evident in the above figures on skyrocketing inequality. What will this lead to?

So it is very important for us to think discuss, analyse, complain, protest and organise explicitly and emphatically in terms of class. But don’t focus on the capitalists, it’s the system that is the source of our problems.

Chapter 5. THE SOCIAL DAMAGE

Even if we were able to prevent market forces from generating unjust outcomes and working mainly for the benefit of the rich, the fundamental values and motivations within the market are not desirable. The way capitalism functions involves powerful forces that tend to drive out good values and dispositions from individual personality, and to weaken or eliminate good relations, customs and goals from society.

The undesirable morality of the market.

Over several hundred years market forces have been remarkably powerful producers of innovation, technical advance and progress in many fields. They have forced entrepreneurs to develop more efficient ways and to lower costs. But markets require and reinforce attitudes, values and practices that are at least not admirable, often despicable and in general not those we should be trying to encourage in humans. They often involve interactions that would not seem to be problematic, such as when two people discuss a transaction and agree amicably on terms. But even there your focus has to be on your own benefit, that is on self-interest; you do not focus on what is good for the other or for society. Often/typically the situation is more problematic, involving and requiring acquisitiveness, greed, taking advantage of others, cheating, predation and deceit. The market situation does not involve or encourage altruism, generosity or care for the other.

At the mild end of the list, in the market prices are always set as high as possible, because the driving principle is to maximise wealth. Price is not set by reference to the cost of production (for example, metal spectacle frames are probably priced at fifty times their production cost), or the capacity of the seller to make a sufficient income, or by what the buyer can pay, or what the maker's needs are. Markets are always about sellers trying to get as rich as possible, and buyers trying to pay as little as possible. The seller does not ask himself what is enough; he asks what is the most he can get. In medieval and ancient economies there was often the idea of a "just price", but we have no such idea now.

In addition, the basic incentives built into the system are undesirable. The conventional economist thinks that if supply falls price naturally and automatically rises. This is not so. If you are running out of bread in your home economy the price does not rise. You decide who should have what's left in terms of what's best for everyone. Price only rises in situations where sellers find they are able to demand more and therefore they can choose to raise their prices even when they have no need to. At the very least, that's not nice. Because pharmaceutical companies and dentists set prices far

higher than they need to many people go without what they need, and in fact large numbers in poor countries die.

Then there is the built-in motivation for routine outright deception, deceit and lying, most obviously in dishonest advertising. When you buy a big packet from the supermarket you will probably find that it is only three-quarters full. Why don't torch switches last long? Why so many non-repairable throw-away products?

At the level of government there are powerful incentives for corruption. Possibly the worst forms are not illegal. Huge contracts and development decisions are made by governments and bureaucracies, enabling favourable treatment of corporations friendly to the government. The book *Rigged* by Murray and Fritjers is all about the network of "mates" which generates lucrative deals for participants for instance through the awarding of contracts that are not in the best interests of the public. Toll road proposals that yield high rents to private companies can be approved when they are not the best option, and the above mining cases illustrate the readiness to grant huge subsidies and low royalty and tax arrangements. The privatisation section above listed many areas where private firms have been given the right to buy and run things at great benefit to companies while prices rise and service quality falls.

A major cause of this is simply the monetary contributions firms make to political parties. Murray and Fritjers report that 60% of donations are from firms giving equal amounts to both parties! (Pp. 132,143.) This obviously means they are not interested in supporting the party with the policies they prefer, they are just making down payments for favourable consideration of their proposals later.

This also explains why governments resist setting up good "integrity commissions", that is anti-corruption agencies, and why they will not put in good protection for whistle blowers. The incentive for them is to avoid undermining the system that benefits them.

Contrast these bad incentives with those that would be built into a good economy. It would both require and reinforce cooperative caring behaviour, i.e., behaviour intended to help others and to advance the public good. The social conditions outlined in Chapter 11 would involve us in mostly face-to-face interactions with familiar people in a climate of cooperation to help our town flourish. And there would be no need to maximise income and no point in getting rich. But in the present economy there is no incentive for generosity, kindness, helping, concern for the other or the public good or the environment.

Above all, our whole society is now driven by a self-interested marketing mentality. The primary concern is (has to be) to calculate benefit to oneself, to think about property values, success, rising in the firm, and making as much money as possible. These are not preoccupations that are good for humans. They do not make us better persons or contribute to our "spiritual" growth. There are more important things

to focus on.

The damage to community and cohesion.

There are direct connections between this economic system and the increasing loss of social cohesion. Leigh's books Disconnected (2010) and Reconnected (Leigh and Denton, 2020) report deterioration in many indices of social cohesion in Australia. Social problems are increasing as more people are being stressed, "excluded" and dumped into the "precariat" by this economy. This makes them discontented and troublesome and undermines social solidarity. Leigh and Tyrrell (2020) document the shift towards a more mean and selfish society, and less willingness to volunteer, join and share. For example, people who can't find work are not just given miserly assistance, they are increasingly denigrated, harassed, penalised, and accused of being lazy.

Around 40 million Americans have no wealth and no medical insurance. About 30 million work but are paid less than the poverty-level income. It should surprise no one that the nation is wracked by squalor, festering city slums, crime, violence and an intractable illicit drug problem. (See Chapter 8.) In the UK and Japan loneliness is now such a problem that their governments have established government ministers for it! (Yeginsu, 2018.)

What are the causes of this social breakdown? Firstly, because in this society market forces and growth are the supreme concerns governments try to skimp on spending on socially beneficial purposes and therefore on welfare programs and assistance to communities, especially to those in most need. Governments want to cut taxes on business in order to stimulate the economy and attract foreign investment, so they have less to spend on social bonding. The corporations and banks and their credit-rating agencies like countries where governments do not spend much on public goods, which would require higher taxes on investing corporations.

Secondly, it is an economy which does not need all who want work so it dumps many into unemployment, poverty, lack of purpose, drug addiction and homelessness, i.e., into conditions which can only generate negative and destructive social consequences. It is not surprising that indices of breakdown, such as suicide and drug abuse, have increased in recent decades.

This economy stresses just about everyone. It should, but does not, enable people to relax and enjoy life free from worry. The competitive pace is constantly cranked up. People are working longer hours, because the conditions of work are increasingly made to favour more business turnover. They have to worry about the security of their employment, their care in old age, and their safety on the streets. Firms are downsized, making the remaining workers do more, and comply out of fear of losing their jobs. The emergence of the "gig" economy and the "precariat" means many now work in poorer conditions, without holiday or sickness cover. It is not surprising that depression and stress are now almost the most common causes of illness in the richest societies.

Of even more concern is the mentality that comes with the increasing focus on market relations. The more emphasis that is put on “getting the economy going”, on individuals competing to succeed, the more damage that occurs to social relations, community, social cohesion, trust, concern for others and concern for the public good. In pre-industrial times people produced and received many goods and services outside the cash economy, such as from within family and community. People gave things to each other, helped and did things for friends and family and neighbours. In consumer society we must increasingly relate to each other as individual, self-interested, isolated competitors in a hostile market place, exchanging things only for cash.

These forces and conditions produce “a marketing personality”. As noted above, when you go into a market to buy something the situation does not encourage you to think about what would be good for the other person or society as a whole. Your attention focuses only on what will maximise your own advantage, and you must be selfish and suspicious of the other. Because we live very privately in a consumer society and are given relatively few goods and services freely by friends or neighbours we are less likely to feel gratitude and debt, or bonds of affection to others. We buy and pay for most of the things we get. The more society is commercialised the more the goods, services and experiences we get become mere commodities. Whereas an exchange of gifts or voluntary help builds bonds of trust, gratitude and friendship between people, the purchase of commodities does not. Living in this society increasingly involves purchasing what we want, as competitive, self-interested individuals. Tribal societies provide much more shared experience, such as cooperating in food production, ceremonies and community life, and gifting. Individuals do not get used to pursuing what they want as an isolated competitor in a market.

There are therefore subtle but powerful forces at work in this economy which weaken and drive out social considerations, especially concern for the other and for the good of all. Market relations damage social relations and bonds, yet governments and economists are eager to increase the scope for market forces to determine what happens in society. One of the worst things about the Neoliberal mentality is that it is eliminating community, mutuality, altruism, collectivism, and concern for the common good.

Over centuries this marketing mentality has increased to the point where we now have, not a society with a market economy but a marketing society. Kunstler (2020) says, “Social capital is exactly what Walmart and things like it killed in every community from sea to shining sea. People stopped doing business with their neighbours.” Lubin (2018) quoting Graeber, “says, “... financial imperatives constantly try to reduce us all ... to the equivalent of pillagers, eyeing the world simply for what can be turned into money ...”

The saddest part is that the dominant marketing mentality diminishes us; it is narrow, mean and stultifying. A person’s consciousness, preoccupations and world view are taken up with the wrong concerns. There are more worthwhile and admirable things to be concerned with than trying to cope, trade for more, accumulate wealth and defend against others out to disadvantage you. In a good society we would need to give no attention to competitive struggle for material

sufficiency, so life could be about enjoying life, contributing to community, exploring the universe, enabling good things, thinking and appreciating and becoming a wiser person.

Polanyi.

In his influential book The Great Transformation (1944) Polanyi argued that in all societies before the time when ours began to emerge around the fifteenth century, the economy was a minor component of society and it operated according to the moral, customary and religious rules governing everything in society. Market forces were either not allowed to determine what happened or were subject to strict control by the general social, moral laws. Gain and profit either were not involved or not important. What mattered was sufficiency, subsistence or producing for use and meeting needs. Polanyi argued that by allowing the market to become separate and free from social control our society has made a serious mistake, because in time the market will destroy society and the ecosystems it depends on.

In medieval times there were strong moral rules governing how you were to treat each other, including in economic transactions. You were not supposed to take advantage of another in exchange or trade, you were supposed to charge a “just” price and pay “just wages”. As in all other interactions, you were supposed to do what is just and fair, for instance refraining from charging a lot if someone is desperate for something you are selling. In trade neither party should end up feeling disadvantaged. But as Polanyi points out, with the coming of capitalism these rules were gradually replaced by rules that allowed marketing principles to determine what was permissible. Now we accept that if someone is forced to sell it is alright to pay him as little as possible, regardless of his need. Consider the “fire sale”. It is alright to charge far more than the item cost you to buy or produce. There is no concept of a fair or just price or a fair day’s pay. You charge as much as you can get and you pay as little as you can. In trade deals poor countries are forced to sell cheaply because they desperately need income. This is how markets work, and if you go into them focused on anything other than self-interest and maximizing you will be duded.

In other words, economies previous to our own were very different to ours today. Polanyi discusses in detail the historical changes in thinking and practices that attended the emergence of capitalism. His central theme is this separation that took place between economy and society, whereby the economy came to be regarded as an arena in which some basic social rules no longer applied. In time the only factor that needed to be taken into account in economic interactions came to be maximising gain for the individual.

I asked a legal firm if they could organize the transfer of any funds left in my superannuation account after I died. They said they could draw up the required document...for \$800. Some years later I found out that the arrangement could be made via a standard short form, at no cost.

The firm's behaviour would be regarded these days as a fairly normal market transaction; make an offer and the other is free to accept or reject it. Buyer beware. But the firm was taking advantage of my lack of understanding of the situation: it knew that what I wanted need not involve any cost, and they could see that I didn't know that, which set them up for an easy killing. Polanyi's point is that in medieval times this would have been regarded as a serious moral transgression, a sin against the general moral principle "do not take advantage of another".

She had to leave Sydney suddenly and couldn't take the big mirror she had used for dancing practice. She was going to break it up so it could go in the rubbish bin, but when I said I could cut it up for my solar power experiments she said just take it. I phoned a glass company to find what it was worth and paid her that much.

Polanyi argues that this great transition is so destructive of society and the environment that it led to the enormous social turmoil of the late-nineteenth century culminating in World Wars I and II. Followers of Polanyi argue that our current problems are largely due to allowing so much power to the market and that we must try to "re-embed" the economy in society; i.e., put it under social control again. But since he wrote there has been an acceleration in the effects Polanyi warned against, due to the advent of Neoliberal globalisation.

"Re-embedding" the economy and putting it under social control means making sure that general moral rules again govern economic interactions, rules such as do not take advantage of others. Obviously these are the kinds of rules that make social order possible. In fact, they more or less constitute the society. You can't have a society made up of individuals driven purely by self-interest. There must be commitment to rules which are pro-social, which ensure that individuals do not just do what benefits themselves but will feel at least some obligation to do what is right or good for others and society. Further, there must be social bonds including feelings such as trust, security, familiarity, moral obligation and debt and the legitimacy and satisfactoriness of arrangements. Without these there can be little if any social cohesion. This shows the comical absurdity of the famous Thatcherism, "There is no such thing as society, only individuals". But if you only have self-interested individuals you have no society at all.

The advent of Neoliberalism has driven us far in this direction, firstly by reinforcing selfish individualism as not just morally acceptable but as the main factor that ought to drive society, and secondly by creating the inequality and social wreckage undermining faith in our society. Discontented, deprived and ignored masses vote for Trump and join fascist movements, politicians are despised, respect for expertise and science deteriorate, and belief in democracy fades.

Individualism vs collectivism.

The importance of more collectivist ways is evident when we compare the nuclear and extended forms of family. In the nuclear family two people usually have to cope with all needs and problems on their own, with relatively little access to help. But in a tribe or extended family there are many others close by who can quickly be called on to help out. It is not surprising that the nuclear family fails so often, causing immense difficulties and distress.

But why do we have such individualistic ways? A big part of the answer is simply that for several hundred years we have had a basically capitalist economy in which entrepreneurs go it alone and workers must seek jobs as individuals. The factory owner does not hire a family. Workers must be highly mobile, that is, able to move to where new jobs are when a factory closes, and that means he and his nuclear family must be able to up anchor and move, without bringing grandma and the uncles with him.

Another part of the answer is that in individualistic societies a great deal of emphasis is put on success, which is usually defined in terms of the individual rising in income, power or status. The main way to do this is to beat others in competition within the economy, to get rich or rise in the corporation. The opportunities and avenues for doing this oblige you to be entrepreneurial, to strive on your own.

Striving for success also involves consuming. You need to keep up with fashion and buy an impressive car or house. The beauty industry reinforces the individual's obsession with appearances and impressions. The advent of social media fuels the frenzy. All this is great for the economy; it generates a lot of purchasing.

This emphasis on individual success and status is a delight for the very few winners, but not so good for the rest of us. Unfortunately, this society idolizes winners and is not very interested in making sure that there are few if any losers. A good society would put a lot of effort into making sure there are no losers. In 2019 the Australian attitude was evident in the acceptance of the government's policy of forcing many unemployed people who are desperately seeking work, including skilled and experienced older people unemployed through no fault of their own, to live on \$16,000 a year, one-fifth of the average income and only three-quarters of the poverty line.

Individualism is also evident in the dormitory suburbs with their houses for single families which typically have nothing to do with any others in the neighbourhood. We rarely get together with other households to do anything for each other, such as share tools, organize working-bees, organize picnics or concerts, run poultry co-ops or community gardens and orchards or child-minding arrangements. If we did things like this we would reduce the amount of purchasing going on so an economy geared to maximizing GDP isn't going to encourage them.

Community.

These themes can be discussed in terms of lack of community. Many of our society's problems are due to this absence of an extremely important element in a good society and for a satisfactory quality of life. Yet its significance is not given much attention. The meaning of the term is debatable and the area is not well understood, but community would seem to involve the following elements.

- Having many familiar personal relations. Friendliness, frequent "face to face" interactions.
- Solidarity, support, cohesion and security. People have concern for the welfare of the place and its people.
- Moral bonds, debts and obligations. Giving and receiving. Voluntary contributions. Mutual concern and assistance. Interdependence. Reciprocity. Concern for the public good. Common values and responsibilities. A sense of civic responsibility and of collectivism.
- Traditions, rituals and celebrations. Events and dates that are significant in the history of the town. Things we celebrate together.
- Identification with a place or group etc. "This is my town. I feel at home here. I belong here." Earth bonding.

Note how none of these elements has anything to do with money or wealth or possessions or the size of the GDP. Raising the GDP does not improve any of them. These elements constitute social wealth; the more and stronger they are, the richer the society is. In a strong community people have a lot of relationships, past experience, feelings of solidarity, trust in others, comradeship, and there is a climate of good will and expectations which will guarantee access to friendship, security, cooperation, assistance and pleasant social experience. These sorts of factors are much more important in enriching life than merely having financial wealth. In non-industrialised societies people devote a great deal of time and energy to maintaining them. But in a capitalist economy there are powerful forces damaging and driving out community.

Within the global Eco-village movement the top concern is community and surveys report that they have higher levels of life satisfaction than are found in the average suburb or town. (Lockyer, 2017, Grinde, 2017.) The alternative economic arrangements to be argued for in Chapter 10 follow those evident within Eco-villages. The argument will be that this very different social situation would prevent most if not all of the breakdown occurring in present society, the loneliness, depression, suicide, drug and alcohol dependence, family breakdown, and crime...because people would be immersed in supportive communities with lots of interesting and important things to be involved in.

Human nature.

These themes to do with the connections between capitalism and society also involve views about human nature. A particular, and highly challengeable, view is embedded in capitalist ideology. The dominant assumption in our society for a

long time has been that humans are naturally selfish, aggressive, competitive and acquisitive, and so we have to accept an economy that is based on such behaviour. It is accepted that competition is natural, inequality is inevitable so some will win and some will lose, and the most able succeed and deserve their wealth.

But this is a largely false description of humans. They are predominantly cooperative, helpful, kind and enjoy social interaction and mutual assistance and seeing others flourish. Compare how many times you have observed humans being nice to each other with the number of times you have seen them being nasty to each other. We spent several million years in tribes that would not have survived had they not been predominantly cooperative. This is driven home by many analyses, notably by the anthropologist Richard Leaky (1981), Kropotkin (especially in his Mutual Aid, 1902) and Bregman's recent Human Kind (2020). As Leaky says, "Humans could not have evolved in the remarkable way in which we have unless our ancestors were strongly cooperative creatures...there must have been extreme selective pressures in favour of our ability to cooperate."

Kropotkin details the way many species of animals, especially humans, have a remarkably powerful drive to enjoy social interaction, to cooperate and to please each other. We like to interact and care and do things for each other. We are capable of nasty behaviour but in general if people are not antagonised or deprived they not only get along well but like being friendly and helpful. Kropotkin's account of the medieval town economy (below) provides a stunning example of how humans are capable of building mutually beneficial socio-economic systems.

It is evident that this negative definition of the human being is a key element in capitalist ideology. It is in the interests of the capitalist class for us to take it for granted that we are naturally competitive and so must accept a competitive social system in which it is alright if a few win most of the wealth. What's more, in capitalist society we have no choice but to behave in these ways so we come to see them as "natural". And because humans are so nasty they need to be governed by elites with the power to keep order.

The economy of the medieval town.

The social arrangements and psychological characteristics of a basically capitalist economy outlined above contrast starkly with those of the medieval town economy. A short indication of this illustrates the above points, firstly that there are many forms of economy and secondly that some involve far more admirable values, dispositions and ways than are found in a capitalist economy. Kropotkin's book Mutual Aid (1902) provides an impressive outline of the functioning of the guilds in medieval societies.

There were many kinds of guilds but most were engaged in producing goods and services. The guild

“... had its own self-jurisdiction, its own military force, its own general assemblies, its own traditions of struggles, glory, and independence, its

own relations with other guilds of the same trade in other cities When the town was called to arms, the guild appeared as a separate company, armed with its own arms ... under its own self-elected commanders. It was, in a word, an independent unit of the federation.”

Consider the extreme difference between the mentality that motivated economic activity and ours today. Members were “...driven by a morality quite unlike ours, notably because of the intense sense of camaraderie; the guild (which) considers all its members as brothers and sisters.” Kropotkin refers to

“...the general brotherly feelings ... the social duties of the brethren If a brother’s house is burned, or he has lost his ship, or has suffered on a pilgrim’s voyage, all the brethren must come to his aid. If a brother falls dangerously ill, two brethren must keep watch by his bed till he is out of danger, and if he dies, the brethren must bury him ... and follow him to the church and the grave. After his death they must provide for his children, if necessary; very often the widow becomes a sister to the guild.”

“... if a scarcity visited the city, all had to suffer from it more or less; but apart from the calamities, so long as the free cities existed no one could die in their midst from starvation, as is unhappily too often the case in our own times.”

“... it was the city itself which used to buy all food supplies for the use of the citizens. ... the cargoes of subsistences ... were purchased by certain civic officials in the name of the town, and then distributed in shares among the merchant burgesses, no one being allowed to buy wares landed in the port unless the municipal authorities refused to purchase them.”

Kropotkin argues that ... “These towns and guilds seem to have constituted a high point in the history of mutuality”, and that “...the freedom from kings and lords that they ensured enabled the flourishing of great architectural and artistic achievement.”

In that era and situation ideas, values, dispositions and behaviour were powerfully collectivist. Whatever the drawbacks, if any, of the guild system might have been, it should leave no doubt that economic activity does not have to be driven by the miserably self-centred and greedy individualistic conception of human nature enshrined in conventional economic ideology.

Conclusion?

