

Economic and Financial Law & Policy –  
Shifting Insights & Values 8

Koen Bytтеbier

# Ethics of Socioeconomics

Critical Observations on Capitalism  
through the Lens of a Lawyer

OPEN ACCESS

For more ebooks visit: <http://getmyebook.in/>

 Springer

# **Economic and Financial Law & Policy – Shifting Insights & Values**

Volume 8

## **Series Editors**

Koen Byttebier , Brussels, Belgium

Kim Van der Borcht, Brussels, Belgium

## **Assistant Editor**

Eduard Snijders, Faculty of Law & Criminology, Vrije Universiteit Brussel  
Brussels, Belgium

This book series focuses on presenting critical legal and interdisciplinary research regarding the tools and instruments of free-market-driven societies and their economies.

For the last few decades, the world markets have been in turmoil, to a large extent is a result of value and policy choices which have been made since the late middle ages. As a result, on a global scale, economies and the legal systems giving form to them, have mainly if not exclusively become based on selfishness and greed, a reality which is moreover explicitly propagated by the theories of economic neo-liberalism.

It has nevertheless become clear in the recent past that said free market tools and mechanisms – such as private money creation by banks, next to the way huge corporations in general function and determine the outcome of economic processes – result in disastrous consequences, especially when remaining uncorrected by law and when not being submitted to clear public policy intervention measures.

Despite the evidence and growing understanding of the causes and consequences of neoliberal policy, few alternatives for the capitalist model as currently implemented, have so far been proposed.

In order to meet these concerns, this book series aims at offering an outlet for various forms of scientific research output, both monographs and edited collections. The objective of every book of the series will hereby be to look critically at the legal methods and mechanisms shaping the free markets, and even to suggest alternatives for these.

Although the book series is initiated by legal scholars, it nevertheless aims to be truly multi- and interdisciplinary. The books series therefor welcomes and will incorporate all relevant disciplines, including law, economics, philosophy, ethics, religion, psychology, sociology, anthropology etc.

Koen Bytтеbier

# Ethics of Socioeconomics

Critical Observations on Capitalism through  
the Lens of a Lawyer

 Springer

Koen Byttebier  
Vakgroep Privaat- en Economisch Recht  
Vrije Universiteit Brussel  
Brussels, Belgium



ISSN 2522-5243                      ISSN 2522-5251 (electronic)  
Economic and Financial Law & Policy – Shifting Insights & Values  
ISBN 978-3-031-38836-1              ISBN 978-3-031-38837-8 (eBook)  
<https://doi.org/10.1007/978-3-031-38837-8>

This work was supported by Vrije Universiteit Brussel

© The Editor(s) (if applicable) and The Author(s) 2024. This book is an open access publication.

**Open Access** This book is licensed under the terms of the Creative Commons Attribution 4.0 International License (<http://creativecommons.org/licenses/by/4.0/>), which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this book are included in the book's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the book's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

The publisher, the authors, and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, expressed or implied, with respect to the material contained herein or for any errors or omissions that may have been made. The publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

This Springer imprint is published by the registered company Springer Nature Switzerland AG  
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

For more ebooks visit: <http://getmyebook.in/>

*WE HAVE to alter the structure of our society, its injustice, its appalling morality, the divisions it has created between man and man, the wars, the utter lack of affection and love that is destroying the world.*

*(Krishnamurti (1980). Meditations. Victor Collancs Ltd., p. 21.)*

# Preface

For some time, it has become clearer and clearer that the prevailing socio-economic order, as established by capitalism, has reached its limits.

Especially after more than four decades of being exposed to the implementation of the ideology of economic neoliberalism, globalized, capitalist societies are facing multiple fundamental problems, with no obvious solutions, such as: (1) increasing debt that severely burdens both the private and public sectors; (2) persistent poverty and an ever-increasing polarization between rich and poor, in addition to (3) intractable environmental problems that, 50 years after the Club of Rome's report entitled "Limits to growth" (1972), have dragged the world into what in recent years has been referred to as "climate change."

This book explains why all this is no coincidence, but the direct result of value choices made from the late Middle Ages onward, when in the Western world the societal models of that time, especially feudalism and classical Christianity, were increasingly abandoned for a societal model that came to rely on the primacy of economic interests.

Partly as a result, societies took shape in which the classes of entrepreneurs and bankers were granted an absolute free pass to reform the world into a system where everything and everyone became functions of their selfish pursuit of ever more wealth, to which all other values were systematically sacrificed.

Although in the period from 1950 to 1975, throughout the Western world, the forces of democracy attempted to give capitalism a somewhat more human face, resulting in the emergence of the so-called welfare states, these efforts were as of the 1980s, largely halted by the doctrine(s) of economic neoliberalism.

It even seems that from the sixteenth century onward, humanity has resolutely subjected its economy to the biblical Mammon, opening a Pandora's box of man-made problems. Moreover, since then, no policy or other bodies have emerged that are sufficiently willing to close this box again.

This book not only subjects the ethical choices underpinning capitalism to close analysis, but also examines various problems it has caused and probes for possible ways out.

The book is as such an extension of certainly of our previous work since 2015,<sup>1</sup> albeit that the present book, to an even greater extent, wishes to highlight the ethical dimension of the capitalist, socio-economic order and, in addition, to probe even deeper into the (historical) causes of the ethical choices made.

The material in the book is updated to December 24, 2022.

Brussels, Belgium  
15 January 2023

Koen Byttebier

---

<sup>1</sup>Cf. especially <https://www.springer.com/series/15643>.

The book also builds on an earlier, Dutch version, to be published by Intersentia, Antwerp.



# Disclaimer

This disclaimer informs readers that the views, thoughts, and opinions expressed in this book belong exclusively to the author, and not to the publisher, the author's employer, nor to other organizations, committees or other groups, and/or other individuals.

The author and publisher accept no responsibility or liability for the information contained in this publication. For example, this book refers to various external sources over which the publisher or author has no control and for which the author or publisher cannot assume responsibility. Accordingly, the author or publisher assumes no liability for problems that might arise from the use of such information relied upon or referenced.

The purpose of said references to external sources or external websites is to enrich the information available in the book and to help readers explore these matters further. Such references do not necessarily imply that the author or publisher endorses the specific external source, nor that they endorse the information contained in the reference, nor the organizations owning the external websites. Further, none of the named authors, companies, organizations, or anyone else, by virtue of this publication, can be held responsible for the information contained or referenced in this publication.

The author or publisher accepts no responsibility or liability for any errors or omissions in the content. The information in this book is provided on an “*as is*” basis with no guarantees of completeness, accuracy, usefulness, or timeliness. Accordingly, this information is not necessarily complete, accurate, or current.

This notice informs users that this book contains copyrighted material, the use of which has been specifically requested from the copyright holder. In addition, the author certifies that this material is used as part of efforts to promote understanding of issues of social, academic, and humanitarian significance and constitutes fair use of the material. Further, the copyrighted work has been lawfully used, cited, and/or included in this publication for research purposes and commentary. The text of the work cited is hereby reproduced, in some cases, in the original text formatting and

wording of the original author in cases where necessary, such as when the information is to be the authentic representation of the author.

Unless otherwise indicated (e.g., in individual copyright notices), the contents of this book owned by the author are licensed under the Attribution.

# Contents

<b>1</b>	<b>The Principles of Capitalism Questioned</b>	<b>1</b>
1.1	Capitalism and Economic Liberalism	1
1.1.1	General Situation of Capitalism	1
1.1.2	Basic Characteristics of Capitalism	3
1.1.3	Preliminary Explanation for the Success of Capitalism	4
1.1.4	Preliminary Questioning of the Supposedly ‘Rational’ Nature of Capitalism	6
1.2	Caesura with Alternative Approaches	7
1.2.1	General	7
1.2.2	In Religion	7
1.2.3	In Philosophy	9
1.2.4	Illustration: Ahimsa	9
1.3	The Intermediate Stop of the Modern Welfare State	11
1.4	Economic Neoliberalism	13
1.5	Specifically: The Neoliberal Agendas of Western Countries Since the 1980s Considered Briefly	15
1.5.1	General	15
1.5.2	The Washington Consensus Model in Particular	16
1.5.3	Concrete Implementation of Economic-Neoliberal Ideas from the 1980s Onward	17
1.5.4	Further Impact of Economic Neoliberalism on Public Finances	20
1.6	Failure of Democracy	22
1.6.1	General	22
1.6.2	Illustration: The British Government Formation of September 2022	23
1.7	Further Analysis in the Next Chapters	28
	References	30

<b>2</b>	<b>Revisiting Some Building Blocks of Contemporary Capitalism that Center Selfishness</b> . . . . .	33
2.1	General . . . . .	33
2.1.1	Historical Perspective . . . . .	33
2.1.2	Further Research Methodology . . . . .	36
2.2	Credit and Banking as Methods of Wealth Accumulation . . . . .	36
2.2.1	Problem Statement . . . . .	36
2.2.2	Philosophers of Classical Antiquity . . . . .	37
2.2.3	The Gospel of Jesus Christ . . . . .	38
2.2.4	Evolution in the Middle Ages . . . . .	38
2.2.5	Lending in Capitalism . . . . .	40
2.2.6	The Rationality of the Prevailing Money Creation Model, Relying on Private Credit, Persistently Questioned . . . . .	43
2.3	The Capitalist Enterprise and Its Labor Relations . . . . .	46
2.3.1	The Inherent Class Struggle Created by Capitalism . . . . .	46
2.3.1.1	Background . . . . .	46
2.3.1.2	The Two Main Classes of Capitalism: Entrepreneurs vs. Laborers . . . . .	48
2.3.2	Overriding Nature of the Neoliberal Model of Conducting an Enterprise . . . . .	50
2.3.3	Preliminary Conclusions . . . . .	50
2.4	Market Reasoning . . . . .	51
2.4.1	General . . . . .	51
2.4.2	An Expanded Field of Action for Free Market(s) . . . . .	52
2.4.2.1	A Double Expansion of the Domain of the Free Market Orchestrated by Economic Neoliberalism . . . . .	52
2.4.2.2	Illustrations of Sectors Transferred to the Domain of the Free Market . . . . .	56
2.4.3	Artificial Nature of the Arguments Invoked in Support of the Primacy of the Free Market Model . . . . .	60
2.4.3.1	General . . . . .	60
2.4.3.2	The Fallacies of Economic Neoliberalism . . . . .	60
2.4.3.3	The Free Market as a System that (Always) Puts the Interests of the Rich First . . . . .	62
2.4.4	The Flipside of the Coin: The Shrinkage of the Domain of the Public Interest . . . . .	65
2.4.5	Ineffectiveness of the Free Market Model as a Sound Economic System . . . . .	67
2.4.6	Preliminary Conclusions . . . . .	68
2.5	Capitalism and Competition . . . . .	69
2.6	Operation of Intellectual Rights . . . . .	70
2.6.1	Problem Statement . . . . .	70
2.6.2	Illustration: Application to COVID-19 Vaccines . . . . .	73
2.7	Inheritance Law . . . . .	75

2.8	Conclusions .....	77
	References.....	77
<b>3</b>	<b>Unsustainability of the Capitalist Socio-Economic Order .....</b>	<b>81</b>
3.1	Unsustainability of the Economic Growth Model.....	81
3.1.1	Genesis of the Economic Growth Model.....	81
3.1.1.1	From the Satisfaction of Basic Life Needs to Fledgling Economic Models Relying on Labor Specialization and Increasingly Complex Production .....	81
3.1.1.2	Emergence of the Merchant Profession.....	83
3.1.1.3	Administration and Religion (Later: Nobility and Clergy) .....	86
3.1.1.4	Correlation Between the Rise of Modern Banking and the Economic Growth Model (and Therefore the Rise of the Modern Entrepreneurial Class).....	87
3.1.2	Perverse Side Effect 1 of the Capitalist Economic Growth Model: Depletion and Exploitation of the Human Race.....	90
3.1.2.1	Correlation Between the Capitalist Economic Growth and Employment Models .....	90
3.1.2.2	Exploitation Under Economic Neoliberalism ....	101
3.1.3	Perverse Side Effect 2 of the Capitalist Economic Growth Model: Depletion of the Natural Habitat .....	105
3.1.3.1	General .....	105
3.1.3.2	The Intrinsically Destructive Power of the Agrarian and Industrial Revolutions .....	106
3.1.3.3	The Proverbial Neoliberal Icing on the Capitalist Cake .....	108
3.1.4	Environmental Pollution and Climate Change.....	109
3.1.4.1	Problem Statement .....	109
3.1.4.2	A Selection of Recent Research Findings.....	114
3.1.4.3	Why the Stakes Are Getting Increasingly Higher .....	138
3.1.4.4	Provisional Conclusions .....	143
3.2	Untenability of an Unjust Lifeworld .....	147
3.2.1	Why Inequality and Unfreedom Are Ingrained Ingredients of Capitalism.....	147
3.2.1.1	The Liberal/Neoliberal Side of the Coin: Once More Revisiting the Trickle-Down Economics Approach.....	147
3.2.1.2	Further Background of the Liberal Philosophy from Which the Trickle-Down Economics Approach Emerged .....	149

3.2.1.3	Lasting Impact of Liberal Thought . . . . .	151
3.2.1.4	Effects of Liberal Thought on the Organization of Societies . . . . .	152
3.2.1.5	How the Premises of Liberal Thinking on Doing Business Have Further Given Shape to the Capitalist Economy . . . . .	153
3.2.1.6	How (Because of the Foregoing) Inequality and Unfreedom (Continue to) Prevail in Capitalism . . . . .	154
3.2.1.7	Neoliberal Toleration of a Continuing Government Role. . . . .	156
3.2.2	Balancing the (Legal) Ideas of Freedom and Equality Against the Capitalist Recipes of Exploitation . . . . .	159
3.2.2.1	General . . . . .	159
3.2.2.2	Freedom. . . . .	159
3.2.2.3	Equality . . . . .	163
3.2.2.4	Societal Problems Created by the (Neo)liberal Impact on Equality and Freedom . . . . .	165
3.2.2.5	And the Idea of Solidarity...? . . . . .	165
3.2.2.6	Conclusions. . . . .	166
3.2.3	Quid at Further Depletion of Free Markets and Contraction of the Domain of Public Interest? . . . . .	167
3.2.3.1	Question . . . . .	167
3.2.3.2	How the Energy Sector Was Endangered . . . . .	167
3.2.3.3	How the Financial Sector Was Endangered . . . . .	169
3.2.3.4	Evolutions in Certain Other Public Sectors. . . . .	171
3.3	Poverty and Polarization Between Rich and Poor . . . . .	187
3.3.1	Poverty . . . . .	187
3.3.2	Increasing Polarization Between Rich and Poor . . . . .	192
3.3.2.1	General . . . . .	192
3.3.2.2	Impact of the COVID-19 Pandemic on the Profit Motive of Large Enterprises in General, and Within the Energy and Food Sectors in Particular . . . . .	193
3.3.2.3	Empirical Data on the Polarization Rich-Poor . . . . .	198
3.3.2.4	Evolution Toward a Plutonomy . . . . .	205
3.3.2.5	Inflation in 2022 . . . . .	207
3.3.2.6	The Big Dupe of All This: The Working and Poor Classes . . . . .	212
3.4	Conclusions . . . . .	225
	References. . . . .	226

<b>4</b>	<b>Revisiting an Alternative Method of Money Creation for the Benefit of States and Certain, International, and Supranational Institutions as a Possible Way Out of Capitalism</b> . . . . .	237
4.1	The Social Engineering of Money Revisited. . . . .	237
4.1.1	Historical Overview of Money Creation Systems in a Nutshell . . . . .	237
4.1.1.1	Origin and General Functions of Money. . . . .	237
4.1.1.2	Certain Essential Characteristics of Money . . . . .	238
4.1.2	Overview of the Current Systems of Money Creation. . . . .	241
4.1.3	Assessment of the Prevailing Systems of Private Money Creation . . . . .	245
4.1.4	Plea for a New System of Money Creation . . . . .	246
4.2	Views on a New Model of Money Creation for the Benefit of Countries . . . . .	247
4.2.1	Main Objectives of Current Monetary Policy . . . . .	247
4.2.1.1	Historically . . . . .	247
4.2.1.2	Impact of the COVID-19 Pandemic . . . . .	248
4.2.1.3	Preliminary Conclusions . . . . .	251
4.2.2	Our Own Thought Experiment for a New System of Money Creation . . . . .	252
4.2.2.1	Justification for our Own Thought Experiment. . . . .	252
4.2.2.2	Technical Headlines of Our Earlier Thought Experiment for a New System of Money Creation for the Benefit of Governments . . . . .	256
4.3	Proof of Response to the Monetary Financing Taboo . . . . .	264
4.4	Mechanisms to Protect Monetary Stability when Using an Allocation Model of Money Creation for the Benefit of Countries (and Other Governments) . . . . .	266
4.5	Conclusions . . . . .	267
	References. . . . .	268
<b>5</b>	<b>From Neoliberal Punitive States to Care States</b> . . . . .	271
5.1	General. . . . .	271
5.1.1	Economic Neoliberalism's Reshaping of the State Model . . . . .	271
5.1.2	Deconstruction of the Welfare State Model and Monetarism . . . . .	272
5.1.3	General Implications of the Implementation of Neoliberalism. . . . .	273
5.1.3.1	General . . . . .	273
5.1.3.2	Impact of Economic Neoliberalism on Public Finances in Particular. . . . .	273
5.1.4	Implications for the Extent to Which States Still Manage to Serve the General Interest . . . . .	275

- 5.2 Ideas About Shaping a Fair Society . . . . . 276
  - 5.2.1 General . . . . . 276
  - 5.2.2 Overview . . . . . 277
  - 5.2.3 Universal Basic Income Versus the Organization of Labor . . . . . 277
  - 5.2.4 Care . . . . . 279
    - 5.2.4.1 Theoretical Background of the Neoliberal Reforms of the Health Care Sector from the 1980s Onwards . . . . . 279
    - 5.2.4.2 Practical Impact of Economic-Neoliberal Policies on Health Care . . . . . 282
  - 5.2.5 Children and Youth . . . . . 288
    - 5.2.5.1 General . . . . . 288
    - 5.2.5.2 Child Poverty . . . . . 288
    - 5.2.5.3 Some Specific Problems (in the Western World) . . . . . 296
    - 5.2.5.4 Remediation . . . . . 303
  - 5.2.6 Elderly Care . . . . . 308
    - 5.2.6.1 General . . . . . 308
    - 5.2.6.2 Remediation . . . . . 309
  - 5.2.7 Infrastructure and Energy Supply . . . . . 310
    - 5.2.7.1 General . . . . . 310
    - 5.2.7.2 Consumption of Energy and (Other) Resources . . . . . 311
    - 5.2.7.3 (Other) Infrastructure . . . . . 314
    - 5.2.7.4 Remedies . . . . . 315
  - 5.2.8 From States Based on Repression, Bickering, and Warfare, to States Providing Civic Care . . . . . 319
    - 5.2.8.1 General . . . . . 319
    - 5.2.8.2 Justice . . . . . 320
    - 5.2.8.3 From Police to Citizen Coaching . . . . . 322
    - 5.2.8.4 From Militias to Civilian Protection Services . . . . . 323
- 5.3 Conclusions . . . . . 325
- References . . . . . 325
- 6 Alternative Methods of Money Creation for the Benefit of the Private Sectors . . . . . 331**
  - 6.1 General Outlook of Our Newly Proposed System of Money Creation for the Benefit of the Private Sectors . . . . . 331
  - 6.2 Money Creation for the Benefit of Individuals (and Families), for Basic Necessities of Life . . . . . 332
  - 6.3 Money Creation for the Benefit of Individuals for the Start-Up of a (New) Professional Activity . . . . . 335
  - 6.4 Lending to/Money Creation for the Nonprofit Sector . . . . . 337
  - 6.5 Money Creation for the Benefit of Enterprises . . . . . 339
  - 6.6 Conclusions . . . . . 339
  - References . . . . . 340



