GavekalResearch

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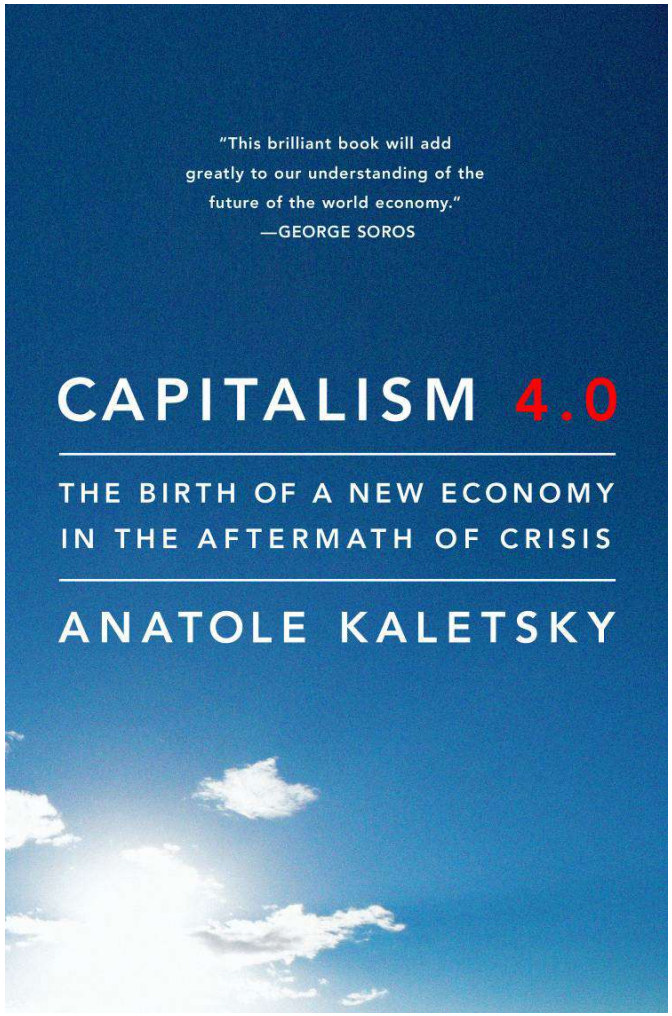
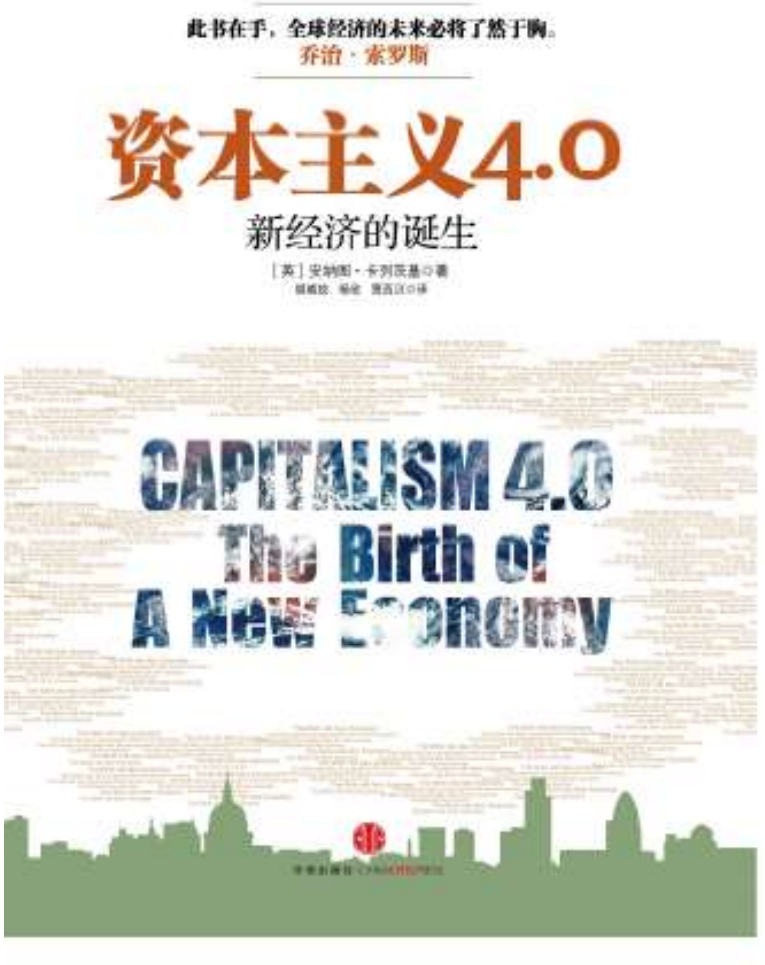
Capitalism has a "Mind" … which keeps changing

Anatole Kaletsky


"This brilliant book will add
greatly to our understanding of the
future of the world economy."
—GEORGE SOROS
CAPITALISM 4.0
THE BIRTH OF A NEW ECONOMY
IN THE AFTERMATH OF CRISIS
ANATOLE KALETSKY


