

A Symposium on Beyond Capitalism:

The Depression as the Transformation of the Capitalist System

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On one day the markets are bursting with good news, the next day the world is ending. However, for the first time in quite while, even optimists have jumped on the doomsday bandwagon.

The Economist, the World Bank, Peter Brain, William McNeil and many others have now discovered the depression. However, economist Ravi Batra discovered it in the 1980's, arguing in his *The Great Depression of 1990* that there is periodicity in economic history. He argued that there are economic troughs around every 30 years.

Central to his argument is that disparity of wealth does not trickle down and create new jobs but that the centralization of wealth leads to more money going in the speculative markets. This then creates a bubble economy, which eventually explodes, greed turns to fear.

This normally results in recessions or even depressions, followed by a new cycle of growth. However, there are periods when economic decline threatens the vitality of the entire system. In a depression scenario, it is not only the prospect of unemployment and economic decline that are at stake, but the legitimacy of the entire system. It is this that is at stake - the possibility of an alternative world system.

What this means is that capitalism as we know is about to be transformed. In addition to Batra's argument, there are at least six reasons why this might be about to occur.

1. For Robert Nelson, the moral basis of capitalism has been eroded. This has occurred partly because of the social movements which have fought for the social good and for the regulation of global commons. They have also contested the idea that hard work necessarily leads to economic wealth, arguing

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that more often than not it is speculation that leads to wealth (as well as having rich parents). With the creation of the global casino economy, the link between effort, wealth and heaven has thus become disrupted. Nelson's conclusion is that without a new moral argument for capitalism it will erode since it is the larger meta-story that keeps faith and trust in the system going.

2. For world system theorist, Immanuel Wallerstein capitalism will collapse or transform because it relies on imperfect markets, and globalism is moving us toward a perfect market, wherein instantaneous and transparent information will make it difficult to achieve profit. "Capitalism wants relative monopolies not a perfect system." Second, the flight to cheaper wage areas is decreasing, as there are less of them available compared to 50 years or 100 years ago. The globalisation of labor makes this process even more difficult. Third, it is harder for capitalists to externalise costs as social movements and states are forcing them to internalise costs. Wallerstein's fourth variable is the decline of state legitimacy, that is, individuals do not believe merely taking over the state will lead to a better system. This reduces the power of the state.
3. Alternative economist Hazel Henderson, as well, believes that the system will transform, arguing that through the new information and communication technologies, the middleman can be eliminated, indeed, even money can be eliminated. With high-speed computers, bartering and other systems can be conducted by individuals and by states, eliminating currency problems. This de-monetization will dramatically change the world economic system. Again, more information means better, smoother markets. Kevin Kelly, James Dator and others speak of an era of abundance, where economies run better, as in the software industry, through the sharing of wealth, and not in its monopolization, more for others, means more for me, for all - what Henderson calls the economics of love. In a system where profit is gained through the economics of cooperation spells a certain level of doom for a system which is based on the economics of scarcity and competition.
4. Indian philosopher and author of Proutist Economics, P.R. Sarkar, takes a different route, arguing that capitalism will collapse like a fire cracker, crumbling before us since individuals cannot express themselves in the system. One indicator of impending collapse is when intellectuals and warriors become shudras, or those who define themselves as servants of matter, that is, as wage-laborers. Another indicator is when entrepreneurs are taken over by managers, that is, when intellectuals either become coopted by the system or are forced into roles that don't match their mental ideals. Late capitalism creates what he calls viksubda shudras - that is, those who become totally oppressed by the capitalists and work for them. At this stage, the system

becomes increasingly unnatural, it no longer captures the ideals of the many ways humans know the world, instead, ways of knowing, and the larger economy are homogenized.

5. For macrohistorian, Pitirim Sorokin, the system will collapse for similar reasons. As the system errs on the side of sensate civilization, it becomes increasingly unstable, the ideational elements are neglected and more and more it becomes one sided - then suddenly the pendulum sharply shifts back.
6. A last perspective, which is the least scientific, but perhaps the most powerful is the New Age idea of ages - that we have moved from a golden to a silver to a copper and now to a iron age. At the end of the iron age, materialism is in full sway until there is a collective awakening. What is going on now is that awakening, which will bring the circle back to the golden era. This explanation of past and future is significant for its simplicity but also for its ability to capture a certain yearning for a more just society. At heart is the idea that it is not rational actors that create the future but as David Mercer argues, mass expectations.