**7 Conceptualization and Sense of Reality of Some New, Legal Models for Conducting an Enterprise** . . . . . 343

7.1 Further Analysis of the Capitalist Profit Motive and How It Is Achieved . . . . . 343

7.1.1 Brief History of the Profit Motive . . . . . 343

7.1.1.1 Emergence of the Capitalist Enterprise . . . . . 343

7.1.1.2 Brief Historical Overview of Certain Religious and Philosophical Perceptions Regarding the Pursuit of Wealth . . . . . 344

7.1.1.3 Breakthrough of the Company/Corporation Form . . . . . 356

7.1.1.4 Crystallization of the Capitalist, Socioeconomic Order . . . . . 358

7.1.2 Economic Rationalization and Its Translation to the Policy Level . . . . . 361

7.1.2.1 Genesis of Economic Theorizing . . . . . 361

7.1.2.2 Political Conversion . . . . . 364

7.1.3 Implications on How Capitalist Enterprises Are Conducted . . . . . 366

7.1.3.1 General . . . . . 366

7.1.3.2 Capitalist Hell for the Working Man . . . . . 367

7.1.3.3 Capitalist Hell for the Entrepreneur and Banker . . . . . 386

7.1.3.4 Conclusion: A Hellish Economic System . . . . . 390

7.1.4 Limited Scope of Twentieth Century Correction Methods . . . . . 391

7.1.5 Assessment in View of the Goals of Economic Neoliberalism . . . . . 393

7.1.6 Conclusions . . . . . 394

7.1.6.1 Problematic Nature of the Capitalist Model of Conducting an Enterprise in General . . . . . 394

7.1.6.2 Injustice of the Capitalist Model of Conducting an Enterprise in Particular . . . . . 395

7.2 Exploration of Some Conceivable Alternatives to the Capitalist Methods and Models of Conducting an Enterprise . . . . . 397

7.2.1 On Whether Alternatives to the Capitalist Methods of Conducting an Enterprise Are Still Conceivable, and How These Are Addressed in the Public Debate . . . . . 397

7.2.2 Concrete Ideas on How to Bring the Organization Models for Conducting an Enterprise to Higher Ethical Principles . . . . . 400

7.2.2.1 General Purpose of Looking for Alternative Models of Conducting an Enterprise . . . . . 400

7.2.2.2 Basic Principles of New Models for Conducting an Enterprise . . . . . 401

- 7.2.2.3 Potential Impact of the Proposed NMWO . . . . . 407
    - 7.2.2.4 Concrete Models of More Equitable Staff Remuneration . . . . . 413
  - 7.3 Conclusions . . . . . 418
    - 7.3.1 Summary of Principles Governing Capitalist Entrepreneurship and Employment . . . . . 418
    - 7.3.2 Call for Further Awareness . . . . . 421
  - References. . . . . 422
- 8 Final Conclusions I: Capitalism as an Unjust System of Socioeconomic Order . . . . . 429**
  - References. . . . . 439
- 9 Final Conclusions II: Establishing a New Monetary Order as a Foundation for a New Type of Societies . . . . . 441**
  - 9.1 General. . . . . 441
  - 9.2 Possibilities of Our Newly Proposed Money Creation System . . . . 444
  - 9.3 Towards a New Balance Between Employment and Other Life Dimensions. . . . . 449
  - References. . . . . 451

# List of Figures

Fig. 3.1	Air-related morbidity in children under 15 years of age (2019) [Source: UNICEF (2022b) <i>Innocenti Report Card 17: Places and Spaces</i> , p. 20, Figure 5] .....	121
Fig. 3.2	Global annual mean temperature difference from pre-industrial conditions (1850–1900) for six global temperature data sets (1850–2022, 2022 based on an average to September) [Source: World Meteorological Organization (2022b) <i>WMO Provisional State of the Global Climate 2022</i> , p. 7] .....	140
Fig. 3.3	Share of income spent on food in the United States of America, Mozambique, and Peru [Source: Oxfam Media Briefing (2022) <i>First crisis than catastrophe</i> , p. 6] .....	190
Fig. 3.4	Global income and wealth inequality, 2021 [Source: Chancel et al. (2022) <i>World Inequality Report 2022</i> , p. 10] .....	194
Fig. 3.5	Net profit margins in the energy sector (Q4 2020 to Q4 2021) [Source: Oxfam Media Briefing (2022) <i>First crisis than catastrophe</i> , pp. 11–12] .....	197
Fig. 3.6	Growth of wealth of billionaires over the period 1987–2021 in real terms [Source: Oxfam Media Briefing (2022) <i>First crisis than catastrophe</i> , p. 12] .....	199
Fig. 3.7	Euro zone inflation, May 2022 [Source: Arnold et al. (2022) Eurozone inflation hits record 8.1%, <i>Financial Times</i> , May 31, 2022] .....	209
Fig. 3.8	Eurozone annual inflation rate, May 2022, % [Source: Eurostat (2022a) Euro Indicators 61/2022—31 May 2022] .....	209
Fig. 3.9	Ability to make ends meet “with great difficulty or with difficulty”, in 11 EU Member States (data of November 28, 2022) [Source: Eurostat (2022c) <i>Ability to make ends meet becoming harder</i> ] .....	223

Fig. 5.1 Percentages of the number of 15-year-old children with adequate basic learning skills in reading and mathematics (in the countries surveyed in Innocenti Report Card 16). *Source: UNICEF (2022). Innocenti Report Card 16*, p. 18, Figure 10..... 295

Fig. 5.2 Percentage of children belonging to families with incomes below 60% of the national median income in the years 2008, 2014 and 2018. *Source: UNICEF (2022). Innocenti Report Card 16*, p. 36, Figure 25..... 296

# List of Tables

Table 5.1	Percentage of children in financial poverty in 2017 (data in English) .....	292
Table 5.2	Percentage of children in financial poverty in 2017 (data in English) .....	293

# Chapter 1

## The Principles of Capitalism Questioned



### 1.1 Capitalism and Economic Liberalism

#### 1.1.1 *General Situation of Capitalism*

The story of the economy has become, increasingly, one of greed and selfishness.<sup>1</sup>

One of the main causes of this is the fact that the socio-economic order, over the past centuries, worldwide, has been increasingly determined by one system, capitalism.<sup>2</sup>

Grasping the essence of capitalism is no easy task. Even determining the exact starting date, or even period, of capitalism poses a great debate, on which opinions in literature are not unanimous.

Depending on the case, the inception of capitalism is situated as early as the sixteenth century, and sometimes as late as the end of the eighteenth century, with the difference in approach stemming mainly from the processes studied to situate the inception of capitalism over time.

Those who are particularly attentive to the legal and economic mechanisms underpinning capitalism (including, among other things, the emergence of the socio-economic model of organization of employment for remuneration and private money creation) may be inclined to situate the roots of capitalism as early as the sixteenth century.

Those who are more attentive to the (fledgling) economic doctrines that from the second half of the eighteenth century sought to rationalize the resulting new

---

<sup>1</sup>For a generic treatment of this feature of the prevailing socio-economic order, cf. a lecture by Indian philosopher and mystic Jiddu Krishnamurti of July 10, 1985. (Cf. Krishnamurti (1986), pp. 43–59, in which Krishnamurti, among other things, explains how the human brain, through 2 million years of evolution, has conditioned itself to be greedy, but also how this cycle can be broken; cf. especially Krishnamurti (1986), pp. 57–59.)

<sup>2</sup>Cf. Byttebier (2018), p. 1.

socio-economic processes will be more inclined to situate the emergence of capitalism in the eighteenth century.<sup>3</sup>

In his book *'Arbeid en lust'*, Jaap Kruithof (1929–2009) distinguishes between 'commercial capitalism', or 'mercantile capitalism', and 'industrial capitalism'. In this approach, the breakthrough of mercantile capitalism is due to the rise of the so-called "third estate" (the medieval merchant class) that began to emerge as early as the twelfth century.<sup>4</sup> This class then came to dominate the Western, economic system from the sixteenth to the eighteenth century onward. The driving socio-economic force in this era became the so-called 'bourgeoisie', (initially) led by merchants and financiers.

According to Kruithof, it involved people who placed themselves outside actual production, utilizing the work of others and essentially making commodity exchange and money trading their primary activities. Kruithof goes on to explain that this class gradually began to adopt a value pattern that was fundamentally different from traditional Christian ethics (because of the focus on the profit motive) and feudalism (because of an increasing reliance on hiring other people's labor in return for payment), although at the same time, political power remained in the hands of nobility and clergy.

This reorientation of the value scale underlying the socio-economic order would later gain great validation in Calvinism, which in turn would become the forerunner of the rationalizing theories that saw the light, especially during the second half of the eighteenth century.<sup>5</sup>

In a similar vein, Kruithof refers to the economic system that prevailed in the period from  $\pm 1780$  to  $\pm 1950$  as 'industrial capitalism', in which factory production—and therefore the ownership of factories, including production processes—played a central role.<sup>6</sup> A characteristic feature of this industrial capitalism is that, whereas in pre-industrial times the production processes were still very much determined by local and extra-economic conditions, e.g. of a political (feudalism) and religious (Christian) nature, in industrial society the market itself became the most decisive factor for determining economic goals. Making profit became the main motive, and this required (economic) growth. Entrepreneurs started to produce as much, fast and cheaply as possible, which naturally had repercussions in terms of employment, both in terms of working methods and conditions. In this industrial capitalism, socio-economic power shifted from the merchant to the entrepreneur.<sup>7</sup>

In Kruithof's approach, industrial capitalism, at least in the West, then flowed into the 'welfare state model' that prevailed in the period 1950–1975 before giving way, under the impetus of economic neoliberalism, to contemporary

---

<sup>3</sup>For further details, cf. Duplessis (1997).

In any case, the eighteenth century marked a definite breakthrough of the new economic methods and legal mechanisms that together define the appearance of capitalism.

<sup>4</sup>Cf. Nicholas (1997), p. 115.

<sup>5</sup>Kruithof (1986), p. 33.

<sup>6</sup>Kruithof (1986), p. 89.

<sup>7</sup>Kruithof (1986), p. 90.

capitalism—also referred to as the free market economy—which is not so much characterized by a focus on well-defined economic activities, but is rather ideologically driven by the intention of subjecting the entire global economy to the dictates of one system of ideological thinking.

This book deals mainly with contemporary capitalism, although, at least from an ethical point of view, the caesura between the various forms of capitalism is, in our view, much smaller than any categorization may suggest and, in reality—at least from a legal point of view and taking into account the intention to question the value choices underlying capitalism—the capitalist principles and working methods that began to dominate the socio-economic scene from the sixteenth century onwards have remained largely the same over the centuries.

This makes that, throughout the history of the West, three major systems of socio-economic order have emerged successively, namely: (1) A socio-economic model based on slavery (since Classical Antiquity until the fifth century); (2) A socio-economic model based on feudalism (±fifth century until fifteenth century), and (3) Capitalism (±sixteenth century until the present).

For the sake of completeness, it should be noted that the various levels of this classification can be further refined. Early feudalism differed from high and late feudalism, and the pre-capitalist mechanisms that contributed to the gradual erosion of feudalism already began to emerge much earlier in time (cf., for example, the rise of the merchant class and increasing urbanization from the twelfth century onwards).

### ***1.1.2 Basic Characteristics of Capitalism***

From its inception, capitalism has been a socio-economic system that has aspired, to an ever-increasing degree, to make the great masses—and by extension the Earth itself, with everything in it—subservient to the economic rationale and, therefore, to the interests of the (emerging) classes of merchants and entrepreneurs (including bankers).

This finds very strong expression in the classical hierarchy of values that characterizes capitalism. The values and interests of the merchant/entrepreneurial class—otherwise known as ‘Capital’—always prevail over the interests of the rest of the population—or: ‘Labor’—as well as over the well-being of the Earth itself.<sup>8</sup>

Thereby, from the sixteenth century onwards, the pursuit of profit has gradually been elevated to the central, societal value (replacing a previously prevailing goal of organizing society on the basis of the ideals of Christianity), which had a crucial impact on the development of the global economy.<sup>9</sup> Out of these new values arose a

---

<sup>8</sup> Cf. already Byttembier (2015a), pp. 163–177; Byttembier (2017), pp. 184–206.

<sup>9</sup> It is indeed very striking how much Jesus Christ Himself seems to have foretold this evolution, whereby, with regard to the organization of soci(et)al life, in the Sermon on the Mount, He placed man before the choice between service to God (with observance of His commandments, including living together on the basis of Charity), or service to the Mammon or money devil, whereby choos-



capitalist economy, that does not center the equal satisfaction of the needs of all people, but has become increasingly focused on the interests of the ruling classes (of entrepreneurs and bankers). It also gave rise to an economic model of unlimited growth, as a further essential feature of capitalism.

It is also this shift in values that provides the explanation for why, within capitalism, all other values, including the wellbeing of the Earth and of the rest of the global population—as the case may be: the bottom-85%, the bottom-90%, or the bottom-99%<sup>10</sup>—have been sacrificed to the goal of maximizing wealth for the benefit of the rich.

It is these essential features of capitalism that will be subjected to closer analysis throughout this book, especially from an ethical perspective.

### ***1.1.3 Preliminary Explanation for the Success of Capitalism***

The quasi-total subordination of the world economy to the capitalist system since the sixteenth century finds its cause in a multitude of factors. However, an important culprit seems to be the misconception that there was no alternative. Especially later in the history of capitalism, much economic thought was bent on convincing everyone that socio-economic processes can rely on only one mode of functioning.

What is worse is that this approach has created an increasing multitude of societal problems for which capitalism itself fails to provide adequate solutions, even as time seems to be running out.

One of the main misconceptions on which capitalism rests, as mentioned above, is the idea that capitalist processes and methods are the only ones that are fit for shaping society socio-economically.

This misconception itself goes back to the period of Enlightenment, when the idea began to take hold that all human action, including the scientific investigation of social and socio-economic action, should rely on a so-called rational approach. This in turn, within the socio-economic domain, led to a quest aimed at finding out what socio-economic behavior was supposed to be rational.

---

ing for the two is impossible. (Cf. Mt. 6:24 and Mk. 12:28–34, respectively; Mt. 22:36–40; Lk. 10:25–27.) With the German theologian Peter Binsfeld (1540–1596), the Mammon symbolizes the (main) sin of greed (“*avaritia*”), itself one of the central values of capitalism, which in recent times has been reflected in the economic-neoliberal credo that greed, as a driving force for economic initiative, is good (“*Greed is good*”). (Cf. Byttebier (2015a), p. 18.)

<sup>10</sup>Further in this book we shall explain that ±85% of the world’s population may be deemed poor, which finds its explanation in the fact that the socio-economic organization of capitalism has been a (somewhat) good thing only for certain regions of the world, especially the West. After four decades of economic-neoliberal policies, even the understanding has emerged that the free market economy only serves the interests of the top 1% of the world’s population (at the expense of the remaining 99%), which in modern times is reflected in a production model that is increasingly devoted to the luxury needs of the super-rich (=the so-called ‘plutonomy’; cf. Sect. 3.3.2.4.).

This quest gave rise to a very successful current: economic liberalism, which took the premise that within the socio-economic sphere, everyone participating in the socio-economic process should behave as selfishly as possible. Such a ‘collective’ selfishness, would result in the most efficient use of manpower and economic resources, *ergo* in the most efficient socio-economic order.

From the eighteenth century onward, the economies of more and more countries, and eventually the global economy, were increasingly based on this premise. This took place partly from the conviction that by acting in this supposedly ‘rational’ manner, all involved would realize their greatest potential, and that this would make (global) society flourish.

This way of looking at the socio-economic order has become increasingly successful over the past centuries, to culminate from the second half of the twentieth century in a modern variant of this approach, namely the school of economic neoliberalism.

The currently prevailing school of *neoliberalism* is, in this approach, essentially a modern recasting of the eighteenth-century school of economic liberalism. Neoliberalism adheres above all to a blind faith in the operation of the free market, *ergo* of private initiative. The basic credo is that the entire establishment of the socio-economic order should be left to this free market, whereby any social body perceived as obstructing these free markets, especially the state, should keep as far away as possible from everything that concerns the socio-economic sphere.<sup>11</sup>

This premise has determined the way in which the world, especially from the eighteenth century onward, has had to endure the impact of selfish, economic human behavior, presumed to be desirable, with numerous pernicious consequences.

---

<sup>11</sup> For example, in Adam Smith’s *The Wealth of Nations*, the following passage can be read: “It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow-citizens. Even a beggar does not depend on it entirely. The charity of well-disposed people, indeed, supplies him with all the necessaries of life which he has occasion for, it neither does nor can provide him with them as he has occasion for them. The greater part of his occasional wants are supplied in the same manner as those of other people, by treaty, by barter, and by purchase. With the money which one man gives him he purchases food. The old clothes which another bestows upon him he exchanges for other old clothes which suit him better, or for lodging, or for food, or for money, with which he can buy either food, clothes, or lodging, as he has occasion.” (Cf. Smith (1979), pp. 26–27.)

It should be noted, however, that while Smith’s teachings were not yet so crystallized, they did provide a breeding ground for the creation of the learning system that later came to be known as ‘economic liberalism’. A further, early ingredient of this system of learning can be found in the works of another fledgling economist, notably David Ricardo, whose vision of trying to keep labor costs as low as possible came to be known as the Iron Law of the Wages. Furthermore, it was mainly the nineteenth-century ‘*captains of industry*’ who drew arguments from these works to shape so-called industrial capitalism. Finally, during the second half of the twentieth century, numerous so-called neoliberal authors helped shape this purely selfish approach to economics (e.g., the notorious Ayn Rand).

### ***1.1.4 Preliminary Questioning of the Supposedly ‘Rational’ Nature of Capitalism***

Anyone willing to reflect more deeply on the issue raised in Sect. 1.1.3 will find it hardly surprising that the (neo)liberal guideline for the design of the socio-economic order could but generate all kinds of pernicious consequences.

One of the most difficult points in convincing those who are still inclined to these basic premises, despite the inherently problematic nature of this choice, is making them understand that this choice is nothing more than that, namely a (value) choice.

Indeed, human societies—or a sufficient number of them—have (at one time or another) ‘chosen’ such a system, without this being an inherent law contained in the nature of things. Even the idea that human nature is, or must be, inherently selfish is nothing more than a chosen belief system, and not an inherent law of nature.