This chapter has provided many reasons why capitalism is not just undesirable but distasteful and damaging. Many probably agree, but quietly accept it because they can’t see any better alternative. Chapter 2 explained that we now have to find one, because capitalism is now clearly driving us towards catastrophic global collapse. In addition it forces you to work far more than is necessary, you have to fear unemployment, you are made to pay far too much for things like housing and other goods, you are obliged to pay out interest and rent to loafers who can avoid work, your landscape takes the form investors determine, you suffer insecurity of

various forms, you have to struggle to survive, you probably do not live in a supportive community, you live in a predatory and dishonest and unjust economy ... and as a result it is not surprising that most of us suffer some degree of anxiety and depression. None of this is necessary or unavoidable. All of it is due to a socio-economic system that is profit-driven, not needs-driven, which works in the interests of the capital--owning class. Chapter 10 explains an alternative that is workable and attractive, and could easily be built ... if enough of us wanted to build it.

Chapter 6.

CAPITALIST “DEVELOPMENT” OF THE THIRD WORLD

Only about 1.5 billion of the world's 7.8 billion people live as comfortably and affluently as we do in rich countries like Australia. Most people are poor and for them life is a constant struggle. Around 800 million are hungry all the time. Why is this? The common answer is because they are “backward” and lack modern skills and technology...they need development.

There are certainly some developments they need, obviously for example those enabling safer drinking water, but what they do not need is their own quality of life. This involves totally different goals and means compared with conventional/capitalist development. It requires very little if any capital, industrialisation, high tech, globalisation, exporting, transport or IT.

Firstly regarding goals, consider the following list of factors that are important in a high quality of life.

- Adequate good quality food, shelter and clothing.
- Good health.
- Friends, soul mates.
- Having meaning and purpose, interesting things to do.
- Belonging to and being involved in a supportive community concerned for the welfare of all.
- Being valued, appreciated, respected, especially for making a contribution to one's community.
- Feeling secure from avoidable adversity such as unemployment, poverty or social breakdown.
- Freedom from chronic stress, including insufficient income, pace, over-work, isolation/loneliness, depression, unpleasant living places, traffic, social breakdown.

Not having to work hard or struggle; a relaxed pace, time conventional, capitalist “development”. That is what has got them into their appalling state.

The crucial point here is that the overwhelmingly dominant conventional development theory and practice represent only one conception or type or model of development, and there are many others. It takes for granted that the goal of development is and can only be moving towards the lifestyles, ways, economies, technologies, values and ideas evident in the richest countries, and that the means to this end is enabling economic growth via markets and mainly private enterprise. This is well-described as the “unidimensional conception of development”, whereby there is only one path of “progress” up the slope from poor and underdeveloped with primitive productive systems to lots of production, affluence and technically complex systems. As the slope is ascended the

increasing wealth enables all sorts of benefits to be afforded, such as better health, transport, education, political, legal etc. systems.

How can this process be got going? How can the amount of production for sale be increased? The conventional answer is:

“Well you need capital don’t you, because it costs lot to start up factories and plantations and thereby create jobs. You need to get export industries going, so the country can earn income to put into development, and into infrastructures to attract foreign investors. They’ll need ports and railways and power stations so you will have to spend scarce resources building these.”

“But because you are so poor and don’t have much capital you will have to borrow large sums, and you will have to attract foreign investors by keeping wages low, offering tax holidays, and charging low royalties on the logs and minerals you are going to export. You will soon be saddled with impossible levels of debt.”

“But never mind, the World Bank and International Monetary Fund will help you with more loans to meet the repayments, on condition that you accept a Structural Adjustment Package. This will include forcing you to make your economy even more open to penetration by foreign corporations, e.g., by giving more freedom for market forces, lowering wages and removing protection and subsidies for the poor, devaluing your currency (making your exports cheaper for us), removing government control over the activities of corporations, and gearing your country’s economy more to paying off the debt. This means not much national wealth will be left to attend to the needs of the poor masses. It also means your productive capacity will be largely geared to the benefit of the corporations and rich world supermarket shoppers.”

There is a mountain of literature showing that this is how normal, capitalist development works, and that these measures to “get the economy going” and pay back the debt don’t work.

All this happens primarily because everyone accepts that market forces and the profit motivation of private entrepreneurs should determine what happens. Thus, most of a poor country’s good land will be producing food to export to countries willing to pay most for it despite the fact that most of the people might be malnourished. Most of the country’s labour will go into producing luxuries because those are the most profitable ventures for foreign investors to set up. Most of the world’s resources are produced in poor countries but consumed in rich countries, because that’s inevitable when market forces are allowed to determine who gets them.

As the decades go by the GDP will probably rise and various things will have improved, but the country will still be poor and most of the people will have seen little if any improvement in their conditions. As was noted above, the decrease in global inequality indices have been largely due improvements in China. The country cannot escape because it is hopelessly in debt ... and if it tried to shift away from the conventional market-driven conception of development its elite class would block it...with a little help from the CIA.

Meanwhile vast amounts of wealth are being taken out to rich countries every year, all those logs and minerals and fish, and all that labour going into the factories and plantations. It will not have been put into developing much if anything that improves the living standards of most people. Yes some jobs in the factories will have been created and the small elite class sharing in the investment opportunities will have become richer, along with their managers and professional groups. This “comprador” class has a vital interest in preventing change from the conventional development model because they get the junior partner contracts and investment opportunities.

Recent studies quantifying the resource flows.

According to UN data there was a net transfer of \$(US)500 billion out of ‘developing’ countries in 2016.

UNDESA (2017.)

“... the Global South contributes about 80% of the labour and resources that go into the global economy. And yet the people who render that labour in those resources receive about 5% of the income that the global economy generates each year.

Hickel, (2021).

Between 1983 and 2005 unequal trade transferred almost \$3 trillion p.a. from poor exporting countries to the rich countries, primarily because wages in the former are about one-fifth those of the latter countries. In 2017 the sum was \$2.2 trillion, i.e., capable of buying \$2.2 trillion worth of commodities in rich countries.

Hickel, Sullivan and Zoomkawala, (2021).

Hickel’s more recent estimate (2022) is that as much as \$10 trillion in value flows from poor countries to rich countries every year.

he global economic system is therefore best described as carrying out systematic, legitimised, plunder. Vast amounts of wealth constantly flow out to

benefit rich-world corporations and banks, and those who shop in rich world supermarkets. In addition, the vast ecological cost of producing the minerals etc. is paid by the poor exportin countries. The Third World has been developed into a state whereby its land and labour benefit the rich, not Third World people. The rich world's resource-intensive "living standards" could not be anywhere near as high as they are if this was not happening.

What is developed is predominantly what foreign investors want to develop, and that is only that what they think will add more to their profits than any other possible venture in the world. Foreign investors never develop what is most needed. Of course the capitalist way is fiercely supported by the local elite class, often with extreme violence. It benefits them because they are in on the deals and the contracts. If the masses look like rebelling the elites scream communist subversion or terrorist subversion and call for rich-world support to keep "order".

What's the alternative?

- The basic answer should be obvious. It is to enable the people to devote the existing usually abundant resources of soil, rainfall, plants, labour and skills to developing those mostly simple ways that will do most to improve to think, converse, recreate, grow "spiritually".
- Opportunity to do creative things, craft, art, gardening, writing.
- Freedom/autonomy over one's life and work.
- Closeness to nature. Living in a beautiful environment.
- Having sources of regeneration and "battery charging", such as gardening, hobbies, convivial company, landscape.
- Having a sense of place, a home.
- Familiarity and stability; freedom from threat of disruption, especially due to "development" and economic recession.
- Pride in one's family, town, society, institutions, nation; recognition that our ways are basically admirable ... we care, we try to minimize competition, selfishness, disadvantage, inequality and winner-take-all ways. The way we think and discuss is rational, respectful and mature.
- Peace of mind. Some degree of capacity to feel alright about things, oneself, one's society, the planet. Reasons to be optimistic.

Apart possibly from health, none of these conditions requires high income, wealth, property or a large GDP. They are all easily ensured for all if there are sensible social arrangements...which consumer-capitalist society thwarts, meaning that most people in even the richest countries do not have a very satisfactory quality of life.

All these factors can be achieved despite very low material "living standards". The concern need only be to have what is "sufficient". What is a good-enough house, good-enough clothing? This focus enables adequate material living standards to be achieved very cheaply, easily and quickly. (See "How resource cheaply we could live well." Trainer 2022.) In Bhutan the supreme national development goal is not to raise the GDP but to raise the Gross National Happiness.

These goals are easily achieved if the people are able to use the country's productive resources to build sensible communities. Capitalist development prevents this. It takes from the people the resource access they once had. Even without any assistance from government miracles can be achieved if the people are able to use the resources around them to build and run the systems that will meet most if not all of their basic needs. If you doubt it consider the Zapatistas, the [Rojavan Kurds](#) and the African villages Leahy discusses (2009, Leahy and Goforth, 2018.) Just a little assistance from governments and a little industrialisation and importing would enable all people in even the poorest countries to rise to frugal and humble but very satisfactory conditions in a very short time. (Chapter 10 elaborates on the necessary structures and processes and gives examples of communities pursuing alternatives of this kind.)

The establishment of simple, sufficient and stable lifestyles and systems would enable termination of the pursuit of economic growth, thus making the restoration of global ecosystems possible. National governments need only organise that very small amount of exporting and foreign investment that would enable importation of the few things needed by simple local economies.

This alternative conception of development is obviously totally incompatible with capitalism. It involves very little need for investment or for participation in the global economy. Because it involves high levels of local self-sufficiency in the meeting of simple needs, it requires little from the national economy and even less from the international economy. It would put an end to most of the present opportunities for capital to go into trade or foreign investment. Alternative, appropriate development for the Third World would be a total disaster for the rich countries, their consumers and their capitalist class! Third World resources would be benefiting Third World people, not the rich few of the world's people.

It would be difficult to exaggerate the significance of this massive contradiction. Billions of people struggle to survive in appalling conditions when these could quickly be largely eliminated if people were able to put the resources around them into creating the simple largely cooperative ways that would meet most of their basic needs. Those dreadful conditions have been created by capitalist development. Long ago Gandhi got it right when he said, "The rich must live more simply so that the poor may simply live", and when he put forward a vision of India made up of self-governing and highly self-sufficient villages.

Chapter 7.

WHERE IS CAPITALISM TAKING US?

1: Look what it has done to America.

The foregoing discussion has been mainly about processes and forces built into the nature of capitalism and driving it to generate the problems now threatening our very existence. This and the next chapter are concerned with the future to which these trends are leading us.

The first issue taken up is the situation evident in the country that has gone furthest down the capitalist path, the US. It is not a pretty picture, and it is easy to see how its sorry state is directly due to the ascendancy of capitalism. This is where capitalism is taking the rest of us.

The following Chapter looks further ahead to our probable longer-term fate, and this is an even more ugly picture. It will be argued that within a few decades we will plunge into a more or less catastrophic global breakdown that will see the capitalist economic system self-destruct, quite possibly causing massive population decline and terminating civilisation.

America is commonly regarded as the greatest country in the world, its richest country, the top country in technology and science, the most powerful country, and the leader of the “free” world. Indeed, America is commonly regarded, at least by Americans, as “exceptional”.

But America is a dreadful place, well described as a failed state. If you didn't think so, consider the following facts and figures.

Inequality.

Inequality in the US is extreme and increasing fast. One percent of Americans possesses nearly as much wealth as the bottom 90 percent. (Street, 2021a.) The UN Rapporteur on Human Rights Richard Alston (2018) says, “... the US's immense wealth and expertise stand in shocking contrast with the conditions in which vast numbers of its citizens live...” The United States has the highest rate of income inequality among Western countries. It has the highest youth poverty rate in the OECD. Speth (2019) says the number in or near poverty is around one third of Americans. McKinley puts it at almost 50%. (2018.)

The wealth of the top 1% has skyrocketed in recent decades, while the real purchasing power of the wages received by about 90% of the workforce has not increased for forty years. It is “...an economy where the richest 1% takes all the gains while the poor and working class haven't seen a raise in four decades.” (Urie, 2020.) Stiglitz found that in 2015 “... the typical American man makes less than he did 45 years ago (after adjusting for inflation)”. (Keating and Bell, 2017.)

Turnbull (2020) reports that the real (inflation-adjusted) wages of workers with a high-school education or less have actually fallen. The top 0.1% of the income distribution captures more than 11% of national income. Between 1990 and 2020, billionaire wealth soared 1,130 percent, an increase more than 200 times greater than the 5.37 percent growth of U.S. median wealth. Measured as a percentage of their wealth, the tax obligations of America's billionaires decreased 79 percent between 1980 and 2018. (Turnbull, 2020.) Hutchins (2018) says, "Whereas the income share of the top 0.1% has more than quadrupled and that of the top 1% has almost doubled, that of the bottom 90% has declined, and wages at the bottom, adjusted for inflation, are about the same as they were some 60 years ago.

Wealth is even less equally distributed, with just three Americans having as much as the bottom 50%. Several estimates put the income of the super-rich at many times that of the lowest 90%. According to Inequality (2018,) "...a mere 0.1% of US households now own as much wealth as the bottom 90%." Alston (2018) is one of many pointing out that the \$1.5 trillion in tax cuts Trump put through in December 2017 overwhelmingly benefited the wealthy and worsened inequality.

Infant mortality.

The United States experiences on average 5.9 deaths per 1,000 live infant births, compared with an average of 3.9 deaths per 1,000 live births among OECD nations. (Pratt, 2019.) Iceland has just 0.7 deaths per 1,000 live births. The US ranks 33rd out of 36 on this indicator. (Pratt, 2019.) Alston (2019) says it has the highest infant mortality rates among comparable OECD States.

Health.

Alston summarises the health situation as follows: "Its citizens live shorter and sicker lives compared to those living in all other rich democracies, eradicable tropical diseases are increasingly prevalent, ... and (it has) the highest obesity levels in the developed world." Kristof (2020) reports the US as ranking at 97 in the world for access to quality health care. The U.S. prevalence of obesity has increased over the past four decades. Of the 31 OECD countries who have data on obesity available, the United States ranks last. (Pratt, 2019.) The Economist (20th June 2020) reported that the US is one of only 13 countries (along with Venezuela and Syria) where the maternal mortality rate increased between 2000 and 2017. (Turnbull, 2020.)

Speth reports the US as having "... the highest rates of skipped medical visits and skipped medications due to cost ... the highest spending on health care as a percentage of GDP ... the highest share of population with mental health and substance abuse disorders and the highest share with depression.

"A Commonwealth Fund report ... found that the U.S. placed last among 16 high-income, industrialized nations when it comes to deaths that could potentially have been prevented by timely access to effective health care. ... As one of the few countries on Earth without a national health care system, health care is a

commodity for those who can afford it, not a right as it is almost anywhere else.” (Dolack, 2021.)

American expenditure on health is extremely high, double that in other rich countries. (Pearls and Irritations 2020.) This is because the medical and pharmaceutical industries have such control that they are able to charge high prices and fees, and attend to the rich while ignoring the poor. Medical insurance schemes to protect all are routinely blocked and large numbers have none or are in a position where one illness can bankrupt them.

Life expectancy.

Pratt (2019) reports that the US ranks 28 out of 36 developed countries.

Imprisonment.

The US has the world’s highest incarceration rate (Alston, 2018). The US has 5% of the world’s population but its prisons now house 25 percent of the world’s total prison population, four times the whole world average. Why? Primarily because its society dumps a large proportion of its people into hopelessness and squalor.

Working conditions.

Street (2021b) says at least 134 countries have laws setting the maximum length of the work week; the U.S. does not. In the U.S., 85.8 percent of males and 66.5 percent of females work more than 40 hours per week. According to the ILO, “Americans work 137 more hours per year than Japanese workers, 260 more hours per year than British workers, and 499 more hours per year than French workers.” There is not a federal law requiring paid sick days in the United States. The U.S. remains the only industrialized country in the world that has no legally mandated annual leave.”

Voter registration.

The US has one of the lowest levels of voter registrations among OECD countries. (Alston, 2018.)

Gender inequality.

Speth reports that within the developed countries studied the US has the lowest rank in the United Nations’ Gender Inequality Index, the next-to-last rank in the percentage of women ministers/cabinet members, the second highest wage gap for employed women, the greatest rate of violence against women.

Violence.

McKinley (2018) says “... violence is endemic: US citizens, who constitute 4.4 percent of the global population, own 42 percent (357 million) of the world’s guns. In the years 1983-2012, 325,000 were the victims of gun-related violence; police

in the US now fatally shoot 1,000 people per year; mass shootings in general occur at the rate of at least once a day. Since the founding of the United States, gun-related deaths within the country outnumber its war deaths by 120,000.” School teachers in some jurisdictions are now being trained to shoot students they judge to be a lethal threat.” The rate of death due to police shootings is the highest in the countries researched, the suicide rate is third highest, and the homicide rate the highest. (Speth, 2019.)

Education/ignorance.

Kristof (2020) reports the US at no 91 in access to quality basic education. McKinley reports that “...the total number of functional illiterates in the country is at least 42 million and could be as high as 60 million. The estimate is that only 15 per cent of the population are fully literate. “According to four-yearly surveys conducted by the National Geographic Education Foundation which go back to at least 1988, the 18-48 cohort of the US population (which necessarily includes university and college students and some graduates) tends also to be not only ignorant, but profoundly ignorant, of both world affairs and those of the United States.” Speth’s review finds that the US has the lowest score in math performance and only middling performance in reading and science.

Drug dependence.

“Americans now consume 30 percent of the global prescription opioid supply and the annual death toll from misuse is 64,000; nevertheless 50,000 scripts for opioids are written each day ... the most recent figures and research reveal that 97.5 million Americans used, or misused prescription drugs under this heading in 2015.” (National Institute on Drug Abuse, 2021.) Speth says the Americans are the largest consumers of opioids per capita in developed countries, have the highest drug-death rate, and the highest consumption of anti-depressants per capita.

Care of children.

Speth’s review finds that the US rates lowest on UNICEF’s Index of Well-Being of Children and highest on infant mortality. Street (2021a) says “The U.S. is the ONLY country in the Americas without a national paid parental leave benefit. The average is over 12 weeks of paid leave anywhere other than Europe and over 20 weeks in Europe.” Eisler (2021) reports that the United States has the highest child poverty rates of any major developed nation and that it invests the least in early childhood education and support for childcare in families.

Environmental performance.

The US has the lowest rank on the World Economic Forum’s Environmental Performance Index and is 114th in global “climate and energy” performance, the second highest Ecological Footprint per capita, the greatest per capita meat consumption and the second highest per capita water consumption. It is the largest cumulative emitter of greenhouse gases. (Speth, 2019.)

Governance.

The US is fifth from the bottom in the 2017 Economist Intelligence Unit Democracy Index, fourth from bottom in protection of fundamental rights, and near the lowest in voter turnout in national elections. (Speth, 2019.) 'Democracy' in the US has been replaced by 'Donocracy', with practically no restrictions on funding of elections and political lobbying for decades. House of Representatives electorates are gerrymandered and poor and minority group voters are often excluded from the rolls. The US has slipped to number 21 as a 'flawed democracy'. (Democracy Intelligence Unit, 2016.) It noted that public confidence in government has slumped to historic lows in the US. "Of the 26 countries ranked in the 2020 Edelman Trust Barometer, the US ranked 18th for trust in NGOs, business, government, and media among the general population. In 2021, it ranked 21st." (Sheng and Geng, 2021.)

Consider the extent to which campaign donations are allowed to influence government. Sachs (2021b) says, "Our most important public functions are handed over to corporate sponsors. Our entire political system is designed to let corporate money speak, through campaign contributions and corporate lobbying."

International affairs.

Speth's data show that the US is the next-to-lowest contributor to international development and humanitarian assistance as a percentage of GDP, and has the highest rate of failure to ratify international agreements.

Social cohesion.

The United States is also at or near the very bottom in various indices of social cohesion, such as being third from the bottom in trust of others. (Speth 2019.) The US is the fifth lowest in confidence in national government, and the third lowest in confidence in the courts and judicial system. The seriousness of the racial division in the US needs little comment here. (Speth, 2019.)

Militarism, imperialism, war making.

"The US has by far the greatest military expenditure in total and as a % of GDP. In 2017 it spent more than the next seven countries combined. It has the largest international arms sales." (Speth, 2019.) Since 1776 there have only been 20 years in which America has not been at war. (Carpentier, 2017.) It has over 800 military bases on foreign soil. (China has less than 10.) Over the last 70 years it has invaded another country more than 70 times, supplied money and arms to prop up many dictators, and carried out many coups to get rid of non-compliant regimes. One estimate lists cases adding to many million deaths the US has caused, not including participation in world wars. (Ignorance is Futile!, 2011. For similar figures see Lucas, 2018.)

Finally, on overall indices, a recent Social Progress Index (Kristof, 2020) finds that the United States is number 28 and dropping. "... out of 163 countries

assessed worldwide, the United States, Brazil and Hungary are the only ones in which people are worse off than when the index began in 2011.”

Why?

How do we explain this? How has America come to be in this appalling state of decay? Sachs (2021b) believes “The US is perilously close to becoming a failed state.” The answer is essentially because capitalism has bled it dry. It is the country which has given the individual person or corporation the greatest freedom to do what they wish and this has enabled the capitalist class to establish the laws and systems that serve their interests and take possession of most of the wealth. The health system for instance has been organised in ways that enable high fees, unnecessary tests and drug use, exploitative insurance policies, and avoidance of expenditure or obligation to treat millions of poor people. Health expenditure per capita, that is the amount people are paying providers for health “care”, is around double the rich world average. These snouts in the trough have the power to block sensible change, such as the introduction of health insurance for the tens of millions who can’t afford it. The hospital owners and insurance companies and surgeons will not tolerate change from the arrangements that suit them so well.