In contrast, liberals point out that capitalism has survived just fine in the last 500 years and the new technologies indeed will give it the fresh breath of air to make it last well into the 22nd century - afterall, freedom/liberty is the prize. Capitalism will be able to accomodate the social movements, becoming more benign and more caring - a soft landing which leads to another 500 year rise.

But, while claims for democracy are made, it is often not for economy democracy, for shared ownership of wealth, but for electoral democracy as confined by the interstate system.

However, from a moral or historical perspective, certainly the current level of wealth disparity cannot in any way be justified.

What is the world disparity level now?

Followed is the latest data.

"According to the 1998 United Nations Human Development Report, the 225 richest people in the world have a combined wealth of more than \$US1 trillion - equal to the annual income of some 2.5 billion people, or 47% of the Earth's population.

And the three richest people on the planet have assets that exceed the combined gross domestic product of the 48 least developed countries.

People in Europe and North America spend \$37 billion a year on pet food, perfumes and cosmetics, a figure which would provide basic education, water and sanitation, health and nutrition for all those deprived.

Put another way, it would cost less than 4% of the combined wealth of the 225 richest people in the world to satisfy the basic needs of the world's poor." (Adele Horin, "For richer ... for poorer," Sydney Morning Herald (12/9/98), 45.

The Sydney Morning Herald also reports that 1/3 of the world's available population for work is unemployed.

What then will be in the future?

Will it be the:

1. 1930's deflationary depression - no jobs, no money, no hope.
2. 1990's Indonesia - no jobs, too much money (ie hyperinflation), with hope coming in the form of social and political revolution. The result would be a series of reforms, of changing of the guard, but still in the direction of more accountability and transparency ...
3. 1990's Yugoslavia - no jobs, hyperinflation and victory of the fascists.

Cultural depression

Related to this is understanding the future not only as economic depression but cultural and psychological depression as well. Given that most individuals identify strongly with consumerism - I shop there I am - an economic crisis will lead to a cultural depression - loss of meaning.

For example, when the system in the former communist world fell apart, the loss meaning, of an alternative model led to a major crisis in faith, with immediate health risks to individuals since they had nothing to live for or believe in. Their dreams had perished.

Along with tradition, the only immediate model was that of short term greed, survival and nationalism - meaning kick the other out. However, this view while great for genocide does not sustain the human spirit, it does not create a cohesive society.

Another example is what youth in Australia and New Zealand already experienced - lack of jobs and lack of meaning resulting in youth suicide. The old story of working hard leading to wealth bears little resemblance to reality unless you are part of the growing knowledge economy.

The challenge ahead of us is not to waste our analytic efforts in predicting when or even if the depression will occur for us to begin to imagine the depression as a social asset, as an event that while dismal can help recreate society and our futures.

To do so, we need to cast the changing going on in much broader terms. We can ask: is our time, our epoch, merely a change in the last 50 years, that is, the end of communism and the victory of liberalism or is it a change of 250 years, the end of industrialism and the creation of post-industrial knowledge economies where technologies works harder and smarter for us.

Or is it something deeper, a change of 500 years, where we are seeing the end of capitalism and the rise of a new system, a global system where the circulation of ideas is not just from the north to the south (from west to east, from rich to poor) but a circulation of ideas, where economies are global but through bioregional development, a world government system, or is our time, a change of thousands of years, where patriarchy is leading to a coordinated cooperation between genders, that is, the end of patriarchy.

Or is our time more basic, where technology is changing what it means to be human, the very nature of nature.

In any case, there is evidence and counter evidence for all the above - what we do know, if we step back, is that fundamental change is about us, and current systems of knowing, identity cannot support us.