此书在手，全球经济的未来必将了然于胸。
乔治·索罗斯
资本主义4.0
新经济的诞生
CAPITALISM 4.0
The Birth of
A New Economy

The Four Ages of Global Capitalism

0. 1776-1815 Adam Smith, American & French Revolutions, Napoleonic War
   1815-1848 Pre-Capitalism struggles with Post-Feudalism

1. 1848-1865 European Revolutions, US Civil War
   1866-1914 Liberal Capitalism: Markets Disconnect from Governments

2. 1914-1932 World War, Communism, Depression
   1933-1973 Keynesian Mixed Economy: Belief in Governments

3. 1973-1980 Cold War, Great Inflation
   1981-2007 Thatcher-Reagan Fundamentalism: Belief in Markets

4. 2007-2009 Global Financial Crisis
   2010-???? "Capitalism 4.0": Disbelief in Governments and Markets

Global Capitalism 1776

Nothing can be more absurd than this whole doctrine of the balance of trade, upon which…almost all the regulations of commerce are founded. When two places trade with one another, this doctrine supposes that, if the balance be even, neither of them either loses or gains; but if it leans in any degree to one side, that one of them loses and the other gains in proportion to its deviation from the exact equilibrium. Both suppositions are false.

A trade which is forced by means of bounties and monopolies may be and commonly is disadvantageous to the country in whose favor it is meant to be established. But that trade which, without force or constraint, is naturally and regularly carried on between any two places is always advantageous, though not always equally so, to both.

Global Capitalism 1848

During its rule of scarce one hundred years [capitalism] has created more massive and more colossal productive forces than have all preceding generations together. Subjection of Nature's forces to man, machinery, application of chemistry to industry and agriculture, navigation, railways, communications electric telegraphs, clearing of whole continents for cultivation, canalisation of rivers, whole populations conjured out of the ground - what earlier century had even a presentiment [of] such productive forces?

In place of the old wants, satisfied by the production of the country, we find new wants, requiring for their satisfaction the products of distant lands and climes. In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal inter-dependence of nations.

The need of a constantly expanding market for its products chases [capitalism] over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere. All old-established national industries are daily destroyed by new industries, whose introduction becomes a life and death question for all civilised nations, by industries that no longer work up indigenous raw material, but raw material drawn from the remotest zones; industries whose products are consumed, not only at home, but in every quarter of the globe.

Global Capitalism 1914

What an extraordinary episode in the economic progress of man that age was which came to an end in August 1914! For the middle and upper classes life offered, at a low cost and with the least trouble, conveniences, comforts, and amenities beyond the compass of the richest and most powerful monarchs of other ages.

The inhabitant of London could order by telephone, sipping his morning tea in bed, the various products of the whole earth…, in such quantity as he might see fit, and reasonably expect their early delivery upon his doorstep; he could at the same moment and by the same means adventure his wealth in the natural resources and new enterprises of any quarter of the world, and share, without exertion or even trouble, in their prospective fruits and advantages; or he could decide to couple the security of his fortunes with the good faith of the townspeople of any substantial municipality in any continent that fancy or information might recommend.

He regarded this state of affairs as normal, certain, and permanent, except in the direction of further improvement, and any deviation from it as aberrant, scandalous and avoidable. The projects and politics of militarism and imperialism…were little more than the amusements of his daily newspaper and appeared to exercise almost no influence at all on the ordinary course of life, the internationalization of which was nearly complete.

Global Capitalism 1943

A solid majority of economists is now of the opinion that, even in a capitalist system, full employment may be secured by a government spending programme. The maintenance of full employment through government spending financed by loans has been widely discussed in recent years.

This discussion, however, has concentrated on the purely economic aspects of the problem without paying due consideration to political realities. The assumption that a government will maintain full employment in a capitalist economy if it knows how to do it is fallacious.

Continuous full employment would cause social and political changes which would give impetus to the opposition of business leaders. Indeed, under a regime of permanent full employment "the sack" would cease to play its role as a disciplinary measure. The self assurance and class-consciousness of the working class would grow. Strikes for wage increases and improvements in working conditions would create political tension.

Popular pressure for jobs would reach its height at or near election times leading to government-induced pre-election booms. The workers would get out of hand and the "captains of industry" would be anxious "to teach them a lesson". A powerful bloc is likely to be formed between big business and rentier interests, and they would probably find more than one economist to declare that the situation was manifestly unsound.

Global Capitalism 1980

Rational expectations

Efficient markets

Free trade

Perfect competition

Natural rate of unemployment

Pareto ***Optimality***

Global Capitalism 2008

THE QUEEN during a visit to London School of Economics:

"Why did no one see it coming?"

ALAN GREENSPAN in testimony to Congress:

I found a flaw... a flaw in the model that I perceived is the critical functioning structure that defines how the [capitalist] world works...

REP. HENRY WAXMAN:

In other words, you found that your view of the world, your ideology, was not right, it was not working?

ALAN GREENSPAN:

That's it. That's precisely the reason I was shocked. Because I'd been going for 40 years or so with considerable evidence that it was working exceptionally well.

“Rational Expectations” became completely irrational from 2000 onwards