This is where capitalism inevitably leads. It is about the rich few constantly accumulating more wealth and this enables them to also gain the power and influence, through the media they own, their legal teams, armies of lobbyists, “philanthropic funding”, think tanks and campaign contributions, to get the laws, the tax relief, the contracts and the subsidies that increase their access to lucrative business opportunities. Governments are under heavy pressure to pass laws that the corporations and banks want. Long ago the Republicans and Democrats became branches of the one party, the business party. Urie (2021) says, “Current political rancour in the U.S. is largely attributable to five decades of the public realm being handed over to ‘capital’ through neoliberalism.”

This can be seen as a constant theme in the history of the last seven thousand years or so, the rise of elites who are never satisfied and seek more and more wealth and thus generate greater and greater inequality, until the resulting deprivation and discontent within the rest of society eventually brings down the whole system. Various analysts see this process as now entering another end stage in the current increasing rejection of democracy and rise of populism,

Chapter 8.

WHERE IS CAPITALISM TAKING US?

2. The longer-term trajectory. *

Let us step back and consider again the global situation sketched in Chapter 3. It was explained that the increasingly serious range of problems, including environmental destruction, resource depletion, deprivation of the Third World, conflict over access to resources and markets, and the deterioration of social cohesion, are direct consequences of the fact that there is far too much producing and consuming going on. The main argument in this chapter is that this society is not capable of dealing with this situation, and that it will inevitably culminate in the more or less catastrophic breakdown of society on a global scale.

Before detailing that argument some aspects of the trajectory should be considered further.

What will happen?

Following is an attempt to sketch the most likely trajectory ahead.

The multi-factored limits to growth noose will tighten, hopefully slowly but probably too quickly. Many of its elements are already gathering force and compounding to increase difficulties towards a time of great and terminal troubles. As explained, the key determinants of our near-term fate seem to be the future of fracking and of debt. Most likely is a relatively sudden end of the debt-fuelled tight-oil venture which then triggers a global debt crisis and a far more serious global economic collapse than the 2008-2009 GFC. There are varied expectations regarding the time scale; Ahmed (2017) explains why it could be a matter of a decade or so before the Middle Eastern failed states become unable to maintain oil exports. Tverberg and several others have a similarly short-term expectation. Randers (2012) however expects the disruption to impact around 2070.

Immiseration.

But the most important determinant of our fate is probably not directly to do with biophysical limits. It is the extent to which the long-suffering and docile masses will go on tolerating how they are being treated. For at least 6,000 years people have been astoundingly passive, putting up with tyrants, kings, and rule by usually brutal and greedy elites. But over the last two or three decades people in rich countries have become seriously discontented with their situation, recognising that it is deteriorating and governments are not attending to their needs.

One result is the worldwide decline in belief in democracy. Others are the advent of Trump, Brexit, right-wing populism and support for fascism. Guy Standing and Michael Hudson (2022) analyse this well (2012), pointing to the way financialisation is replacing Neoliberalism with domination by the accumulation of assets on which rents can be drawn. Standing tresses how this is casting more and more people into the “precariat”, a class struggling with insecurity and personal debt. The hard-won achievements of old labour, secure jobs and good wages etc., are being swept away and replaced by “gig” economies in which the precariat suffers high indebtedness, struggles to find intermittent work, and pays high rents (e.g., interest on mortgages, accommodation, student fees.) Below them is the “lumpenproletariat” of chronically unemployed, aged, infirm, homeless and excluded. The above chapter on the US points to the Walmart-gutted towns, impoverished casual labour, rural poverty and dying country communities, and the social wreckage generating the opioid crisis and other harmful effects of system that works mainly for the rich. It is not surprising that this produced such support for a Presidential candidate promising to “drain the Washington swamp” seen to be responsible for the situation.

The decline in regard for democracy that is underway is another consequence of immiseration. People are becoming less satisfied with the capacity or willingness of the system to attend to their problems and fix things. The Australian National University’s recent Australian election survey shows distrust of politicians rose from an already high 63% in 2014 to 76% in 2016. Another question found 56% think the federal government is run for a few big interests. (Yeginsu, 2018.)

Tverberg (2021) sees how low disposable household income is now a major determinant of what is happening to the oil industry. The crisis of low prices and rampant bankruptcies in the petroleum industry has not been due to running into scarcity as the “peak oil” thesis once predicted, but to falling demand because large and increasing numbers of people cannot afford to purchase goods at previous rates. This is a most important and somewhat overlooked causal factor in the discussion of global economic woes. Consider the following evidence on it.

There has been negligible increase in household disposable income for 60-80% of Australian households since 2012, while prices have risen and the income of the rich has risen considerably. Similarly in the US real incomes for most workers have barely risen in 40 years and the minimum wage has been at \$US15,000 p.a. for years. (Hutchins 2018.) Stasse (2020) refers to literature on “...an unprecedented squeeze on living standards for ordinary households.” Wright (2019) says that in the US “...average hourly pay is below what it was in 1973; 40 percent of adults lack the savings to pay for a \$400 emergency expense.”

The shrinking middle class and increasing precariat class are part of the phenomenon, and it is evident in the rise of household debt, now very high in Australia. Karp (2020) says in the US households’ debt-to-income ratio was less than 40 percent in 1950 but is now 120 percent, and since 1985 the wealth share of the bottom 90 percent of adults declined from 40 percent to 27 percent. Indices of increasing hardship at the bottom are clear. In the UK. MacFarlane (2019)

reports, “Rough sleeping in England has increased by 165 per cent, while homeless deaths have more than doubled. The number of people using food banks has increased to 1.6 million ... up from just 26,000 in 2009. 14 million people are living in poverty ... the UK population is still 1.6 per cent poorer than it was more than a decade ago on average.” Menadue (2020) reports that in Australia, “Homelessness is also increasingly significantly. It rose by 30% in the decade to 2016.”

Hudson’s works which emphasise the significance of debt and financialisation are especially impressive on these themes. As outlined above, throughout history the rich have relentlessly pushed to acquire assets they can draw rent and interest from, and if not checked they often become so dominant that they own most of the land and impoverish the masses so badly that the whole society collapses. He says this is what is happening to us; debt levels are so high that they cannot be paid off. People are having to pay out a large proportion of their income in rent and interest. Murray and Fritjers (2022) say that in Australia it is now around 50%. Thus the disposable income left to fuel the real economy is shrinking.

These observations point to a killing of the goose that was laying golden eggs, a failure to attend to the way the drive to extract as much wealth as possible eventually undercuts the capacity to go on siphoning it out, by leaving most people with too little purchasing power. This situation is a consequence of the success of the capitalist class. Their dominance has meant that they have been able to ride over the resistance that might have got them to make sufficient concessions to defuse the problems they were causing. Streek (2014) puts it in terms of capitalism becoming its own worst enemy. “It has eliminated criticism and oppositional moves, which would have pushed it to adapt...”

The accumulating power has also led to corruption, which in time reduces a system’s capacity to respond to challenges. Streek (2014) points to the way the GFC revealed “...rating agencies being paid by the producers of toxic securities to award them top grades; offshore shadow banking, money laundering and assistance in large-scale tax evasion as the normal business of the biggest banks with the best addresses; the sale to unsuspecting customers of securities constructed so that other customers could bet against them; the leading banks worldwide fraudulently fixing interest rates and the gold price, and so on.” He notes the billions of dollars in fines for these offences which several large banks have had to pay recently, including by some major Australian banks. In more recent years several inquiries and revelations have detailed similar criminal behaviour on the part of mainstream institutions, especially via the Australian Banking royal commission, and exposures of global tax haven and laundering operations.

The advent of cannibalism.

Collins (2021) and others point to the way the economy’s increasing difficulties have led it to enter a “catabolic” or “cannibalistic” phase. As the capacity to do

good business producing useful things deteriorates, investors turn to activities that plunder the economy. It is as if a hardware firm was able to stay in business only by selling the corrugated iron on its own roof. The illicit drug industry and the Mafia are similar; rather than producing new wealth effort goes into extracting previously produced wealth. Much financial activity is of this nature, such as “short selling” and “asset stripping”, but the main activity is quite legal. In the GFC a lot of money was lent to home buyers incapable of meeting the payments, because investors and banks could not find less risky outlets. When the borrowers could not pay their interest instalments their houses were repossessed by the banks and sold off.

Similarly in the US some of the money in the worker’s pay packet is put into a pension fund run by the corporation, to be paid back on retirement, but many corporations have taken these funds to invest, and “lost” them. Often they were lent to smart operators in the financial sector to put into speculative ventures, siphoning out fees in the process. Sometimes money is borrowed to buy weak firms, arrange for them to borrow too much and thus drive them into bankruptcy, and then sell them off, and because the pension money was an asset of the firm it goes to the lenders and is lost to the workers who earned it and set it aside. So, accumulation and profit making are being kept up by activities which enrich big and smart investors (lenders) by getting hold of the wealth of little/naive investors (borrowers), through granting them loans they cannot repay.

A kind of cannibalism is often evident when governments privatise operations. Consider students now having to pay for college and university education, meaning large loans must be taken out and large interest payments then flow to lenders from the earnings of parents and students. Again the process does not involve lending to produce anything, it just enables wealth previously produced to be acquired by lenders. Sometimes financialisation does involve producing something useful, such as a toll road, but the terms usually agreed by Neoliberal governments enable lucrative and avoidable rents to be drawn for decades, again feeding off the real economy.

Collins (2021) and others see this process accelerating because the ever-increasing volumes of accumulated capital find it increasingly difficult to find investment opportunities in producing anything of value. Streek (2014) says, “... the struggle for the last remaining profit opportunities is becoming uglier by the day.”

Collins says. “... catabolic capitalists will stoke the profit engine by taking over troubled businesses, selling them off for parts, firing the workforce, and pilfering their pensions.” As difficulties increase for governments and their revenues decrease they will come under greater pressure to give business the conditions it wants in order to stimulate economic activity.

“Regulatory agencies that once provided some protection from polluters, dangerous products, unsafe workplaces, labour exploitation, identity theft, and financial fraud will be dismantled ... Public safety will be stripped down, privatized, and sold to those who can still afford it. Court budgets

will shrivel, privatized prisons will exploit convict labour, and police will seldom respond to everyday crimes. Instead, private security firms and gated communities will guard the wealthy ... catabolic capitalists will pick over the carcasses of bankrupt governments. Crumbling public transportation and decaying highways will be transformed into private thoroughfares, maintained by convict labour or indentured workers. After pressuring bankrupt governments to sell off public utilities, water storage, and waste management systems, corporations will deliver these essential services only to the businesses and communities who can afford them. And, as public schools and libraries go broke, exclusive private academies will employ a fraction of the jobless teachers and professors to educate a shrinking class of affluent students.”

End game.

A number of analysts see the foregoing phenomena as aspects of a terminal decline, partly driven by increasing resource and ecological difficulties, partly by worsening inequality and “immiseration”, and partly by deteriorating “legitimacy”. Rising discontent in Europe and the US is evident in support for populist and fascist movements. Blame is usually put on the wrong targets, especially immigrants. That the squalor is due to capitalism is not recognised, thanks largely to the weakness of Left parties and the fine work done over generations by those keeping capitalist ideology in good shape.

In my lectures on Marx I point to a list of things which I and others think he got wrong. But there are some extremely important things I think he got right. One is that capitalism is shot through with serious contradictions such as the fact that the interests of workers clash with those of the class that owns capital. Another extremely important point he made is that as the system matures immiseration will eventually increase. This is what we are seeing now (Marx’s timing was way out.) As the rich and super-rich cream off increasing proportions of wealth the masses are increasingly having to struggle to get by, and are therefore less able to keep up the purchasing that is the life-blood of the system. And they are more and more discontented. Most importantly, he saw that these tendencies would result in the system’s self-destruction.

The question is, when will people finally cease putting up with what the system does to them? When will they realise that the system is not designed to work for them? When will they see that it cannot but worsen their situation as time goes by? When will they realise what is causing their plight?

The tightening limits will intensify the immiseration as governments are forced to cut spending on welfare etc. and to drive worker’s conditions down and give more favours to the rich in order to invest and get the economy going. Governments struggling to control dissent and to help capital are very likely to adopt fascist options, but unlike in the 1930s, now the materials necessary to maintain armies, large bureaucracies and secret police and to stage mass rallies will not be available, so descent towards a warlord dominated feudalism becomes plausible.

In some Third World regions and even US cities this seems to be happening, for instance in the form of drug gangs.

Many analysts have tried to draw attention to where these limits are taking us. Mason (2003) for instance sees the many problematic trends culminating in “The 2030 Spike”, the title of his book. As noted above, among those who discuss the multi-dimensional global breakdown likely to be brought on before long by limits and scarcity are Korowicz (2012), Morgan (2013), Kunstler (2005), Greer (2005), Bardi (2011), Duncan (2013), Gilding (2011), Randers (2012) and Streeck (2014). Some foresee more or less totally catastrophic collapse, the end of Western civilisation, with a die-off of billions.

The next collapse might not be the final one; some foresee “... a long and bumpy road down”. Randers (2012) expects the time of troubles to be around 2070. However, Ahmed (2017), Tverberg (2021), Mason (2003) and other “collapsologists” give reasons to expect it to be before 2030. The hope must be for a protracted Goldilocks depression, one that is not so severe as to destroy the chances of salvage, but savage enough to jolt people into recognizing that they must shift to the local, cooperative and frugal self-sufficiency detailed in Chapter 10.

The situation will at best be confused and chaotic, with governments and “leaders” continuing to not understand the fundamental causes and quick to blame the wrong things. The present tendencies to right-wing populism and fascism are likely to gain momentum, supported by many in privileged classes who will call for repressive measures to restore order and protect their security and property. Many in angry lower classes will want strong leaders willing to break rules. A recent survey found this to already be true of a majority of UK people. (Walker, 2019.) Capitalism is very likely to again morph towards its fascist form whereby an authoritarian central government rules in cooperation with a selected few big capitalist firms. It is highly unlikely that there will be sober, clear headed rational thinking about causes and solutions. Financially struggling governments will be even less capable of analysing or dealing with the situation effectively than they are now.

The international possibilities are similarly disturbing. Dominant powers will surely become more aggressive in their efforts to control sources of scarce resources and markets. Third world governments wallowing in debt are likely to allow corporations to cause greater environmental destruction in the hope that extracting more resources will yield more tax revenue, and they will be likely to resort to increasingly repressive measures to control dissent over deteriorating living conditions. (Ahmed, 2017).

The problems cannot be solved.

The conventional assumption is that the problems can and will be solved by the institutions and processes of present society, such as by parliaments implementing effective policies in line with international agreements and resolutions, and ordinary people accepting legislated adjustments to their circumstances. But from the perspective of The Simpler Way, this expectation is

now clearly mistaken. Given the foregoing account of the nature and magnitude of the problems, the institutions and political process of this society are not capable of recognising the situation and rationally facing up to it and making the enormous and difficult changes required to solve it. Consider the following reasons.

1. The enormity of the changes required.

Even the Degrowth literature generally fails to adequately represent the magnitude and difficulty of the reductions required. (Again, for the numerical case regarding the necessary reductions, see Trainer, 2021a or [Degrowth; How much is needed](#).) Chapter 3 explained that rich-world volumes of production and thus consumption of resources must be cut by up to 90%, meaning that most of the present quantities of industry, transport, travel, construction, shopping, exporting, investing etc. have to be phased out. How could this possibly be done? This is the “degrowth conundrum”. It cannot be a matter of just closing a coal mine and transferring the workers to other jobs, because the amounts of production, work and jobs have to be cut dramatically. It would have to involve the creation and massive implementation of totally new social structures and procedures, whereby most people could live well without producing anywhere near so much as before. This could not be done unless there was totally unprecedented, massive and rapid cultural change, to widespread public understanding and acceptance of the extremely radically new systems and values. And governments cannot impose or make the new ways work. Chapter 10 will make it clear that this could only be done by conscientious citizens who are eager to build and operate the new local systems.

2. There isn't time

Even if the understanding and the will existed, it is difficult to imagine that the enormous changes required could be carried out in a few decades. They involve reversing what have been some of the fundamental ideas and values that have driven Western civilization over the last two hundred years, and scrapping and replacing vast systems and structures. Yet it is probable that the following three main global threats each give us no more than ten years.

Carbon.

According to various estimates the “carbon emissions budget” associated with a 67% chance of limiting temperature rise to under 1.5 degrees will have been exhausted within about twelve years. (Levin, 2018, Steffen, 2020.) And many insist that this one-in-three chance of failure is far too high to be acceptable. A more responsible target would significantly reduce the budget, and therefore the time left to move off fossil fuels. Note also that these estimates do not take into account the positive feedbacks, such as warming causing loss of snow causing absorption of more solar heat. The scientists are telling us that no new fossil-fuelled power stations should be built but around 490 new coal-fired power stations are under construction, with 790 planned. (Global Energy Monitor, 2020.)

By 2050 energy demand is likely to be around 890 EJ/y, 56% higher than at present. (Minqui, 2019.) Input from renewable sources would have to increase by 27 EJ every year but the current rate of increase is only 0.72 EJ/y. (Our World in Data, 2019.) This equates to building 1.5 million 2 MW wind turbines every year, with capital costs of the productive capacity amounting to over 6% of world GDP, i.e., not including the cost of energy storage, grid strengthening, distribution and retail mark-ups. And plant built now will probably only last twenty years, less than half as long as coal-fired plant. There will be at least formidable difficulties in developing satisfactory renewable energy solutions for emissions from the 80% of demand that is not electricity, made up by the heavy land transport, agriculture, industrial high temperature heat, military, shipping and aircraft sectors. (Trainer, 2017.) These numbers would seem to completely rule out any possibility that acceptable emissions targets can be met in the time available.

Petroleum.

It is likely that a major and permanent collapse in oil availability will occur, possibly within a decade. (Ahmed, 2017.) It is generally recognized that the supply of conventional petroleum peaked around 2005 and has declined significantly since then. World supply has continued to increase due to the remarkable rise in output from the advent of “fracking” in the US “tight-oil” regions. However, there are strong reasons for expecting this source to peak and decline soon. (Hughes 2016, Cunningham 2019, Whipple 2019, Cobb, 2019.) In the years to 2020 the major producers have not made a profit in any year of operation while accumulating a debt of over one quarter of a trillion dollars. It seems that an oil price high enough for producers to break even is too high for the economy to avoid recession. Unless there are major technical breakthroughs reducing costs, which are not thought to be likely, at some point in the near future lenders will probably cease providing capital to the fracking sector. A major factor increasing costs is the decline evident in the energy return on the energy that has to be invested to produce energy.

There is a strong case that it will either not be possible for renewable energy sources to replace fossil fuels or that it will be too expensive. (Trainer, 2017.) As noted above, only 20% of demand is in the form of electricity, which is the easiest task. It will be much more costly to run heavy trucks, farm tractors, mining equipment, ships and aircraft on renewables.

Ahmed (2017) presents a persuasive case that most Middle East oil-producing nations are encountering such serious ecological, food, water, population growth and climate problems that their capacity to export oil could be largely eliminated within ten years. Meanwhile the amount of energy it takes to produce a barrel of oil is increasing significantly (Brockway, et al., 2019). Despite these alarming observations the precariousness and urgency of the petroleum situation is attracting little attention.

Debt.

After remaining more or less stable for decades, global debt has quadrupled since 1999. (Hienberg, 2018.) It is now equivalent to around three times global

GDP, far higher than before the GFC, and it is regarded by various economists as inevitably bound to crash soon. (Brown, 2018, Lu, 2020, Hudson 2022.) Hudson's discussion of the destructive power of debt is especially sobering. (See Chapter 3.) Failure to curb the rentiers has destroyed whole societies. The rich lend more to already indebted farmers and producers, many of whom default and have to sell their assets to the lenders cheaply, sending many people into poverty and slavery, thus weakening the society, for instance by lowering the numbers fit for military service. Today the rich make most of their profits not by producing anything but by drawing rents and interest from their assets. In a capitalist society debt inevitably rises towards levels that cannot be repaid and Hudson says that's where we are. The only solution he says is to write off debt, but that would never be tolerable to the capitalist class, which is now mostly made up of rentiers.

The debt situation can be seen in terms of Marx's discussion of "immiseration". He believed that in time capitalist accumulation of wealth would impoverish the masses to the point where society collapsed in revolution. We are now seeing serious declines in "disposable income", the capacity of people to purchase as they used to. This is largely because of the financialisation of the economy, the acquisition by capitalists of assets that require people to use increasing proportions of their income to pay rents and interest on things like student loans, housing, and cars, leaving less and less to spend and making people struggle with "cost of living" difficulties, and causing economic slow-down.

Governments faced with accelerating problems and decreasing tax revenues from recessed economies will be less able to meet demands from stressed citizens, and will resort to austerity policies in order to divert resources to the rich to encourage them to invest and get the economy going. This increasing austerity for the masses will set up a positive feedback, increasing their demands. Today it is evident that the immiseration is causing increasing anger and dissent and a glance at the US shows it is plausible that this will bring the system down before the resource scarcities impact.