What then are the ways out:

Ways out:

- Community but in the context of global consciousness - wherein community economics expand into larger unit, that is the local creeps into the global and not the other way around. Commodities are used for local manufacturing (instead of for immediate export, comparative advantage).
- Localism but in the context of neo-humanism - expanding the boundaries of self from ego, to family, to community, to nation, to race/religion, to humanism, and then all living beings.
- Economy that is based on a maxi/mini system wherein there is wealth generation, that is, incentives to work hard and where there are floors, some basic needs.
- A vision of the future that is not only about material progress, that is the linear march of western history or only about cyclical history, the Asian model of the rise and fall of dynasties, classes, clans and varnas, but rather a spiral view of history wherein the past is incorporated, where progress does not lead to imperialism.
- A commitment to a model of the self, which while postmodern, in the sense of understanding that our identities are pluralistic -we can have many traditions, and more flexible gender/culture roles - has a root in the spiritual, that we are essentially spiritual beings having a materialistic experience, and

not visa versa.

- An evolutionary view of the universe. A spiritual story means that there is cosmic intelligence, that life does have a purpose and the universe does have a moral structure - however, this is evolutionary, changing, and humans still construct the universe even as it constructs them - that is, a view based on complexity.
- A balance between individual and collective - that is, both exist for each other and have rights and duties on each other. This is different from extreme Western individualism and Asian/indigenous collectivism.
- A political system that while democratic is much more, that is, it is multicultural, understanding that different traditions have other models of dispute resolution. It is thus democratic but inclusive of the role of wise persons, elders, who give overall guidance. It is democracy with a role for wisdom - deep democracy.

In contrast to the scenarios presented above, we offer two alternative models:
Dramatic Transformation:

Soft landing into a global governance systems characterized by a social democratic type of capitalism - Sweden writ globally

or,

A sudden switch to a planetary civilization characterized by decentralized economic systems - that is, a Proutist model.

I hope for the latter but expect the former and fear the earlier three scenarios. Still the dark night must end sometime, and as even if the 21st century does not bring us peace, we can be confident, as Jim Dator argues, that the 22nd century will bring a global high-tech (and spiritual) planetary civilization. As P.R. Sarkar writes: Humanity's future is bright.

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A Commentary on Beyond Capitalism

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Inayatullah's paper draws on the concept of depression as both an economic and a mental state to argue that a depression is characterised by a sense of loss, a low level of activity, followed by a period of reinvention or atrophy. This concept is a useful metaphor for thinking about the future of capitalism. The paper points up a range of social issues which suggest that capitalism is in the process of transformation and draws on the work of Nelson, Wallerstein, Henderson, Sarkar, Sorokin and Mercer in offering diverse perspectives as to why capitalism as we understand, it cannot be sustained.

Inayatullah advances the Proutist argument which posits that once capitalism achieves total domination it will collapse since individuals will be completely unable to make meaning of their lives. While the author offers a number of possible transformations he suggests that we are heading into a global social democracy similar to Sweden or towards a planetary civilization characterised by decentralised economic systems.

There is a widespread agreement that capitalism has been undergoing a transformation for most of the last century and as Inayatullah rightly intimates; it is difficult to identify the point in the process at which we have now arrived. However, it is clear that a few powerful global forces in the form of international banks and global monopolies overshadow the recent instability in the world economy and these institutions have largely transcended the role of the Nation-State. The autonomy of the Nation-State is increasing illusory. Reform of such powerful and vested interests is, therefore, not likely without an enduring social struggle (Chossudovsky, 1998).

Of equal concern may be a reliance on an illusory democracy to save the day and the willingness and capacity of the depressed to perceive a unity of purpose and cooperation. Indeed divisiveness is the food of a global economic system.

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Inayatullah's use of a metaphoric depression as an analysis is interesting, for it is through the use of such metaphors that we give meaning to everyday events. For example, psychologists suggest that depression affects women more than it does men; the response of the depressed individual affects the course and duration of their misery. People who focus inwards and brood are known to have longer and more intense periods of depression than those who are able to distract themselves and look outward and seek solutions. In the reinvention or recreation phase of a recovery, there is normally an intense desire to rebuild that part of the past that worked, to discard the dysfunctional and distrust structures that led to the depression (Wade & Tavis, 1993). The result is often, but not always, a positive transformation - retained aspects of the essential self but also taking on entirely new *persona*. This transformatory process, however, is not one that is guaranteed to avoid and eliminate all possibility of future depressions.