This, incidentally, immediately touches on the essence of the human sciences in general and of economics as an academic discipline in particular, which, approached in this way, inherently rely on conventional systems, especially systems in which people themselves have made (value) choices as to how to interpret the social order in the broad sense of the word, without such an interpretation itself having the character of a fixed law of nature. However, this is precisely what the economic sciences started doing.

This obviously places an exceptionally large question mark over the very tenets of eighteenth-century rationalism, within the framework of which it was held that processes of social order could or should proceed according to laws that (would) exhibit the character of natural laws.

In all of this, perhaps one of the most serious historical mistakes humanity has made is to have opted, in order to organize the socio-economic spheres, for a conception that human nature is and should be inherently selfish and that the socio-economic order should be built around such a conception.<sup>12</sup>

The exploration of this starting premise and what it has led to will constitute one of the further central themes throughout this book.

---

<sup>12</sup>Cf. the way Hickel has articulated this issue: “We like to think of capitalism as a system that’s rational and efficient when it comes to meeting human needs. But in some respects, it’s exactly the opposite. In pursuit of constant growth, firms resort to intentional inefficiencies. This might be rational from the perspective of profits, but from the perspective of human need, and from the perspective of ecology, it is a kind of madness. It is madness in terms of human labor, too.” (Cf. Hickel (2020).)

## 1.2 Caesura with Alternative Approaches

### 1.2.1 *General*

The view, generalized from the eighteenth century onward, that the socio-economic order should be based on the premise that everyone should behave in the most individualistic/egoistic way possible and that this would result in the most ideal society, marked an important caesura with former religious and philosophical currents which, to the extent that they made any pronouncements about this kind of socio-economic ordering processes, generally defended a position opposite to the idea of extreme egotism.

Here one cannot get rid of the impression that some of these alternative approaches, like the eighteenth-century school of rationalism itself, also took as their starting point the same understanding of human nature, specifically that there are indeed impulses in human nature that tend toward selfish behavior.

However, the essential difference between the approach of eighteenth-century rationalism and certain earlier strands in philosophy and religion has been how to reason further from there.

For the school of rationalism, and certainly for the school of economic liberalism (and later, economic neoliberalism) that emerged from it, the approach became one in which these selfish impulses should be fully nurtured. In other words, the approach became one where each person is invited to live its selfish impulses to the fullest, under the guise that from this the most ideal society will emerge.<sup>13</sup>

In contrast, for several historically older philosophical and religious currents, the choice was completely opposite, and it was supposed that human beings would rather turn away from the selfish impulses in their nature and work for a society in which everyone is well off, based on an approach of mutual affection and assistance.

### 1.2.2 *In Religion*

When we consider the religion (or religions) of Hinduism, we find an image of man that is completely alien to the idea of selfishness.<sup>14</sup> On the contrary, within Hinduism, the idea prevails that every human being should fulfill his 'dharma', by which is meant his divine duty on this earth. Such dharma is not the accumulation of wealth

---

<sup>13</sup>One of the many merits of the Canadian economist John Kenneth Galbraith is his analysis of how this approach has led to an economy of 'created wants', an economy that is not so much oriented toward the just satisfaction of everyone's basic economic or life needs, but rather toward the creation and fulfillment of artificial needs and desires of a select group of those who prosper under such an economic system. (Cf. Bakan (2005), p. 174.)

<sup>14</sup>This, of course, does not prevent that Hinduism has led to appropriate societal problems, including the caste system prevailing in India.

to fulfill all sorts of lusts and needs, but rather concerns the striving for the betterment of the general society, within which everyone has an appropriate task. Underlying this is the further notion that each human being is an animate being and that this ‘anima’ is collective, which in other words implies that each human being is the emanation (or a part) of such a ‘one soul’, also referred to by other terms, such as Consciousness, the Self or God.<sup>15</sup> This makes the view on the nature of man of Hinduism, of course, substantially different from that of schools such as economic liberalism, or neoliberalism, which rest on the ideas of individualism and materialism.

Similar is the approach of Buddhism, where also the idea prevails that every human being—and by extension every living being, but even dead matter (whatever these notions may mean in terms of today’s understandings of physics)—is part of a unity, in which the unity, including the growth in awareness of this unity, is the only reality, while the notion that one is an individual distinguishable or separate from this unity is the result of the experience of an illusion.<sup>16</sup> Essential to Buddhism is that man’s life is directed toward becoming increasingly aware of the reality of which one is a part, which is also at odds with the principles of the aforementioned schools of economic liberalism and economic neoliberalism. In contemporary terms, this difference in approach offers a possible explanation of why, in countries where a large part of the population still adheres to (one of) the tenets of Buddhism, well-being is in many cases a much more important value than (economic) prosperity.<sup>17</sup>

Shifting to the West, we meet the monotheistic belief systems, such as Judaism and Christianity and Islam that grew out of it. Within these religions, among other things, there is a particular focus on the idea of charity, the notion that one’s behavior should subordinate one’s own selfish goals to the welfare of others.

This idea, for example, is very central in Christianity, which relies on the gospel value that people should love their neighbor as much as themselves, which produces an attitude to life that, again, is completely opposite to the basic views of the schools of economic liberalism and economic neoliberalism, on the contrary stating that everyone should behave as selfishly as possible. Within Islam, this has even led to very concrete guidelines on the shaping of various socio-economic processes—including the granting of credit and cooperation in the context of companies—which are just as diametrically opposed to the doctrines of the economic schools themselves.

---

<sup>15</sup>Cf. Stoddart (2009), p. 47.

This theme is thoroughly covered, for example, in the so-called Bhagavad Gita (literally translated: The Song of the Lord), which is itself part of the Mahabharata, one of the most important epics of classical, Indian literature.

<sup>16</sup>Cf. Andries (1996), pp. 62–63.

<sup>17</sup>Cf., for example, very distinctly, in Bhutan.

### 1.2.3 *In Philosophy*

Various philosophers and philosophical movements have also arrived at a similar approach opposed to (some of) the working methods of capitalism. While covering all of these *in extenso* within the scope of this book would lead too far, it is worth noting that various leading philosophers, throughout history, have made a case for an altruistic rather than a selfish attitude to life.

Quite early in the history of Western civilization, for example, Plato warned against giving the use of money and the accumulation of wealth a central place within the social order, with the further comment that if this warning were to be ignored, society would degenerate.<sup>18</sup>

In a similar vein, Aristotle argued in favor of a just distribution of wealth, with also practical hints on the concrete socio-economic order, such as, for example, an opposition to interest levying in credit relations.<sup>19</sup>

Throughout the centuries, these views of the two Greek philosophers have continued to inspire, including in the works of the Christian school of scholastics (with, for example, Thomas Aquinas as one of the figureheads).

Even later in history than Plato, Aristotle and Jesus Christ, there were the various authors of the so-called French school of rationalism, headed by Jean-Jacques Rousseau, who questioned several of the building blocks of capitalist societies (including even private property).<sup>20</sup>

We also find the same critical attitude against the principles and working methods of capitalism—especially the exploitation of the working classes and the capital accumulation that makes this possible—among the authors who are considered the spiritual fathers of communism, with Karl Marx as a figurehead.

In more recent times, one can refer to the works of Levinas, for instance, who similarly advocates a view of man based on an attitude of life in which the salvation of others must be prioritized over one's own selfish aspirations.<sup>21</sup>

### 1.2.4 *Illustration: Ahimsa*

That such religious and/or philosophical doctrinal systems can still inspire current social organization can be aptly illustrated by referring to the religious concept of 'Ahimsa' and the role it has played during the twentieth century.

In a simple translation, this concept derived from the religions of Jainism and Hinduism can be translated as 'nonviolence', both in actions, words and thoughts.

---

<sup>18</sup> Cf. furthermore Bytтеbier (2015a), pp. 98–100; Bytтеbier (2017), pp. 91–94, each with further references.

<sup>19</sup> Cf. Bytтеbier (2015a), pp. 117–119; Bytтеbier (2017), pp. 117–120, each with further references.

<sup>20</sup> Cf. Bytтеbier (2015a), p. 243, no. 419, with further references.

<sup>21</sup> Cf. Bytтеbier (2015a), pp. 255–257; Bytтеbier (2017), pp. 327–330, each with further references.

Swami Sivananda has described the term as follows:<sup>22</sup>

Ahimsa, or refraining from causing pain to any living creature, is a distinctive quality emphasized by Indian ethics. Ahimsa or non-violence has been the central doctrine of Indian culture from the earliest days of its history.

And also:<sup>23</sup>

Ahimsa is another name for truth or love. Ahimsa is universal love. It is pure love. It is divine Prem. Where there is love, there is Ahimsa. Where there is Ahimsa, there is love and selfless service.

The impact Ahimsa has had on social processes becomes immediately apparent when we recall the role Mahatma Gandhi, on the basis of an appropriated interpretation of the concept of Ahimsa, played in the emancipation of the Indian people in its nonviolent struggle against British colonialism, but by extension also in the socio-economic and political spheres.<sup>24</sup> This in turn inspired Martin Luther King's efforts to disengage the American black population from centuries of repression by the white population of the United States of America.<sup>25</sup>

However, despite the major role that such religious and philosophical currents have played throughout history—and continue to play in the sphere of private experience of individuals and groups of people—their current impact on the organization of socio-economic order is rather minimal. In the latter domain, on the contrary, it

---

<sup>22</sup>Swami Sivananda (2004), p. 3.

<sup>23</sup>Swami Sivananda (2004), p. 3.

<sup>24</sup>Cf. Gandhi (2019), p. 25. For Gandhi himself, Ahimsa meant, literally speaking non-killing. But to Gandhi, the term “has a world of meaning an takes (him) into realms much higher, infinitely higher”. “Ahimsa really means that you may not offend anybody, you may not harbor an uncharitable thought even in connection with one who may consider himself to be your enemy.” (Gandhi (2019), pp. 39–40.)

According to Ponnu, Gandhi learned the lesson of nonviolence from his wife when he tried to bend her to his will early in their marriage. Ponnu explains that Gandhi's wife's determined resistance to the imposition of his will, on the one hand, and her silent submission to the suffering that his way of doing things entailed, on the other, eventually made Gandhi ashamed of his behavior and cured him of his mistaken understanding to think that he was born to rule her. Ultimately, it was his wife who became Gandhi's teacher of nonviolence. For Gandhi, the concept acquired a very far-reaching meaning. Ahimsa meant not offending anyone; not harboring uncharitable thoughts, even in relation to those considered enemies. For one who follows the Gandhian doctrine of non-violence, there can be no more enemies. In the words of Gandhi himself, “(f)or one who follows the doctrine of ahimsa, there is no room for an enemy; he denies the existence of an enemy” (Gandhi (2019), p. 40.) According to this doctrine, the practitioner of love—Ahimsa—will make such an indelible impression on his so-called enemies that they will have no choice but to reciprocate this love. (Gandhi (2019), pp. 40–41.) Gandhi furthermore held that the life of such a practitioner of his doctrine of nonviolence will be devoted to serving his home country, India, through the religion of nonviolence, which is itself considered the root of Hinduism. It becomes the mission of such a practitioner of nonviolence to convert every Indian, as well as the English, and finally the whole world, to nonviolence in order to regulate mutual relations, be they political, economic, social or religious. (Cf. Ponnu (n.d.).)

<sup>25</sup>Ponnu (n.d.).

is the currents that prioritize selfishness and greed as central values that have won the battle, especially the ideology of economic neoliberalism.

### 1.3 The Intermediate Stop of the Modern Welfare State

The fact that capitalism, from the sixteenth century onward, has become the defining socio-economic system on Earth does not imply that no attempts were made in the past to make corrections to it. One of the main such attempts was the establishment of so-called welfare states. It should be noted, for the sake of completeness, that this welfare state model has prevailed primarily in the Western world, so that what follows relates primarily to this Western welfare state model.

Indeed, especially in the post-World War II period, a wide range of capitalist countries—especially in the Western world—worked towards organizing the so-called welfare state model (which could be defined as the collection of government-initiated mechanisms of socio-economic planning aimed at providing certain forms of protection to the poorer/lower classes within society against the most overbearing capitalist mechanisms of exploitation).<sup>26</sup>

In general, this period from 1945 to 1975 saw—as a result of numerous socio-economic factors, the discussion of which would exceed the scope of this book—considerable economic progress, characterized by high annual GDP growth rates, rising real wages, low unemployment and the absence of worrying recessions, and periods of inflation.<sup>27</sup> At the level of the organization of production, this period in history was further characterized, on the one hand, by ever-increasing differentiation and specialization and, on the other hand, ever-increasing concentration and centralization, partly as a result of which, at the international level, the era of multinational corporations emerged.<sup>28</sup>

According to Jaap Kruithof, the latter has not been a coincidence, but has rather arisen from the peculiarity of capitalism itself. The reason for this is that the main thrust of capitalist entrepreneurship is to make profits, not to distribute them equitably among the members of society, but for the benefit of the shareholders of corporations (which are the main vehicles for conducting enterprises). In the period 1950–1975, much of those profits hence were reinvested in new units of production,

---

<sup>26</sup> Byttebier (2019), p. 67. In Chap. 3, we shall further elaborate on why capitalism is inherently based on systems of exploitation.

<sup>27</sup> Kruithof (1986), p. 171.

<sup>28</sup> Kruithof (1986), p. 172.

For the sake of completeness, it should be noted that already during this period, throughout the Western world, critical voices against capitalism were rearing their heads, including regarding environmental problems and the large consumption of raw materials and other natural resources that characterize capitalism. Remarkable in this context was the work of the Club of Rome, which as early as the early 1970s warned of the pernicious consequences of the economic growth model used by capitalism. We shall return to this further on in this book. (Cf. in Sects. 3.1.4.2.2 and 5.2.7.2.)



resulting in an ever-increasing growth of the corporate sector. Such growth was also deemed necessary to cope with competition. All this had a fierce self-reinforcing effect, with the result that an ever-increasing concentration of enterprises began to occur, with the strong players absorbing the weak players. The result is that, during this period, capital became ‘big business’, increasingly concentrated in the hands of a limited number of super-capitalists (a trend that, under the banner of economic neoliberalism, has subsequently intensified).<sup>29</sup>

In the period 1950–1975, capitalism further became characterized by a two-speed entrepreneurship with, on the one hand, a large multitude of thousands of small and medium-sized enterprises that remained subject to market mechanisms, and on the other hand, an industrial pattern of a number of very large enterprises that managed to evade the laws of market functioning (e.g., through monopoly positions and market and price agreements).<sup>30</sup>

It is also during this period that capitalism gained technological momentum. Here, technological innovation became one of the main mechanisms for making super profits quickly. This technological innovation allowed, for example, new products to be put on the market at an ever-increasing speed to make large profits very quickly, or new production processes to be developed that allowed costs to be reduced. This explains why, since that period, an ever-greater emphasis has been placed on research and development (and, from the 1980s on, in the legal domain, the subject of intellectual rights would gain in importance).<sup>31</sup> (Cf. Sect. 2.6.)

Although the basic mechanisms of capitalism in this period remained largely the same as in the previous periods (of commercial capitalism and industrial capitalism),<sup>32</sup> they did undergo the influence of changing political conditions.

As we shall discuss further in this book (cf., in particular, Chap. 2), the basic mechanisms of capitalism itself stem from post-feudal society, through which capitalism has been expansive and aggressive from its inception and has inherently relied on an ever-increasing exploitation of the working classes. (Cf., furthermore, in Sect. 3.1.2) The period of the welfare state saw a certain reversal in this—at least in the Western world—due to, on the one hand, an increasing political emancipation for the lower social classes and, on the other hand, partly because the ruling class—those of the bourgeoisie—asserted their political impact to ensure the survivability of capitalism by setting up systems that attempted to mitigate, to some extent, the discontent of the exploited classes (hence also the term: ‘system capitalism’).<sup>33</sup>

---

<sup>29</sup> Kruithof (1986), pp. 172–173.

<sup>30</sup> Kruithof (1986), p. 174. The latter aspect is good to keep in mind when we shall discuss the food and energy crises of 2021–2022. (Cf. Sect. 3.3.2.2.)

<sup>31</sup> Kruithof (1986), p. 174.

<sup>32</sup> This illustrates the extent to which humanity has all along clung to the socio-economic ordering mechanisms that crystallized in the sixteenth century because of the gradual demise of the social ordering mechanisms of feudalism and Catholic faith. This is even more remarkable in light of the incredible scientific and technological progress since that time period (and the many inventions it has made possible).

<sup>33</sup> Kruithof (1986), p. 190.

These efforts would lead, in several countries, to the establishment of a variety of public or public service and social security systems, both based on the idea that they should be financed by collective efforts—either through taxation or special contributions or charges—and designed to ensure that everyone within society, on an equal footing, has access to these services.<sup>34</sup>

To some extent, one could even consider these welfare states as a (moderate) attempt to reconcile the capitalist economic system with the idea of a more ideal society, aimed at making it possible for everyone, not just the rich, to at least meet their most basic life needs.

In this respect, from a historical perspective, the welfare state model can even be seen as an early attempt in history to establish a soci(et)al order in which at least a (small) portion of the wealth generated by the economic system was redistributed to the entire population of a given economy (in a fairer way than happens—or does not happen—under capitalist mechanisms themselves).<sup>35</sup>

However, as of the 1980s, under validation of economic neoliberalism, the welfare state model would come under increasing pressure.

Now that this term economic neoliberalism has already been dropped several times, an attempt will be made below, in Sect. 1.4, to define its peculiarities in more detail.

## 1.4 Economic Neoliberalism

The currently prevalent, philosophical, or ideological current, that has proclaimed egoism as the most central value that should shape the socio-economic order, is undoubtedly economic neoliberalism.

Posing as a scientific approach, economic neoliberalism essentially constitutes an ideology based on a clear hierarchy of values.

One of the central values within the current of economic neoliberalism is that society is best served when everyone is left as free as possible to pursue their selfish goals, certainly in the socio-economic realm. It is argued that if such freedom prevails, a climate of supreme productivity and innovation will emerge in which everyone will prosper.

This choice of values explains why a central role is assigned to private initiative in the free market, while states should, as much as possible, refrain from any intervention in the socio-economic sphere and may at most assume a facilitating (for the business sector) and policing (with respect to the general population, notably the working classes) role.

---

<sup>34</sup>Byttebier (2019), p. 67; Kruithof (1986), pp. 192–193.

<sup>35</sup>Byttebier (2019), p. 67.

Especially in its early period, economic neoliberalism took shape, to a large extent, through several academic schools, each of which provided components of what later came to be known under the umbrella term economic neoliberalism.<sup>36</sup>

According to Monbiot, who has aptly articulated the characteristics of economic neoliberalism—which we ourselves shall explore further, throughout this book—it concerns a doctrine that insists on the submission of politics to the (free) market, which in other words implies the submission of democracy to the power of money. Every obstacle to the accumulation of wealth on the part of the rich classes—such as government ownership (e.g., of public enterprises), taxes (to the extent that they affect the rich classes and their enterprises), regulation, labor unions and political movements—must be torn down, either quickly and loudly or slowly and covertly. It is thereby argued that, if consumer choice is not impeded by political interference, the free market will become the great engine of progress and prosperity, ranking humanity in a natural hierarchy of winners (=the rich) and losers (=the poor), such a ranking being the emanation of a natural order of things.<sup>37</sup>

Especially from the 1980s, the implementation of economic neoliberalism gained momentum, with the result that various negative attributes and consequences of capitalism became increasingly magnified.