3. The rest of the many limits to growth problems.

In addition to the above three major factors many other bio-physical difficulties are reducing the capacity of economies to deal with the accelerating problems tightening the limits noose. These include increasing water scarcity, food scarcity, fisheries decline, deteriorating mineral grades, accelerating costs of ecological disruption such as climate change, agricultural soil damage and loss, chemical poisoning of ecosystems, ocean acidification and sea rise, crumbling infrastructures, and species loss.. A holocaust of extinctions appears to have begun, now possibly including insects and thus jeopardising pollination of food crops. These and other factors will cut into the diminishing resources available to apply to solving system difficulties, and raise the costs.

4. The problems interact, compound and positively feedback.

Often solving one problem increases difficulties in other areas, especially by increasing energy demand. More importantly, problems often have multiplicative interactive effects. For instance, Ahmed's analysis of Middle Eastern oil

producers shows how climate change, drought, rising temperatures, soil loss and rapid population growth are combining to generate intractable challenges for governments. As their capacity to cope declines they resort to repression in an effort to contain discontent and maintain order, which feeds back to generate more discontent, further disrupting productive systems and capacity to cope.

These increasing biophysical and social difficulties will generate serious international political difficulties, notably in conflict over access to scarce resources and markets.

Thus the difficulties now being experienced due to climate change are likely to be swamped soon by a tidal wave of many compounding positive feedback effects. Several analysts including those listed above have detailed how the combined effects are likely to trigger sudden and catastrophic breakdown in the global economy and/or in political systems.

5. Existing political institutions are not capable of making changes of the magnitude required.

Our institutions are reasonably good at making small changes. Elections are usually won by small margins and therefore governments cannot afford to irritate significant numbers of voters or they will be thrown out. But they cannot adopt policies that go against the vital interests of significant sectors.

This situation is partly a consequence of the self-interested, competitive, individualistic ethos built into present cultural and political systems. Burdens are not shared fairly or appropriately but are typically left to groups least able to avoid them. Because dealing with the global predicament effectively would be seen to involve painful adjustments on a massive scale people would be acutely sensitive to perceived inequities in the changes they were called upon to make. Fierce resistance, disputes and appeals would surely proliferate over the new options presented, the changes in locations, and especially the dramatically reduced levels of income, purchasing and consumption. Authoritarian governments can force big changes through but current democracies are much less able to.

6. Effective action could not be taken unless governments were predominantly “socialist”.

The required massive restructuring could not be carried out unless powerful centralized states could drive them through despite strenuous resistance. As noted, current political systems usually determine that governments have only small electoral margins and thus are well designed for stability as they enable small sectors to block changes which threaten their interests. Needless to say, it is not likely that widespread public readiness to accept “socialist” governments with the required powers to implement vast, unprecedented and resented change is going to emerge in time.

7. The conventional world view is oriented in precisely the wrong direction.

It is not remotely plausible that “socialist” governments with a Degrowth program could be elected given the present dominant pro-growth and “liberal” ethos. The current world view takes for granted that solutions to problems must involve high-tech “end-of-pipe” fixes that deal with the effects of unsustainable practices, as distinct from moving away from the practices that generate those effects in the first place. It is assumed that proposals must not and need not interfere with growth or affluent lifestyles. The automatic tendency is to go for more complex, energy and capital-intensive supply-side technologies. Minerals getting scarce ... then mine the moon.

This world view also takes it for granted that individual and national progress equals getting wealthier, that purchasing is the key to the good life, that competitive self-interest is socially progressive and collectivism is mistaken, that luxury and indulgence are attractive, and thus that frugality and self-sufficiency are not. Bigger houses are preferable to smaller ones, globalisation is desirable because it enables access to more and cheaper goods and services, if you can afford it then it is in order to consume it, travel is morally unproblematic, small farming is for peasants, the future of food is high-tech agribusiness preferably in multi-story greenhouses, intense specialization is the future so the Jack-of-all-trades will not be needed, simplicity and frugality are not fashionable and why repair it when you can throw it away and buy another one cheaply.

In addition, modernity has developed structures and systems that would now make it extremely difficult if not impossible to implement the necessary solutions, notably evident in the city where high-rise buildings and freeways have eliminated backyard fruit and vegetable gardening and have made energy-intensive transport, water, garbage, sewer, power, communication, entertainment etc. systems essential. Nations have become heavily dependent on trade to secure things they once made for themselves, meaning there must be vast air and sea transport systems. Suburbs have become leisure deserts meaning that resort must be made to energy-intensive globalized sources, including international holiday travel.

Perhaps most problematic is that few have any notion of ordinary people getting together to cooperatively take control over the running of their own neighbourhoods, suburbs and towns. Councils and state governments decide what is to be done and they look after maintenance and attend to any problems that arise. Post-modernism focuses attention on trivia, predominantly electronic but also in the form of sport, fashion, Facebook gossip, movies, celebrities and spectacles. Individuals consume fleeting thrills, which add to the factors distracting from any sense of collective concern to get together to do something about shared local problems. These taken-for-granted outlooks and predispositions constitute a mentality that is not conducive to the required transition.

But these reasons pale beside the one that is most significant.

8. The fundamental nature of the predicament and therefore what has to be done to solve it is not even recognized.

Few people have any understanding of the limits to growth situation and the need for large-scale Degrowth. The almost universally held supreme goal among virtually all those in government and associated bureaucracies, in the economics profession, in the media, and by the general public, remains indubitable commitment to limitless increase in production and consumption. A now extensive limits to growth literature accumulated over the past 50 years has heavily documented the self-destructive irrationality of this commitment, but the mainstream has more or less completely ignored it and has little or no awareness of the situation.

These several considerations constitute a strong case that this society is not capable of dealing with the predicament. Thus the fundamental premise in Simpler Way transition theory is that there is no prospect of achieving transition to a sustainable and just society via deliberate and rational procedures within official policy-making institutions and processes. Many analysts concur, for instance Streeck (2014) says “What is to be expected, on the basis of capitalism’s recent historical record, is a long and painful period of cumulative decay”.

The only way the transition might be achieved will be discussed later.

Conclusion:

The argument in this Chapter has been that there are many aspects of a capitalist economy that are now rapidly leading the system towards catastrophic breakdown. Many would probably agree with these claims, but would say that despite its difficulties it is the best system we could have, or that there is no realistic alternative. Above all most would probably say the alternative would have to be some form of “socialism” and none of them is acceptable. Chapter 10 puts forward an alternative which involves social control of the economy but which is better described as participatory democracy than as socialism.

Chapter 9.

ECONOMIC THEORY.

Conventional economic theory seriously misleads and distorts thinking. This is mainly because it is only about one form of economic system among many possibilities, that is, a basically capitalist economy. It legitimizes that economic system, that is, it portrays the system is normal, natural and inevitable. No other way is seen as realistic. It is not a theory about economics-in-general and it cannot tell us much about the way other economies work. It therefore hinders thinking about what might be the best kind of economy. It proceeds as if there is and can only be one kind of economy, and then focuses on how it works and how to make it work well. This is not to say that its theoreticians deliberately intend to deceive us. It's just that they take these assumptions for granted, having been thoroughly schooled to do so. If they thought in any other way no firm or government would employ them.

Following are some of the theory's core elements, and how they misconstrue things, warp the mind and lead to undesirable policies and practices.

Conventional theory is extremely narrow and limited; there are many economic phenomena it cannot deal with.

Conventional economists proceed as if their economic theory states the way things happen in that large realm of the natural universe that involves production, distribution, exchange and development. We are therefore led to believe that conventional economics has discovered certain natural laws about the economic realm, such as when supply decreases price increases. But this is not true. Conventional economists only deal with one basic kind of economy, that is, the one that has been adopted in our society, and the "laws" they proclaim only describe what happens within it. For example, it is not a law of nature that if demand increases price increases. Sometimes in some economies and in some situations this is indeed what happens, but it is not a general law describing what happens in economies. It never happens in a good household economy or tribe or commune. If you find that there is not enough porridge in your house for all to have their normal breakfast it is not the case that the price you all have to pay for breakfast increases. What happens is something that conventional economists cannot explain; i.e., you share the porridge without any change in its price, and without any thought about its price.

The household economy runs according to totally different rules compared with those the conventional economist assumes. Its rules include considerations of morality, justice, mutual benefit, needs, and environmental effects. However, the calculations conventional economists make and their laws make no reference to these factors. They are framed in terms of only one factor, which is dollar exchange value. The internal operations of household economies almost completely ignore this in making production and distribution decisions. Nor can

use of the conventional economist's units and laws tell us anything about the production or distribution etc. in the economies of Aboriginal societies.

So the theory is basically only about what happens when economic transactions are geared to the maximizing of monetary gains in a competitive market situation. This obviously completely ignores many important economic phenomena. For instance, possibly one-third of all the work and production that takes place in Australia is not performed for money ... because it is housework. People make breakfast and sweep up without payment in money. They give rather than sell many things to each other freely, including advice, company, emotional support, help and entertainment. There is also a big voluntary sector of the wider economy, including many people who work in charities and aged care. There are things people could but would not sell, because that would be considered to be immoral, such as tabooed food items, children, or toys with sentimental value; what economic principles govern these realms? Sometimes considerations of fairness or justice or need or sentimental value settle what is to be produced or who is to receive it. Conventional economic theory totally ignores these many phenomena and cannot give an account of the principles governing decisions and transactions within them, because what is produced is not sold.

Malinowski says, the work of the Trobriand islander is "... prompted by motives of a highly complex, social and traditional nature, and towards aims that are certainly not directed towards the satisfaction of present wants, or to the direct achievement of utilitarian purpose... All, or almost all of the fruits of his work, and certainly any surplus which he can achieve by extra effort, goes not to the man himself, but to his relatives in law."

"There will be heaps of yams in front of huts. These are obligatory gifts from kin and clients possibly. The size of the heap indicates status. People work hard for months, just to give away their produce. Production and exchanges of yams is determined by kin obligations, quest for status, and reinforcement of social bonds. Magic can be used to make the yams grow. There are many rules applying to production and exchange of food; it is not determined by profit. The yams are not merely commodities to be exchanged for money."

Eriksen, (2010.)

This fault means that many important costs and benefits of economic actions are not taken into account at all, especially costs such as the boredom of unemployment or the loss of a view or the damage to social cohesion or to ecosystems. The theory is almost useless in calculating the real cost/benefit situation involved in whether or not to move a factory to China. Similarly,

some of the most important benefits of productive activity or investment decisions are ignored, i.e., the feelings of satisfaction people get from the object they made or how smoothly their workplace runs, or the peace of mind that comes with a secure job, or the solidarity reinforced when a community working-bee does something for the town.

The theory therefore operates with a seriously impoverished, insufficient vocabulary or set of concepts for dealing with the full range of economic phenomena. There is so much you cannot even begin to discuss, let alone represent satisfactorily, if you confine yourself to only talking about the monetary value of things. It is as if we were trying to discuss art but the only terms we could use referred to the thickness of paint. That would allow us to develop sophisticated, precise and verifiable mathematical equations and theories based on accurate empirical measurements but we could not even begin to discuss anything that matters about art.

The distortion: the mistaken understandings that result.

Even more important than the narrowness is the way the set of concepts or terms conventional economic theory uses distorts our thinking about and understanding of production, distribution exchange and development. Firstly, because only terms to do with money value are used we are led to believe that the only things that matter in economics are monetary costs and benefits, and that all the other factors noted above are not important or not relevant. This is what conventional theorists think because they have the hide to call these many important things “externalities”.

The theory therefore leads us to think that things like producing to share, or to help others, or to meet social obligations, or not producing something in order to protect the environment, are not part of economics. They imply that these are not economic phenomena at all, or are only parts of primitive economics but not “proper” economics. In tribal societies people don’t produce food to make money; they do it primarily to satisfy social responsibilities, such as having to give the first yams of the season to your uncle. Food gets distributed and eaten but that is not the main goal. Similarly, a tribal person will tell you that he will not buy that item of food even if it is very cheap, indeed he will not eat it under any circumstances ... because it is his totem and eating it is taboo. In many eco-villages there are elaborate food production, distribution and investment activities involving no monetary considerations. These are situations in which rules governing the food economy have nothing to do with money, individual gain, competition, market forces, the finance industry etc., and they involve processes which conventional economic theory cannot deal with.

Similarly offensive is the way conventional economics treats everything as a commodity for sale. Yet many things should not be treated like that, such as children, the decisions of judges, wives, friendship, parole from prison, and especially labour, land and money. Whether people get jobs should not depend on whether someone can make a profit buying their labour, as if it were bricks or fish. In the era of globalisation and Neoliberal triumph more and more things are being made into a commodity to buy or sell, including public assets, personality,

loyalty, identity, personal data, tradition, culture, and things people ought to have a right to regardless of monetary cost such as water, employment and health care.

The ex-head of the World Bank, Lawrence Summers, said it would be more efficient to locate toxic industries in the Third World, because the cost of a death there is lower than in the rich world. (Pearce, 1992.)

That's how conventional economics gets people to think.

(Following widespread criticism Summers claimed he was only joking.)

Another serious mistake is evident in the way conventional economists regard income from financialisation. Rent and interest going to investors and owners of rented properties is added to income from activities like producing potatoes to make up the GNP, which economists claim is a measure of national wealth. But much financial income produces nothing and actually reduces the national wealth. Consider again selling the beaches to firms and allowing them to charge a rent when people want to go for a swim. That would add a lot of income to the GDP but would obviously reduce national welfare. Instead of boosting the economy privatisation often enables the siphoning off of rent and interest which reduces disposable income and therefore capacity to spend.

Possibly the greatest damage done by conventional economic theory and economists is due to their failure to accept and implement Modern Monetary Theory. They maintain the system whereby money has to be borrowed by governments from those who have a lot of it and repaid with billions of dollars in interest ...when in fact they do not need to do this because they can create as much money as they wish. (For the detail see Chapter 3.) Even worse, this mistake leads governments to say they can't afford to spend more on welfare and to impose "austerity" policies on their people. As a result billions of people suffer immense misery that could be avoided.

The warped and deceptive definitions.

Consider the definitions of "living standards", "productive", and "efficient". When conventional economists talk about the most "productive" and "efficient" investments all they are referring to are those that will maximise the monetary return on money invested. As a result conventional economists will say it can be a much more productive and efficient use of capital to build one luxury mansion than fifty humble cottages for poor people, or to use Third World land to grow luxury crops for export than food for hungry people there. But in fact the market is the most appallingly inefficient way of determining food production and

distribution; it never prioritises allocating enough food or housing or clean water to those who need them most.

Similarly, we are all in favour of improving “living standards”, but all the conventional economist means by this term is increasing the GDP or sales or consumption per capita, again a definition which is delightful for those with capital to invest. If on the other hand you defined “living standards” in terms of quality of life then productive capacity would flow into very different projects, (... and the GDP would shrink as capacity was withdrawn from useless or destructive but profitable projects.)

As noted above, a major fault re GDP accounting is due to the inclusion of interest and rent as additions to the GPP and therefore to national wealth, when in fact as Hudson points out rentier income reduces national wealth and shrinks the economy, because it represents the flow of wealth already produced to the rentiers.

Another example of a deceptive definition is that of unemployment. They count you as employed even if you have worked only one hour in the week! This makes the economy appear to be working much more satisfactorily than it is. The real unemployment figure is more like twice the official one.

Externalities ignored.

“... consider the 10,000-mile cod. Scottish fishermen catch cod in the North Atlantic. Now, the fish could be consumed fresh in Scotland, but no... First, the poor piscine provisions are deep-frozen into codsicles, which are then shipped to China, thawed, filleted, packaged, re-frozen, and shipped back to Scotland for eventual consumption.” Efficient?

Merritt and Edwards, 2009.

A rarely considered category of “externalities” includes the overlooked non-monetary processes and costs on the “input” side without which factories and offices cannot function. For instance, Ecofeminists point to all the work and skill that goes into preparing workers to cope with the factory, the “housework”, child production and care, the maintenance of healthy community relations. One could add the education, roads and public health systems that must be provided if firms are to function. Above all there is the R and D carried out in public universities and often given to corporations.

Chapter 7 discussed one of the worst examples of deceptive definition, the way economists conceive “Development”. It is basically equated to growth of GDP, or at least it is assumed that growth will enable the emergence of all other desirable things such as better nutrition and reduced infant mortality. Therefore, the

overriding goal is to crank up the dollar value of business turnover, production for sale, investment and especially export production. As noted above, this is exactly how local elites, foreign corporations and banks want development to be conceived, because it means it is important to put resources, capital and effort into enabling lots of lucrative investment opportunities for them. But obviously development should be defined in terms of developing what is most urgently needed to improve the living conditions of the people, and in general this would mean preventing most conventional development and enabling people to put the available resources into directly providing for themselves the things they need. The overwhelming majority of development experts, literature and even NGO effort takes for granted the conventional view, illustrating the warped thinking that condemns billions to avoidable deprivation and poverty.

Perhaps the most damaging invalid idea taken for granted for hundreds of years is to do with the monetary system. To repeat, this is the assumption that governments must borrow money (from people who have a lot of it.). The fact that this is not true was discussed in Chapter 4. Modern Monetary Theory explains how governments can create money out of nothing, that is literally print it, to put unused labour and resources to work. So why has everyone taken it for granted that governments must borrow, cannot afford to spend on necessary projects, have to inflict crushing austerity on their people, and pay lots of your tax in interest to lenders? All this despite the fact that from time to time they actually do create vast quantities of interest-free money, as in Quantitative Easing?

Because all this is studiously ignored it maintains the myth that governments cannot afford to raise pensions or improve welfare, and that because the debt is already so high they have to implement “austerity” measures. That means cut spending on services and welfare. It also enables governments to say they do not have the money to fund better roads, so we need to get private corporations to build them, on favourable terms that disadvantage the public.

It is hugely in the interests of the rich and the banks who lend their wealth out that critical attention is not drawn to any of this deceptive ideological baggage.

Economists have a choice here. Either they can ...

a) define economics as only involving dollar costs and benefits, in which case they will be able to construct neat and precise equations, but their discourse will be largely irrelevant and grossly misleading,

or they can

b) accept that economics is about what happens in production, distribution, exchange and development, and that many factors other than monetary values have to be taken into account to understand what happens and to discuss what ought to happen. ‘They would have to accept therefore that economics is a very messy and imprecise realm, overlapping with politics, sociology, ecology and ethics.

Taking the GDP as the supreme measure.

The supremely important measure of economic progress is taken to be the Gross Domestic Product, i.e., the value of all the production or consumption taking place. The first problem here is that the GDP is not a measure of wealth or welfare. It only adds together all the spending that is taking place. Some of this represents benefits but some of it represents costs and therefore reductions in welfare. For instance, if we have a social system that generates several billion dollar road accident costs each year, then obviously the amount we have to spend on this problem represents the reduction that accidents make in our welfare. Yet economists add all such expenditures to the GDP and pretend that the total represents the level of our income, wealth and welfare. Because GDP per capita is taken to be a measure of 'living standards', people think it is important to constantly increase GDP, and therefore support increase in business turnover.

The GDP is not an indicator of anything that matters much. Whether the amount of production increases or decreases is not important; what matters are things like whether welfare or happiness or the quality of life increases, or unemployment and poverty decrease. In fact, the most important factors for any sensible accounting for long term economic viability and capacity to produce are psychological and ecological. In Bhutan the supreme criterion is the Gross National Happiness. Why don't we just measure what matters and forget about the GDP? The answer of course is mainly because the owners of capital want us to accept as our top priority increasing the volume of buying and selling that is going on all the time.

Another major fault in the GDP is that it only measures throughput, that is spending/income, and therefore it gives no indication of stocks of wealth or changes in these. The GDP of a country which makes a lot of money in one year selling off its forests might give the impression that it has become richer, but if we were to take into account the loss of this stock of timber and ecological wealth we might find that despite the cash income it has become much poorer.

The growth assumption.

Little more needs to be said here about the absurdity of holding the growth of GDP as a goal, let alone the supremely important goal. Conventional economic theory does not give any attention to the possibility or merits of the steady-state economy we must have in a sustainable society. It can tell us nothing about the way to run such an economy, the problems that will arise, or the kinds of institutions we will need.

Acceptance of the market as the basic mechanism.

As has been discussed above, no aspect of conventional economic theory has more disastrous consequences than the assumptions that economics is about what happens in markets and that the best way to conduct economic affairs is via markets. The market is taken to be the most efficient way to allocate resources and incomes, to decide what is produced and who gets it, and to determine what is developed. But it has been explained that the market is only efficient at

maximising monetary returns to investors, purchasers and sellers and it is appallingly inefficient at meeting needs, ensuring justice, maintaining social cohesion, caring for the environment or producing appropriate development. More importantly, there are many other ways to organise an economy than in terms of market relations, but this gets no attention from conventional economic theorists.

The market mechanism does some things well and might have an important place in the transition to a satisfactory society, but market forces are responsible for most of the misery in this world. They inevitably generate inequality and deprivation, although they also generate wealth for some. To argue for freedom for market forces is to argue for freedom for the rich and their corporations to do and take whatever they like. We cannot have a satisfactory society without far more social control and regulation than we have now (not necessarily by the state; see Chapter 10), and therefore without greatly reducing the scope for market forces.

The theory's assumptions about human nature.

Chapter 4 referred to the way the theory assumes that humans are naturally self-interested competitors seeking to maximise gain, and to how misleading this is. But humans have strong dispositions to be cooperative, to share and be altruistic and to help each other. (Kropotkin 1902, Bregman 2020.) Once more we see emphasis on a view about the nature of things which reinforces the tendency to accept as natural the competitive economy which works mostly in the interests of the rich.