Linking this psychological analysis back to the current world depression there is already evidence that the current world poverty crisis, largely brought about by global economic restructuring, has impacted unevenly on women. Many of the services once provided for women and children have been reduced or eliminated and internal strife exacerbated by competition for scarce resources and corruption leaves those who are unable to in the firing line.

An alternative future that can be hypothesized from pressing the metaphor a little further is that it will take an enduring social struggle by those who are able to distract themselves from the everyday need to survive and who can look outward at the global problem to seek global solutions. The reinvention and recreation of an inclusive future might then build on those achievements and ideals of the past that have assisted humanity, discarding those which have proven dysfunctional, and then move on. But there is no evidence that we necessarily learn from the mistakes of the past, and therefore, no guarantee that we will not repeat them in the future.

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A Commentary on Beyond Capitalism

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Concern about 'the depression' of course goes beyond merely the boom and bust of business cycles, or even their greater frequency and amplitude even if somehow 'managed', to the wider global implications. Jonathan Ralston Saul argues we have been in recession since the oil shocks of the mid-70s. Clearly the capitalist model is also dysfunctional in terms of social and ecological sustainability.

Whether you believe capitalism will collapse before it transforms (or attempts to) determines whether you are a pessimist or optimist, I suppose. Can you occupy the middle ground? - like Malcolm Muggeridge who claimed he was a pessimistic tactician and an optimistic strategist. Or even all the ground? - for there are elements in all the perspectives to which at different moments in space and time I can relate.

Simultaneous with any reforms or transformations that capitalism may or may not make, are those that society may or may not make, independently of or in conflict with capitalism. Capitalism, through science and technology, has enabled many societies to move from being closed to open. The order and cohesiveness of the closed society is being replaced by the disorder and fragmentation of the new society. With the new society is emerging the cult of the individual. The society however pre-dates the individual. Indeed it is only because of society that there is the individual. Society has enabled sufficient security and independence for the individual to emerge, and exert their own stamp. Self-serving interests however can only bring about the destruction of society. Much more responsibility is thrust upon the individual in an open society than in a closed society.

The word responsibility is derived from the Latin *respondere* which means, "to answer back". It implies a mutual relationship of some kind, not blind and submissive obedience but dialogue, full and equal participation in the decision-making process. Many closed societies did not have this mutuality; many still don't. Traditional Maori society in New Zealand may have had it.

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Closed societies today are now considered terribly bland, boring and potentially repressive, despite there are many good aspects. The challenge is to transform into new societies which retain the 'good' of the old and allow the 'freedom' of the new, yet which are sustaining, socially and ecologically. Whether that process can take place faster than global degradation may be influenced by how well and how quickly our new scientific understanding of the living world can be disseminated, for it has advanced enormously over the last three decades.

Classical science grew out of the inanimate world founded on equilibrium. Emerging science is based on the living world which is extraordinarily complex, a state of dynamic disequilibrium that maintains equilibrium. We are only just beginning to understand our very existence. What is clearly evident in this new understanding is the interdependence of living systems. Interdependence which is self-sacrificial for the good of the larger organism and its own progeny. Humans are part of the larger organism, Gaia, both individually and collectively. Since it is science and technology that has enabled us to make that transition from closed to open societies, then that realisation may enable us to see that we are part of a self-organising system, where the whole is greater than the parts and there is interdependence. A characteristic of the self-organising nature of life, paradoxically and in the language of human societies, is trust and giving. This realisation, more than anything, will bring about transformation.

