

## Has capitalism failed?

Ted Trainer

Anyone who thinks so is just plain dumb. It has obviously been stunningly successful. It has produced huge increases in wealth, for instance in the last few years the three richest people in Australia doubled their wealth. It has worked like a dream. The trouble is that it does not and is not designed to work for you. It works for the rich, not you.

If you expected it to work for you, or the environment, or the 5 billion poor people in this world, then it's you who failed ... failed to see that capitalism is structured in ways whereby it can do no other than use up dwindling resources, generate astronomical levels of inequality, develop the wrong things, require resource wars, impoverish and deprive, destroy social cohesion, drive many to support Trump, enrich the rich, and grow until it kills the ecosystems of the planet.

Just ask yourself, if you have an economic system which allows a few to own almost all of the capital and to invest it in the production of whatever is going to maximise the increase in their wealth, how likely is it that they will invest in producing what you need or what society needs or what the environment needs?

Ask yourself, if you have an economic system which allocates goods to those who can pay most for them should we be surprised that it will never allocate things according to need. Richer people will get them because they can pay more. That's why more than a half a billion tonnes of grain are fed to animals in rich countries every year while around 800 million people are hungry.

It's also why the wrong industries are developed. Investors (that is rich people who expect to get income without doing any work for it) invest in those ventures likely to make most profit, such as using Third World land to grow export crops. They never invest in developing industries that will produce what is most needed. That's why poor countries have been developed into forms that ship out their resources to enrich our corporations and supermarket shoppers, not forms that enable their resources to go into producing what their people need. [Hickel estimates](#) that as a result the net flow of wealth out to us each year is around \$2.5 trillion.

Recently the system has become "financialised". Their most profitable option now is to get hold of assets to lend or rent out, such as toll roads, ports, student loans. Global debt to them is now three times global GDP and the lenders receive [\\$13 trillion p.a.](#) in interest let alone operating profits etc. On average each year Australian bank profits siphon out \$3,600 per household. If the banks were publicly owned the sum could be zero. The most efficient bank in the US, the [Bank of North Dakota](#), is the only bank that is state owned. But that's socialism and therefore unacceptable.

Why let private firms run public utilities when they add to operating costs the cost of payments to shareholders? “But privatised industries always run more efficiently than state owned firms, don’t they?” No they don’t. [Google it](#) mate.

But worst of all, capitalism by nature must grow constantly and without limit. The factory owner must strive to increase sales knowing that competitors are out to drive him bankrupt. The lender wants more money back than he lent, and in the long run this is not possible unless the economy grows. But the global economy is now grossly overdeveloped. It’s demand for natural resources is almost twice a sustainable rate. The collateral damage is the elimination of biodiversity and the life support systems of the planet as habitats are taken or poisoned. More importantly the \$307 trillion in global debt is too big to ever be paid. As Michael Hudson says, debts that can’t be paid won’t be paid. [He discusses](#) how debt has brought down entire empires in the past and is probably going to bring ours down soon.

Have you considered what 2050 will look like if 10 billion have risen to the “living standards” Australia would then have given the normal growth rate? Production and consumption and resource use would be more than 12 times as great as they are now. Happy with that? Do you think the ecosystems of the planet will be?

And does skyrocketing inequality surprise you? It shouldn’t. When most people in the world are very poor and have no money to invest but a few are very rich and have a lot of it to invest you can’t be surprised that now 1% of the world’s people own about [half its wealth](#), and are getting richer at an accelerating rate, while the rising cost of living condemns increasing numbers to struggle and homelessness.

**And how come there are so many resource wars raging in areas where our oil is unfortunately under someone else’s sand? A growth economy requires ever-increasing resourced inputs. Just as well the US spends over \$1 trillion each year on weapons; looks like we’ll soon need them to “contain” China ... they’re threatening to beat us to global resources and markets.**

Capitalism treats labour as a commodity, like bricks, that can be left idle to rot if a profit can’t be made providing work and incomes. It is totally avoidable and inexcusable, easily eliminated. But it maintains a “reserve army” of workers willing to work on terms that suit capital.

And have you ever wondered why we have such high rates of stress, anxiety, drug and alcohol dependence, family breakdown and loneliness that depression is now probably our most serious health problem? Might it have something to do with the fact that this economy makes everyone fear insecurity, makes us work too hard, struggle as competitive individuals in a system that drives out collectivist values and destroys community, and dumps large numbers into unemployment, precariousness and exclusion?

“Ah but we’re overlooking trickle down aren’t we. The rich get richer by investing and creating jobs and incomes for poorer people don’t they?” For a long time we ordinary Australians did well on the crumbs from the tables of the rich. But somehow the trickle now is not even enough to prevent many Australians going without sufficient food. Oxfam’s latest

report says the poorest 5 billion people in the world are getting poorer. Capitalist trickle goes up not down.

Does all this mean there is class war? Another dumb question. Warren Buffett explained this long ago when he said, "There is no class war. There was ... but my class won it." Look at America, stolen by the rich. In a list of 17 social indicators in OECD countries such as health, imprisonment, gun violence, drug dependence, poverty, the US rates in the worst three in all of them. ([Trainer, 2021](#), Chapter 7.)

Do you think such a system is going to provide well for everyone from here on? Young people don't; they realise they will be poorer than their parents.

So isn't it about time we dumped it?

"But there's no alternative!" Well we had better work one out. This one is leading us to catastrophe. The literature on a coming global collapse is now substantial. A viable alternative would obviously have to be heavily "socialist", in the sense of being based on much regulation and strict rules determining what is produced, how it is distributed and what is developed. But it need not be authoritarian or have centralised power. It could and should take an Anarchist, not Socialist, form involving federations of small thoroughly participatory self-governing communities. ([For the detail.](#)) It might (and I think it should) have a large sector in which (small) private family-owned farms and firms operate and in which (limited) market forces could function within strict social guidelines.

This prospect is made much more feasible than it might seem by the fact that capitalism is now self-destructing. Marx saw that it is a system with built-in vicious contradictions. For instance it is in the interests of capitalists to oppose the interests of workers. Profit maximisation contradicts the interests of the environment. This capitalist is in conflict with that one. It is in the interests of the factory owner to automate, but if they all did that then no workers would have the wages they need to buy the products. The selfish and acquisitive capitalist dynamic drives out good values and destroys the social cohesion without which there can be no economy. Marx saw that this built-in dynamic would in time destroy capitalism.

Capitalist society is incapable of saving itself. There is no possibility of preventing the descent now. Our salvation must involve large scale Degrowth to a stable economy under social control. Many now realise this, but hardly any politicians, economists, corporate leaders, media owners or ordinary people do. Our fate depends on whether we can change the mentality sufficiently before the coming time of great troubles wipes out the possibility of sensible transition.

At least and at last the discontent and the disgust are gathering momentum. Somebody should let the Left know about all this.

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