Conventional economic theory is only a theory of capitalist economics.

To summarise, conventional economic theory is basically only about an economy in which things are produced to sell at a profit, only money costs and benefits are taken into account, outcomes are mostly determined by market forces and competition, some people have capital and they are allowed to decide what to produce in terms of what will most enrich themselves. Many economies do not have these characteristics. It is in other words, only a theory about capitalist economics, not economics in general.

Consequently, thousands of students studying economics think they are learning about what happens in the economic realm of human behaviour and experience, but in fact they are only learning about what happens in one type of economy, and they are also learning that no other kind of economic system exists or is worth thinking about or is even conceivable. What they are learning is the view of economics that it suits the owners of capital to have us accept.

Conventional economic theory must therefore be seen as an ideology. It provides an account of a realm which puts things the way a particular group want you to see them because that will lead you to accept and endorse ideas and practices which are in their interests and not yours. In Foucault's terms it is a "discourse", a

frame or vocabulary or set of definitions for discussing the field which mislead us to accept interpretations that suit particular interest groups and disadvantage others.

This is not to say that it is all a deliberate conspiracy. Often the dominant or taken-for-granted ways of thinking in a society fairly automatically come to be those that it suits the dominant class to have everyone believe. Those in power tend to talk and theorise only in the ways they see things and want others to see them so it is not surprising that all people come to accept these ways of thinking without question. As Marx put it, the ruling ideas in a society tend to be those of the ruling class. Usually even the ruling class sincerely believes the dominant ideology. There was a time when kings as well as serfs believed kings have a divine right to rule. In our society people are exposed to nothing but Neoliberal rhetoric so it is not surprising that they come to see that representation of the economic world as normal and the only way things could be.

Claims embodied in an ideology might all be true, while reinforcing a challengeable overall view of the field. For instance, one might point out that humans have always done a lot of competing, dominating, struggling for wealth, and killing and it is difficult to curb these tendencies. That would be to give an impression which additional information could modify or contradict. Ideologies typically select and omit in order to reinforce a particular perspective.

We should therefore study POLITICAL ECONOMY, not economics.

Conventional economists proceed as if the “hidden hand of the market” determines what happens, or ought to be left to do so, and the rewards and inequalities that result reflect contributions to produced value. They proceed as if power is irrelevant and plays no role in economics. But in fact economic phenomena are heavily influenced by the power of players, especially the big and ruthless ones, to get decisions, access, benefits etc. through their capacity to influence the political process. This means that the correct title for the field is “Political Economy”.

There are tribes in which the priests or the elders or the men have more privileges and authority enabling them to have the best parts of the animal to be eaten. Consider the extremely high fees lawyers and specialist doctors can charge because such groups have the power to set their fees as high as they like. The fees are not set by competition in a market. Pensioners, disabled and poorly educated people have negligible power to influence what happens in our economy. In our society the rules of the economic system give far more power to those with capital. Many of the biggest and most juicy economic prizes are monopolies given to one corporation by government, for instance in telecommunications, mining, toll roads, gambling, and media fields. The licence to begin a new mine is allocated by government to a single corporation, so there is scope for all sorts of non-market forces to be brought to bear to affect the decision, such as campaign contributions and threats to withdraw investment.

It is not possible to analyse what happens in an economy satisfactorily without considering these power phenomena. They involve much more than getting

favourable policy decisions out of governments because power is also exercised to set the rules of the game. The most important rules have been those the Neoliberals have pushed through in recent decades to get rid of impediments to investment. You will not understand what's going on in an economy if you attend only to market phenomena.

Economists.

All this is a serious indictment of the economics profession, especially the academics who theorise and teach. How can it be that theories and practices that are often so patently unsatisfactory, indefensible, misleading, unjust and socially damaging and that have had such catastrophic consequences on the lives of billions of people on the planet, have gone so unchallenged? There is relatively little fundamentally critical discussion of the nature of the "discipline". This is quite a disturbing and puzzling phenomenon and it has depressing implications for the capacity of the human race to recognise, confront and deal with its mistakes.

Most economists have a vital interest in working within conventional theory and not questioning it, because most of them work for corporations, banks or governments whose interests are well served by the conventional way of thinking about economics. But why do the academics teach this deeply flawed doctrine, without even telling their students that it is so problematic? Universities have to attract students in order to pay their way, so schools of economics are going to teach the things that corporations and governments want students to learn, and students are going to want to learn only those ideas and techniques that will get them a good job in a corporation. The result is that large numbers graduate from economics courses without ever having been introduced to the kinds of criticisms dealt with in this book.

We should be extremely angry about conventional economic theory and those who practise and teach it. They produce and legitimise many arrangements, policies and actions that are dreadfully bad. They share responsibility for most of the chaos, deprivation, poverty, illness, waste, misery and environmental damage in the world, especially for the gross injustice generating the poverty experienced by billions of people in the Third World. The theory is also largely responsible for much of the armed conflict in the world. It legitimises the ceaseless quest for resource-intensive lifestyles and systems which generates vicious inequality and deprivation, and armed struggle for resources and markets.

Especially important is the fact that the limits to growth analysis of our global situation shows that this economic system has put all countries on a path that is grossly ecologically unsustainable. Rich-world rates of resource consumption are far higher than all could ever rise to, yet the supreme goal in conventional economics is to increase "living standards" and the GDP all the time.

Recently these kinds of criticism of economics, economies and economists have increased but the conventional juggernaut and its well-paid promoters plod on.

Chapter 10.

THE ALTERNATIVE: THE NEW ECONOMY WE NEED.

Preliminaries

It is likely that many people agree with the kinds of criticisms argued in previous chapters but believe that there is no realistic alternative to the present economy despite its faults. The task taken up in this chapter is to persuade readers that a viable and attractive alternative can be imagined, and that it would not only defuse the global problems now threatening to destroy us but would greatly improve our quality of life. Before outlining it there are a few preliminary issues to deal with.

Getting clear about capitalism, socialism, communism, and anarchism.

A basic dilemma running through previous chapters has been the opposition in the economic domain between freedom and regulation. The argument has been that a satisfactory economy must involve a considerable amount of regulation, that is, restraining, redirecting or preventing the freedom to produce, purchase and invest. This means that in some way “society” needs to influence or make various important economic decisions. There must, in other words, be a considerable amount of “socialism”. All economies presently have a lot of it, even the most enthusiastically capitalist ones. All governments regulate the economy to some extent. Our problem is to work out a form that is acceptable given the state of the world now, which clearly requires a great deal of social control over economic affairs.

Socialism locates the required control in the state. Most Socialists say much of the economy can be left to market forces operating within guidelines but they insist on a predominantly centralised arrangement. This could be quite democratic whereby the control is exercised by an elected government, thus avoiding the totalitarian version of socialism usually identified with Stalin or North Korea. However, it will be argued below that because the global situation we are in rules out an affluent society and requires highly localised and self-sufficient economies, centralised control cannot be the right model. Some functions will need to be coordinated centrally but power, initiative and action cannot be centralised and must remain down at the local level. This point is of the utmost importance; in an era when lifestyles cannot be sustainable and just as well as being affluent, economies have to be small, localised and run by local citizens. The reasons will be spelled out below.

Is “communism” an option? The term is very ambiguous and some take it to mean things that others reject. One common idea is that productive (as distinct from private) property should be collectively, publicly, owned and not privately owned. However, in the economy to be advocated much and possibly most

productive property would be privately owned, in the form of small family and cooperative farms and firms, although all large-scale operations would be public in some form. But the small private firms would have to conform to guidelines that prohibited anti-social or ecologically damaging behaviour (such as no one gets an income without contributing.).

You would agree of course that everyone would, or should agree with Marx's definition of communism. He thought that the fundamental element in a good post-capitalist society would be that all would contribute as much as they were able, so a strong or talented person would contribute more than a less able person, but at the end of the day each would receive according to their differing needs. The best example of his version of a communist economy is the typical family.

Obviously Marx's vision has nothing to do with the system most people associate with the term communism, wherein state power is in the hands of a single authoritarian party which makes all the important decisions and forces everyone to conform. There are many reasons why this is not what we want but the main one is again that the kind of economy explained below will not work if power is located in a centralised state apparatus, let alone one with totalitarian power.

That means the answer is not socialism, or communism...it is anarchism. Again, unfortunately the term is highly ambiguous and some people mean by it arrangements that are not being endorsed below. The essential feature of the variety to be detailed involves locating control in the hands of all citizens and might best be thought of as thoroughly participatory democracy. The detail follows.

The emphatically unavoidable elements in the required economy.

It is of the utmost importance to recognise that we are not playing a game of preferences here; we are not in the business of constructing a wish list of items to go into our preferred model or ideal. Our global situation, confronting us with savage limits to growth and gross injustice, determines that we have no choice about the basic nature of a viable future economy. Chapter 2 explained that when the limits to growth are understood the key constraints have to be:

- It has to be an economic system which cuts rich-world resource per capita consumption and ecological impact by something like 90%, and which is stable, i.e., with no growth at all.
- Therefore lifestyles and systems must be far simpler than they are in the present economy, in terms of material consumption and infrastructures etc.
- These things can only be done if the norm becomes small-scale, highly self-sufficient and self-governing communities that are in control of and are running their largely cooperative and self-sufficient local economies to meet needs. This includes the things that are necessary to provide everyone with a high quality of life.

- It must have a high degree of equality and all must be provided for.
- There must be a high level of collectivism People must seek arrangements that prioritise what's best for the town. There must be attitudes and values which predispose people to want to help everyone to thrive. There must be strong solidarity and community if the town is to work well.
- The economy cannot be driven by market forces or the profit motive. There could still be a place for both, carrying out minor functions, but the needs of the town must determine what is done. The town must set up the rules, cooperatives, committees and working-bees to build and run the projects it needs.
- None of this can be done unless there is enormous cultural change. The new system cannot be established by force. It can only be adopted voluntarily and willingly, by people who understand that it is necessary and who see it as attractive. The goal cannot be wealth acquisition; the driving concern must be to enjoy a high quality of life through frugal ways and non-material sources of satisfaction. People must be content with what is materially sufficient for a life that is spiritually rich, in the sense of meaningful and inspiring. Town leisure committees would work on enriching life through activities and sources of enjoyment that do not involve material consumption.

Let us think about what makes for a high quality of life. Here again is the list of factors given above.

- Having adequate and good quality food, shelter and clothing.
- Friends, soul mates.
- Good health.
- Having meaning and purpose, interesting things to do.
- Belonging to and being involved in a supportive community concerned for the welfare of all.
- Being valued, appreciated, respected, especially for making a contribution to one's community.
- Feeling secure from avoidable adversity such as unemployment, poverty and social breakdown.
- Freedom from chronic stress, including insufficient income, pace, over-work, isolation/loneliness, depression, unpleasant living place, traffic, social breakdown.
- Not having to work hard or struggle; a relaxed pace, time to think, converse, recreate, grow "spiritually".
- Opportunity to do creative things, craft, art, gardening, writing.
- Freedom/autonomy over one's life and work.
- Closeness to nature. Living in a beautiful environment.
- Having sources of regeneration and "battery charging", such as gardening, hobbies, convivial company, landscape.
- Having a sense of place, a home.

- Familiarity and stability; freedom from threat of disruption, especially due to “development” and economic recession.
- Pride in one’s family, town, society, institutions, nation; recognition that our ways are basically admirable ... we care, we try to minimize competition, selfishness, disadvantage, inequality and winner-take-all ways. The way we think and discuss is rational, respectful and mature.
- Peace of mind. Some degree of capacity to feel alright about things, oneself, one’s society, the planet. Reasons to be optimistic.

To repeat, the extremely important point about this list is that, perhaps apart from health, none of the items requires material wealth or affluent lifestyles or complex industrial systems or a high GDP. All require no more than sensible social and economic arrangements. All can be enjoyed in very (materially) poor communities via quite simple technical systems. The key material concept must be sufficiency. The central paradox is that material simplicity actually enables “spiritual” wealth, primarily by liberating us from the precarious rat-race struggle imposed by the present economy.

The required economy has to be discussed in the context of the required society.

Chapter 3 explained that the global sustainability predicament cannot be solved unless there is transition to a very different kind of society. There must be an integrated mixture of new social, geographical, political, cultural and economic elements. It is not possible to discuss the economic system separately from all the others. The new economy involves and cannot work without new kinds of settlements, political processes, ideas and values. So the following discussion is about how a whole new social system must function; it is not just about economics as is usually conceived.

It is now necessary to begin providing some detail on these elements. This should be taken as broad-brush, indicating the kinds of arrangements needed while recognising that the detail is open to debate. However, the core elements are not.

The Simpler Way.

The focal point must be, not the national economy, let alone the global economy, but the local economy, basically the neighbourhood, town or suburb. The basic unit has to be the small, highly self-sufficient and self-governing and essentially cooperative community, with an economy which never grows. This cannot exist unless there is a very different culture, one in which people understand and accept the new ideas, values and dispositions explained above, and find the new ways intrinsically attractive and rewarding.

The fact that present society is nowhere near such an outlook and that there is a low probability that we might ever achieve it is irrelevant here. The point is that a sustainable and just society enabling all to live well in a world of severely limited resources has to be some kind of Simpler Way. The reference below is mostly to

the small town, but it also applies to the neighbourhoods and suburbs of (small) cities.

Simpler Lifestyles.

Living more simply does not mean deprivation or hardship. It means being content with what is sufficient for comfort, hygiene, efficiency etc. Most of our basic needs can be met by quite simple and resource-cheap devices and ways, compared with those taken for granted and idolised in consumer society. How many pairs of shoes would suffice? How big a house would be quite adequate? There is no hardship in wearing old and patched clothes most of the time, or keeping an old bike going.

The goal is to get to the stage in which people find life satisfaction in non-material pursuits, such as gardening, arts and crafts, making things and learning things, personal development, enjoying practising a valued livelihood and participating in community affairs.

Living in materially simple ways can greatly reduce the amount of money a person needs to earn. The above discussion of housing makes the point. The average home buyer pays at least ten times too much for a house (excluding land.) This indicates how the Simpler Way will liberate people from having to earn large amounts of money, enabling most of their time to be put into more fulfilling activities. Various advocates of simplicity throughout history, such as Henry David Thoreau, realised the importance of liberating oneself from enslavement to pursuing wealth and status, thereby giving oneself a lot of time and resources to do fulfilling things.

Living in ways that minimise resource use should not be seen as an irksome effort that must be made in order to save the planet. These ways can be important sources of life satisfaction. There can be great enjoyment in activities such as growing food, “husbanding” resources, making rather than buying, recycling, composting, repairing, bottling fruit, making things last, and running a relatively self-sufficient household economy. In addition, there are the enjoyable activities undertaken with others, such as helping on working-bees and committees and in the drama club, giving a sense of contributing to the richness of community life.

In the new society the household, neighbourhood and the local small community will be at the centre of most people’s lives. Most people will only need to go to paid work one or two days a week. There will be many interesting skills to use in productive and leisure activities around the house, garden and neighbourhood, and in a well-organised community there will be many festivals, concerts, working-bees, art and craft groups and other activities to participate in. The education and leisure committee will be one of the most important groups helping to make the town a great place to live in.

So the Simpler Way is actually the richer way, in terms of life satisfactions. It aligns with the Buddhist goal of a life “simple in means but rich in ends.”

Local Self-Sufficiency.

We must develop as much self-sufficiency as we reasonably can at the national level (meaning far less global trade), at the household level, and especially at the neighbourhood, suburban, town and local regional levels. Most importantly we need to convert our presently barren city neighbourhoods and suburbs into thriving local economies which produce much of what they need from local resources.

Households can again become significant producers of vegetables, fruit, poultry, preserves, fish, repairs, clothing, furniture, R and D, entertainment and leisure activities, and community service and support.

Neighbourhoods would contain many small businesses such as the local bakery. Many of us could get to work by bicycle or on foot. Most of the basic goods and services would come from within a few kilometres of where we live, so there would be far less need for transport, or for cars to get to work. Therefore, we could dig up many roads, greatly increasing the land area available for community gardens, workshops, ponds, animals and forests in cities. Leisure and entertainment will also be mostly localised, further reducing car use.

Households, backyard businesses and community co-operatives engaged in craft and hobby production could provide most of our honey, clothing, crockery, preserves, vegetables, furniture, construction, fruit, fish and poultry. It is much more satisfying to produce most things in craft ways rather than in industrial factories. However, we would retain some but few larger mass production factories and sources of materials, such as mines, steel works and railways. It is explained below that there would obviously still be (some) complex factories, universities, hospitals and other socially valuable high-tech ways.

Almost all food could come from within a few hundred metres of where we live, most of it from right within existing towns and suburbs. The sources would be, a) intensive home gardens, b) community gardens and cooperatives, such as for poultry, orchards and fish production (using ponds, aquaculture tanks, streams and lakes), c) many small market gardens and farms located within and close to suburbs and towns, d) extensive development of commons, especially for production of fruit, nuts, fish, poultry, animal grazing, herbs, and many materials such as bamboo, clay and timber. Horses could do some of the work, especially carting produce to town stores and taking food scraps back to the farms. Many people could work on these nearby farms, and they would also be leisure and holiday resources.

The scope for food self-sufficiency within households and small communities is extremely high. It takes about 1,000 square metres to feed one Australian via agribusiness, (... after excluding exports and not including the large non-improved grazing areas.) My Remaking Settlements study (Trainer, 2019.) estimated that less than one third of this area would be needed using alternative ways. Blazey (1999) documents the capacity for a family of three to meet its vegetable needs from less than one backyard, via intensive home gardening, high-yield seeds, multi-cropping, nutrient recycling, and eating mostly plant foods.

Blazey also documents production of 1000 times as much food from each square metre of home gardening as can come from the same area devoted to standard beef production in Australia.

Most of your neighbourhood could become a Permaculture jungle, an “edible landscape” crammed with long-lived, largely self-maintaining productive plants, especially on the public spaces, parks, footpaths and the roads that have been dug up. Much food would be free, growing beside roads and in parks. Food production would involve little or no fuel use, ploughing, packaging, storage, refrigeration, pesticides, marketing, waste dumping or transport. Having food produced close to where people live would enable all nutrients to be recycled back to the soil through compost heaps, animals, composting toilets and methane gas digesters. Therefore, there would be no need for garbage trucks, sewers, pumping stations or treatment works and there would be no need for the fertilizer industry. All nutrients would cycle through kitchens, toilets, animal pens, compost heaps and methane gas digesters back to garden soils. This is crucial; a sustainable society must have complete nutrient recycling, and therefore it must have a local agriculture.

The local food committee would research what useful plants from around the world thrive in your local conditions, and investigate the development of food, materials, chemical and medicinal products from these. Synthetics including paints, glues and plastics would be derived primarily from plant materials. Our town landscapes would be full of these resources. For instance, salad greens, timber, fruit, fibres, oils, medicinal herbs and craft materials would be growing wild as “weeds” on the commons throughout your neighbourhood.

Meat consumption would be greatly reduced as we moved to eating more plant foods, but many small animals such as poultry, rabbits and fish could be kept in small pens and ponds spread throughout our settlements. The animals could be fed largely on kitchen and garden scraps and by free-ranging on commons, while providing manure and adding to the aesthetic and leisure resources of our settlements. Some wool, milk and leather could come from sheep and goats grazing meadows within and close to settlements. The animals would help to recycle all nutrients from households back to soils.

The commons would be of great economic and social value. They would include woodlots, bamboo patches, orchards, herb gardens, ponds, meadows, sheds, clay pits, machinery, workshops, windmills, water wheels, bicycles, vehicles, buildings for craft groups, drama clubs etc. All would be owned and operated by the community, via committees and working-bees. The most important one would be the community centre, including workshops, craft rooms, library, meeting rooms, art gallery, recycling racks, theatre, museum, surplus exchange and a café. Petrol stations no longer needed can be converted into these centres. Commons can be located in parks, beside railway lines, on abandoned factory sites, and on the many roads that will no longer be needed for transport. They would be maintained by voluntary working-bees and committees and would provide many free goods.

Settlement design will focus on basic Permaculture principles, such as the

intensive use of all food-producing niches within a space (“stacking”), complex ecosystems (not monocultures), multiple cropping and overlapping functions e.g., poultry provide meat, eggs, feathers, pest control, cultivation, fertilizer and leisure resources. Rooftops and walls can be garden spaces. These techniques will enable huge reductions in the present land area and energy costs for the provision of food and materials. They will replace the present global agribusiness food supply system which is extremely resource-intensive and ecologically destructive.

It will not be necessary for everyone to be involved in agricultural activities. Providing food now takes perhaps one-fifth of work time, when transport, packaging and marketing are added to the farm work. That’s about eight hours a week per worker. Intensive home gardening might require only about four person-hours per week per household, so averaged across the town and including food production on nearby small farms it would probably require well below the present amount of time going into food production. The difference derives from the much greater productivity of home gardens and small farms than big agribusiness farms achieve, and the elimination of much intermediary work such as transport and packaging, (and producing all those trucks etc.). In addition, much food production would be a leisure activity.

Most of the above discussion does not include local small farm food production. Chris Smaje’s detailed analysis (2020) estimates (making very cautious assumptions) that Britain, currently a large-scale food importer, could be fed by small farms employing about 10% of the workforce. Small farms are in fact more efficient even in narrow monetary terms than big agribusiness farms, and far better when ecological and resource costs are taken into account.