But to return to the transformation of capitalism. In addition to the perspectives quoted can be added that of John McMurtry. The market, the epitome of the modern economy and of capitalism, is effective at supplying life's wants, as distinct from needs. Our basic needs are not just the material (food, clothing, housing) but the immaterial (security, self-expression, service to others, relationships, identity, and love). There is a sufficient abundance of the former to not require a market in the modern sense, and the market is irrelevant to the latter. The modern market has transformed money from being the medium of exchange of historically surplus goods into the 'thing' of value itself, necessitating that it be scarce. Thus wants can only be procured if you have money or money-property (items with money value) to exchange. Thus there are subtle, unconscious pressures to convert life is abundance - the life realm of land, water, air, biodiversity, health, education, etc.. - into exhausted, depleted, degraded, or scarce states. What is bad for life is good for the corporate market. A basic axiom of this paradigm is that the market must have a limitless supply of wants to sell to as a necessary condition of its continuance. Wants must never be all satisfied, or there is no basis for a priced exchange. The more life conditions are destroyed, the more markets are assured, the more commodities can be sold and the more profits can be gained. This is the death march of

the system. In other words, McMurtry believes capitalism will collapse, unless it can transform.

Money is maintained scarce through the debt-based financial system. Despite the astronomical amounts of money sloshing around, there is never enough money to buy the goods we need. Every nation is in debt, but who can they be in debt to? For every debtor there must be a creditor. The debt of each nation exceeds the money supply. This is an absurdity. Even in developed nations there is never enough aggregate money to buy the aggregate goods - primarily wants - that we produce. To buy them we have to go into more debt. Thus we are forced into an endless pursuit of economic growth. Our debt-based financial system is the root cause of the global social and environmental crisis. It is here that we must seek transformation.

The consumer in the developed world is increasingly having to carry more and more of this debt. Over the last three decades the burden of debt has increased from one third to the full equivalent of one income, mostly as mortgage debt. Around two thirds of the money stock is derived from mortgages and thus are central to a debt-based economy. Mortgages are not so much a means whereby the population become homeowners, as a mechanism for supplying money to the economy. Mortgages in fact have reduced our ability to own property. Second mortgages are becoming common and in Japan 'generational mortgages' have been introduced since they extend beyond the life expectancy (not just income earning years) of the borrowers.

The super-rich, those 225 people receiving half the world income, are the historically rich, the cabal that grew out of the Rothschilds and their likes when they financed both sides of the wars in the 18th and 19th centuries. That wealth is tied up in prime real estate, works of art, jewellery, transnational corporations, and has more to do with power than wealth (etymologically, well health). The disparity of riches, and the anger associated with it, I suspect is directed at the present and growing visible wealth inequitably shared, which takes me back to debt again.

Most consumer debt is undertaken by those earning more than the average income. We do so not just because of the facility, but because we are short of ready cash today to satisfy our perceived needs (really wants) and because we believe we can repay. This 'buy now pay later' trend is a form of additional income which largely accounts for the increasing gap between rich and poor. Nevertheless all debt is at the expense of future earnings foregone. These debts are not just abstract numbers for they force us into exploiting each other and degrading our environment in order to discharge them. Eventually the penny will drop.

The debt-based financial system is an old society system. It had its origins

in classical science and grew like topsy. It has been shaped and moulded at various times to overcome its deficiencies as best as possible. But it is inadequate for a sustainable future, for at heart it is a destructive system. The requirement that debt be repaid is fundamentally an expression of distrust. We are ingrained with the notion that you don't get 'something for nothing'. Yet life itself is a gift, it is a 'something for nothing'. Indeed that is what life is all about - the miracle of 'something for nothing'. The standard of living we enjoy is not due to our efforts but to the generations before us. We should ensure we continue with the inheritance. But debt-based money is a denial of 'something for nothing'. At the moment we are unable to accept the 'enough' that our economy clearly offers. By challenging today's 'enough' so aggressively, we are in danger of ensuring there is not 'enough' in the future.

Perhaps we should entertain a credit-based financial system. Credit rather than debt since there is only a hope, rather than a requirement, that the money will be repaid. Money advanced without strings - but where there may not be more where that came from. It is easier to control credit than it is debt.