Still too few realize that today's neoliberal, capitalist world order is not so much due to a fortuitous coincidence, but to a very large extent resulted from ideological choices that—for several centuries already—have been imposed on the world by the classes of merchants, entrepreneurs and bankers, which, from the seventeenth century onwards, were condoned by Calvinism and, from the eighteenth century onwards, were further rationalized through the economic ideas of the liberal and neoliberal schools.

What is possibly even worse is the fact that even after a sequence of (severe) financial and/or economic crises in the past decades, which in essence derive inherently from the value choices underpinning the capitalist socio-economic order, neoliberal policymakers continue to seek the solutions to these crises in the systems of economic neoliberalism itself. In other words, the observation holds that, under the rule of economic neoliberalism, the cure for the disease is invariably sought in the

---

<sup>36</sup>Another description of the term economic neoliberalism can be found with Melinda Cooper, in her book 'Family Values. Between Neoliberalism and the New Social Conservatism' (cf. Cooper (2017)), in which this author described economic neoliberalism as follows: "By neoliberalism I refer in particular to the American schools of new economic neoliberalism that emerged at the University of Chicago, the University of Virginia, George Mason University, Virginia Polytechnic University, the UCLA Department of Economics, and various other institutional outposts in the early to mid-twentieth century." (Cf. Cooper (2017), p. 18.)

<sup>37</sup>Cf. Monbiot (2022b).

Monbiot, in his apt characterization of (economic) neoliberalism, has also pointed to the religious, quasi-Calvinist origins of the doctrine: the kingdom of the market makes evident who is deserving and who is not through the grace that (formerly, in Calvinism itself: God, and presently, in the doctrine of neoliberalism) the god of money bestows upon them. Any policy or protest that seeks to disturb the formation of this natural order of rich and poor is thereby deemed an unwarranted violation of the divine will of the invisible hand. (Cf. Monbiot (2022b).)

factors that cause the disease, with a (feigned) astonishment then arising each time that the sickness is not cured, but, on the contrary, the clinical picture is getting worse and worse.

This is another theme that will be further explored and, where possible, illustrated throughout this book.

## 1.5 Specifically: The Neoliberal Agendas of Western Countries Since the 1980s Considered Briefly

### 1.5.1 *General*

An appropriate characteristic of economic neoliberalism is that its realization, to a large extent, has taken place by appealing to the state apparatus, so that in many cases it has been states themselves which, under the impetus of economic neoliberal thinking, especially since the 1970s, have begun dismantling the welfare state model that had been set up in the period 1950–1975 (thereby eroding the public interest), with the intention of optimizing the playing field of the free market(s) as much as possible.

In other words, throughout the capitalist world, it has been states themselves who have worked to bring their economies in line with the ideas of economic neoliberalism, including the idea that it is best for everyone to behave as selfishly as possible in their pursuit of ever-increasing wealth accumulation, in addition to the idea that it cannot be the role of states to (help) establish counterbalancing systems of mutual solidarity—such as social security and public services.<sup>38</sup>

The ultimate goal of these efforts has been to make markets as free as possible—or, put another way, to make capitalism as ‘unbridled’ as possible<sup>39</sup>—through the purging of everything perceived as obstructing free market functioning, including, on the one hand, systems of social security and public services and, on the other hand, legislation aimed at protecting interests other than those of the corporate and wealthy classes. In summary, the implementation of economic neoliberalism has gone hand in hand with the dismantling of the welfare state model (albeit faster and more far-reaching in some countries than in others).<sup>40</sup>

---

<sup>38</sup>On this theme, cf. Chomsky (2013), p. 38.

<sup>39</sup>Cf. generally Bytтеbier (2018).

<sup>40</sup>This forms one of the basic themes in Bytтеbier (2019), with as title ‘The Unfree Market and the Law. On the Immortality of Making Capitalism Unbridled Again’.

This can be clearly illustrated by the design of the late Margaret Thatcher’s neoliberal government in the United Kingdom. It is shown, for example, that immediately after she won the May 1979 general election, Thatcher made it clear that her primordial policy objective would be to cut benefits and public services. Indeed, the first line of her first white paper on public spending read: ‘Public spending is at the heart of Britain’s present economic difficulties’. (Cf. Dean (2013).)

The approach that various Western countries have adopted to this end has also become known as the Washington consensus model, although it should be noted that certainly in the initial phase of the implementation of neoliberal ideas—say, the 1980s<sup>41</sup>—there was not yet such a blueprint-based approach; on the contrary, each country that proceeded to implement the economic-neoliberal ideas during that period acted largely as it saw fit.<sup>42</sup>

### 1.5.2 *The Washington Consensus Model in Particular*

The previous Sect. 1.5.1 has already referred to the so-called Washington Consensus Model, which can be seen as a practice-based summary (and therefore manual) of the main neoliberal economic learning systems.

This Washington consensus model can be understood as the fruit of an academic thought exercise<sup>43</sup> which attempted to logically classify the most tried and tested recipes that had already been used before in the context of implementing economic neoliberal ideology, as a result of which, in subsequent implementation exercises—especially then in the context of a number of international organizations, such as the IMF, and/or of countries that only at a later stage began to adopt the ideology of economic neoliberalism—this classification could be referred to.

---

A further illustration provides the socio-economic evolutions that began to occur in the United States of America beginning in the 1980s. For example, Laurie Macfarlane has pointed out that, in 1980, the top 1% of earners accounted for 10% of U.S. national income and the bottom 50% of earners accounted for 20%. By 2016, these positions had reversed: the income share of the top 1% had risen to 20%, and the income share of the bottom 50% had fallen to 13%. In other words, over the past four decades, the top 1% has gobbled up an increasing share of national income at the expense of modal Americans. Macfarlane furthermore points out that while ‘class warfare’ rhetoric has never been popular in Washington, the reality is that American policymakers have been waging a class war for decades for the benefit of the rich and at the expense of the rest of the American population. (Cf. Macfarlane (2020).)

<sup>41</sup>On the understanding that there have been countries in which the implementation of neoliberal ideas started earlier. However, the heyday of what could be described as a first phase of the implementation of neoliberal ideas was in the 1980s, when, especially in the United States of America and the United Kingdom, a thorough reform of the public domain was undertaken in function of these ideas. (Cf. Monbiot (2022b).)

<sup>42</sup>The latter, moreover, is true to the extent that, at present, a classification of capitalist countries can be made, distinguishing, among other things, (1) countries, such as the United States of America and the United Kingdom, where since the 1980s a ‘*pur sang*’ capitalism again prevails, these countries being among those that have been most exposed to the ideas of economic neoliberalism; (2) countries in which the welfare state model has still remained strongly in place, for example, the Scandinavian countries; (3) countries in which the socio-economic order has traditionally relied heavily on a strong involvement of workers’ organizations, for example, Germany where, since the period after World War II, the so-called Rhineland model has been applied ...

<sup>43</sup>The term Washington consensus itself is said to have been first introduced in 1989 by the British economist John Williamson.

In terms of content, the Washington consensus model amounts to a set of ten dogmatic, economic policy prescriptions on which to fall back when implementing the neoliberal agenda. These have also come to be regarded as a standard reform set of “best practices” promoted by, among others, the major Washington, D.C.-based international organizations (hence the name Washington consensus)—such as the IMF and the World Bank—as well as by national agencies such as the U.S. Treasury Department, for example when assisting developing countries in crisis and/or in need of monetary or financial assistance.

The ten best practice guidelines cover economic policies in areas ranging from macroeconomic stabilization, economic free trade and investment policies, to the expansion of free market forces in domestic economies.

The ten precepts are as follows:

1. Fiscal discipline.
2. Reorientation of public spending in areas that may improve income distribution, such as primary health care, education and infrastructure; this reorientation has, in most cases, amounted to a contraction of public spending and a sharp downsizing of public services (to which we shall return later in this book).
3. Tax reform (mostly with the intention of lowering marginal rates for corporations and broadening the tax base, which has generally meant that the poor and middle classes have become taxed (relatively) more and the rich less).
4. Liberalization of (central) interest rates.
5. Competitive exchange rate policy.
6. Liberalization of (international) trade.
7. Liberalization of foreign direct investment flows.
8. Privatization.
9. Deregulation (to remove barriers to market entry and exit); and
10. Protection of property rights (cf., for example, the advancement of intellectual property rights).

### ***1.5.3 Concrete Implementation of Economic-Neoliberal Ideas from the 1980s Onward***

In the 1980s there have been two economic superpowers that were among the first to try to achieve the goals of economic neoliberalism.<sup>44</sup>

These two economic powerhouses were, of course, the United States of America (where the implementation of economic neoliberalism was also called

---

<sup>44</sup>Cf., furthermore, Byttemier (2019), pp. 70–74.

‘Reaganomics’) and the United Kingdom (where the implementation of economic neoliberalism was also referred to as ‘Thatcherism’<sup>45</sup>).<sup>46</sup>

Among the main measures to which above countries began to resort in that period, were:

1. Applying the doctrine of consumerism (intended as a response to a then prevailing economic crisis by stimulating demand in the economy).<sup>47</sup>
2. Extensive deregulation of many economic sectors, such as finance and energy.
3. An unprecedented stimulation of all kinds of (consumer) credit mechanisms, an approach that was in line with the goals of consumerism.
4. The increase in military spending (and even warfare).
5. Tax reforms that mainly benefited the wealthy in society (especially (large) companies/corporations and their underlying capital providers, in addition to their CEOs and other prominent executives).
6. The dismantling of social care systems, including access to medical care and public education.
7. The dismantling of public institutions, in addition to the privatization of various public sectors and/or public services (for example, the energy sector, the transport sector, the education sector, the nursing home sector, etc.).
8. Embracing the doctrine of ‘monetarism’ (which resulted in rampant recourse to credit financing by all sections of society).
9. Breaking the influence of (labor) unions.
10. ...

Inspired by the example of these two countries, numerous other capitalist countries and jurisdictions (including, for example, the European Union) have since moved to follow suit.

This translated, gradually and globally, into a dismantling of public, socio-economic structures in areas such as public services (for example, education and justice) and social care (in the broad sense of the word).

In addition, at the end of the 1980s, the doctrines of economic neoliberalism would further triumph thanks to the fall, in the Soviet Union and its vassal states, of communism, which until then had provided at least some counterbalance to the capitalist market model. As a result, the power of capitalism would since then no longer encounter a meaningful countermovement. Especially since that period, the belief in the myth of the free market has become increasingly fanatical on a global scale, even culminating in the idea that the free market is an essential condition for establishing free and democratic societies, for individual and collective prosperity, and for soci(et)al progress.

---

<sup>45</sup>In September 2022, (extreme) Thatcherism was experiencing a rebirth in the policies of the Liz Truss government formed in the United Kingdom. (Cf. Sect. 1.6.2.)

<sup>46</sup>Cf. Byttemier (2015a), pp. 160–163; Byttemier (2017), pp. 180–184.

<sup>47</sup>Such a policy amounted to an even further promotion of certain of capitalism’s inherent characteristics, notably production for the sake of production and consumption for the sake of consumption—in large measure to satisfy created wants—on which capitalism relies.

Especially since the 1990s, the quasi-universal emulation of the doctrines of economic neoliberalism further helped pave the way for an unprecedented globalization of the world economy—to be understood as an increasing degree of mutual economic interdependence between countries, caused and accompanied by an increasing international movement of goods, services, capital and labor—based on the neoliberal principles of liberalization and deregulation.

In recent times, the efforts of neoliberal-inspired policymakers have hardly ended. On the contrary, neoliberal governments around the world continue to employ these methods and strategies to gradually dismantle what remains of the welfare state model. Although these efforts continue to vary from country to country, neoliberal reforms are, as a rule, still based on the privatization of public enterprises,<sup>48</sup> on deregulation and on tax cuts in favor of the rich. In this process, social services continue to be gradually reduced, based on the belief that they are too expensive and that phasing out such social services will motivate the poor to finally work harder.<sup>49</sup>

---

<sup>48</sup>One sector in which this ‘neoliberalization’ has had disastrous consequences for consumers is the energy sector, even to the extent that, from a policy perspective, voices are beginning to be heard calling for this sector to be returned to public ownership (whereas in the 1980s and 1990s neoliberal governments in various countries had strongly advocated privatizing and liberalizing this sector as much as possible). (Cf. Elchardus (2022).) We shall return to this in Chap. 3.

<sup>49</sup>On September 7, 2022, Liz Truss became the new prime minister of the United Kingdom, causing the fear that this would usher in a new era of extreme neoliberal policies along Thatcherian lines. Indeed, according to (left-wing) commentator Brain, Truss is in many ways an heir to Thatcher and has long been a leader of the Tory right with a deep hatred for the working classes. Truss, for example, co-authored the book ‘Britannia Unchained’, which proclaims some of the worst, neoliberal witticisms, for example that “the British [workers] are among the worst idlers in the world. We work among the lowest hours, we retire early and our productivity is poor. Whereas Indian children aspire to be doctors or businessmen, the British are more interested in football and pop music.” Along similar lines, in an audio clip leaked during the leadership election in the battle to succeed Boris Johnson, and as part of an argument by which she had attempted to distance herself from her earlier characterization of British workers, Truss went a step further, where she posited that low productivity “is partly a mindset and attitude thing (...). It’s working culture, basically. If you go to China it’s quite different, I can assure you. There’s a fundamental issue of British working culture. Essentially, if we’re going to be a richer country and a more prosperous country, that needs to change (...) actually what needs to happen is more (...) more graft.” Given these comments and her great admiration for former Thatcherite policies, it was considered highly likely that Truss would use her position as prime minister to repeat the Thatcherite experiment and try to “*increase productivity*” at the expense of the wellbeing of the British working class. (Cf. Brain (2022).)

In all this, it is highly questionable to what extent the authors of such statements have ever engaged in real, physical labor themselves. In any case, such statements show little respect for the working classes and help explain why economic neoliberalism has increasingly taken on the characteristics of feudalism (regardless of whether capitalism itself has ever escaped these characteristics).

Truss has also been compared by CNN to Thatcher, who for many conservatives in the United Kingdom has remained the benchmark for conservative (neoliberal) policies. In this, Thatcher was described as a tax-cutting, bullish leader who fought the unions and worked to dismantle many of the ingredients of the welfare state. Truss herself ran her leadership campaign in the battle to succeed Boris Johnson through a classically-conservative agenda, including the promise of tax cuts



### 1.5.4 *Further Impact of Economic Neoliberalism on Public Finances*

Over the past few decades, neoliberal ideology has had an extraordinarily strong impact in the budgetary sphere of many (Western and other) countries and their governments.

More specifically, starting in the 1980s, in many countries and jurisdictions, progressive austerity policies were implemented, including those designed to cut spending in social security and public services.

Again, the tone was set by the forerunners of these neoliberal reforms, including the United States of America and the United Kingdom.

Western continental Europe would fairly soon follow this example, especially in the run-up to the formation of the European Union, when EC member states were told that they needed to balance their public spending by aligning it with the so-called Maastricht norms.<sup>50</sup>

Whereas this exercise was at first still rather amateurish and the EU member states were still given ample policy leeway, the European intervention would, as time went on, become increasingly authoritative, with the set of tools to measure the efforts—or (perceived) lack thereof—of member states to meet European expectations becoming more and more perfected.<sup>51</sup>

The question is whether the austerity frenzy—which has affected numerous public sectors—has achieved much, to the extent that the period during which the national governments of EU countries started to make massive cuts in all kinds of public spending has also been the period during which the national debt burdens of these countries increased massively.<sup>52</sup>

---

for the middle class and no new taxes for business, including ruling out a windfall tax on energy companies to address the at the time prevailing UK's cost-of-living crisis. Analysts, however, were skeptical from the start of Truss's premiership that traditional, neoliberal prescriptions would be able to provide an answer to the many problems with which Johnson's long-standing (also neoliberal) policies had saddled the United Kingdom. (Cf. McGee (2022).)

As to how Liz Truss was expected to live up to this intent "*to slash the welfare state*", cf. Williams (2022a), referring further to "this vividly zealous, ideologically homogeneous set, whose mantra is: shrink the state."

<sup>50</sup>The so-called Maastricht standards or norms amount to convergence criteria introduced in the EU in 1992 that initially served to measure the progress of countries' preparations for adopting the euro and that have since become pillars of European economic policy. Defined as a set of macro-economic indicators, these indicators focus on: "– Price stability. – Sound public finances (with emphasis on policies to keep them sustainable). – Exchange rate stability, intended to demonstrate that an EU and euro area member state can manage its economy without resorting to excessive currency fluctuations. – A long-term interest rate that is as stable as possible, which is indicative of the assessment of the sustainability of convergence."

Cf., furthermore, Bytтеbier (2022), pp. 502–505.

<sup>51</sup>On this evolution, cf. Bytтеbier (2022), pp. 502–514.

<sup>52</sup>For a highly critical evaluation of neoliberal government policies in the United Kingdom, cf. Williams (2022b), from which the following quote: "(a) There's no through line to this era of

We shall return to this further in Sect. 2.2.6.

In addition, the austerity drive would subsequently be further fueled by several financial (and other) crises, including, for example, the severe financial crisis of 2007–2008. Ironically, after many countries throughout the Western world, during or in the aftermath of this crisis, made significant efforts to keep the moribund financial sector afloat by means of all kinds of non-market based financial support measures, it turned out that, partly because of this, the debt burden of these countries increased even further. Then the message was sent out that even stricter austerity efforts had to be made to balance public spending, while the financial sector itself largely got off scot-free.<sup>53</sup>

It is this characteristic of modern capitalism that explains why, in the aftermath of the 2007–2008 financial crisis, numerous countries worldwide reverted to a renewed austerity policy, hardly on a voluntary basis, but increasingly enforced by various international or supranational institutions, such as the IMF or the E.M.U. In the meantime, a new jargon was coined, such as the term ‘*austerity*’ itself, a vague buzzword that conceals a variety of measures and policy instruments through which these international and supranational institutions force their member states—especially those in financial difficulty—to make ever new savings in ever more sectors of public life.

One of the basic objectives of the modern-day economic neoliberal system is to reduce states to minimal states that are concerned only with external and internal security (to protect the interests of the rich) and to reduce the greater part of the population to a modern slave population that exists only to work ever more and longer in life in order to help create an optimal playing field for the free market. This is largely realized through undemocratic methods, since the international and supranational institutions taking the lead in implementing this policy objective have hardly any democratic legitimacy but are rather of an autocratic nature. During the past decade, the main technical method for achieving this goal has, as said, been ‘austerity’, a collective term which captures a variety of cuts in public spending and

---

Conservatism. It unfolds randomly like prog rock, ear-bleeding thrash straight after a flute solo. First, their only agenda was to reduce the deficit, then they were all about levelling up, now they want to increase the deficit and stop levelling up, and what they say doesn't really matter, because it doesn't happen anyway. (b) (...) (c) The UK is poorer because the good times couldn't last for ever; energy is more expensive because of unavoidable exogenous shocks; inflation is high because of energy; interest rates are high because of inflation; look over there, Germany is having a right time of it too. We're in decline because so is the world. Any line other than this would require them to take some responsibility, which would interrupt their messaging that they “got the big calls right”.”