There is great scope for a high level of community self-sufficiency in many areas in addition to food, notably entertainment, infrastructure maintenance, services, health and aged care, education, building and repairs. By developing these capacities we can dramatically reduce overall resource use, cutting travel, transport packaging and waste treatment costs, and the need to build freeways, ships and airports.

The significance of these ways in getting national resource demands down is easily underestimated. Here is an impressive illustration of the magnitude of the reductions that can be achieved. Our study of egg supply (Trainer, Malik and Lenzen 2019) found that the dollar and energy cost of eggs produced via the normal agribusiness-supermarket path was more than fifty times those of eggs produced in backyards and co-operatives.

The supermarket path requires trucks, distant agribusiness farms and fishing fleets and factories to produce poultry feed and chemicals, gigantic factory farm sheds, electricity, packaging, supermarkets, managerial and marketing systems, computers, and removal of manures and packaging “wastes”. Agribusiness feed production mines the soil of nutrients, which can’t be returned. Manures become a waste problem because they are contaminated with chemicals and anyway are far from the distant soils they came from. Artificial fertilizers must be trucked to the fields producing the chicken feed, damaging soils and waterways. Chemicals

are needed to control disease in the cramped sheds etc.

The alternative way enables nutrients in manures to go to nearby gardens and methane digesters. The chickens can clean up slugs while cultivating garden beds and free-ranging to find much of their own food. They can be housed in small mud brick sheds using little steel. They reproduce themselves, they provide meat and are a source of diversity and entertainment. There is no need for vast armies of expensive professionals in suits operating computers. And backyard chickens are happy while factory farm chickens are not.

The same very large savings can be achieved in many other domains via systems which involve small scale and therefore short distances between things, and easy integration of sub-systems (e.g., manure and household “waste” recycling --- gardens and animals--- methane production) and drawing on unpaid “work” for management and maintenance. Consider locating facilities for the care of aged and unwell people in the middle of town beside the main community garden enabling the people in them to observe, join in conversation and be involved in the activities. The gardeners would benefit from the experience of older people who would feel they still have a valued role. The need for expensive professional “carers” would be reduced while greatly improving the experience of older people. In a caring community where people only have to work for money a few days a week many will have time to drop in to help out and chat, and to enable old people to remain in their own homes longer.

Similarly, as is explained below, very low cost and resource-cheap humble owner-built housing can be the norm. The scope for low-impact leisure and holiday activities is also elaborated below. Most of these achievements are only possible in small towns.

The Remaking Settlements study (Trainer, 2019) estimated the scope for self-sufficiency within an outer Sydney suburb. It found that energy and resource costs might be cut by 90%, while greatly increasing social and quality of life benefits. The Dancing Rabbit Ecovillage in Missouri achieve these levels. (Lockyer 2019.) If people only gave three hours a week to community activities within the Sydney suburb 6,000 person-hours a week would be going into public works in an area about two kilometres across, equal to having 150 full-time council workers there! That might be thousands of times the attention the suburb gets now from its council.

We would be on various voluntary rosters, committees and working bees to carry out most of the windmill maintenance, construction of public works, child minding, nursing, basic educating and care of aged and disadvantaged people in our area. These would perform most of the functions councils now carried out for us, such as maintaining our parks and streets. In addition, working bees and committees would maintain the many commons. We would therefore need far fewer bureaucrats and professionals, reducing the amount of income we would have to earn to pay taxes to fund big government. When we contribute to working-bees we are paying some of our tax, by giving to the town.

Our life experience will mainly be enriched not by personal wealth or talents, but

by having access to public assets such as a beautiful landscape containing many forests, ponds, animals, herb patches, bamboo clumps, clay pits, little farms and firms, and leisure opportunities close to home, a neighbourhood workshop, familiar people ready to advise or assist, many cultural and artistic groups and skilled people to learn from, community festivals and celebrations and a thriving and supportive community. It is therefore not surprising that eco-villages rate highly on community and quality of life. (Grinde, et al., 2017, and Lockyer, 2017.)

However, towns and suburbs will also need to import a small quantity of goods and materials that they cannot produce for themselves, such as radios, boots, kitchen appliances, chicken wire, tools, cement, irrigation pumps and pipes, and light steel products. Some of these will come from regional factories near towns, within bicycling distance for workers. Others, such as steel and cement might come from large factories much further away, distributed by rail. Towns near the steel works would pay for their imports from other factories and regions by contributing to the steel exports to those other towns. This points to the very important role for the (remnant) state bureaucracies. There will have to be careful national organisation of the distribution of these intra-national export opportunities, so that all towns can contribute to the production of a few exports to the national economy via factories located near them. This would enable them to earn sufficient to pay for the importation of that (small) volume of goods and materials they need to import. This too would involve elaborate state-level planning, implementation and restructuring (but not state power; see below.)

These simpler lifestyles and systems would dramatically cut the demand for energy and materials. Lifestyles would involve far less consumption, and because it would be a stable economy few resources would be going into construction. Just about all “wastes” would be easily recycled and reused at the town level without trucks, roads and sewers. There would be benefits from overlaps and synergisms, for instance keeping ducks would eliminate the need to produce snail-killing chemicals.

The large reductions in energy demand need little explanation. In general, solar passive building design using earth would greatly reduce the need for space heating and cooling. Almost no (non-human) energy would be needed for food production. Most cooking would be by wood, gas produced from biomass wastes and electricity from local renewable sources. Only a little energy would be needed for pumping clean and waste water, as these would be collected and dealt with locally. There would be little need for vast systems to pump water in and pump sewage out over long distances. The need for transport, refrigeration, packaging and marketing would be greatly reduced. Most leisure needs would be met within the settlement at little energy cost. Industrial production would be greatly reduced, and most of it would take place in small local enterprises operating in more labour-intensive and craft ways. Only a little heavy industry would be needed, e.g., to provide basic light steel, railway equipment, buses etc. Therefore mining, chemical and timber industries will be small. Because nations would be highly self-sufficient there would be very little need for shipping or air transport.

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Local self-sufficiency in leisure.

Leisure and entertainment are major dollar and resource cost items in consumer society. At present leisure time is mostly spent in the passive consumption of experience produced by corporations or professionals, especially via TV and IT, in travel or consuming goods and services. The quality of most of this material is dubious, evident in the mindless TV soap operas, game shows and crime dramas, and especially the violence and destruction in computer “games”. Much leisure time and expenditure at present goes into purchasing; shopping is a major form of entertainment.

Simpler Way settlements and lifestyles are very leisure-rich. They surround people with activities, working-bees, expert artists and craftsmen, friends to chat to and a landscape full of craft centres, beautiful gardens, little firms and farms, familiar people to chat to, and many other leisure resources. Any town or suburb includes many talented musicians, singers, storytellers, actors, comedians and playwrights, presently unable to do their thing because the globalised entertainment industry only needs a few super-stars. These people will thrive, having several days a week to practise their art and being appreciated for their (usually unpaid) contributions to the many local gatherings, concerts and festivals.

Much more leisure time will be spent in creative and social activities, as distinct from the increasingly private computerised leisure pursuits today. In addition, much leisure time will be spent in productive activities, such as gardening, making things, and arts and crafts. And much will be spent reading, thinking and learning, and doing formal courses. We will have the time to put into pursuits that are important to our personal development.

The community would be a spontaneous leisure resource. A walk around the town would involve one in conversations, observations of activities in familiar firms, farms and mini-factories, contact with animals, and the enjoyment of a beautifully gardened landscape. Contributing to working-bees would usually be like having a party. Then there would be the festivals, celebrations, concerts, visits, field days, and the mystery tours organized by the leisure committee.

In these new enriched physical and cultural landscapes there would be far less interest in the purchase of resource-intensive leisure and entertainment services and far less desire to travel far for holidays.

Government and Politics.

The political situation would be quite different compared with today. The “governing” of most of the activities that are important for everyday living would (have to) take place at the town and neighbourhood level, where there would (have to) be thoroughly participatory democracy. The locality is where the most important decisions must be made. The involvement of all would be made workable by the smallness of scale. Big centralised governments cannot run our small communities. That can only be done by the people who live there because they are the only ones who understand the ecosystem, who know what will grow best there, how often frosts occur, how people there think and what they want, what the history and traditions are, and therefore what arrangements will and

won't work there.

There would still be some functions for state and national governments, but relatively few, and there would still be some need for national governments and international agencies and arrangements. But most economic and political activity affecting ordinary people would be down at the town and local region because that's where most of the thinking and decisions must take place. Some projects and policies would be drafted by our unpaid committees, but we would all vote on the important decisions concerning our small area at regular town meetings.

Big social institutions, such as states, can only be run by a very few people with immense power. These then tend to become arrogant and secretive, and are easily seduced, bought or fooled by the richest and most powerful groups in society. The smallness of scale we would be forced to adopt by resource scarcity would largely liberate us from rule by centralised governments, and from representative democracy (... to practise participatory democracy.)

Our intense dependence on our ecosystems and social systems would radically transform politics towards collectivism, responsible citizenship and local power. We would (have to) practise participatory democracy, as distinct from having interest groups in zero-sum competition to get what they want from a central state. Our fate would depend on how well the town functions, not on our personal wealth and capacity to buy. We would therefore be keen to work out and do whatever will contribute to town solidarity and cohesion. The town will work best if there is a minimum of discontent, conflict, inequality or perceived injustice, so all will recognise the need to work out conflicts and make sure all are provided for. The situation of dependence on our ecosystems and on each other would require and reinforce concern for the public good, a more collectivist outlook, taking responsibility, involvement, and thinking about what's best for the town.

The core governing institutions would be voluntary committees, town meetings, direct votes on issues, and especially informal public discussion in everyday situations. In a sound self-governing community, the fundamental political processes take place through discussions in cafes, kitchens and town squares, because this is where the issues can be considered and thought about until the best solutions come to be generally recognised. The chances of a policy working out well depend on how content everyone is with it. Consensus and commitment are best achieved through a slow and sometimes clumsy process of formal and informal consideration in which the real decision-making work is done long before the meeting when a vote is taken. Usually votes would not need to occur. Their main function would be to show how close we were to agreeing on a policy. If the vote is split it means we have a lot more talking to do. With a question such as what to plant when the old parking lot is dug up the aim is to work out what is best for the town and this is usually a technical question that more evidence and discussion will clarify. In general, the aim would be to avoid a decision that suits one group and disadvantages another.

Thus the nature of politics would be transformed. At present it is an arena in which individuals and groups fight to win outcomes favouring themselves. Often it ends in a 51/49 vote that forces many to go along with the majority, suffering a

loss while the others gain. The battles are zero-sum; one party gets what it wants and the other loses what it wants. Instead the new goal is not just a win-win outcome but one that improves things for everyone. Politics will again become participatory and part of the citizen's everyday life. Note that this is not optional; we must do things in these participatory and inclusive ways or the right decisions for the town will not be made.

The political situation described is in fact classical anarchism. In general, people at the local level would be equals governing themselves via informal discussion, referenda and town meetings. We would not be governed by centralised authoritarian states and bureaucracies, nor by representatives. At present representatives are elected and then they govern us.

Governing the town would involve a lot of constant monitoring, reviewing, researching and administering. Most of this could be carried out by voluntary committees. The process would include watching quality of life indices, ecological footprints, resource use etc. and how things were being done in other towns and sites around the world. We would note formal and informal evidence on indicators of town morale, citizen participation, problems and general contentment with how things were going. The approach would be helpful, not negatively critical, i.e., the point would be to enable us to see where our local systems and firms could be improved, and what adjustments or assistance they need.

A small number of paid bureaucrats and experts would probably still be needed, but people would have a lot of time to volunteer for public activities. Especially important is the fact that most of the systems would be technically simple (e.g., running town waste-water to orchards and ponds.) The remarkable citizen-run government carried out by the Spanish anarchists in the 1930s involved much monitoring and record keeping of needs, resources and production, by ordinary citizens, not paid bureaucrats. (See [Trainer, 2018](#)). There are now moves to use citizen juries to make important decisions concerning large city budgets.

It is also important to understand that the people would not just participate in making the decisions; they would also do the work to implement them. In the coming era of scarcity councils and corporations will not be able to do so much for us. More importantly, we will do the job best, and enjoy the control over developing and running our town.

Most issues would be local, not national, but there would be some tasks left for state and national governments involving professional experts and administrators, such as coordinating national steel and railway industries, and especially working out how to distributing industries to enable all towns to earn some income by exporting to other towns. But the decisions would not be made by centralised authorities which have power over us. The classical anarchist procedure involves delegates from all the local communities coming to conferences to work out what seems to be the best decision for all concerned, and then taking these recommendations back to the communities where everyone has a vote on what is to be done. Note again that there would be far fewer issues that concern large regions or whole nations, there would be far less "development" to be pushed through despite resistance, and so politics would have little to do with struggles

for wealth and power.

Because it will be a stable economy many political issues will have been eliminated, such as conflicts over new developments, re-zonings, freeway construction, more mining or logging leases, and especially those to do with trade, foreign investment and finance. Many current problems such as unemployment would not exist (because towns would make sure everyone has a livelihood) and many such as aged care would be handled at the local level, again greatly decreasing the need for centralised decision making, professionals or bureaucracy.

In the longer term issues to do with national “defence” would fade and indeed disappear. Governments now devote much time and money to conflicts over national access to the resources of others and defence against the efforts of others to take them. This is central in our appalling record of imperialism and warfare and it is due to the determination to take more than our fair share of the world’s scarce resources. In the long run global peace cannot be achieved unless and until we all accept living via much simpler lifestyles and systems, and this will greatly reduce the need for top-down government. (See TSW: [Peace.](#))

The revolutionary significance of the kind of “state” described here cannot be exaggerated. Throughout history a few central rulers have forced people to obey them but now we are in a situation where that model cannot work, where sustainable, cohesive communities can only function well if they control their own affairs (within national systems of law etc.). Equally profound is the order of events; it cannot be that the new form of “state” comes into being first and then establishes the new kinds of communities and culture. Communities determined to run their own affairs must emerge first and in time they would begin to demand radical restructuring of the present centralised state so that it supported and served the towns, and these make the decisions. (These questions of transition strategy and socialism vs anarchism are taken up in Chapter 11.)

Culture: Ideas and values.

This is the most important and difficult aspect of the alternative vision. The Simpler Way cannot possibly work unless people hold ideas and values that are quite different to many of the fundamental elements in consumer-capitalist society. This is the main reason why many say the vision is unrealistic; it requires more saintly qualities than those that are most common today. However, the point is that regardless of the difficulties we just have to work for the eventual adoption of these dispositions because there is no other option. It will be argued below that as scarcities and difficulties increase we will be pushed in the required direction. People will see that they must cooperate, share and build simpler local systems.

The three major value changes must be from competitive to cooperative, from individualistic to collectivist, and from acquisitive to willing acceptance of living frugally and gaining life satisfaction from non-material pursuits. These are deeply entrenched attitudes and commitments and will be difficult to shift.

Obviously in a thriving small community people would have to be conscientious,

caring and responsible citizens, eager to come to working-bees, to think about social issues, and to participate in self-government. They must be sociologically sophisticated, aware of the crucial importance of cohesion, cooperation, conflict resolution, etc. They must have some sense of the long and tragic history of human society, the failure to get beyond childish squabbling for wealth and power and the associated injustice, squalor and wars. They must have a strong collectivist outlook. They must understand and care about the global situation, recognising for instance that the Third World cannot have a fair share of global resources unless we in rich countries live much more simply.

The biggest change is that gain must go. Given that the new economy must be zero-growth, eventually the value put on getting materially richer must be completely abandoned. Logically there cannot be a zero-growth economy if there remains any interest in getting richer, either on the part of individuals or nations. People must eventually be happy to enjoy stable and secure lives within caring communities which are rich in interesting and purposeful opportunities to derive satisfaction without any concern to acquire more property or monetary wealth. This means most of the finance industry would no longer exist.

The main orientation would have to be to cooperate in providing for the welfare of all. Everyone must realise that their own individual welfare depends on how well the town functions, not on their personal wealth or talents or efforts. There can still be much scope for individual differences and views but when problems arise people must want to work out what is best for everyone. This is a major reason why for instance we would prevent there being any unemployment, poverty or bankruptcy. There's work to be done so it makes sense to organise so everyone can contribute somehow. If a business is struggling the town would have to work out how to get it into good shape or how to redeploy those resources to everyone's satisfaction. Everyone must feel that it is a caring community with high levels of social cohesion, morale and pride.

The sensible way for humans to go about things is by cooperating. Competition is in general morally undesirable, and in most practical situations it is a wasteful mistake and results in unfair outcomes. A competitive economy is obviously very productive and has powerful incentives for "efficiency" (narrowly defined), and innovation, but it has socially unacceptable consequences, often brutally destructive. The problem with competition is that someone wins...and then takes much more than their fair share. There is clear evidence that in many situations, including education and within organisations, competing is about the worst, most inefficient way to organise things. (Kohn, 1992). When people compete much of their energy goes into thwarting rivals, whereas if they cooperate all their energy can go into finding a mutually beneficial goal. When people compete, one gets the prize and the rest get disappointed and at times jealous and resentful. When competition is the mode, happy, mutually supportive attitudes are not well reinforced. But when people cooperate, goodness multiplies; there is synergism.

It is unfortunate that today few know of Kropotkin's powerful analysis of the role of mutual aid in nature and especially in human society. (His book Mutual Aid was published in 1902.) He provided abundant documentation on its prevalence and importance. Humans have a strong drive to enjoy cooperating, helping and

interacting with each other, and this has great evolutionary significance; it strengthens capacity for the group or species to survive. The recent book Human Kind by Bregman (2020) provides lengthy and strong documentation for these claims.

It is not that everyone has to hold these values before we can save the planet. It is a matter of degree. There must only be a sufficient level of cooperation, responsibility, frugality and readiness to share and give, etc. It will not be necessary for all people to attend all working-bees, but there must be a considerable willingness to do such things. Many could be less than ideal citizens so long as the average commitment is good enough. This means that the town's fate will not be undermined by those who do not pull their weight, so long as enough do. Those who do not pull their weight will not enjoy good reputations.

This much more collectivist ethos need not be any significant threat to individual freedom or privacy. We can still have our own private houses, property, values, religious views, interests and goals. And in my strong opinion we can also have our own small private firms and farms. Socialists insist that the means of production must be publicly owned, but this is not necessary to avoid the present undesirable consequences of them being privately owned. That simply requires that the firms are run to serve the public good and meet needs, provide livelihoods to all, avoid anyone receiving income without working, and prevent capital accumulation. Strict guidelines and vigilant citizens would maintain these arrangements. (Savings can be accumulated, but in a frugal and stable economy investment could only go into maintaining or rearranging a constant amount of productive plant, and this would have to be managed via social decision, and not left to private capital owners out to derive unearned income from their investments. Admittedly this area involves difficult issues to be resolved.)

More importantly, running the family farm or small business can be a major source of life satisfaction, giving you the freedom to do it the way you like. Making and growing things are art forms to be enjoyed; how would you like the Ministry of Water colours to tell you how to paint? Bookchin and others were appalled at the way Marxists were happy to get rid of capitalist bosses but then expect workers to be willing to obey socialist bosses, for example on state farms.

Easily overlooked is the way the situation will reward the required new ideas and values. We will see that cooperating, sharing and helping are not only in our own best interests but are satisfying. Obviously there is no possibility of forcing people to cooperate, share or volunteer. The coming difficult conditions will prompt these actions but more importantly they will be seen as enjoyable.

This situation involving us in complex integrated relationships would be a powerful generator of social cohesion and solidarity, indeed of a sense of comradeship. Each of us would have many overlapping relationships with other people. In present society we tend to have only one weak connection with most of the people we deal with. For instance, you might know Mary only as the supermarket check-out lady. But in a village the person who bakes your bread could also be the wicket-keeper in your cricket team, the comedian at the concerts, chair of the fruit tree committee, the one who enticed your cat down

from the roof last Easter, and your go-to man for bee hive advice. This is a multi-faceted familiarity involving a history of many connections and bonds with most of the people around you. It includes reputation and respect, moral debt and gratitude, friendships, trust, readiness to care and support, collective wisdom, community morale and resilience, sense of security and access to solutions to problems. These factors enable synergism to flourish in small communities. One consequence is that the presently huge dollar and psychological costs of social breakdown will probably be largely if not entirely avoided.

Of course, small communities can be oppressive too, but Eco-villages work on procedures and skills to make sure that discontents and problems are aired and dealt with sensibly, aiming at outcomes that maintain community cohesion and morale. Some have “village elders” to whom problems can be quietly taken; this is a common practice in tribal societies.

Spontaneity.

It is easy to overlook the importance of the informal processes that make a community function well, as distinct from the explicit rules and structures, committees, and organised events such as assemblies and working-bees. Much of the action that gets things done and maintains systems in good order is undertaken spontaneously by all people as they go about their daily affairs. If you see a tap in the community orchard that needs a new washer you do something about it. If you hear that someone isn't well today you drop in to see if you can help out. When you run into others you might chat about whether something needs a working-bee organised to deal with it, or how the drama club might best be gingered up or whether we need more for kids to do around here.

