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ANTH320: Global Capitalism

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The Emergence and Downfall of Capitalism

The emergence of capitalism from feudalism can be traced, how it has performed and economic results from its performance and be analyzed to track efficiency, but the future and continued existence of capitalism remains uncertain. The modern American economy has entered into a hypercapitalist state, supporting neoliberalism and the continued separation of the middle and working class from the wealthy. The introduction and continued rapid advancement of information technology has become incompatible with the global economy and continues to increase inequality. As showcased throughout Paul Mason's "Postcapitalism: A Guide to Our Future", neoliberalism and information technology have undermined the modern capitalist economy, making it no longer sustainable for the poor and working class. The hypercapitalist environment and the mechanisms that have been constructed with it will prove unable to adapt with the increasingly complex technological implementations and the life cycle of capitalism that Mason illustrates will near an end, pushing us into a postcapitalist state.

Between the 14th and 15th centuries, the feudal system experienced revolutions in commerce, geographical discoveries, and the erection of the colonial system in Asia and America. Mason illustrates four clear instances in the downfall of the feudal system that gave way to capitalism and can be used as a parallel to understand the neoliberal downfall. First, crisis in the form of famine wiped out a large number of peasants working in agriculture. With a

decreased population, the demand for peasant work rose dramatically and consequently so did the value of their labor. With increases in production and acquisition of wealth, new impulses of economic trade and expansion arose, leading to the introduction of new commodities and technological advancements. This transition was pushed beyond the point of return with the discovery of America in the late 15th century. The European markets were now able to globally expand, forming the world market and increasing the means and modes of production and exchange. However, it wasn't until the end of the 15th century until the feudal system of industry had almost completely been disbanded. The end of the feudal system was dictated a revolutionary form of technology that shifted the way industry would operate forever, the printing press; with this came a new business model in which people from all different walks of life could gather knowledge and do business.

Since the 15th century, capitalism can be seen in waves distinguished by an age of crisis, rapid technological advancement, a boom in the market economy and ending with stagnation, recession, or a depression. Mason argues that the current wave of capitalism beginning in the early 1990s is distinctly different from those preceding it, demonstrating the effects of a neoliberal state dominated by information technology. Four institutions have allowed neoliberalism to flourish but have ultimately proved to be incompatible with the world market and the efficiency of capitalism. The first of these institutions being the widespread accumulation and distribution of fiat money, a phenomena arising in 1971 when the world economy was once again removed from the gold standard, causing extreme loosening of credit and increases in individual and corporate debt. Neoliberalism reacted with an exponential increase in the printing

of paper money by banks which increased circulation and prompted the idea that profits generated out of speculation could go on rising forever.

The existence of fiat money since the 1970s has combined with free-market economics to act as a machine, producing boom-and-bust cycles, demonstrating the second neoliberal institution, financialization. Since the 1980s, financialization has prompted companies to turn away from banks and their loans and to the open markets to fund expansion and cut labor and production costs¹. This has caused banks to turn to the consumers for their sustenance, the consumers could now become direct participants in the financial market by participating in investment banking and creating entirely new fields of work dedicated to the acquisition and management of wealth². Now, the old business model of competition for industrial profit had been transformed. Corporations that could no longer compete in the domestic market were forced to outsource and move their production overseas for cheaper labor or merge with another company, which allowed for the conglomeration of information technology firms in the following years. The outsourcing which accompanied financialization in the latter half of the 20th century has resulted in an imbalance in the global market. The U.S. dollar is dependent on outside markets and at some point the global economy will be manipulated in such a way where we cannot finance our debts, causing the U.S. dollar to collapse and a halt in neoliberal growth.

The previous three mechanisms of neoliberalism, fiat money, financialization, and an imbalance in our global economy, have allowed the most destructive force of neoliberalism to flourish and deem previous systems of capitalism unrecognizable— information technology. The

¹ Mason, *Postcapitalism*, 16.

² Kimberly Chong, *Best Practice: Management Consulting and the Ethics of Financialization in China*, (North Carolina, Duke University Press Books, 2018).

existence of information technology in capitalism is unique, it has continued to develop and advance despite recessions since the mid 1980s. Focused on efficiency and raising corporate profit, information technology has been employed differently than other introductions that have changed business models such as the steam engine and the printing press³. Unlike these technological advancements, information technology has not only shifted the ways in which corporations can make money, but it has given a new definition to value. No longer is society grappling with use versus exchange-value commodities, but the rapid surge in information has introduced social changes and debate of our ethical responsibility with unlimited information and technological abilities. Mason argues that a system erected from interwoven, complex markets cannot “capture the value generated by the new technology. [Information goods] conflict fundamentally with market mechanisms”⁴.

Information technology is no longer acting as a new market mechanism, it has ingrained itself into all preexisting forms of technology acting in the market. Mason argues that the precondition of a postcapitalist state is abundance⁵. In an age of expansive knowledge and unstoppable rise of non-market production and unownable information thanks to the internet, automation has shifted the relationship of the laborer to the workforce. Instead of rapidly automating work out of existence, “bullshit jobs on low pay”⁶ are being created to compensate for this lack of human necessity and as a result, many economies are stagnating for longer periods.

Capitalism is not failing because of the same reasons as feudalism, but the conditions and reactions to crisis provide insight to the attributes of a failing system. Like feudalism, capitalism is currently faced with a crisis that is impacting the system beyond a point of return. Information

³ Mason, *Postcapitalism*, 240.

⁴ *Ibid.*, 26.

⁵ *Ibid.*, 144.

⁶ *Ibid.*, 144.

technology has created too many externalities that aren't compatible with the capitalist global market. The nonstop implementation of information technology into all aspects of the economy has increased instability and prompted an outstanding accumulation of debt and global outsourcing. Like the shift in market mechanisms and the growth of the middle class after the Black Death in the 15th century, information technology has created an entirely new class formed from universal knowledge and information-valued commodities that is not compatible with the current economy. This incompatibility can only end in the destruction or complete transformation of our hypercapitalist state as we know it, either way resulting in a new system based on universal information, managed by the 99%.