<sup>53</sup>This policy in which countries have repeatedly found themselves willing to provide massive support to the financial sector is also known as a ‘bail out’ policy and, in addition, has also been referred to, in some literature, as one that relies on a ‘socialization of losses and privatization of profits’, while other authors have held that the capitalist rules of the game are applied only to the little guy, but not to the large corporations (including large financial institutions) for which, on the contrary, a form of far-reaching public solidarity plays a role (at the expense of public spending). (On this socialization of losses and privatization of profits principle, as applied, for example, to private banks, cf. Byttemier (2017), pp. 148–151.)

social security and which, in the words of Aditya Chakraborty, “*foreclosed alternatives to capitalism*” by shutting down the public’s political imagination that there are other ways of creating a socio-economic order different from the one established by capitalism and neoliberal ideology.<sup>54</sup>

## 1.6 Failure of Democracy

### 1.6.1 General

What is even more surprising is that the modal citizen is letting all of the above happen and that, throughout the Western world, especially political parties most inclined to neoliberal ideology remain in power.

It even seems that the average citizen lacks a sufficient understanding of the workings of the monetary-economic apparatus to see how, spurred on by the ideas of economic neoliberalism, their working methods and systems have been set up unilaterally in the interests of the rich and at the expense of the common good and of the interests of the common man.

On the contrary, in numerous countries, the implementation of neoliberalism has mostly been based on some of the most simplified beliefs of neoliberal thinking, such as the witticism that the welfare state model has led to profiteering on the part of certain stigmatized population groups (for example, immigrants and their descendants, in addition to the chronically ill).

By voting for right-wing to far-right political parties, many people may think that they are expressing their dissatisfaction with the way the world is run, but without realizing that they are lending support to the much more far-reaching ideology of economic neoliberalism itself, the implementation of which is diametrically opposed to the interests of these thus misguided voters.

Already in our book ‘*De onvrije markt*’ (2015), a peculiarity of the ‘neoliberalized’ (Western) political systems has been pointed out, in particular the extent to which the implementation of economic neoliberalism relies on the operation of all kinds of professional associations (national and international), lobby groups, think

---

<sup>54</sup> Cf. Chakraborty (2022a), further stating: “Austerity is a one-sided class war, conducted in numbers and defended by economists’ jargon. And when that fails to do the trick, dissenters can be silenced.”

In another article, Chakraborty has described the consequences of present-day austerity as follows: “the UK is once again in the grip of austerity and anti-democratic politics – when we got into this crisis precisely because of austerity and democratic failure. The vast spending cuts [made by George Osborne](#) wrecked our hospitals, our schools and our town halls, and stoked the frustrations that ensured Brexit. I heard it over and over while [reporting before the referendum](#) – passersby declaring they were voting out, and citing as their reason nothing to do with Brussels and almost everything to do with the Tories. Their mum’s wait for an operation, their kids’ inability to get a council house, the loss of industry, the black hole left by privatisation: 40 years of bombed-out economics and bullshit politics.” (Cf. Chakraborty (2022b).)

tanks and similar structures, through which the (large) business world and the class of entrepreneurs assert an unusually large and completely undemocratic impact on (neoliberal) governments.<sup>55</sup>

On a global scale (including in the bosom of numerous national governments, in addition to various international organizations like the IMF and the OECD), all this continues to be done, among other things, under the pretext of sanitizing public spending, a strategy that, incidentally, is hardly successful, given that over the last few decades the public debt of most Western countries has increased dramatically (whereas, if the doctrines of neoliberalism (cf. for example Friedman) should be believed, one could at least have expected a gradual reduction of sovereign debts).

And thus, what is (by now) known as ‘austerity’ has become one of the primary, contemporary methods by which the neoliberal agenda of ever further enrichment of the entrepreneurial class and of a parallel erosion of the common good is fulfilled.

### ***1.6.2 Illustration: The British Government Formation of September 2022***

The extreme extent of this—even more extreme than we ourselves even dared to suspect in 2015—can be illustrated by referring to an opinion piece by George Monbiot that appeared in *The Guardian* on September 23, 2022, under the telling title ‘Has Liz Truss handed power over to the extreme neoliberal thinktanks?’.<sup>56</sup>

In it, Monbiot details how the formation of Liz Truss’s government, in September 2022, was practically accomplished.<sup>57</sup>

It is hereby mentioned, in a general sense, that Prime Minister Truss’ government was composed of a group of right-wing lobbyists who are themselves conscripts to (domestic and foreign) oligarchs and corporations.<sup>58</sup>

Monbiot begins his analysis by pointing out that Truss formed her government based on instructions from the (British) Conservative party. According to Monbiot, the latter itself is composed of a disproportionate number of wealthy, white, older men, mostly residing in the south of England. However, it also concerns Conservative party members with lesser-known profiles who do not themselves live in the United Kingdom, have never been residents or citizens there, and do not even enjoy the right to vote in the United Kingdom. Amazingly (at least when the Conservative Party has a majority in the British Parliament), such foreign party members, especially since 2018 (when the by-laws of the Conservative party were in part rewritten), are allowed to help determine who becomes the British prime minister (and therefore, by extension, how the British governments is formed). The explanation

---

<sup>55</sup> Cf. Byttemier (2015b), pp. 110–111.

<sup>56</sup> Monbiot (2022a).

<sup>57</sup> Monbiot (2022a).

<sup>58</sup> Monbiot (2022a).

for this is that the rewritten by-laws of the Conservative party are an open invitation to anyone who—in Monbiot’s words—“*wants to come and mess with British politics*”. There are, as a result, no impediments that would prevent agents of a foreign government or corporate group from applying to join Conservatives Abroad as a member.<sup>59</sup>

According to Monbiot, this translates into a system of government formation in which every recent conservative prime minister has invariably placed the interests of transnational capital above the interests of the nation.<sup>60</sup>

As a result, the government formed in September 2022 by Liz Truss herself, more than any previous British head of government, has been formed by organizations that call themselves think tanks but are better described as lobby groups that refuse to reveal who funds them. According to Monbiot, these have been at the heart of the U.K. government formed in September 2022.<sup>61</sup>

Among the specific examples cited by Monbiot is special counsel, Ruth Porter, former communications director at the Institute of Economic Affairs (IEA), an extreme neoliberal lobbying group.<sup>62</sup> Monbiot mentions that when Porter was still at the IEA, she called for cutting rent subsidies and child benefit, charging patients for use of the NHS, reducing overseas (development) aid, and cutting green funds (all goals that frame extreme neoliberal policies, to which we shall return further throughout this book). Afterwards, Porter became head of economic and social policy at Policy Exchange, which has also been described as “*highly opaque*.”<sup>63</sup>

Liz Truss herself appears to have spoken at more IEA events since 2010 than any other politician. Two of the IEA meetings in which Truss has participated were even deleted from the official record, and then reinstated after the deletions caused a public scandal.<sup>64</sup>

More importantly, according to Monbiot, in 2011 Truss was the apparent founder of the Conservative Party’s Free Enterprise Group (=‘the Free Enterprise Group of Conservative MPs’).<sup>65</sup>

The website <https://conservativehome.com> states that the Free Enterprise Group (abbreviated ‘FEG’) was formed in 2012 out of concern over the anti-free market atmosphere that had developed in previous years. The group was formed in chief order to promote free markets and free enterprise, arguing that free markets create

---

<sup>59</sup> Monbiot (2022a).

<sup>60</sup> Monbiot (2022a).

<sup>61</sup> Monbiot (2022a).

<sup>62</sup> Monbiot cites research by the democracy campaign ‘Transparify’ that listed the IEA as “*very opaque about its funding sources*.” From a combination of leaks and U.S. records, it can be remembered that the IEA has taken money from tobacco companies in the past and, since 1967, from the oil company BP. In addition, the IEA has also received large sums from foundations funded by American billionaires, some of whom are among the main sponsors of climate science denial. (Cf. Monbiot (2022a).)

<sup>63</sup> Monbiot (2022a).

<sup>64</sup> Monbiot (2022a).

<sup>65</sup> Monbiot (2022a).

prosperity for the entire country and that efforts should be made to make the United Kingdom economically competitive again.<sup>66</sup>

In the past, the IEA organized several events for the FEG group and provided it with information to be handed out to the media. Twelve members of the cabinet assembled by Truss, including some of the highest-ranking figures, belonged to this group.<sup>67</sup>

The chief economic adviser to the Truss government formed in September 2022 was Matthew Sinclair, who was previously director of a similar lobbying group, the Taxpayers' Alliance. This lobby group is also funded in an obscure way by foreign donors. Sinclair himself is listed as the author of a book entitled 'Let Them Eat Carbon',<sup>68</sup> in which, among other things, he argued against measures to combat climate change. Said book even suggested, among other things, that while equatorial regions may suffer from climate change, it is quite possible that this will be offset by areas such as Greenland that will become more vacant or habitable. ("*Equatorial regions might suffer, but it is entirely possible that this will be balanced out by areas like Greenland.*") In other words, the quality of life of billions of people on Earth could be traded for the prospects of some of the least inhabited places on Earth benefiting from climate change.<sup>69</sup>

Truss's interim press secretary, Alex Wild, was a past research director at the same Taxpayers' Alliance. Her health adviser, Caroline Elsom, was a senior researcher at the Center for Policy Studies, which has also been labeled "*highly opaque*." Truss' political secretary, Sophie Jarvis, was in a previous life head of government affairs at the Adam Smith Institute (also labeled "*highly opaque*"), which is funded by tobacco companies and obscure U.S. foundations, among others.<sup>70</sup>

According to Monbiot, these diverse groups from which Truss formed her government represent the extreme edge of economic neoliberalism, in which it is argued that all human relationships are entirely transactional: people are motivated in

---

<sup>66</sup>Barrett (2012).

Compare this to Donald Trump's well known electoral slogan "*Make America great again*".

When FEG was formed, as many as 36 Conservative MPs were listed as supporters. These MPs did not belong to any particular wing or faction of the Conservative party, but most supporters were MPs elected in 2010, with only a handful of exceptions (Mark Pritchard, Mark Garnier, Brooks Newmark and Andrew Tyrie). Among the MPs who supported the group were Steve Baker (Wycombe), Ben Gummer (Ipswich), Sam Gyimah (East Surrey), Matthew Hancock (West Suffolk), Sajid Javid (Bromsgrove), Kwasi Kwarteng (Spelthorne), Jesse Norman (Hereford and South Herefordshire), Priti Patel (Witham), Chris Skidmore (Kingswood), Andrew Tyrie, the chairman of the Treasury Select Committee, and Nadhim Zahawi (Stratford-upon-Avon). (Cf. Barrett (2012).)

<sup>67</sup>Monbiot (2022a).

<sup>68</sup>Sinclair (2012).

<sup>69</sup>Monbiot (2022a).

<sup>70</sup>Monbiot (2022a).

capital order by the pursuit of money that is supposed to be the measure of all human behavior.<sup>71</sup>

The underlying, neoliberal mechanism of policymaking in the UK, meanwhile, has been as follows for decades. Oligarchs and corporations fund think tanks and (sections of) academic, neoliberal schools. The last mentioned propose policies that best suit the interests of oligarchs and (large) corporations. The billionaire press—owned by the same oligarchs—invariably cites these policy proposals as brilliant insights from independent organizations. Conservative frontrunners then cite this press coverage as evidence of demand for policy adjustments from the public: In this way, the voice of the oligarchy is translated into the voice of the people.<sup>72</sup>

According to Monbiot, since September 2022, think tanks and lobby groups no longer even need such detours. They no longer needed to lobby the government; they became the government. And Liz Truss was their candidate. Monbiot concludes with the prediction that, to defend the interests of global capital, Truss was expected to wage war against any common endeavor to improve the lives of average people or to protect the planet from further degradation by corporate behavior.<sup>73</sup>

By the end of September 2022, the first government initiatives of the newly formed Truss administration were already asserting themselves, the notable items on the agenda being a tax reform aimed primarily at lower tax rates for the corporate sector, in addition to cutting various government expenditures.<sup>74</sup>

In the end, it turned out that Truss's government was not long-lived as, after only 45 days in office, she already resigned as prime minister on October 20, 2022,<sup>75</sup> perhaps the main reason for this early resignation being the extreme speed with which she had attempted to implement her extreme neoliberal agenda.<sup>76</sup>

---

<sup>71</sup> Monbiot (2022a).

<sup>72</sup> Monbiot (2022a).

In support of his argument, Monbiot cites the autobiography 'Think Tank' by Madsen Pirie, founder of the Adam Smith Institute. In it, Pirie lays out a how this worked concretely. Every Saturday, staff from the Adam Smith Institute and the Institute of Economic Affairs sat in a Leicester Square wine bar with conservative researchers and leading writers, journalists, and columnists from the Times and Telegraph to plan their strategy for the coming week and coordinate their activities to make their collective even more effective. The Daily Mail then helped the lobbyists refine the arguments to be used in the press and ensured that a supporting article appeared on the main page of the newspaper every time a report was published. (Cf. Monbiot (2022a).)

<sup>73</sup> Monbiot (2022a).

<sup>74</sup> Cf., for example, El-Erian (2022) and Neate and Walker (2022), who commented on this, among other things, "Truss has repeatedly stressed her focus on lower taxes, reduced regulation and a smaller state, but such explicit advocacy of what resembles the trickle-down economics of the US under Ronald Reagan marks a striking break from Boris Johnson's often interventionist levelling up agenda." (Cf. Neate and Walker (2022).) Or, as Monbiot has put it, "(...) the doctrine destroying our condition of life is the doctrine Liz Truss has promised to extend to new extremes. She is fanatically devoted to an ideology misleadingly called Thatcherism or Reaganism (as if they invented it), but more accurately described as neoliberalism." (Cf. Monbiot (2022b).)

<sup>75</sup> Crerar and Elgot (2022).

<sup>76</sup> According to Yasmeen Serhan, in the days leading up to her resignation, Truss conceded that she had made errors in going "too far and too fast" with her intended, economic reforms. However, for

The question, however, is whether her successor, Rishi Sunak,<sup>77</sup> will take such a different course.<sup>78</sup>

According to an opinion piece by Aditya Chakraborty, Truss and Sunak are not different breeds of Conservatives, let alone rival ideologues: “They both protect the interests of the wealthy, the company bosses and mega asset-owners against the rest of us. Picture brutal metal studs embedded in the sole of a shiny black Oxford brogue: that is the form of government we face now.”<sup>79</sup>

Also for George Eaton, the leadership contest between Sunak and Truss of the late summer of 2022 did not, as some have assumed, bear witness of a true ideological clash. Instead, the Conservative party was offered **two varieties of neoliberalism**: Reaganite tax cuts, as suggested by Truss, vs. more traditional Thatcherite fiscal discipline, offered by Sunak. In the opinion of Eaton, the implosion of the former paved the way for the latter, albeit the policy similarities of the two approaches are far more important than their apparent differences. What was hence to be expected from the Sunak government was, in the words of Eaton, “*turbo-austerity and a sharp break with European norms*”.<sup>80</sup>

According to Eaton, this may even imply that Rishi Sunak will prove to be the UK’s most Thatcherite prime minister since Margaret Thatcher herself.<sup>81</sup>

And indeed, already in the Sunak government’s first budget (of November 10, 2022), it was clear that the neoliberal recipe most tried and tested in recent times, notably to cut public spending, would provide the tenor for the continuation of British government policy. According to Chakraborty, through this, £50 billion to £60 billion will again be sucked out of the British economy, “*the bulk of that money coming from cuts in public services*”. For Chakraborty, it moreover concerns not the second, but the third wave of austerity since 2010, with each of these austerity waves having been about disciplining people belonging to the lower classes and

---

Serhan, the biggest mistake Truss has made has probably been in assuming that, in the best of neoliberal traditions, economic growth was the main priority of the United Kingdom, while at the same time neglecting far more important **concerns**, such as the cost of living crisis, followed by climate change, the problems of funding the NHS, and immigration. (Cf. Serhan (2022).)

<sup>77</sup>On October 25, 2022, Rishi Sunak became the new prime minister of the United Kingdom after meeting with King Charles III at Buckingham Palace. Sunak was the country’s **third premier in under 2 months** and the youngest prime minister of the United Kingdom since 1812. He was also the first person of color to serve in this role. At the time of his appointment, Sunak was one of the wealthiest people in the United Kingdom. He had moreover served as treasury secretary under prime minister Boris Johnson. (Cf. Ott (2022).)

<sup>78</sup>This already appeared doubtful, given that Sunak simply kept several ministers of the previous government (of Truss) in the same posts they had been in before in the Truss government, including Chancellor Jeremy Hunt, Foreign Secretary James Cleverly and Defence Secretary Ben Wallace. (Cf. Morton (2022).)

<sup>79</sup>Chakraborty (2022a).

<sup>80</sup>Eaton (2022).

<sup>81</sup>Eaton (2022).



protecting the rich, and each coming with what Chakraborty has indicated as “*a new wave of authoritarianism*”.<sup>82</sup>

## 1.7 Further Analysis in the Next Chapters

The abovementioned has already been the subject of diverse research in some of our previous writings.<sup>83</sup>

This book will expand on this from a new, central focus, specifically the ethical issues that this continues to raise.

Methodologically, this book will discuss, in eight further chapters, the main characteristics and problems of capitalism from a different angle, at the same time probing for possible, alternative solution models.

These eight (further) chapters are as follows:

- Chapter 2, devoted to the main (legal) building blocks of capitalism (partly from a historical perspective).<sup>84</sup>
- Chapter 3, devoted to the most disastrous consequences of capitalism.<sup>85</sup>
- Chapter 4, which will summarize a system of money creation newly conceived in our earlier work for the benefit of countries and international public institutions.<sup>86</sup>
- Chapter 5, which will explain how, based on the new money creation system discussed in Chap. 4, countries could be transformed from so-called neoliberal punitive states to true care states.<sup>87</sup>
- Chapter 6, in which a system of money creation newly conceived in our earlier work for the benefit of the main private sectors will be discussed, in summary.<sup>88</sup>
- Chapter 7, which, building on Chap. 6, will outline how business practices (including the profit-maximization principle), could be profoundly altered in light of various, societal concerns and based on the newly proposed money creation models (and a further New Monetary World Order, abbreviated ‘NMWO’, based on them).

---

<sup>82</sup> Chakraborty (2022a).

<sup>83</sup> Cf. especially Byttebier (2015a, 2015b, 2017, 2018, 2019, 2021, 2022).

<sup>84</sup> This builds on the insights derived from Byttebier (2019), albeit that these will be readdressed primarily from an ethical perspective in the Chap. 2 of this book.

<sup>85</sup> This builds further on the insights derived from Byttebier (2015b, 2018), albeit they will be readdressed primarily from an ethical perspective in the Chap. 3 of this book.

<sup>86</sup> This builds on the insights derived from Byttebier (2015a, 2017), supplemented by various new insights and elaborations.

<sup>87</sup> This builds further on the insights derived from Byttebier (2018, 2019), albeit greatly updated and expanded upon in the Chap. 5 of this book.

