

Degeneration and decrepitude of today's capitalism and capitalist system

To begin with, what is capitalism?

"Capitalism, also called free market economy or free enterprise economy, is an economic system, dominant in the Western world since the breakup of feudalism, in which most of the means of production are privately owned and production is guided and income distributed largely through the operation of markets."

(Encyclopædia Britannica)

"Capitalism, as a mode of production, is an economic system of manufacture and exchange which is geared toward the production and sale of commodities within a market for profit, where the manufacture of commodities consists of the use of the formally free labor of workers in exchange for a wage to create commodities in which the manufacturer extracts surplus value from the labor of the workers in terms of the difference between the wages paid to the worker and the value of the commodity produced by him/her to generate that profit."

(Chris Jenks. Core Sociological Dichotomies)

"Capitalism is a unique historical formation with core institutions and distinct movements. It involves the rise of a mercantile class, the separation of production from the state, and a mentality of rational calculation. Its characteristic logic revolving around the accumulation of capital reflects the omnipresence of competition. It displays broad tendencies to unprecedented wealth creation, skewed size distributions of enterprise, large public sectors, and cycles of activity. (Whereas students of capitalism traditionally envisaged an end to the capitalist period of history, modern economists show little interest in historical projection.)"

(Robert L. Heilbroner From "The New Palgrave Dictionary of Economics", Second Edition, 2008)

I intentionally have quoted three definitions from various sources.

Capitalism had begun to replace feudalism around 15th century CE. So capitalism is about six hundred years old, it is not a new political system. Let's recollect briefly how has it been changed for the latter six centuries, and how a good old capitalism is looking now.

At the beginning of its way capitalism was smart, quickly adjustable, very energetic and excessively curious young man, well intended to change the world.

Let's give him credit for that – he actually got the world changed - rapidly, deeply and irrevocably. Now capitalism became older, more slow-witted and

lazy, reluctant to changes. He has forgotten his battles against feudalism. Now he is a big boss with many bootlickers around; and feudalism is a senior and helpless ill man who is getting alms occasionally from a big boss. Yes, capitalism has achieved all he'd wanted. Eventually the only thing remained of that vigorous young man, was his name. And old feudalism was not wiped off the face of the earth completely, partially reformed and restored. This fact had been an ill influence on our hero. He did not have his manners more refined with time, vice versa became more arrogant and lazy. Instead of seeking for changes, he became fond of living in feudal luxury – an historical formation's nature is not different from a human being's. Previously unpretentious design of business environment was replaced by excessive splendor, but this was not the main point. Those successful, upwardly mobile, shrewd businessmen were replaced by their lazy and short-sighted heirs. In such case you may say the apple does fall far from the tree, yet assets and money remain in families possession

The dawn of capitalist era had been a hard time for that new species of mankind, yet their struggles helped to reveal the true leaders - charismatic persons, so-called alpha personalities who left a profound imprint in human new history. Among the modern capitalists such charismatic personalities are quite a rarity.

Someone may say that today such personalities are not needed, but it is just not true. They are in demand at all times, not just during crises and revolutions. However, a supply of smart and talented entrepreneurs only lessens, while more and more absolutely mediocre persons climb their way upstairs in business world by use of their family connections. This is why one of fundamental laws of capitalism, "only the best survives", does not exist anymore.

Maybe incapable managers have got capable substitutes? Seriously, how many bosses would tolerate subordinates smarter than themselves? An average boss is going to choose subordinates unable to outshine him – this is human psychology. And this is how ignorance and mediocrity are celebrated in their office.

Seems overstated to you? You still believe that the economics is ruled by free market competition, another capitalist basic? About four hundred years ago, at the dawn of capitalist era, quickly developing capitalist countries had won their sales markets, spheres of influence, sources of raw materials. Their fights were not quite fair. Honestly, they were quite unfair, but still that was an economic progress. Today there are no fight, no motion, no efforts - no competition and free market anymore. Our whole planet has been already divided into spheres of influence. Today the price, sales market and influence issues are resolved by phone calls and in a meeting room. In other

words, “the competitors” can come to agreement about everything. And these decisions are made by CEOs of big companies and their deputies, while the owners are having a good time at French Riviera.

So, two laws of capitalism lost their meaning. A fundamental of capitalist system, a bourgeois, has been deteriorated, as well as his hired assistants, managing directors, deputies, etc.

At the beginning a socioeconomic relationship “capitalism – wage labor” remained similar to a “feudalism – slavery”, based on power from the one side and fear from the other. The attitude towards hired workers was not much different from the attitude to the machines and tools; a hired worker was the most deprived creature in the capitalist world.