Much of the community decision making would slowly emerge as informal discussions exchange ideas and explore options. Especially important is the maintenance of social solidarity through incidental expressions of care for the welfare of others and of the community. This kind of thought and action is spontaneously initiated by community-minded citizens, not by official agencies or authorities in charge of this or that (although committees would also be keeping an eye on their domains.) This is what happens in a good household; the welfare of all is the guiding principle and if you see something that needs doing you do it.

Redundancy and resilience, independence and security.

In consumer-capitalist society there is a high level of dependence on fragile globalised systems beyond the control of ordinary people. We need experts to fix everything; we can't repair our own cars. If one global bank fails it could trigger a global financial meltdown in which people around the world could lose their jobs and savings. If oil supply falters the supermarket shelves could be bare in a few days.

In highly self-sufficient Simpler Way communities technologies are mostly very simple, meaning that many people can fix things, supply chains are local and there is a lot of food growing all the time. There is, in other words, a great deal of redundancy, resilience and security. If the global economy were to self-destruct,

we would still be able to provide ourselves with good food. If a flood wiped out an orchard there would be others nearby. There would be networks between the many villages and towns within the region, enabling rapid emergency responses. And there can still be national emergency etc. services.

Would there be loafers and scoundrels?

Very likely yes, and we'd still need some police and courts and jails. But not many. The situation would encourage kindness and conscientiousness because these behaviours would be automatically rewarded by smiles and gratitude. A powerful force for goodness would be reputation. You would want to be known as a caring and reliable citizen. You can't buy or fake a good reputation. It can only be built through behaviour observed over long periods of time.

How might prices and wages be determined if not by a market?

This is another of those difficult issues that we will have to work out as we go. A market system solves this kind of problem without us having to even think about it, but it usually gets the wrong solutions. In a satisfactory system the market might have a considerable role, but the main determinant must be deliberate, rational and collective decision making.

Many prices and incomes must be largely or solely set by the community, although we might agree on areas where no limits are set. We would have to think about questions such as what is a just and reasonable price given the effort that had to be put into producing carrots, houses, etc., what price will have desirable social effects, do we need to set maximum and minimum levels, should some prices be kept low by subsidies. Remember that interventions of this kind are common in capitalist societies. For instance, minimum wage levels are set, interest rates often regulated, and prices for travel on public transport are kept down by governments paying much of the cost. But in a desirable economy there would have to be much more social control of these issues.

In many areas to do with price there would probably be no significant difficulties, such as having a set price per kg for carrots, or for an hour's work picking them. However there would have to be machinery for making and reviewing the decisions. The relevant committee could set out its reasoning in support of recommended values and changes so that everyone could grope towards agreement through public discussion. The major considerations for wages should be how much an average worker can produce per hour and how pleasant or unpleasant the work is. It would be necessary to think about whether doing this job was more pleasant than doing that job.

In general and maybe always, an increase in scarcity should not affect price. If it's a bad year and carrots become scarce, who gets them should not be determined by who can pay more. The best solution might be some form of rationing.

Remember that much and possibly most of the work to be done would not involve monetary payment, because it would be voluntary and much of it would be done on working-bees. Some of these would be obligatory, as for instance is the case

in Ecovillages were all are required to put in a set number of hours a week on various community building or maintenance projects.

How should differences in skill or efficiency be taken into account? The more efficient farmer or dress maker will produce more per hour and thus earn more per hour so perhaps there would not be a problem there. Professionals such as doctors should all be on a nationally set salary. Their training should be totally free; if the society wants health services it should pay for them including the cost of staffing them with well-trained personnel. Students in training should pay no fees and should receive a reasonable income for the work they do in gaining skills. These arrangements would mean doctors would not be inclined to go into the profession primarily for the money. (Most Cuban doctors are on low salaries and the health system there is far superior and less costly than in the US; See Fitz, 2020.)

A town might choose to retain a small remnant market sector in which demand determined supply and price. For instance, the kind of bicycles on sale would probably not need to be regulated. However, the town should be ready to intervene anywhere and anytime if something seems to be going wrong. This would always be positive, intended to get things back into good shape, perhaps by providing the struggling baker with a loan, or assistance, or if there are too many bakers helping to restructure in ways that all are as happy as possible about. Keeping the town running well and keeping everyone as content as possible must be the overriding concerns.

Public ownership of big enterprises.

Few big firms such as steel works or mass production factories would be needed and these would best be owned and run by society to serve society. What would be the point of allowing them to be owned by a few rich people, given the argument in Chapter 4 that in general private enterprise is not more efficient or socially beneficial than public ownership? Their elected boards and all deliberations would have to be visible and accountable to all, and they would be bound by publicly-set policy guidelines.

Money.

It was explained in Chapter 3 that the present money system has to be radically changed. The basic problem is that instead of money being seen just as a means of facilitating exchange and record keeping it is treated as a commodity, something that can be traded and lent at interest within a market. Because markets allow those with more wealth to get most of what is available, money is mostly lent to richer people who can pay the highest interest rates, and it is then invested in producing to maximise their income rather than in producing necessities. The nature and role of money in the alternative economy we need is quite different.

To begin with, banks should be publicly owned, not private firms. Consider the Bank of North Dakota, the only public bank in the US. It beats all the others hands down. Brown (2016) reports that the bank "... is more profitable even than

Goldman Sachs, has a better credit rating than J.P. Morgan Chase, and has seen solid profit growth for almost 15 years. Its success is largely due to the fact that it does not pay bonuses, fees, or commissions, it has no high paid executives, does not speculate on risky derivatives, does not need to advertise, and does not have private shareholders seeking short-term profits. The profits return to the bank, which distributes them as dividends to the state.”

Especially at the town level we can form our own banks to serve community needs without wealth being siphoned out to shareholders. The people of Maleny, an Australian town, did this, electing a board of directors and voting on a charter. The rules stipulated that loans must be for projects that benefit the town. “Mutuals” operate like this, for instance when participants might deposit funds to be lent only to new home builders.

But we can go much further than those examples. Anyone or any town or nation can create as much money as they wish. Ridiculous? Let’s see.

Money creation.

The basic model for an alternative money system is the simple LETS arrangement. (Local Exchange Trading System.) Imagine that that Fred grows vegetables and Mary bakes bread but neither has any money so they can’t buy and sell to each other. So Fred just writes an IOU for \$2, the price they agree for a loaf of bread, and gives it to Mary who gives him a loaf. Mary then buys from Fred the amount of vegetables they agree is worth \$2, by handing him the IOU as payment. They have enabled exchange by creating their own money.

A major virtue of LETS is that anyone and everyone can get/create money, that is can trade, buy and sell, to others who have joined the local system. Money is not scarce. In the present system it is very scarce and therefore those who have it can charge a high price, high interest, when they hire/lend it out. A major virtue of the alternative is that there is no place for interest; Fred didn't have to borrow the \$2 to buy that loaf of bread and pay it back with interest.

You can see that creating the money is not a problem, because you can write as many IOUs as you like. But if you use one to get something then you have to pay the supplier somehow, so you are not likely to issue them recklessly. Obviously the money, the bit of paper with IOU written on it, is not crucial here; what matters is whether you will be in a position to pay for the transaction later. The IOU is only the contract document that states the value you have undertaken to provide.

But the big limitation with a LETS is that it doesn’t help with the setting up of productive capacity, the establishment of firms to produce things to sell. Usually individual participants can’t buy much because there isn’t much they can produce to sell. To set up even a mini business there is usually a need to get hold of “capital” of some sort. Firstly, this problem is minimized when the focus is on meeting basic needs in low-tech and cooperative ways within a community focused on sufficiency, because much of the required “capital” can take a non-monetary form. For instance, if the community wants to build simple premises for its beekeeper it might need only a small amount of timber, mud bricks, expertise

and labour, and it might get them from within the community without having to pay any money for them.

Secondly, where normal money is needed, for instance to pay for steel and cement, one way of getting it would be in the form of small “loans” from people who will be repaid later by access to whatever the venture is going to produce. One US restaurant got the normal US dollars it needed to set up by printing meal vouchers and selling them to people willing to spend them on a meal much later when the restaurant had opened. This is the way the town can build much bigger things such as a swimming pool that would produce necessities and employ people and enrich the town but can't be built without buying things from the national economy,

Again these instances show that the money and its creation are not central here; the creation and use of the new money is just an accounting device whereby participants can exchange things and keep track of what amount of credit and debt they have. What matters greatly is enabling economic interaction, especially the setting up of operations that enable previously unemployed and poor people to start producing things they and other local people need. Just about every neighbourhood and town has lots of productive capacity sitting idle, especially unemployed people, that could be producing necessities and providing livelihoods. This is just a matter of organising, but often it is enabled by creating money in some form, and often we do not have to go near banks to get their kind of money.

Mistaken strategies.

But it is very important to make sure we create and use effective forms because there are forms and ways that are more or less useless. For instance the most popular form of alternative currency that has been adopted in Transition Towns is not the kind we want. This is a “substitution currency”, the best known case being the Brixton Pound. It involves new notes being printed by the town and purchased by using old/national money. The websites give no explanation of how this is supposed to improve anything. Just substituting one note for another can't create or change any economic activity, let alone get unused resources and unemployed people into production. (Eisenstein calls these “proxy currencies” and sees that they can do little or nothing to improve a local economy: 2012, p. 303.) A study by Marshall and Oneil (2017) found that they make little or no difference.

It is claimed that because the new substituted money can only be spent within the town it gets people to buy local products, but anyone who understands the importance of buying locally will do so regardless of what currency they have. Anyone who doesn't understand will buy what's cheapest, which is typically an imported item. Obviously what matters here is getting people to understand why it's important to buy local, and just issuing a substitute local currency is not likely to make much difference to this.

Similarly, some town councils print new money and get it into circulation by using it to pay (part of) the wages of its employees, who can use it to pay their council

rates. This again just substitutes new money where old money was being used, and circulates it via rate payments, creating no new production, jobs or systems.

Another mistaken alternative approach is to adopt a currency which depreciates with time. This does little more than make people spend money faster than they would have. The idea is supposed to encourage people to spend, generating economic activity. But it's wrong-headed to encourage spending; people should buy as little as they can, and any economy in which there is a need to consume in order to "create jobs" should be scrapped. In a sensible economy there would be only enough work, producing and spending and use of money as is necessary to ensure all have sufficient for a frugal but good quality of life.

Yet another approach is where "anchor institutions" like hospitals which receive much of their income from the state switch some of their purchasing from distant to local sources. This again involves substitution, putting people out of work in those distant places where the purchases used to be made.

None of these approaches produce a net increase in jobs, incomes or economic activity for people who are unemployed and impoverished.

So how should we organise money?

Consider again the discussion of Modern Monetary Theory in Chapter 3. It was explained how a country's government can create money, spend it into circulation to pay for some public works, or just give it to various people, thereby enabling more economic activity and reducing unemployment. It can print and spend or give as much as it wishes, although there are limits to sensible spending (...for instance if more is created than is necessary to get idle resources into production then inflation will result.) It does not have to borrow money, or sell public assets to get money. Such a government can never "run out of money." Note that the notion of debt is irrelevant here; when governments create money nothing has been borrowed, no debt has been created and nothing has to be paid back. Again, the creation is only a device for connecting unmet productive capacity with unmet need.

The constraints on economic activity are not set by the availability of money; they are set by the resources available that the money can be used to put into production. Nor do governments have to attract foreign investors to come in and finance the building of things, nor does the country have to export frantically to accumulate funds needed to do things, or sell off national assets to pay debt, or inflict austerity to divert scarce funds to paying interest. Above all, governments can throw off their fear of what the global capital markets will do to them if they adopt policies foreign investors don't like. They can also tell the credit rating agencies to go jump.

However, all this is only to do with getting into production resources that exist within the country and does not apply to things that come from outside it. These must be paid for in money the suppliers will accept, usually US dollars, and you can't create them. So you minimise dependence on imports.

It is not commonly understood that governments frequently create money out of nothing. The “Quantitative Easing” resorted to after the GFC involved creating trillions of dollars and giving them to banks to lend. In Australia Prime Minister Rudd and Treasurer Swan saved Australia from the GFC by (among other things) using “helicopter money”, that is giving everyone \$900. Yes, this does mean people are “getting something for nothing” but why worry about that? Who loses what? The Australian economy was saved...at what cost?

So when money is seen primarily as a means for connecting people capable of producing with people who need products, miracles can be organised just by creating as much of the stuff as you need to facilitate the connecting. The Catalan Integral Cooperative in Spain provides an excellent example of how communities have done this. They have thousands of people producing and consuming necessities without using conventional money. Again, this is best thought of in terms of setting up, organising and connecting activities, simply by use of bits of paper that record contributions and who owes what to whom.

The new money system can coexist with the old dollar-based one. At first the new one will deal only with neglected necessities. Therefore we should think in terms of developing a needs-driven economy underneath the old profit-and-market-driven economy, which the new one will in time largely and maybe entirely replace.

In the early years of the transition, including the present, towns could continue to use mostly normal/national money while separately issuing their own money to enable idle resources in the town to be activated. It is disturbing that so many suffer idleness and uselessness when there is vacant land on which they could be gardening and producing fruit, fish and poultry, and repairing bikes and making furniture etc. All it needs is organising, and a way of recording the debts and credits of participants.

A possible approach.

The best approach might be for the town not to create and issue any new money but to enable this to be done by those of its people who it could benefit from creating their own sub-group currency. Imagine a town with problems such as unemployed people, lonely old people and bored teenagers. The point of implementing new money systems could be to solve these specific problems, rather than serving the whole town. The town could set up a coordinating group which links unemployed and homeless people into community gardens and cooperatives where they produce vegetables and other goods to sell within the new needs-driven-economy. Participants would be paid in LETS credits, perhaps at a flat rate per hour contributed. They could then spend these buying the system’s produce, be it vegetables, eggs, cleaning services, repairs, aged care, child minding, tutoring etc. The coordinators would find out what skills participants have and set up the facilities they would need in order to start producing. They would attract participants and let the community know the benefits of getting involved. This is how the Catalan Integral Cooperative works, now with many subgroups and cooperatives involving thousands.

In time connections could be made with the normal market economy, for instance by selling vegetables to town restaurants. This would earn normal money income that could be used to buy things the needs-driven economy cannot produce, such as roofing for the new stores and sheds and wire netting for the poultry pens. Councils would be very wise to assist since the venture would surely reduce the problems it has in dealing with dumped people, but miracles could be achieved without any outside assistance.

Later the nearby towns could combine their systems, enabling economic transactions in the new money throughout the region. That is, the alternative money your town uses could be exchanged for things produced in other towns.

R and D.

Research and development are generally best carried out in public institutions, especially universities. There is no reason to think that salaried scientists perform better in private corporations. Most importantly, when the agencies are public, we can make sure they research important problems, as distinct from only those problems that will maximise corporate profits. Corporations typically ignore the most urgent human needs, such as drugs for diseases common in poor countries, because they can make more developing things like trivial cosmetics for rich countries.

In the alternative Simpler Way society being described there would be no need to reduce socially-useful R and D, or universities, or modern medical facilities, etc. We could in fact significantly increase these, when we stop wasting so many resources on unnecessary things.

Capital.

It is important to re-think the concept of capital. For most of the important development no capital will need to be borrowed. Consider a town which wants to build a community hall, and has its own surrounding forests and clay pits and has its own skilled builders and labour via working-bees. It would make no sense to borrow a lot of money to hire contractors to supply these inputs and build the hall, then pay them back twice as much as was borrowed, when the townspeople could build the hall themselves using their own timber, mud and working bees.

Obviously larger regions and nations are in an even better position to do this kind of thing as they have more resources within them to draw on. Therefore the present taken-for-granted dependence on banks, investors, the finance industry and money markets can be seen to be a serious mistake and a bonanza for the rich. It means that instead of organising to do many things for ourselves without borrowing capital, we go to them and pay them maybe twice as much as the dollar cost of the job. To avoid that all a cooperative or town or nation has to do is create its own money, that is, bits of paper or electronic records as a way of organising the venture and keeping the accounts.

World view.

In Chapter 3 it was argued that capitalist society has a strong tendency to impose an impoverished and stultifying mentality. Life for many is mostly about buying, striving to get wealth, property and possessions, and coping with the work and worry needed to get by. Many are stressed and anxious. Depression is probably the main illness in this society. Even many of those coping are dissatisfied, not finding their lives very fulfilling.

In The Simpler Way people would experience conditions conducive to a very different outlook. Economic affairs would not be very important and certainly not problematic. We would all get everything we need for a good life with no difficulty... a small but beautiful and cheap house, sufficient clothing, food and entertainment at very low cost. Everyone would be secure, with no fear of unemployment or poverty in a predominantly collectivist community that made sure all had a livelihood. There would be little work to be done, much of it would be via working-bees, and much if not all producing would be enjoyable gardening or craft. Producing goods and maintaining things for our community's benefit would be sources of satisfaction. The pace would be relaxed. People running little farms, shops or workshop businesses would see these as their ways of enjoying contributing to their town through exercising rewarding skills. Life would be about enjoying community living, the town and nearby landscape, gardening, arts and crafts, the festivals and concerts and abundant leisure resources, and personal development, and just being rather than striving.

The level of the state?

It has been explained that most farms and firms could and I believe should be privately owned, and there would be only a very small state, with no power because all decisions would be taken at the level of town assemblies. But there would be many public institutions and firms, some of them quite large such as national railway systems and steel mills. These would not be run by the state. They would be run by agencies funded by state-level taxation but operating as independent "statutory corporations." The Australian Broadcasting Corporation provides a good example. It is a large organisation with almost 4,000 employees but it is set up to be independent of government. It is not a government agency and it is controlled by a charter, not by the government. From time to time there are public inquiries into its functioning. Government has no power to influence the content of its broadcasts and is often criticised by them. It is the most respected and trusted agency in Australia.

All of the few big firms needed could be organised this way. It would be extremely important to set up powerful monitoring agencies for them. These would constantly watch over the performance of firms, conduct inquiries, keep in touch with similar operations overseas, check on efficiency, and above all report regularly and scrupulously to the public. Like many public agencies they should be made up of panels of ordinary people serving like citizen juries for limited periods. They would have access to professional advice. Therefore, there need be no fear of Big Brother manipulating or roting operations. As has been argued above, there is no good reason to think these public firms would be less efficient than privately owned firms, and none of the wealth they created would be siphoned out to shareholders.

Is this socialism?

No, it's not. That ambiguous term stands for a wide variety of things, some terrible and some pretty good, such as the elected "Social Democratic" form of government in Scandinavia. Socialists get the main issue right, which is that capitalism must be replaced. But they want to replace it with a form of government that is quite unlike that described above. Their form is highly centralised, with power in the hands of a state which governs us, even if it is elected. More importantly, the typical socialist vision of the good society assumes that it will be industrialised, urbanised, resource-intensive and globalised, and that after the contradictions of capitalism have been removed the forces of production will be released to raise "living standards". Above all, most socialists have accepted the desirability of limitless economic growth. Some recent proponents are adamant "Ecomodernists", insisting that the goal can and should be ultra-high affluence enabled by dazzling technical advance. (Phillips 2014, Scharzar 2012, Bastini 2019.) (But some eco-socialists realise the need for reduced resource demand.) There is a long tradition of socialist disdain for anything resembling rural peasant ways. The socialist goal is to take control of the means of production from the capitalist class so that the throttles in the factories can be turned up to provide workers with abundance. This would rapidly destroy the ecosystems of the planet.

The most important issue here is to with the role of power and the state. The argument above has been that the advent of limits to growth has radically changed the debate. It means that the predominant social form has to be thoroughly participatory, and this means power cannot be located at the centre. The argument has been that given the severe resource constraints the basic social form must be small, highly self-sufficient communities, which must be largely self-governing, and this means that they must practise a form of anarchism. This does not mean no "state" in the sense of centralised agencies, but it does mean that the small remnant "state" will have relatively few functions, and that it will have no power. All final decisions and policies will be arrived at via town assemblies and referenda.

Although socialists have long understood the power of ideology, they have given little attention to the fundamentally important role of cultural factors in a desirable society and in the transition to it. This is probably Marx's biggest mistake. Avineri (1968) points out that Marx thought the revolution could proceed while workers retained the old mentality of obedience to bosses, work discipline, competition and desire for wealth. All that was needed on their part was the consciousness of being a "class-for-itself" that would support revolution led by the "vanguard party". The change in mentality could be worked on slowly after power was taken, during the transition from socialism to communism. As Bookchin (1980) put it, the revolutionary role of the working class was to help get rid of one bunch of bosses and obey the next lot.

However as has been explained above, The Simpler Way cannot possibly function unless there is a very different mentality. It requires thoughtful, caring, responsible, contented, empowered citizens not interested in monetary wealth

and eager to make the decisions and implement them, and not disposed towards doing what bosses or rulers tell them.

This means that our revolution cannot get anywhere unless it is driven by the new Simpler Way world view. And it means that this world view must come first, that it is a serious mistake to focus on taking state power when the focal task here and now must be the slow and difficult building of the new understandings, values and dispositions discussed in this chapter. (See further on transition strategy below.)

So the answer is anarchism.

Unfortunately this label stands for many different things and some of them are not what is being argued for here. The variety being endorsed is evident in the following list of elements to do with Simpler Way goals and means.