<sup>88</sup> This builds on the insights derived from Byttebier (2015a, 2017), supplemented by various new insights and elaborations.

- Chapter 8, in which—especially by way of final conclusions to Chaps. 1–3—the basic features of capitalism will be summarized (with as central question to what extent the prevailing socio-economic order has continued to exhibit certain of the characteristics of feudal and slave societies).
- Chapter 9 in which—especially by way of final conclusions to Chaps. 4–7—some final reflections will be formulated (with as central question what the prospects of future societies, relying on alternatives to capitalism, might look like).

Throughout these chapters, some recurring lines of thought will be highlighted, each from different perspectives, with the aim of showing what, from an ethical perspective, is wrong with capitalism and how it could (still) be remedied.

This implies that each of the following chapters will build on the insights derived from the previous chapters, with the objective of thus subjecting the building blocks of capitalism and the ideas on which it rests to a rigorous analysis.<sup>89</sup>

Although this methodology involves a certain amount of repetition of the material covered, it has proven indispensable for understanding capitalism, in its various aspects, indicating each time which legal methods, on the one hand, and which religious, philosophical and ideological ideas, on the other, have shaped capitalism, over the past ±four centuries.<sup>90</sup>

A particular methodology that has been applied throughout his book has been to further illustrate our at times far-reaching positions, by relying on references to contributions in the specialized press, including opinion pieces by journalists, as well as by reputable scientists who increasingly share the findings of their research with the general public in this manner.

The further reasons for relying on this have been twofold:

- On the one hand, these press articles and opinion pieces show, increasingly, a confirmation of our positions since 2015.

Indeed, at that time we still stood rather alone with several of our positions, which even finds its expression in a book review, dating from that time, in which we were compared to “*a caller in the desert*.”<sup>91</sup> Since then, it has become apparent that more and more of our theses at the time have been endorsed by an ever-

---

<sup>89</sup>This methodology is one of a thorough, intellectual dissection that probes for the right meaning behind things.

<sup>90</sup>In this research process, it will become clear that capitalism in general and its contemporary manifestation, also known as the free market economy, have not been as much the result of a historical caesura as is sometimes assumed, but still have much in common with the feudalism that prevailed before in history. This explains why certain contemporary humane scholars have referred to (contemporary) capitalism as a new form of feudalism. (Cf., for example, Bruckner (2002), p. 23.)

Throughout this book an attempt will be made to find out to what extent this qualification holds true, with the aim of providing a further answer to this question in the Final Conclusions I of Chap. 8.

<sup>91</sup>Cf. Harm (n.d.).

This constitutes an allusion to the role of the prophet John the Baptist in the New Testament, who was the first to call the Jewish people to repentance in preparation for the coming of the Messiah.

growing group of publicists, a fact that we shall further illustrate throughout this book itself with reference to direct and indirect quotations from such press articles and opinion pieces, in addition to (of course) miscellaneous, classic source material.

- On the other hand, this way of working is also of a nature to optimize the topicality of the present book.

Indeed, the socio-economic order is clearly in transition, with numerous (often very disturbing) evolutions and events taking place at a chilling pace, making it obviously of great importance to draw attention to them as soon as possible. All this needs to be done in the further awareness that the international and national policy bodies themselves continue to put the interests of (big) capital first and foremost, and as a result remain very reluctant to address these evolutions and concerns in an appropriate manner, while the economic sciences themselves continue to cling far too strongly and desperately to the models of organizing the socio-economic order they developed in the past and which are largely responsible for the misery in which this world currently finds itself.

## References<sup>92</sup>

- Andries C (1996) Les chemins du Bouddha. Le Monde – hors-série – L’Atlas des religions. Édition 2015
- Bakan J (2005) The corporation. The pathological pursuit of profit and power. Constable & Robinson Ltd., London
- Barrett M (2012) What is the Free Enterprise Group? Matthew Barrett profiles the most influential new gathering of Tory MPs. <https://conservativehome.com/2012/03/21/free-enterprise-group-profile/>
- Brain E (2022) Thatcherite Liz Truss Is Sworn in as UK Prime Minister. <https://www.leftvoice.org/thatcherite-liz-truss-is-sworn-in-as-uk-prime-minister/>.
- Bruckner P (vertaling van der Star W) (2002) Gij zult rijk worden. Misère van de economische mens. Boom, Amsterdam.
- Byttebier K (2015a) Nu het gouden kalf verdrongen is. Van hebzucht naar altruïsme als hoeksteen voor een Nieuwe Monetaire Wereldorde. Maklu, Antwerp
- Byttebier K (2015b) De onvrije markt. Garant, Antwerp
- Byttebier K (2017) In: Byttebier K, Van der Borght K (eds) Towards a new international monetary order, Economic and financial law & policy – shifting insights & values, vol I. Springer International Publishing, Cham
- Byttebier K (2018) In: Byttebier K, Van der Borght K (eds) The unfree market and the law. On the immortality of making capitalism unbridled again, Economic and financial law & policy – shifting insights & values, vol II. Springer International Publishing, Cham
- Byttebier K (2019) In: Byttebier K, Van der Borght K (eds) The tools of law that shape capitalism (and how altering their use could give form to a more just society), Economic and financial law & policy – shifting insights & values, vol IV. Springer International Publishing, Cham
- Byttebier K (2021) In: Byttebier K, Van der Borght K (eds) How economics became the problem (An urgent call to legal action), Socio-economics & law – making a stance for changing values, vol I. VUBPress, Brussels

---

<sup>92</sup>All links to the cited websites were operational as of December 24, 2022.

- Bytbeier K (2022) In: Bytbeier K, Van der Borgh K (eds) Covid-19 and capitalism (Success and failure of the legal methods for dealing with a pandemic), Economic and financial law & policy – shifting insights & values, vol VI. Springer International Publishing, Cham
- Chakraborty A (2022a) Discipline the poor, protect the rich – it's the same old Tories, same old class war. The Guardian. <https://www.theguardian.com/commentisfree/2022/nov/10/poor-rich-tories-brexite-austerity-america-osborne-sunak>.
- Chakraborty A (2022b) Welcome to the doom loop of Tory Britain: an austerity that kills, a democracy routed. The Guardian. <https://www.theguardian.com/commentisfree/2022/oct/19/uk-austerity-voters-brexite-cuts-chaos>
- Chomsky N (2013) Power systems. Penguin Books, London
- Cooper M (2017) Family values. Between neoliberalism and the new social conservatism. Zone Books - Near Futures, New York
- Crerar P, Elgot P (2022) Liz Truss resigns as PM and triggers fresh leadership election. The Guardian. <https://www.theguardian.com/politics/2022/oct/20/liz-truss-to-quit-as-prime-minister>
- Dean M (2013) Margaret Thatcher's policies hit the poor hardest – and it's happening again. The Guardian. <https://www.theguardian.com/society/2013/apr/09/margaret-thatcher-policies-poor-society>
- Duplessis R (1997) Transitions to capitalism in early modern Europe. Cambridge University Press, Cambridge
- Eaton G (2022) The Tory leadership contest pits Thatcherism against Reaganism. The fiscally conservative Rishi Sunak is borrowing from Margaret Thatcher while the tax-cutting Liz Truss channels Ronald Reagan. New Statesman. <https://www.newstatesman.com/politics/conservatives/2022/07/tory-leadership-contest-pits-thatcherism-against-reaganism>
- Elchardus M (2022) Terwijl zij een paar maanden geleden nog de liberalisering van de energiemarkt verdedigden, willen de experts nu dat de overheid het van de markt overneemt. De Morgen. [https://www.demorgen.be/meningen/terwijl-zij-eeen-paar-maanden-geleden-nog-de-liberalisering-van-de-energiemarkt-verdedigden-willen-de-experts-nu-dat-de-overheid-het-van-de-markt-overneemt~bb64a890/?utm\\_source=link&utm\\_medium=app&utm\\_campaign=shared%20content&utm\\_content=free](https://www.demorgen.be/meningen/terwijl-zij-eeen-paar-maanden-geleden-nog-de-liberalisering-van-de-energiemarkt-verdedigden-willen-de-experts-nu-dat-de-overheid-het-van-de-markt-overneemt~bb64a890/?utm_source=link&utm_medium=app&utm_campaign=shared%20content&utm_content=free)
- El-Erian M (2022) The Kwarteng plan puts at risk the very poorest people in the UK – and growth. The Guardian. <https://www.theguardian.com/commentisfree/2022/sep/26/kwasi-kwarteng-uk-growth-policy-stagflation-mini-budget>.
- Gandhi MK (2019) The power of nonviolent resistance. Selected writings. Penguin Classics
- Harm B (n.d.) Een anti-neoliberaa manifest van een roepende in de woestijn. <https://www.civis-mundi.nl/index.php?p=artikel&aid=3275>
- Hickel J (2020) Outgrowing growth: why quality of life, not GDP, should be our measure of success. <https://thecorrespondent.com/357/outgrowing-growth-why-quality-of-life-not-gdp-should-be-our-measure-of-success>
- Krishnamurti J (1986) Laatste toespraken in Saanen 1985. Miranda, Den Haag
- Kruithof J (1986) Arbeid en lust (deel 2). EPO, Antwerpen
- Macfarlane L (2020) Six charts that reveal America's deep divides. <https://www.opendemocracy.net/en/economy/six-charts-that-reveal-americas-deep-divides/>
- McGee L (2022) Liz Truss says UK can 'ride out the storm' in first speech as prime minister. <https://edition.cnn.com/2022/09/06/uk/liz-truss-officially-new-prime-minister-uk-gbr-intl/index.html>
- Monbiot G (2022a) Has Liz Truss handed power over to the extreme neoliberal thinktanks? The Guardian. <https://www.theguardian.com/commentisfree/2022/sep/23/liz-truss-power-extreme-neoliberal-thinktanks>
- Monbiot G (2022b) Trussonomics is a fanatical, fantastical creed, and the last thing Britain need. The Guardian. <https://www.theguardian.com/commentisfree/2022/sep/17/trussonomics-britain-prime-minister-liz-truss-neoliberalism>
- Morton B (2022) Rishi Sunak's cabinet: who is in the prime minister's top team? <https://www.bbc.com/news/uk-politics-63376560>

- Neate R, Walker P (2022) Truss to push ahead with low-tax economy despite calls for caution. *The Guardian*. <https://www.theguardian.com/politics/2022/sep/04/liz-truss-energy-prices-action-plan>
- Nicholas D (1997) *The growth of the medieval city. From late antiquity to the early fourteenth century*. Longman, London
- Ott H (2022) Rishi Sunak appointed prime minister of the United Kingdom. <https://www.cbsnews.com/news/rishi-sunak-appointed-prime-minister-of-the-united-kingdom/>
- Ponnu R (n.d.) Ahimsa: its theory and practice in Gandhism. <https://www.mkgandhi.org/articles/ahimsa-Its-theory-and-practice-in-Gandhism.html>
- Serhan Y (2022) Liz Truss has resigned. Here's how she lost control. *Time*. <https://time.com/6223365/why-liz-truss-resigned/>
- Sinclair M (2012) *Let them eat carbon: the price of failing climate change policies, and how governments and big business profit from them*. Biteback Publishing, Hull
- Smith A (1979) In: Campbell RH, Skinner A, Todd WB (eds) *An inquiry into the nature and causes of the wealth of nations*. Clarendon Press, Oxford
- Stoddart W (2009) *Hindoeïsme in kort bestek. Over goden, wijzen en geschriften*. Synthese, Den Haag
- Swami Sivananda (2004) *Bliss divine. The Divine Life Society P.O. Shivanandanagar, Distt. Tehri-Garhwal, Uttaranchal, Himalayas, India*
- Williams Z (2022a) They love the super-rich and want to slash the welfare state: meet the new team at no 10. *The Guardian*. <https://www.theguardian.com/commentisfree/2022/sep/19/they-love-the-super-rich-and-want-to-slash-the-welfare-state-meet-the-new-team-at-no-10>
- Williams Z (2022b) 'Everything is broken because of 12 years of Tory government' – why can't Starmer just say it? *The Guardian*. <https://www.theguardian.com/commentisfree/2022/sep/22/uk-broken-12-years-starmer-tory-government-labour>

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution 4.0 International License (<http://creativecommons.org/licenses/by/4.0/>), which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.



# Chapter 2

## Revisiting Some Building Blocks of Contemporary Capitalism that Center Selfishness



### 2.1 General

#### 2.1.1 Historical Perspective

Once the insight is reached that the economic principles on which capitalism is based are by no means laws of nature, but rather mainly the result of value choices that have been made as of the fifteenth to sixteenth century (cf. Chap. 1), a logical step is to subject some of the building blocks of the prevailing, capitalist socio-economic order to an ethical examination.

This, at the very least, gives rise to a great deal of wonder about the many pitfalls into which humanity seems to have fallen in working out the prevailing, capitalist socio-economic order, even raising the question how still to get out of this swamp constructed by the human mind.

Earlier we raised the idea that human nature, including human conscience, is constantly faced with choices between acting selfishly or acting altruistically.<sup>1</sup> This applies both at an individual level and at the level of collective action, in other words, at the level of the ordering of society, including its socio-economic dimension.

---

<sup>1</sup> Cf. Bytтеbier (2015a), p. 24.

This idea can be found in the works of the Dutch-German canon regular of the late Middle Ages, Thomas A Kempis. Specifically, in his work ‘The Imitation of Mary’, this author explains that life consists of a complex aggregation of sins and virtues, and of influences and instincts. According to A Kempis, no man is evil by nature, but becomes evil or good according to his actions, which are of a nature to either downgrade or elevate. According to A Kempis, this is true even to the extent that there can be no middle ground: man must choose between sin or virtue. Moreover, virtue requires making efforts, while committing sin comes naturally and it suffices to just let oneself go. This is linguistically reflected in the Latin terms for sin and virtue itself, specifically “*vitium*” and “*virtus*,” respectively. (Cf. Kempis (2017), p. 25.)

Historians have pointed out that this dichotomy in human nature began to play a particular role in the transition from nomadic societies to sedentary societies, perhaps not coincidentally also the period in which the disciplines of religion and philosophy emerged and began to consider related ethical issues.<sup>2</sup>

Indeed, within prehistoric, nomadic (tribal) societies, economic processes were (presumably) quite simple. These economic processes—especially food gathering through hunting, fishing, and picking fruits and crops that nature had to offer, in addition to providing elementary forms of shelter—were aimed in main order at fulfilling everyone’s elementary life needs and did not yet exhibit the complex character of the economies that emerged once human societies evolved into more sedentary societal models.

With the advent of the latter, also came the ingredients that started to complicate things greatly, including: (1) agriculture, including the problem of crop preservation; (2) the emergence of cities; (3) the intensification of (barter) trade—including the emergence of indirect barter, relying on the use of money; (4) the need for the construction of roads; (5) the need for (written) records concerning commercial transactions (e.g., to keep track of the associated agreements); (6) the need for more administration; (7) the emergence of (elementary) legal systems; (8) the need for systems of policing; (9) taxation; (10) a breeding ground for more and more specialization, and so on—in short, the ingredients of what have gradually come to constitute modern societies.<sup>3</sup>

---

<sup>2</sup>Cf. the further exploration of this matter by authors such as Harari and Lloyd. (Cf. Harari (2014) and Lloyd (2012).)

On the insight that the underlying principles and working methods of the prevailing socio-economic order are the result of (historically developed) constructs of the human imagination, cf. Harari (2022), p. 60 (about enterprises/corporations) and pp. 62–63 (about money).

Cf. also Krishnamurti’s view (*supra*, footnote 1 of Chap. 1), that the conditioning of the human brain to behave selfishly has been going on historically for much longer.

<sup>3</sup>Cf. further Vermeersch (2014), p. 13, who has pointed out that in many cases this transition from (tribal) societies of happy hunters and gatherers who only had to work a few hours a day, to agrarian societies, did not occur very spontaneously. From the research of Vermeersch, it is shown here that, as a rule, our ancestors were in many cases happy hunters and gatherers who found that they lacked nothing. Even in cases where they had already acquired sufficient knowledge of agriculture and animal husbandry, our ancestors did in most cases not spontaneously switch to a (fully) sedentary lifestyle. (Cf. Vermeersch (2014), p. 13.) Vermeersch hence argues that there have not been societies of hunters and gatherers who suddenly decided to make the transition to an agricultural society because it would have suited them better. On the contrary, this transition occurred over a long period of time, presumably due to changes in climate and as a result of innumerable small steps in the way societies of hunters-gatherers, in different parts of the world, progressed in terms of agricultural knowledge and techniques, often through trial and error (e.g., in terms of getting to know which crops lent themselves to agriculture and which animal species were eligible for domestication). (Cf. Vermeersch (2014), p. 17.) In addition, there were also societies of hunters and gatherers that themselves began to adopt a semi-sedentary lifestyle (e.g., societies of salmon catchers in North America): in such sedentary(er) societies, there was no farming or animal husbandry, yet the society was able to settle in a fixed place for a long time because of the proximity of a rich food-finding site. (Cf. Vermeersch (2014), p. 32.)

In this approach, the caesura brought about by the industrial revolution at the end of the eighteenth, or the beginning of the nineteenth century may have been more of a technological nature than caused by fundamental, soci(et)al innovations. On the contrary, it seems that the processes of soci(et)al organization have rather been characterized by a gradual evolution, whose early starting point is located in the period when our distant ancestors began to abandon their nomadic lifestyle in favor of more sedentary models of living together.

A further consequence of this turnaround has been that, with the (then) new sedentary lifestyle, the desire for property accumulation also begun to make its appearance.

One can easily imagine that (extreme) accumulation of property, in itinerant tribes, encountered a variety of practical obstacles, if only the fact that, especially in moneyless societies, a lot of property is not convenient when one has to constantly move from one area to another (with, presumably, the main exception being herds of cattle).

This also explains why in the fledgling, nomadic societies, socio-economic organization could still proceed quite easily and remained devoid of the numerous shortcomings that characterize contemporary societies.

With this gradual abandonment of the nomadic lifestyle, the foundation for the development of numerous socio-economic ordering processes was laid that were to a growing extent situated in the realm of the aforementioned freedom of choice between egoism and altruism.

Perhaps no socio-economic ordering process has been more affected by this reality than the use of money itself.<sup>4</sup> Indeed, the use of money (and everything else that it has enabled) seems to have lent itself pre-eminently to selfish (value) choices, which helps explain why already in Classical Antiquity prominent philosophers and religious leaders warned against its possible disastrous consequences. (Cf. already the observations in Sect. 1.2, as well as those in Sect. 2.2.2 hereafter.)

However, this has also been the case for various other organizational methods of capitalist societies that began to crystallize from the late fifteenth century onward—including the method of hiring other people's labor against a remuneration in money and the rediscovery of the corporate contract as a method of shaping the newly emerging enterprises—where it seems that all these methods were aligned, to an ever-increasing degree, with a value choice for ever more selfishness and greed in socio-economic relations.