The philosophy of Social Credit is based on credit-financing as are many complementary currency systems (Wirtschaftsring, Bartercard, Itek, and LETS systems like Green \$, Time Dollars, and Ithaca Hours). The Wirtschaftsring of Switzerland has been in existence since 1934. In 1993 it had 60,000 account holders and a turnover of 2520 million SF. There are other systems which use demurrage money, ie. money which depreciates in value at a controlled rate to encourage its rate of circulation, in other words its use. These systems do not need to be large but they do need to be diverse, active and robust. Many are not robust - for they swim against a very strong tide - but they could be with encouragement and development.

Just what the future will look like depends on the visions we hold and the choices we make. The more there are doing just that the more optimistic we can be. The choices range from personal choices, guided by such tomes as *Your Money or Your Life* by Joe Dominguez and Vicki Robin, to developing complementary systems, to challenging and reforming the conventional monetary system, through to transforming the capitalist system itself. Prout is a model I am comfortable with, as far as I understand it. The philosophies of both these examples are minimalist, but neither sets out to ascribe 'how much is enough'. Yet through deep and reflective searching and through social interaction we are facilitated in determining 'how much is enough' to fulfil one life purpose.

A Commentary on Beyond Capitalism

The Long, Long Depression

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While Sohail Inayatullah believes that we may be on the edge of a global depression, and that inequalities are extreme, the major thrust of many of the comments is that "humanity's future is bright". I beg to differ. The depression is well established and the neo-colonial financial powers are firmly in control. The central rulers will weather the ongoing series of crises (as they have recently) and their fixation on profit will prevent any real effort to deal adequately with ecological problems. The current unequal system will continue and thrive until the world comes apart in around 2030 with food shortages, starvation, war and social breakdown.

This is a depressing forecast. It does not reflect hopes for improvement, nor does it provide a way out. It is rather a hard-headed forecast of the most probable future, which builds on past experience to give a picture of where the world is, and where we are headed.

Historically, there have been a series of long-term depressions over recent centuries. These have been recognized in the past, most notably by Kondratief in the 1920s, and are widely known as Kondratief cycles. In each cycle a period of growth leads to over-production, falling profits and collapse. The collapse is destructive and creates the conditions for a new growth period.

The period of each cycle are generally around 35 years. The depression which commenced with the stock market crashes of 1929-1933 was fairly short, with World War Two providing a considerable boost to many economies. A growth period was obviously needed as people labored to rebuild the destruction of wartime.

The most recent growth period covered the 26 years from 1945 to 1971. By then overproduction was becoming evident and the Bretton Woods system was weak, with the USA moving off the gold standard. Would that downturn last around a typical 15 years or so and thus end about 1986?

The Kondratief cycle hypothesis does not suggest a fixed template which

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repeats unchanged each time. Rather, the cyclical pattern is influenced by historical events. Key factors after 1971 were the well-organised global financial system (it was in trouble, but it was working) and the widespread welfare systems which had been set up around during and following the World War II. These continued to recycle incomes and purchasing power and to prevent a complete collapse. The system was staggering, but did not collapse. It could continue.

In 1980 it was possible to forecast a continuing depression, characterised by high levels of unemployment, past the end of the century. With no complete collapse, there would be no recovery and the depressed phase of the cycle would persist. The date of this forecast is significant, for the twenty years from 1980 to the present have followed the expected pattern. The analysis has passed the scientific test, as predictions have been judged against experiment and found to be correct. The current forecast is for a further continuation of a very long depression.

A key feature of the overproduction picture is the existence of massive amounts of excess capital (the title of my 1989 book) which moves restlessly about, seeking a place to generate endless profit. That is the reason why moneylenders roved the world in the 1970s, recycling oil dollars and begging country leaders to take out loans. Those and later similar loans are the base for the indebtedness of many of today's failing economies. The ability to feed off different world regions has kept the system afloat, and the movement of excess capital free of national boundaries and controls has become the most grotesque feature of the modern world. That analysis has been described more fully elsewhere. (Robinson 1989, 1994, 1996a, 1996b, 1998)

This is the global capitalism which some describe as immoral and about to collapse. Others suggest that capitalism may become more benign and more caring, that more information may lead to better markets and an era of abundance, and even that money might be eliminated.