- The defining principle of anarchism is avoidance of relations involving dominance or power over others. Simpler Way communities must practise thoroughly participatory self-government, whereby equals cooperate in running their local systems. This is the only way the right decisions for the town can be arrived at. More importantly this empowerment is crucial if towns are to have the strong cohesion, morale, collectivism, public spirit, social responsibility, and pride necessary for them to thrive and remain stable over time.
- The relatively few centralised functions needed would not involve power over the town and suburban communities. Communities would send delegates to conferences etc. to work out possible policies but these would be taken back down to communities for decisions to be made. The remaining centralised bureaucracies would only facilitate this process and implement decisions.
- Communities must be small in scale, enabling familiarity, communication, informal relations, mutual aid and spontaneity. Most of the time conscientious citizens would get together to work out mutually beneficial arrangements.
- The key to system change is cultural. Little can be achieved unless there is significant change in ideas and values, whereby people come to want to adopt the new ways. Force and violence cannot achieve the goals.
- The main strategy for transition is the anarchist notion of “prefiguring” the new ways, i.e., implementing them where possible here and now in order to spread awareness of their merits. (Discussed in Chapter 11.)

To Summarise.

It should be said again that this chapter has not been a prediction about where we will go or what will happen. It has been an argument that the basic social form

required to enable a sustainable and just society is inescapably given by the situation we are now in. If the limits to growth and the magnitude of the overshoot are grasped and the inadequacy of capitalism is recognised, then there is no alternative but to try to shift to something like the kind of society elaborated in this chapter. Also argued has been the claim that this would not be a matter of accepting deprivation and hardship in order to save the planet. It would be a liberation, bringing a marked increase in the quality of life.

This chapter should have made it clear that it is not possible to discuss economics separately from society. The nature and functioning of production, distribution, exchange and development in a satisfactory society requires many specific social, political, geographical, psychological and cultural conditions. The arrangements discussed in this chapter involve a geography of small-scale localised supply systems minimising transport and enabling nutrient recycling, a political system of participatory democracy, social arrangements involving collectivism, mutuality, sharing, volunteering and community, and ideas, values and dispositions including concern for the public good, non-material pursuits and willing acceptance of frugality. Unless all these elements are present and strong the economic processes described could not take place. There cannot be a good economy unless there is a good society. This shows the great complexity of “economic” phenomena and the absurdity of trying to discuss economics in terms of a single factor such as monetary transactions.

HOW COULD WE MAKE THE TRANSITION?

Chapter 8 outlined the trajectory we seem to be on, a descent into a time of great troubles and breakdown which many people think is likely to end in a total collapse of “civilisation”. This chapter discusses the way we could get through to the very different post-capitalist society sketched in the previous chapter. It is not a prediction that we will be able to do that. It indicates the kind of activities we need to focus on to maximise our chances.

As Chapter 8 argued, this society is incapable of rationally, deliberately analysing our situation accurately and facing up to making what would be seen as the very unpalatable changes necessary to save itself. There is no way we can alter the descent. But if enough of us work hard and are very lucky it is possible that eventually a satisfactory new society can be built on the rubble of the old.

Let's proceed as if the troubles will come upon us in a relatively gradual and non-chaotic way. That is, let's assume we descend into a Goldilocks depression, one that is not so savage as to eliminate all hope of reconstruction but severe enough to get rid of the old ways and jolt people into realising what the new ways must be, and into determining to establish them where they live.

Socialism's strategic mistakes.

The “revolutionary” path will not be that assumed in the typical socialist discussion of strategy. It takes for granted that salvation must involve getting rid of capitalism and taking control of the state, either by democratic electoral means or by violent overthrow. However the typical socialist path involves mistaken means to mistaken goals.

The major premise in socialist transition thinking is that we have to work hard to get rid of capitalism, and that this will very likely involve violence and damage. But Simpler way strategic thinking holds open the possibility that we might have to make little or no effort to do this, because capitalism is well into its death throes; it is getting rid of itself. As Marx saw, its contradictions are intensifying and will eventually kill it. Its fundamental commitment to the ever-increasing accumulation of wealth is now generating accelerating problems of resource access and undermining the ecological and social conditions the system depends on. It is generating extraordinary levels of wealth for a few and immiseration for most, and discontent about this is probably the factor most likely to bring it down.

There is nothing we can do to affect this trajectory, and it is not likely to be a pleasant one. The implication for socialists to consider is the possibility that working here and now to take state power off the capitalist class is a mistake. That is not what we should be working at here and now. Yes, seeing the capitalist class no longer in control of the state is a major long-term goal, but trying to bring that about in the near future via electoral or other means is futile; it is not going to

create the prerequisites for system change, which are to do with transformation in ideas and values.

Consider the mistaken logic in the socialist approach. There are only two ways that the control of the state for Simpler Way purposes could come about. The first is via some kind of coup whereby power is seized by a vanguard party which has the intention of implementing The Simpler Way, and then converting to it masses that don't understand it and don't want it. This is not even worth discussing. The second path would be via the election to government of a party with a Simpler Way platform. But that could not happen unless the (cultural or ideological) revolution for a Simpler Way had previously been won. A Simpler Way party could not be elected to control of the state until after it had persuaded the majority of people to its ideas and proposals. Thus the revolution would be essentially constituted by the shift to widespread acceptance of the Simpler Way vision. Taking state power would then become conceivable, but as a consequence of the revolution. Obviously the initial task is to work on achieving the monumentally big and difficult cultural change from the consumer-capitalist mentality to the Simpler Way world view. Nothing can be achieved unless and until this is done. This is the arena to which our efforts must be directed now and for as long as we have left before the crunch.

This suggests a strategic principle that socialists cannot comprehend; i.e., “Do not fight capitalism; ignore it to death”, and instead get on with building elements of its replacement. Socialists cannot build their intended new system while the old one is in place, but we anarchists can start building elements of the new one here and now, and doing so is central in our revolutionary strategy. The agent of change in this revolution is not the working class, it is citizens of any kind, and the revolution will not be led by a determined “vanguard party” willing to use force to take the state, or trying to take it via electoral means.

Essential to this departure from standard socialist transition doctrine is the recognition of the centrality of the awareness-raising task. This is emphasised in the strategic thinking of some notable anarchists of the past, including Tolstoy, Gandhi and Kropotkin. (Marshall, 1992). Versions of this “turning away: strategy are increasingly being endorsed and practiced, for instance among the large-scale Andean peasant movements, the Zapatistas, and the Rojavan Kurds. (Trainer, 2020c.) (See also, Appfel-Marglin, 1998, p. 39, Post Carbon Institute, 2009, Mies and Shiva, 1993, Benholdt- Thompson and Mies, 1999, Korten, 1999, p. 262, Rude, 1998, p. 53, Quinn, 1999, pp. 95, 137, Rai, 1995, p. 99, Pepper, 1996, pp. 36, 305, Bookchin, 1980, p. 263).

This is the anarchist strategy of “Prefiguring”; i.e., start building the alternative now, within the old system. The point of pre-figuring can easily be misunderstood. It is not primarily to bring more post-revolutionary ways into existence, and the assumption is not that just setting up post-revolutionary arrangements one by one will lead to these eventually having replaced consumer-capitalist ways. The main point is educational/ideological. By becoming involved in the many emerging local initiatives activists are likely to be in the most effective position to acquaint participants and onlookers with the Simpler Way perspective, and with the need to eventually go on from the present localist preoccupations to the more distant

Stage 2 problem of dealing with growth, the state, the market and the capitalist system. (See further below.) The point of Prefiguring activity is in other words, cultural and educational. Establishing small examples of the radical new arrangements is likely to be the best way to help people to see the desirability of those ways, and to see the need to abandon conventional ideas, systems and values. Only when there is widespread acceptance of the new worldview will it be possible to make structural changes at the level of the state and the national and global economies.

But will the monster turn on and crush us, when it realises we are a threat? That's possible, but it is by no means obvious that it will be able to do much about us. Rulers short of resources will be struggling to run failed states and to control chaotic, discontented masses, while we quietly build up our local systems.

How might we get through in the long run?

As the globalised resource-intensive, capital-intensive, profit-determined system increasingly bogs down in trouble and conditions in existing cities and towns deteriorate, people will be forced towards going local and collective. Of course it is far from inevitable that they will smoothly adopt the ways outlined in Chapter 10 and there is a strong chance that they will not do so at all. The emergence of failed states and chaotic rule by gangs and warlords is likely. But the work now being done by people in many alternative movements is spreading the right ideas and this might get enough people to start developing alternative systems in their neighbourhoods, suburbs and towns, in the time available.

The crucial sub-goal at this stage is helping towns to recognise the need to take collective control of the town, to work towards the town being able to think out what essential needs are not being met and to form the cooperatives and committees and working-bees that will provide as many basic goods and services as possible. This means working to build a needs-driven economy underneath the present profit-and-market driven economy. Sometimes this can be done by working with and within existing councils. Sometimes it is best done by ignoring officialdom as the Catalan Integral Cooperative has done.

Many of the things discussed above are being done by thousands of people living in Eco-villages and Transition Towns all around the world. Just glance through [the Global Eco-village Network site](#). (In Senegal the government's goal is to transform 14,000 villages into Eco-villages. St Onge, 2014.) Leahy and Goforth (2018) document similar inspiring alternative initiatives in African villages. The remarkable achievements of the Spanish Catalan Integral Cooperative movement and the Rojavan Kurds have been mentioned above. The [Dancing Rabbit Eco-village](#) in Missouri aims to become an example town of 500 living in these resource-cheap ways. In the poorest regions of the world millions are involved in radically alternative development initiatives, including Campesino, Ubuntu, Zapatista and Satyagraha movements. So there should be no doubt that these ways are both workable and desirable, and gaining strength.

It is very likely that as conditions deteriorate communities will come under powerful pressures to do these things. They will realise that their governments

will not and cannot help them, because resources will be too scarce and they will be fixated on helping the business sector to “get the economy going again”. People will realise that they must get together to organise ways of providing what they need as best they can.

The task for revolutionaries here and now is to help us increase awareness of the unacceptability of capitalism and the existence of an attractive and workable alternative. That’s the most revolutionary action we can take now, in this early phase of the transition. Everyone can contribute, if only by raising the issues wherever possible in everyday discussion. In addition, there are many practical steps that can be taken. High among these is forming community gardens and co-ops primarily as educational devices, stacked with display boards introducing alternative visions for the town or suburb.

Our fate depends on the outcome of this race between our awareness-raising efforts and the slide towards system breakdown. The aim must be to attract enough people to the new vision to give us a good chance of establishing the new ways as the old ones crumble.

Stage 2 of the revolution.

There will be two stages in this revolution. This book has mainly been about Stage 1, that is, the process whereby people come to realise that capitalism must be scrapped and that we must degrow to some kind of Simpler Way. But Stage 2 is about change beyond the town or suburb; it is about remaking the national and international scene.

The process is theoretically simple, which is not to say it is going to be easy to achieve. Local economies will become more widespread, elaborate and stronger as the global economy deteriorates. It will become increasingly obvious that scarce national resources must be deliberately and rationally devoted to the production of basic necessities to provide mostly to the local economies, as distinct from being left for market forces to allocate to the most profitable purposes. There will always be items that towns cannot produce for themselves. In general most of these can come from surrounding regions, including grain and dairy produce, tools and light machinery, various materials, appliances, glass and irrigation equipment (...although the Remaking Settlements study finds that surprisingly little would need to be imported from outside the region.) However some will have to come from more distant sources, such as steel and cement. It will therefore be necessary for all towns and regions to be able to import these few but crucial items from the national economy, and to be able to produce a relatively few items to export into that economy to pay for the imports.

These conditions will generate the pressure from the local level that in time will force states to carry out revolutionary reorientation of national economies. There will always be some tasks and functions that must be coordinated or administered to some extent from more centralised agencies, such as allocating water use throughout a river basin, integrating communications and facilitating the movement of workers from moribund industries to new communal economies.

Thus, the survival imperatives emanating from the grassroots will force central governments to greatly increase intervention, planning, regulation and restructuring. It might at first sight seem that this will mean the emergence of or need for greatly increased state power. On the contrary, we can make it a process whereby power is taken away from the centre, and whereby citizens exercise increasing control over central governments, via their town assemblies. The tone will shift from making requests on the state to making demands, and then to taking increasing power over the decreasing number of more centralised planning and decision-making processes, for instance by towns setting up their own farms, energy supply systems, welfare and employment services. We take many functions off the state and tell it what it must do in the remaining areas, via our conferences and federations. must work to make the state enable such initiatives and increasingly to tell it what to do. from it so that it increasingly becomes merely an administrative agency that implements decisions we will make at the local level.

So the goal is for communities to increasingly go around the state and take matters into their own collective hands, by establishing many of their own supply systems and service provisions, and forming regional federations. These will in time have developed the power to make the state do what we want, transforming it into a powerless executive agency administering relatively few activities, with all decision-making power located down at the town level.

At present the chances of this happening are not at all good, but the argument has been that this is the path that must be worked for. There is no other way to get through to the kind of post-capitalist society we need. Keep in mind that it envisages a transition that could be entirely peaceful and non-authoritarian.

A major issue that has not been addressed so far in this account is the likely response to the coming breakdown by the capitalist class and its associates. They will of course make strenuous efforts to preserve their situation, privileges and power. But the coming mega-depression will get rid of most if not all of them. It will write off vast amounts of investment, debt, corporations, factories and assets. It will therefore clear away the system, and resource depletion alone will prohibit its reconstruction. More importantly, it will eliminate capitalism's legitimacy.

In the early stages many bankrupt factory owners will be happy to join community collectives, transferring their assets to collectives. What remains of capitalism is very likely to attempt to shift to its fascist form, as happened in anarchist Spain during the. Many regions, especially in the Third World will be cut adrift as plantations, sweat shops and mines cease to be profitable, and therefore will be liberated to follow the Zapatistas. Attempts to impose savage "austerity" on rich-world masses are likely. The outcome will depend on the extent to which people have come to clearly understand that their fate depends on how well they develop local systems. If in general this is not done in the short time left then the longer-term trajectory will be towards failed states, warlords, semi-feudalism and large-scale population die-off.

What then should I be doing here and now?

The supremely important thing we should all be doing is simply taking every reasonable opportunity to raise the issues discussed above. We cannot expect to see the capitalist system replaced with a sustainable and just one unless and until most people have come to think this is desirable. We should be constantly on the lookout for a chance to draw attention to the issues. A few words in passing can be enough to lodge or reinforce an idea. Let people know that you are not just expressing your own ideas but that there are now significant social movements working on these themes. Develop a stock of good summary outlines and arguments to be able to give or send to people who show an interest or with whom you get into an argument. (The Simpler Way [website](#) is intended to provide such material.)

It is important to connect with like-minded people. If there are not groups nearby dealing with related themes, such as a community garden, get a few people together and discuss how you might from time to time do something to feed into the thinking of local people. The aim is to encourage them to consider how they might start trying to do something about local needs. A small group might explore the possibility of an occasional community meeting for dinner and discussion, letter-boxing an outline of the venture and suggesting some themes. If nothing else such a gathering might introduce a few people to the longer-term vision of an alternative community-run town to get us through probably difficult times ahead.

A more elaborate venture would be to occasionally organise a table and posters at the shopping centre on a Saturday morning. Behind the table set up a large map of the suburb completely redesigned along the lines suggested in Chapter 10, with many streets dug up and replaced by gardens. Be ready to explain to puzzled onlookers, with handouts at the ready. This map could be a centrepiece for many activities, e.g., school visits. Even better would be a multi-piece diorama representing your suburb now and how we could remake its geography.

The map could have overlays indicating how the new local geography would include energy sources, animals, industries, materials sources, etc. One of these could represent social relations showing many people presently separate, isolated and bored with no contribution to make, and another board might indicate how rich community here could be. Another board might point to the huge amount of resources we have in our suburb that are being wasted, most obviously the time spent watching screens for “leisure” ... and what these could be producing via working-bees. A core theme would be, look at all the exciting things we ordinary people could be doing to develop and run a great community here. Essential would also be clear indication of why we believe there is a need to think about these alternatives, i.e., some reference to the limits, unsustainability and justice themes and the coming era of big problems.

The table could also become a regular surplus and gift exchange centre where people can leave fruit from their trees, or clothes etc.

If and when sufficient participants become involved, door-knock “research” would become very useful. Announce that you are from a group investigating the “progress” and needs of the suburb etc. Ask people how they see the issues, what are the problems around here, with a view to getting clearer about their

thinking and informing them about our project and getting names of those interested in joining an email list. Later this approach can reveal resources we can start using...someone has a spare shed, a ute or garden tools they could lend, spare time, surplus fruit from backyard trees. Especially important will be using this approach to list skills that can be drawn on, including people willing to teach knitting, recipes, crafts, gardening, grafting, bee keeping. We can test ideas; what do they think about organising working-bees to improve the neighbourhood. Even if no activity can be organised, ideas have been introduced.

Another theme might be working up lists whereby households might be able to provide for various things for themselves via home-made and cheaper ways. Similarly a list of people with relevant skills and willing to share them could be drawn up, e.g., how to use local roadside “weeds” in cooking.

If and when enough people have become involved a valuable device to organise is an occasional “Alternatives tour day.” We work on setting up various items illustrative of alternative ways, within some of our houses or back yards. At Fred’s place we might make a mud brick dog kennel and an earth oven, and put together a set of impressive pictures of earth building. At Mary’s place we might build the chicken and rabbit pen, compost heap and gardens, and elaborate boards explaining the scope for urban food production and nutrient recycling and footprint reduction. Alice might have room for the diorama of the new suburban geography. Tom’s garage workshop might be able to illustrate the joys of making things using hand tools, with sturdy furniture and toys all around. Pat has a pantry stocked with preserves from her garden and that of friends and neighbours, enabling her to detail the monetary savings and the footprint implications. And Alf produces fish in his small backyard tanks.

We do not need much on the ground to be able to put on a very interesting and informative tour. That dog kennel and pictures enables us to drive home the enormous benefits of earth building; we don’t need to have a whole house to do that. So these items are the pretexts, the illustrative devices we use to explain in detail the more elaborate ways that could be adopted. We stack each site with lots of display boards, and we work out a sequence that will best present our world view convincingly.

We organise walking tours around these sites, followed by a picnic. We get local teachers to bring their classes on the tour. We develop and improve our presentation all the time, and before long we are hosting visits from other suburbs, and making electronic versions of the tour available.

We door-knock to find people who could help elaborate the tour, especially older people with skills and who might have tools, bits of machinery, sheds, relics that we can add to the tour. Does anyone have a lemon or peach tree that produces too much, and that we could use to illustrate the power of “gleaning”? We invite them to join the venture.

Another strategy is to “piggy-back” public issues. When a suitable issue become focal in the local press we weigh in with commentary from our perspective. When the council proposes building a car park on that vacant lot, we write a letter to the

local paper suggesting why a community orchard would make more sense. When an issue is high on the public agenda it is more likely that a letter on it from our angle will be published. We watch for pegs to hang our case on.

Then there is targeting likely “influentials” to win them over to our cause. If you find a columnist or talk-back radio personality who might be persuaded to our view, work on him/her over time.

Make contact with schools and teachers. Look at the curriculum to find points where we can suggest teachers use material from our perspective. Offer speakers (e.g., some older people who can take along knitting, baked cakes, hand-made slippers and toys...). Invite the teachers to bring the class on our tour.

Look for opportunities to get existing groups and campaigns to include these themes in their goals and messages. Many community gardens for instance could add displays and models explaining the issues and provide information and contact numbers. Persuade the local Men’s Shed to become the leading community fixer and chicken pen builder.

Some important points to keep in mind.

Be very patient; it all adds up, although you probably can’t see this happening. Every time a Simpler Way message is delivered it reinforces the theme in someone’s mind, or someone is hearing it for the first time. This is how the Berlin Wall was brought down! Extreme, surprising and apparently sudden changes are usually the result of a long process of slowly accumulating rethinking and desire for change, which can be invisible until the last minute, but when it reaches a critical level everything flips over.

Therefore we must be patient and not expect to see much if anything for our efforts, but be consoled by the probability that the discussion we had with the butcher this morning has added to the accumulating climate of opinion. The concern must be to just keep plodding away, seeing little for our efforts but knowing that we are contributing the crucial level of understanding and opinion, without which nothing significant can be achieved.

Ideally, the little group we form to start doing these things eventually grows to become the Community Development Co-operative, which develops and coordinates the new Needs-Driven-Economy of our suburb.

We need ways of keeping in touch and accumulating wisdom as we plod away at the task. We need to be able to share ideas on what seems to work and what to not spend scarce time on, and we need to be able to make new information available to people in other towns and suburbs. We need to build a sense of being in a big team.

Optimism/Pessimism?

There are obviously strong reasons for being pessimistic about the global situation, and about the chances of achieving the transition this book argues for.

But there are also strong reasons for being optimistic. These alternative ideas and ways are rapidly gaining attention. Serious questioning of economic growth got going with the publication of The Limits to Growth in 1972, but it made little headway until around 1990. Since then however we have seen the emergence of Herman Daley's Steady-State economics, the Global Ecovillage and Transition Towns movements. Above all there has been the advent and rapid expansion of the Degrowth movement. Publications such as Resilience, Symbiosis and ROAR and agencies such as the Simplicity Institute are now spreading the ideas. On the other side of the ledger there is widespread and deep discontent with capitalism, increasing the readiness to consider alternatives. But much of this effort does not reflect a sufficiently clear understanding of the role of the capitalist economy in generating the global predicament. It is hoped that this book helps to change that.

REVOLUTIONARIES!
~~TO THE BARRICADES~~
COMMUNITY GARDENS!!



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