---

<sup>4</sup>Indeed, few 'inventions' have influenced the appearance of societies as much as the use of money. With the advent of money came the emergence of saving behavior and with it the possibility of accumulating wealth that was no longer aimed purely at the immediate satisfaction of needs, but rather at needs situated at a moment in a nearer or further future (=the so-called saving or hoarding of wealth). This characteristic of money will continue to be the focus of the following discussion.



### 2.1.2 *Further Research Methodology*

In the following Sects. 2.2–2.7 some of the main socio-economic ordering methods will be (re)examined more closely in their ethical dimension, with one of the central research questions being how and why they have lent themselves to increasingly selfish and greedy behavior.

This investigation will successively address the following central building blocks of capitalism:<sup>5</sup>

1. The credit system and banking model prevalent since the late Middle Ages.
2. The capitalist enterprise and employment models.
3. The so-called (free) market principle.
4. Intellectual rights.
5. Inheritance law.

## 2.2 Credit and Banking as Methods of Wealth Accumulation

### 2.2.1 *Problem Statement*

It remains one of the most bizarre—and perhaps even disturbing—phenomena how attached humanity remains to the prevailing money creation and banking system.

This is all the more surprising given that the creation of this current money creation system—and by extension the monetary system based on it—has been due more to a historical confluence of random circumstances, and above all to a great deal of ‘trial’ and even more ‘error’, than that it has been the result of a well-thought-out concept in which sufficient attention would have been paid to the interests at stake.<sup>6</sup>

This implies, put another way, that humanity is saddled with a monetary system that, rather than being logically conceived, came about organically—through trial and error.

Equally perplexing is the extent to which the prevailing monetary system is inherently unjust and that most of humanity seems to ask few questions about it, notwithstanding the fact that the collectivity of humanity must suffer the many consequences of this inherently unjust system on a (literally) daily basis.

---

<sup>5</sup> Compare with Monbiot, whose hereafter quoted statement about the essence of capitalism further supports the choice to discuss these building blocks of capitalism: “Most people struggle to define the system that dominates our lives. But if you press them, they’re likely to mumble something about hard work and enterprise, buying and selling. This is how the beneficiaries of the system want it to be understood. In reality, the great fortunes amassed under capitalism are not obtained this way, but through [looting](#), monopoly and [rent grabbing](#), followed by inheritance.” (Cf. Monbiot (2021).)

<sup>6</sup> For further reading, cf. Byttemier (2015a, 2017).

### 2.2.2 *Philosophers of Classical Antiquity*

As already mentioned, in a more distant past, the use of money still did cause some ethical debate.

For example, Plato warned, in a generic sense, of the possible negative consequences of the use of money and of an economy based on such use of money. His warning was that as money-based barter would gain importance, there would be a division in society between an elite group of wealthy people who would take control and the rest of the population who would matter all the less as they held less wealth.<sup>7</sup>

One can hardly get rid of the impression that this model of society, still held up by Plato as a future picture of doom, has now, worldwide, become a reality.

In a similar vein, Aristotle paid attention to the problem of credit, which he grafted onto a simple but, in our opinion, still entirely convincing idea of justice.<sup>8</sup> In particular, in Aristotle's approach, an injustice occurs when one person has (or obtains) more of what is good and/or experiences less of what is bad, at the cost of another person having less of what is good and/or experiences more of what is bad.

Applied to the question of money, any economic system is unjust if it leads to a greater accumulation of money (hence, of wealth) for some and to a lesser allocation of money (or wealth) to others, or to a greater degree of poverty for others. And it is precisely in this regard that capitalism bears witness to the most extreme degrees of injustice, a statement which we shall explain further throughout this book. (Cf. in particular Sect. 3.3.)

Already early in the history of philosophy this insight led to the realization that (the classical form of) credit (then still based on pre-existing savings) was ethically dubious, since the mere fact that someone has been able to save (more) money and is therefore able to extend credit to someone who has not been able to save money, but faces a need for which credit should be taken, demonstrates an inherent injustice.<sup>9</sup>

It is even more striking that, in later times, precisely this credit mechanism—be it no longer in main order based on pre-existing savings, but on new money creation by the private banking system (cf. Sect. 2.2.5)—has become one of the most central methods of money creation, and by extension one of the main building blocks of capitalist societies.

For Aristotle, this injustice should not be further accumulated through credit against interest, which explains why Aristotle sided against charging interest. The main argument goes that it would be unjust that one who is fortunate (both in the literal, and figurative sense of the word) could continue to enrich himself at the unfortunate's expense.

---

<sup>7</sup>Cf. Bytтеbier (2015a), pp. 98–100, with further references.

<sup>8</sup>Cf. Bytтеbier (2015a), pp. 117–120, with further references.

<sup>9</sup>In the classic fable of the cricket and the ant, we find a different approach, specifically that those who have managed to build a fortune through an industrious lifestyle (*in this case*, the ant) should not share it with those who live a profligate lifestyle only to find at some point in life that they have become completely helpless (*in this case*, the cricket).

Partly based on this Aristotelian doctrine,<sup>10</sup> for a long period in history various philosophical and religious currents opposed the idea of interest-reimbursed credit (where, on the other hand, since the era of capitalism, this practice has become considered evident, more so, has come to constitute one of the main building blocks of the capitalist order).

### 2.2.3 *The Gospel of Jesus Christ*

In the gospel(s) of Jesus Christ, an approach that opposed (mechanisms of) money-gathering was pushed even further.

Christ's teachings call for a radical attitude of altruism in which the rich within society must, simply put, be willing to share their fortunes with the poor, rather than using these as a method of acquiring even more wealth.

This attitude was not just about the prohibition of interest levying—which, in terms of soci(et)al impact, was at the time still rather limited—but, on the contrary, implied a call for the redistribution of wealth, by which, to the extent that this call would have been consistently followed (which, of course—and regrettably—has not been the case), the distinctions between rich and poor would, gradually, have disappeared altogether.

The radical nature of this message is such that it is preferably discarded by modern, so-called Christians, and, in any case, hardly ever lived up to, except by a few of the ethical purity of say, a St. Francis of Assisi who himself saw no other way than a literal application of this gospel message and therefore gave away his riches and opted for a life of (evangelical) poverty.<sup>11</sup>

We shall return to this theme in this book, when we shall test certain of the characteristics of capitalism against the ethical thought of Jesus Christ.

### 2.2.4 *Evolution in the Middle Ages*

In the remainder of Church history, one may observe that the radical message of Jesus Christ was reduced to the Church's own promulgation of the (Aristotelian) prohibition of interest levying, which for ±a millennium, would remain a (more or less) official Church teaching.<sup>12</sup>

---

<sup>10</sup>It should be noted that the prohibition of interest already occurred beforehand in other cultures (including in their writings), for example in the Old Testament. (Cf. Bytтеbier and Flamée (2012).)

<sup>11</sup>Cf. Blijlevens (2018), pp. 86–87.

For the sake of completeness, it may be pointed out that attempts were made in early Christian communities to bring about such a redistribution of wealth, to which the New Testament book of the Acts of the Apostles bears witness.

<sup>12</sup>Cf. Bytтеbier (2015a), pp. 115–136.

Based on the teachings of Christ, various church fathers and saints also continued to call for a temperate lifestyle afterward, though there have undoubtedly been at least as many church ministers who (have) lived the opposite lifestyle.

In any case, one of the consequences of this ecclesiastical teaching has been that, during the first half of the Middle Ages, no banking system was established in the Western world, although there were several professions that engaged in money trading, such as money changers and goldsmiths.

From the late Middle Ages, however, credit gradually started to be viewed differently as a valid source of wealth gathering, especially then in commercial practice where more and more methods were developed to circumvent the still prevailing ecclesiastical interest prohibition. This evolution was itself accompanied by the gradual emergence of a (pre)banking class.

When credit became detached from savings and grafted onto the issuance of newly created paper money, the fences came completely down. Such lending, based on the issuance of (private) paper money created out of thin air by the emerging private bankers—which itself relied on ever-decreasing reserves of cash in precious metals—was increasingly assumed to yield interest.

This immediately also set the tenor of the late pre-capitalist economies, in which not only credit based on (pre-existing) savings, but also credit based on newly created paper money—in other words, on private money creation itself—could provide a valid source of income, and therefore of wealth, for certain private market players.

Anyone who still doubts the importance of this historical shift in the ethical view of credit (and the accumulation of wealth that credit at interest made possible) is invited to delve into the history of the banking family of the House of Fugger, a German banking family<sup>13</sup> which in the sixteenth century very quickly became the richest family in the world and whose accumulation of wealth relied, to an ever-increasing extent, on credit at interest.<sup>14</sup> The wealth of this lineage at that time came close to the wealth of modern figures such as Jeff Bezos (the founder of the Amazon empire) and Elon Musk (the founder of the Tesla empire), with the same ethical reflections applying as to what special things these people are doing, or have been

---

<sup>13</sup>The House of Fugger owed its rise initially to the textile industry and trade. After (a branch of) the House of Fugger became an important lender to the Habsburgs in the second half of the fifteenth century (with as underlying collateral various mines throughout the Habsburg Empire), the House of Fugger would also develop into one of Europe's first, important banking families. (Cf. Herre (1985), pp. 15–16; Bytтеbier (2001), pp. 362–363.)

Earlier in history than the rise and growth of the House of Fugger, there was in Florence the House of Medici, initially also a family of merchants who, during the fourteenth century, increasingly began to engage in banking as well. (Cf. Lopez (1975), p. 118; Bytтеbier (2001), pp. 356–357.)

<sup>14</sup>This would elicit the following criticism from Luther (in which what remained of the church's interest prohibition kept resonating): “The greatest evil that ever befell the German nation is interest-taking. (...) How can it possibly be just and the will of God that a single man - Fugger - should amass such a pole of royal money. I do not know how with one hundred florins twenty can be added in a year even one more for each florin. (...) For money is not fruitful of itself, it neither bears nor begets more money, of it is sown like grain. It cannot simply be sold by shrewdness. And therefore, this present trade with money is wrong and against God, corrupting and sucking dry the country and its people. (...) Fugger and his like must be curbed.” (Cf. Herre (1985), p. 68.)

doing, to deserve such an extreme accumulation of wealth in a world where so many others suffer poverty.

Whatever the case, in the context of the above-mentioned evolutions, a new ethic came into force whereby it was gradually accepted that the fledgling banking houses could grant credit at a rate of interest that was considered justifiable in relation to the commercial risk taken.<sup>15</sup>

All this, moreover, was increasingly validated by new currents in religion and philosophy, which in turn produced a major caesura in the way wealth-gathering was perceived in these newly arising schools of thought. In (certain currents within) Protestantism, especially Calvinism, even the message started to emerge that wealth-gathering was evidence of Christian diligence (with then, around the corner, lurking the opposing view that poverty was a punishment from God).

As we shall discuss further (cf. Sect. 7.1.1.2.6), this excusal of wealth accumulation, in turn, provided a great boost to capitalism and its values. How this could still be reconciled with the gospel's message of the poverty of Christ Himself, however, remains an unresolved and perhaps unsolvable mystery to this day.

### 2.2.5 *Lending in Capitalism*

In (certain currents of) eighteenth-century rationalism, the condoning of the economic processes that bring great wealth to some and great misery to others was rationalized even further.

Leading the way was undoubtedly the Scottish moral philosopher Adam Smith, whose writings<sup>16</sup> have been crucial in justifying the practices that would eventually culminate in (industrial) capitalism, including the capitalist monetary and financial system still in force today itself. In addition, this author co-founded economic science as an independent discipline (whereas before in history, the study of socio-economic processes, to the extent that it took place at all, had rather been the subject of other scientific disciplines, such as philosophy, theology, and law).

The in this manner newly developing economic system of capitalism came to rely on an increasingly central role of money creation.

As early as 1962, Erich Fromm wrote the following:<sup>17</sup>

The need for money is therefore the real need created by the modern economy, and the only need which it creates. The quantity of money becomes increasingly its only important quality. Just as it reduces every entity to its abstraction, so it reduces itself in its own development to a quantitative entity. Excess and immoderation become its true standard. This is shown subjectively, partly in the fact that the expansion of production and of needs becomes

---

<sup>15</sup>Lopez (1975), p. 118.

This became, for example, part of a practice of granting credit via (transferable) letters of credit, the precursors of private paper money.

<sup>16</sup>Especially Smith (1979).

<sup>17</sup>Fromm (1962), pp. 47–48.

an ingenious and always calculating subservience to inhuman, depraved, unnatural, and imaginary appetites.

Indeed, in the centuries that followed, private credit would ever more grow in importance, even to the extent that today's economy may be rightly characterized as a credit economy (in which credit—and, by extension, the banking apparatus' conceived systems of repackaging the resulting claims positions—has become one of the central sources of wealth accumulation for the ruling economic classes).

For the operation of the monetary system itself, this implied that private bankers began to partake in money creation (where, previously, money creation based on coinage in precious metals had, as a rule, remained in the hands of (local) authorities). With this, credit by the banking sector gradually became one of the main engines of the capitalist economy.

A further consequence of this evolution has been that, particularly among economists and policy makers, there is scarcely any awareness that credit implies leverage. The latter finds its explanation in the fact that every credit obliges the borrower to have, at the agreed times, sufficient money at his disposal to repay the credit.

For anyone other than states (and certain other public entities),<sup>18</sup> this implies a need to engage in (economic) activities from which a sufficient income may be generated that should enable the borrower to repay the credit (as a rule, enhanced with the agreed upon interest payments)—or, alternatively, to have access to new credit to repay previously drawn credit, which, of course, shifts the challenge of repayment even further into the future than initially agreed upon.<sup>19</sup>

In other words, from (the end of) sixteenth century onward, credit (relying on private money creation) evolved into the whip that drives the capitalist economy, which also helps explain capitalism's focus on economic growth. Indeed, since credit must be repaid (and, under the dictates of capitalism, enterprises in addition must make as much profit as possible), this system started requiring the production of ever more (types of) goods and services that guarantee smooth sales from which an income may be derived that, at the very least, suffices for repaying said credit.

Dutch economist Ad Broere has aptly expressed the problematic nature of the prevailing money creation system as follows.

After three to four centuries of having this money creation system, some 90% of all money and property is now in the hands of the richest 1% of the world.<sup>20</sup>

According to Broere, this evolution of ever-increasing wealth accumulation in hands of a small minority of the people started in the seventeenth century, amongst others because of the then developing private money creation system. For Broere, this began with the first bankers: these lent self-created money to kings and the nobility, with labor performing people as collateral. The latter was because labor

---

<sup>18</sup> States themselves can draw revenue from taxation, albeit under neoliberal policies they have also become increasingly dependent on borrowing.

<sup>19</sup> Hence the understanding that such lending (like most of the capitalist modes of operation) places a levy on the future.

<sup>20</sup> Beer (2022).

performing people were, increasingly, subjected to the levying of taxes that then flowed back to the bankers as repayment of the loans of the kings and nobility. According to Broere, this is, to a large extent, still the case today. The wealth bankers accumulated over time was then invested in ships, railroads, gold, oil, and diamonds. As a result, a small group of rich people gained an enormous grip on the world economy. This, moreover, all happened behind the scenes: no one can prove how rich people that gathered their fortunes through banking and money creation activities—and later in history through the various financial investment techniques that were based on them—really are. Still according to Broere, during the twentieth century, this group of people started to exercise influence on politics and economics, through large institutions such as the World Bank, the UN, and the EU, which are all extremely heavily influenced by the lobby of these rich people.<sup>21</sup>

As a result, the current financial system is unfavorable for most humanity. Broere gives the following example: “Suppose you want to buy a house. For this, you need money. If you do not have money, you have to borrow it and pay it off with interest. The joke is that the money you borrow at the time you sign your contract does not exist! If you take out a three-ton mortgage, that amount is entered into the computer at minus. The bank then has a claim on you, so the bank has that money in the plus and the house is collateral until you pay it off. You work your ass off for years to give value to money – what wasn’t there and wasn’t worth anything to begin with. Banks create money out of nothing and they earn from the interest rates of those created loans.”<sup>22</sup> (Own translation.)

Simply put, the ever since prevailing capitalist models of money creation, by definition, have as a result that the rich get richer, and the poor get poorer.<sup>23</sup>

---

<sup>21</sup> Beer (2022).

<sup>22</sup> Beer (2022).

<sup>23</sup> Beer (2022).

A possible solution, according to Broere, is to go back to value creation. Broere gives the following further explanation: “I wash your windows, you bake a loaf of bread for me. The value is in the service or product itself. So my proposal is concretely to create our own values and services together and in your own community – where consumers and producers sit – exchange them or chalk them up if that is delayed. I can offer a service and get a chestnut for it, so to speak, which serves as credit for a consideration. A chestnut is thus a store of value. A first assumption is that the producers still have sufficient turnover in euros to still be able to cover euro costs, such as rent, salaries and purchases. The remaining products can then be exchanged for chestnuts and quid pro quos. A second principle is that supply and demand cover each other. Money must become secondary. It must be a consequence of value creation, not a condition. The third premise is that money as we know it today will be abolished. The value of something is no longer determined in euros and the local economy runs on its own.” According to Broere, such a community model for organizing economies has several further advantages. “Interest will become outdated, investing and saving will similarly be outdated, and with money you will not be able to make more money. Instead, money should merely circulate in the community where everyone is producer and consumer. People who are now on the edge of the economy will then participate again. And if we no longer give money the place it has now, wealth and power will also expire with it. Then we shall determine what has value!” Broere has emphasized that the concept is simple, but that it is still largely ignored: “All this can be traced to the indoctrination of what the value of money is and how impor-

The fact that the entire global economy has been based on this capitalist money creation system also helps explain why capitalism is a system of production for the sake of production, but also of consumption for the sake of consumption.

As a result, instead of devoting itself to the development of a just economic system that ensures that every human being on earth may lead a dignified existence, capitalism evolved into a system that is highly dedicated to the production of all kinds of (in many cases intrinsically useless) goods, in addition to all kinds of (in even more cases, also useless) services, which do not contribute to guaranteeing a dignified existence for everyone, but rather to wealth accumulation for the benefit of the few, besides to the satisfaction of all kinds of artificially created needs of the upper echelons of the world's population.<sup>24</sup>

### ***2.2.6 The Rationality of the Prevailing Money Creation Model, Relying on Private Credit, Persistently Questioned***

In the previous Sect. 2.2.5, it has been demonstrated that, introduced from the late Middle Ages onwards—and still in force today—the prevailing capitalist private money creation model has helped set in motion an evolution towards an economic system that requires ever more economic growth and, in addition, became increasingly geared towards pointless economic production and consumption.

A calculation of what part of the capitalist economy is at present devoted to the production and marketing of goods that do not correspond to the intention of ensuring a decent existence to every human being, but rather to the intention of selling intrinsically useless goods and services (especially to the richer strata of the world's population)—and thus, in other words, how many raw materials and manpower are wasted on such intrinsically useless production and service—does not appear to be available (nor does it seem that mainstream economists bother to establish such calculations).<sup>25</sup>

Indeed, anyone who even dared to raise these issues during past decades risked being met with a tirade from the established (neoliberal) establishment, as under the

---

tant it is. We cannot imagine an alternative anymore and do not believe it can be that simple.” (Cf. Broere (2022), quoted on the basis of own free translations.)