Those hopeful suggestions are far from the realms of possibility. There will be no elimination of money in a world where currency movements control national economies. There has already been an information explosion, and this has aided financial players. That system works well for its controllers, and is moving many people away from abundance. This system is isolated from the world in which most people live; it does not care and never will.

This is a truly appalling system, but does that mean that the system is about to collapse? It does not necessarily follow. Many immoral systems, such as slavery, persisted over centuries. A minority power (as the British in India) may continue rule so long as (a) they are determined to do so and (b) there is no organised alternative. India became independent only when the British them-

selves no longer believed in their rule. When the leaders of the USSR lost faith in their system, it collapsed.

The situation today is that global capitalism is powerful, has a great belief in itself and has no adversary. Commercial interests have great control over the mass of the peoples through ownership of news media in an unprecedented universal brainwashing structure.

Sohail has commented that, from a moral or historical perspective, the current level of wealth disparity cannot in any way be justified. I agree totally. But that does not mean that anything will change. A forecast of the most probable (NOT the most desired) future is for continuation of the present global system for several decades, for ongoing inequality, for major shocks (there seems to be a crisis in the global stock market each decade, and there will be an energy crisis as oil supplies are overtaken by demand around 2010) but no collapse.

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A Commentary on Beyond Capitalism

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Sohail Inayatullah's article raises three important questions for me:

- Is a global, Great Depression immanent?
- Will this depression ("deflation", in current jargon) be the downfall of Capitalism?
- If Capitalism ends, what will replace it?

Dr. Inayatullah makes reference to a Proutist model¹ in his essay. As a Proutist, I would like to address these three questions.

Yes, I believe a global, great depression is immanent. In fact, we are already in the process. As entire continents break off from the global economy, investment opportunities for the capitalists are rapidly drying up. With no other options, capital is now withdrawing into the nucleus of the G7 countries, with the United States as the epicenter. In this process, emerging markets have now become submerging markets and the Second World (the former USSR and its communist allies) has been wiped from the earth.

While the macro-theories of history converge in their forecast about the present as being one of great upheaval, the economic statistics alone tell the story of depression. The world is awash in an excess of supply, forcing the supplier countries to sell goods dirt cheap to the countries still standing. The low prices further choke the cash-starved economies and create an illusion of well-being in the consumer countries. Inevitably, the capitalist economies, too, are grinding to a halt. The current .025% growth rate, is the lowest since World War II.

In a sober tale on the present state of affairs, *The Economist*, in a cover story last month concluded "The world economy is ... precariously balanced on the edge of a deflationary precipice."² It reasoned that a sharp slowdown in America or Europe could send price levels into a free fall that has not happened since

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the 1930s. As chilling as this sounds, I will have to answer yes, to the first question.

Will this Depression destroy Capitalism as a system? This is an even more profound question. Can a great world civilization, while rising to its highest heights, giddy with the brilliance of an imagined golden age sparkling in its eyes, trip awkwardly to its death, and explode into a million pieces on impact? It takes my breathe away to think about it, but I believe that this will happen.

Of the macro-reasons why, I support P.R Sarkar's theory of social cycles³, which argues that capitalism will fall because the capitalists will be unable and unwilling to halt their relentless exploitation of a growing, suffering humanity and impoverished natural environment for the sake of their own personal and corporate profits.

If we follow the trail of capitalism through its periods of mercantilism, laissez-faire and monopoly capitalism, we see that this mode of production has always been internally ruthless. The strong have always prospered at the expense of the weak. The more adept a capitalist is at economic exploitation, the greater the reward.

If we look around us, we can see the consequence of modern day capitalism. Twenty percent of humanity consumes 80% of the goods and services. This means that 80% of humanity only consume 20%. Dr. Inayatullah's facts on the distribution of wealth make one's eyes glaze over - the 225 richest people in the world have a combined wealth equal to the annual income of 47% of the world's population! Just 4% of the wealth of these people would eliminate world poverty. No single fact more pointedly demonstrates the social and moral bankruptcy of capitalism.