Manpower surplus was aggravated by lack of labor rights regulations, by workers’ fear of losing a job and consequently their livelihood .This fear has been and still remains a main motivator for wage labor. Workers’ protests and rebellions came as a result of inhumane working conditions. The working class had joined into trade unions, which organized the strikes. A class struggle and eventual emergence of the first "workers and peasants state” in Russia forced the capitalists to change their attitude towards hired workers. They also got frightened and therefore more yielding, they learned to compromise with their workers, improving significantly their wage and labor conditions.

Yet, under continuous threats and growing demands of now spoiled hired workers, the bourgeoisie from wealthy capitalist countries began to move their manufacturing to developing countries. Only for to fall into another trap. In developing countries capitalism is mobile and fast, only gaining its strength. In such countries the rate of economic growth is high, but the level of industrial development is low. So capitalist ambitions to make big profits without additional investments have evoked at least three unpredicted and unwelcome results:

- Reduced quality of their production;
- Growing unemployment and public discontent in their native countries;
- Creating of their own competitors.

In attempts to find a suitable word, I would define this economic movement as a poor judgment and a definite non-professionalism. Clearly these businessmen have counted on being able to control the countries where they had transferred their manufacturing. It was their first mistake. The second mistake - they have not taken into consideration an unequal technological levels of developing and developed countries’ economics. These miscalculations point out at a degradation of capitalism. All manufacturing physically can't be moved to poor countries. Hard work for

low salary is not attractive for today's workers from wealthy countries. An advanced social security and a growth of consciousness of workers have also had their effect. After all, we live in twenty first century, not in eighteenth. As a result, the reluctance of capable young people to work in some industry branches, such as machine-building, even created a deficit of qualified specialists. A fear as the main motivator of capitalist work has lost its value. From the other side, capitalists, seeing their own low competitiveness, have started resisting against inflow of talented people and thereby worsened the situation.

A capitalist state was built for to protect the capitalist system and the bourgeoisies' benefits. At the beginning of the capitalist state foundation the main slogan was "Liberté, égalité, fraternité (freedom, equality, brotherhood)". Over time this slogan has lost its actuality and transformed to "Freedom not for everyone; equality while some are more equal than others; brotherhood only within the same social class".

Citizens have noticed eventually that state institutions had drawn away from serving public interests. The state's paramount mission has become protection of itself, protection of statesmen jobs, benefits and legal inviolability. The state's second mission is to protect its interest on the international scene. The capitalist governments merged closely with bourgeoisie, interests of the trans-monopolies became state's first priority. And that said, instead of protecting its own citizens, the capitalist state protects itself from those citizens. The state has become completely closed and non-transparent formation on the country's territory. The government creates laws to protect authorities' privileges and exclusivity, after those laws being approved by democratic institutions which stopped being really democratic.

The officials protect their ranks from strangers. This is how I see a portrait of a modern official: non-professional, ignorant thievish person, caring only for his own interest while complaining about shortage of money. The modern capitalist state official resembles a fat bug on a citizen's neck, remembering about him only during the pre-election company and elections.

The capitalist state has become an above-the-law formation; what is forbidden by law for legal entities, is allowed for the state. High-ranking government officials have turned into God's deputies on earth, they have special privileges, special attendance, special security, special immunity... while calling themselves cynically "public servants".

Now I would like to summarize and make a conclusion, hopefully impartial, since I am not taking either social-democratic or pro-capitalist point of view.

Once progressive, the capitalist state have gradually degenerated, its positive qualities have completely disappeared. The same is correct for the capitalist entrepreneurs and executives. Enormous efforts were spent to protect so-called capitalist values, yet today's capitalist economy is getting more and more unstable and crisis-prone. The incompetent governments are taking poor and unwise business decisions.

The high-minded intellectuals may still be insisting on adopting the path of socialism. In the course of modern history, the fast and inevitable termination of capitalist system has been predicted not once. Let me call this a complete nonsense. No slogan sounds better than "Freedom, Equality, Brotherhood". Certainly not the empty communist tall tales, completely impregnated with blood, or socialist-populist mottos. 1917 Russian revolution was a horrendous explosion, the world is still suffering from the Posttraumatic Stress Disorder, caused by this brutal social experiment.

In order to understand that I'm right, it's worth looking around. The nature around us exists and develops only thanks to competition, the death of competition is the death of the subject. The capitalist elite, by means of capital, and the ruling elite, by means of force, created an impenetrable wall around themselves, thereby destroyed living competition. From this camp, the smell of senile marasmus and degradation is increasingly evident. A socioeconomic formation, like a human being, has to go through certain stages: birth, youth, maturity, old age, decrepitude. Yet, capitalism, unlike feudalism, is able to reach higher levels of social development - the human society is relatively ready to take a step forward. Some profound socioeconomic reforms should be undertaken, not just cosmetic measures which cannot provide real solutions. I mean, first of all it is necessary to find and develop a new labor incentive system, after a fear had stopped being the one.

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