Within capitalism, both consumerism and dire poverty relentlessly gnaw away at the natural world. In 1992, the governments of the world and five thousand national organizations met in *Rio de Janeiro*, Brazil, at the Earth Summit, to discuss the impoverished condition of the planet's life support systems and what we could do to reverse their deterioration. This was an alarm bell that was heard around the world. Scientists came to put their cards on the table. The message was clear. Given business-as-usual, we would irrevocably destroy our life support systems within fifty years. Our protective ozone, clean air, potable water, arable soil and forests would be devastated and we would be fighting with each other over basic resources in an ecological wasteland. This would be our children's inheritance.

Has business-as-usual changed since 1992. No. Are we still destroying the planet at the same rate? Yes. What happened to the alarm? The media lulled us back to sleep. There are no environmental problems other than the automobile industry doesn't make big enough recreational vehicles. Capitalism is

environmentally bankrupt.

And what if we go to the heart of the matter? Is there any doubt that capitalism is spiritually bankrupt? Spiritual, geez, can we use this word outside our place of worship? We have almost forgotten what the great Lights of our lives have taught us. Krishna, Jesus Christ, Mohammed, Gautama Buddha, — Divinity has walked among us. The same simple truth is presented to us over again, regardless of the language or style of presentation. To the degree that we focus our mind outward with the intent of material exploitation and accumulation, to that same degree, we reduce our focus inward to uncover the Divinity that resides in the core of our being. It is not an either-or proposition to be sure. A balance must be kept. But there is always the choice of giving matter or Spirit priority in one's life. On which is my self-respect and view of my neighbor based? Are we one in the spirit, or do I exploit you to make my life materially richer. In capitalist culture, social Darwinism is a stronger core value, than self-realization or cooperation.

Given the extent to which Capitalism has led to the degradation of the environment and the lives of people the world over, I'll take my chances fighting for a new world order. Our children need a big change if they are to have a fighting chance at making a better world.

As to the final question, "If Capitalism ends, what will replace it?" I am reminded of Buckminster Fuller's answer - utopia or oblivion.

If it is to be utopia, then let it start with me and spread out from here. How do I create the best possible world for myself, my family, my community, my nation, my world, my unity with Life, leaving none out?

This is not an abstract proposition I put to myself. While I sit in New York City, I can see that the Great Depression is already throwing people into unprecedented crisis. Authority and responsibility in many parts of the world have already begun to move to the local level. How will I and my family meet our basic needs in an economy of scarcity. Under this condition, we have two choices. We can choose to remain an autonomous unit fighting to stay alive in competition with others, like we do under capitalism, or we can band with our neighbors to solve our problems in a cooperative manner.

When the center caves in, people will be fighting greater tendencies toward crudeness and brute force. There will be more killer instinct, domestic violence, street crime, bullies, gangs, and autocratic leaders. These will weigh against attempts to unite and create a stable socio-economic order. We will need good warriors as well as good intellectuals. We will need good business minds as well. Prout theory is a tool to help people create local unity through economic democracy. Like Dr. Inayatullah, I also hope this is the model that will replace capitalism. There are no guarantees, given any particular place or

community, but for humanity as a whole and for the planet, I believe that the future is bright.

In the meantime, if we think about our needs as human beings and not as consumers, and reflect on our purpose for being here in the first place, I think we will greatly shorten the distance of our fall and minimize the suffering that we will have to bear. There is a great opportunity here to work with others to build something in common that has meaning for us, meets our basic needs, and gives respect to life.

Notes

1. Prout is an acronym for PROgressive Utilization Theory. It presents a socio-economic model based on the principles of maximum utilization and rational distribution of all physical, mental and spiritual resources for the benefit of all. It advocates decentralized economic democracies, a world governance system, and human values that advocate self-realization and community.
2. "Could It Happen Again?", Pp. 19-22 in *The Economist*, February 20th - 26th, 1999.
3. P. R. Sarkar, *Prout in a Nutshell*, 1-20, Orient Press, Calcutta, 1988.

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