Note that what Broere advocates, in a sense, amounts to a return to the model of economic production that prevailed in Classical Antiquity and during (the heyday) of feudalism, albeit purged of its most detrimental excesses, notably its reliance on slavery or serfdom. It is, furthermore, noteworthy how one of the contemporary, inspiring experiments for creating a model of society that would constitute an alternative to capitalism, notably Auroville (cf. *infra*, in footnote 30 of this chapter), is also along these same lines.

<sup>24</sup>In recent times, it has been suggested that capitalism is an economy for the top-10% or the top-15%, or even the top-1%, which has made itself felt even more in recent years in terms of the production and consumption of luxury goods geared to this top-1% and top-10 or -15%.

<sup>25</sup>Nor can it be ascertained what proportion of this production and consumption is occupied by luxury goods and services accessible only to the top 1% elite. (Cf., furthermore, in Sect. 3.3.2.4.)



dictates of economic neoliberalism, any call for a more planned economy has become utterly taboo and, on the contrary, more than ever, the dictate prevails that this kind of issues should be left, exclusively, to the play of the free market itself, on which anyone should be free to develop any economic activity, however much it is aimed at production and services that are intrinsically of no use—and in some cases even harmful—and where one does, moreover, not want to perceive that the depletion of resources and the use of man power that this requires, at the very least from an ethical point of view, would be much better used for the construction of a just society based on a fair distribution of the wealth that can be extracted from the Earth's resources through human labor.

In all this, the continuing role of the private banking system should in no way be underestimated, since in capitalism it is here that decisions are made on who gets access to newly created money and for what reasons.

Consequently, in today's societies, the game of economics can, to a large extent, be traced back to decisions on whether or not to grant credit that are taken daily in the boardrooms (or directorate organs) of private, commercial banks, whereby it can only be noted that the many (quasi-cyclical) crises that periodically characterize this type of credit economy have so far failed to bring about any tempering in this regard. On the contrary, it seems that after each crisis of the financial system, things get worse, which most probably finds its explanation in the fact that such (financial) crises are mostly fought by resorting to the methods that cause them.

For example, it may be observed that the major systemic crises of the past decades—particularly the severe financial crisis of 2007–2008 and the COVID-19 crisis of 2020–2021—have mainly led to even more credit/money creation, besides to the enhancement of mechanisms that further frame such credit (such as, for example, in recent times, '*quantitative easing*').

It even seems that credit, other than to private individuals, is no longer granted with an expectation that it will be effectively repaid, but rather relies on a model of refinancing, whereby previous credit is repaid on the basis of new credit. The fact that the credit base—and thus the amount of money brought into circulation—continues to expand in this manner seems to worry few classical economists and neoliberal policymakers.<sup>26</sup>

---

<sup>26</sup>Compare Amaratunga (2022), who has phrased this paradigm as follows: “Almost all countries take loans from other countries with the US being the biggest borrower. For the rich it is a game they can play and also enjoy very well. But for the poor countries it is a matter of life and death. The slightest mishap, eg: Covid pandemic, and their survival is in danger. This is so mainly because the system involving global debt is so designed that it ensures a flow of wealth from the poor to the rich. The IMF and the World Bank may have changed their policies, but that may be to prevent the total death of the indebted countries but not with the intention of making them prosperous. The idea is to keep the developing countries in a permanent state of poverty and remain suppliers of raw materials and cheap labour. The hidden agenda, the one that is actually applied, is to subordinate the public and private spheres of all human societies to the capitalist imperative of seeking maximum profits. The implementation of this hidden agenda results in reproducing poverty rather than reducing it and in increasing inequalities rather than reducing them. It results in stagnation, if not deterioration, of the living conditions of a great majority of the world's population, concurrently

The incongruity of all this especially concerns the extent to which ordinary citizens suffer under this capitalist money creation model. For example, because states must finance their interest burden from taxes (and/or from new borrowing),<sup>27</sup> which helps explain the high tax burden on members of the low and middle classes, in addition to the extent to which, in neoliberal societies, everyone must stay at work as long as possible in life.<sup>28</sup>

The question can even be raised whether the long maintenance of low interest rates in the period following the severe financial crisis of 2007–2008 may not also be explained by this.

Indeed, in the financial model of ever-increasing credit sums granted to states and large enterprises, their “survival at all cost” has become more important than the repayment of loans, whereby the large size of the credit positions both allowed and necessitated that the interest rates imposed had to be kept low.

The flip side of the coin has been that during the past decade and a half, saving became a rather pointless activity for ordinary citizens, as under neoliberal monetary policies, savings hardly yielded any interest. This helped completing the neoliberal hostage drama, to the extent that, unlike in a slightly more distant past, no sufficient income could still be generated from regular savings which would have allowed ordinary people to withdraw early from the labor market.

In 2022, there has been a certain reversal in this situation, with various central banks having been forced, under pressure from rising inflation (caused by increases in the prices of energy and food, among other things), to raise central interest rates again (with the side effect that what remained of savings on the part of the lower classes after decades of neoliberal policies could start to yield interest again). (Cf. *infra*, in Sect. 3.3.2.5.)

More generally, today’s societies, all over the world, have been affected by an increasing financialization, a feature of contemporary capitalism that implies that all soci(et)al interaction has come to rely on the payment of money<sup>29</sup> and where much of the involved movement of money relies on continuous credit, ensuring that this system has to be perpetuated.

This has created a society in which virtually nothing is free and virtually everything can—and must—be bought with money. Even spontaneous forms of solidarity—one can think of the natural solidarity that used to characterize family

---

with a greater and greater concentration of wealth in the hands of a smaller and smaller elite. A further result is the continued deterioration of ecological balances, which means that the very future of humanity is in danger.”

<sup>27</sup>In fact, currently the situation is such that numerous developing countries spend more money on paying interest on their outstanding debt (*ergo benefiting* the rich), than on matters of general interest, such as education and health care (*ergo benefiting* the entire population, especially the poor). (Cf. e.g., Federspiel et al. (2022).)

<sup>28</sup>Reference can in this regard be made to recent proposals that the average pension age should be raised to 70 years of age, or even higher. (Cf., e.g., MarksJarvis (2019).)

<sup>29</sup>Cf. O’Hara (2014), p. 379.

relationships in the distant past, or forms of cohabitation in (village or other) communities—can hardly be considered possible in modern-day capitalist societies.<sup>30</sup>

In parts of the world, at least for parts of the population, such socio-economic order has brought many luxuries, but fundamentally this model has failed in the construction of a basic just world in which every human being has a reasonable chance of building a dignified existence.

All of this is far from ethically neutral, rather the contrary, which we shall explore in more detail throughout this book.

## 2.3 The Capitalist Enterprise and Its Labor Relations

### 2.3.1 *The Inherent Class Struggle Created by Capitalism*

#### 2.3.1.1 Background

Setting aside the capitalist models of money creation for a moment, we find that entrepreneurial and labor relations within (neoliberal) capitalist societies also fall victim to selfishness and greed.

Already economic liberalism assumed a dichotomy of humanity between entrepreneurs and (mere) laborers. As classical economic liberalism, and later the modern variant of economic neoliberalism, gained an ever-increasing soci(et)al impact, this dichotomy has become increasingly accentuated.

On the one hand, there are the entrepreneurs, proclaimed the great heroes of capitalist societies.

In accordance with the liberal and neoliberal belief systems, it is to these entrepreneurs that society owes all its progress. This explains why as much as possible is allowed to and as little as possible is put in the way of these entrepreneurs, a view that has gradually been translated into the legal fabric of capitalist societies, with as important ingredients: (1) The basic axiom of the (unbridled) pursuit of profit, which is reflected in company/corporate law, (2) The tax leniency enjoyed by entrepreneurs in their various capacities—be it as CEO or major shareholder of a company/corporation that constitutes the traditional, legal vehicle through which

---

<sup>30</sup>Here and there, however, experiments are taking place, sometimes under the impulse of an enlightened person, in which alternative, local communities are being set up. A striking example is the city of Auroville, in which, under the impulse of Mirra Alfassa (1878–1973), generally known as The Mother, a community has been created in which internal relations are not based on the use of money, but on the contrary on a far-reaching solidarity. (For the Auroville website, cf. <https://auroville.org>. Concerning the basic principles governing the operation of Auroville, including the principle that its internal organization does not rely on the use of money, cf. De Moeder (1978).) Not surprisingly, this system, to a large extent, corresponds to the system that Ad Broere has advocated (cf. footnote 23 of this chapter, - and, going back in history, even to the self-supporting feudal communities that prevailed during a large part of the Middle Ages.

businesses are conducted,<sup>31</sup> (3) The emergence of intellectual rights that largely serve to monopolize production and commercialization processes for the benefit of entrepreneurs (and, in most cases, to the detriment of the average person), in addition to, (4) All manner of techniques of deregulation and liberalization that have plagued the world over the past half century, often with dire consequences.

On the other hand, there is the average human being, especially those who are not entrepreneurs themselves, but forced to make their labor available to the class of entrepreneurs in exchange of a fixed (financial) fee.<sup>32</sup>

Under liberal and neoliberal thinking—bearing in mind the already before quoted historical prediction of Plato (cf. Sects. 1.2.3 and 2.2.2)—such an average man who

---

<sup>31</sup>In September 2022, a striking example of this came back into the news (after having happened repeatedly in previous years). This time it concerned a research report by several British academics from the University of Warwick and the London School of Economics and Political Science (LSE), in which they pointed out the exceptionally large tax advantages (including avoidance opportunities) enjoyed by the wealthy in the United Kingdom in particular. According to this report, super-rich in the United Kingdom who are not domiciled there can legitimately avoid more than £3.2 billions of tax on at least £10.9 billion of offshore income per year. The academic economists' analysis revealed that 26,000 people who had been granted 'non-domiciled' status by HM Revenue and Customs (HMRC) were reaping an average of £420,000 annually in undeclared income and capital gains from abroad. The researchers furthermore calculated that the tax these individuals saved by using the 'remittance basis' averaged more than £125,000 a year. At the same time, the British government continued to defend this policy of leniency for the wealthy, arguing that the 'non-dom' scheme is good for the British economy because it attracts wealthy overseas people to the country and because it makes these people pay taxes on their British income and spend a lot of money in the United Kingdom. According to the British government, abolishing the scheme would cause many wealthy people to leave the country and take their money with them. (Cf. Neate (2022).)

Not coincidentally—considering the fact that the meat industry is one of the sectors that has in the past, systematically, been guilty of the worst, capitalist methods of exploitation (cf. Byttebier (2022), pp. 715–753)—one of the important sectors in which such tax avoidance methods were applied was that of the meat processing industry. For example, The Guardian reported, in September 2022, on the tax avoidance practices of global mega-corporations supplying some of the UK's most popular meat brands, through which—including through the use of offshore establishments—the payment of millions of pounds in UK taxes had been avoided. Such practices, while not considered illegal, were said to have increased greatly in recent decades thanks to the tax ingenuity of multinational companies and their accountants. As a result, most of the meat processing companies in question had branches in the United Kingdom as well as in the Netherlands and Luxembourg and took maximum advantage of the tax-favoring regimes granted by each of these countries. (Cf. Levitt et al. (2022).)

<sup>32</sup>An almost absurd illustration of this view of man of convinced neoliberals is the fact that the English Prime Minister Sunak recently (namely in December 2022) asked a homeless person who performed food distribution services in a home for the homeless whether he was an entrepreneur and wanted to get into the finance industry. (Cf. Hattenstone and Lavelle (2022).) The latter authors made the following additional observation about Sunak's attitudes: "Of course, Sunak has a well-earned reputation for not being in touch with the "common people". In a 2001 BBC documentary, the then-21-year-old Sunak boasted of the breadth of his friendships. He said: "I have friends who are aristocrats, I have friends who are upper-class, I have friends who are, you know, working-class," before **correcting himself** immediately. "Well, not working class."" (Cf. Hattenstone and Lavelle (2022).)

merely puts his labor at the disposal of society is considered a second-class citizen. Since such a person does not ‘undertake’ himself, he is by definition considered lazy, whereby care must be taken to ensure that this laziness does not degenerate too much, a mindset that helps explain the attack that neoliberal doctrine has launched against the building blocks of the welfare states over the past half century, and which, in addition, has been as decisive for shaping socio-economic relations in general.<sup>33</sup>

Finally, there is also the government and the people it employs, which under liberal and neoliberal thinking are also considered highly suspect. Systems of mutual solidarity, such as, for example, systems of public service and of social security, are perceived by adherents of economic neoliberal thought as a hindrance to free enterprise. The underlying reasoning being that, if societies owe their progress (purely) to the business sector, governments are money-grubbing machines that produce or accomplish little of use. Certainly when, at least according to this viewpoint, countries are often misled by ideologies that advocate a more equitable distribution of economic prosperity than that which arises under capitalism.

This mindset explains why under economic neoliberalism, governments must be reduced/demolished: on the one hand, the money-consuming systems of mutual solidarity must be ended as much as possible. On the other hand, the only tolerated task of governments is to facilitate the free market itself. And these two aspirations aptly capture what neoliberal thinking expects from governments and why, during the past four to five decades, neoliberal governments all over the world have assisted in enhancing the inherent capitalist division of societies in a class of entrepreneurs and a class of laborers. (Cf. Sects. 1.4 and 1.5.)

### 2.3.1.2 The Two Main Classes of Capitalism: Entrepreneurs vs. Laborers

In all of this, it must be kept in mind that, since the early rise of capitalism, inherently labor relations within capitalist economies have come to reflect a fundamental conflict of interests.

Indeed, the entrepreneur—or, in this approach, the ‘hirer’ or ‘user’ of someone else’s labor—aims to hire this labor as cheaply as possible. Since whoever makes his labor available to such an entrepreneur does so himself in order to obtain an income by it to provide for his own essential<sup>34</sup> and other necessities of life, such a

---

<sup>33</sup> Cf. with Liz Truss, in September–October 2022 Prime Minister of the United Kingdom, alongside certain co-authors (including Truss’s cabinet minister Kwasi Kwarteng) the statement that the working classes of the United Kingdom are among the laziest in the world. (Cf. Kwarteng et al. (2012); cf., furthermore, Crerar (2022) and Wintour (2022).)

<sup>34</sup> For those who would doubt this distinction between “essential” and “other necessities of life,” cf. Keynes (1963): “Now it is true that the needs of human beings may seem to be insatiable. But they fall into two classes - those needs which are absolute in the sense that we feel them whatever the situation of our fellow human beings may be, and those which are relative in the sense that we feel them only if their satisfaction elevators us above, makes us feel superior to, our fellows.” (Cf. Keynes (1963).)

‘lessor of labor’ has an interest in receiving himself as reasonable an income as possible.

It is this inherent dichotomy—or in more legal terms: conflict of interests—that determines the outlook of capitalist economies and, by extension, societies, in which liberal and neoliberal schools of thought have invariably and consistently sided with the interests of the class of entrepreneurs.<sup>35</sup>

This coalesces with a model under which any capitalist enterprise’s main—if not only—raison d’être is to make as much profit (ultimately, for the benefit of its capital providers) as possible, which in turn further translates into methods to keep its costs, including distributed compensation to employees, as low as possible.

This has resulted in an essentially selfish-based system of doing business, in which the bulk of the financial returns made by any given enterprise must accrue to a limited number of individuals (particularly the capital providers, but also, for example, the CEO), while the enterprise’s employees must content themselves with the most meager fixed compensation for the labor they provide.

The result of this inherent dichotomy is that the capitalist enterprise-structure provided one of the main building blocks for the inequalities (particularly between rich and poor) that characterize capitalist economies since the dawn of the capitalist era (and even before in pre-capitalist times).

Not coincidentally, wage policy constitutes one of the most thorny concerns of neoliberal thinking, with neoliberal economists continuing to advocate keeping the wages of the working masses as low as possible.<sup>36</sup> By contrast, the profits of the entrepreneurs themselves should be as high as possible, which in most cases creates a situation in which those within society who perform the hardest, most difficult and most dangerous labor are compensated the least for it, while those whose role is limited to the initial provision of capital and to the management of an enterprise walk away with the greatest profits from the collective efforts accomplished within the framework of a capitalist enterprise.<sup>37</sup>

Globally, the examples of Amazon and Tesla are among the most imaginative current illustrations of these principles. Indeed, the Amazon and Tesla empires rely fully on the model of the capitalist enterprise that seeks to minimize the compensation of its personnel in order to maximize the profits flowing to its capital provider(s) and CEO, in the cases of Jeff Bezos and Elon Musk, literally into the billions of dollars on an annual basis.

---

<sup>35</sup>In this matter, an early rationalization of this approach was accomplished in the work of David Ricardo, whose doctrine on wages has since become one of the further basic tenets of capitalism. (Cf. Galbraith (1987), p. 84, who has opined on this subject that: “(t)his thought, as the Iron Law of the Wages, was to enter into a history extending far beyond formal economics; it established that those who worked were meant to be poor and were not to be rescued from their poverty by a compassionate state or employer or through trade unions or by other action of their own.”)

<sup>36</sup>This also helps explain the aversion of neoliberal economists to systems of social security which, in most capitalist jurisdictions, are financed from gross labor costs (i.e., should be borne, to a large extent, by enterprises).

<sup>37</sup>In the legal context, the model of the (capital) corporation constitutes one of the most important organizational models to realize this intent. (Cf., furthermore, in Sect. 7.1.1.3.)

However, that same model of business is characteristic of the entire capitalist world, ranging from large to small enterprises, virtually all of which rely on the basic premise that the bulk of the surplus value generated by any enterprise should accrue to its capital providers and (top) manager(s), while the enterprise's personnel should be content with a fixed remuneration that is kept as low as possible.<sup>38</sup>

### ***2.3.2 Overriding Nature of the Neoliberal Model of Conducting an Enterprise***

The approach dealt with in Sect. 2.3.1 even resonates deeply into the most basic, macroeconomic building blocks of contemporary neoliberal economies, which can be illustrated by the basic objective of the U.S. Federal Reserve that mentions price control and the highest possible employment of the American population in the same breath, thereby elevating the basic twofoldness that characterizes the outlook of capitalist economies into a basic guideline of monetary policy.

What is possibly even worse is that neoliberal doctrines which, under the guise of ensuring the competitiveness of economies, continue to call for such low compensation for the working masses—and, by extension, for overall labor relations detrimental to the working class—have begun to resonate more and more over the past few decades and started to find application in every possible other relationship in which a person or agency hires someone else's labor.<sup>39</sup>

A consequence of this is that, in our time, the so-called Iron Law of the Wages has come to dominate interpersonal relations more than ever, albeit rarely under use of this terminology, but in present times by referring to the term austerity itself.

### ***2.3.3 Preliminary Conclusions***

Back in the Middle Ages—long before the breakthrough of capitalism itself—the scholastic Thomas Aquinas surprised the Western world with a plea for fair compensation of labor.

It seems that this Catholic saint was far ahead of his time now that centuries later this (obvious) message still does not seem to have penetrated. On the contrary,

---

<sup>38</sup>How problematic this model may well be in practice, will be further explored in Chap. 7.

<sup>39</sup>The current magic word driving the employment policies of many governments is (again) 'austerity', the idea that everyone (except the rich class of entrepreneurs themselves), but especially governments, should undergo as many cost cuts as possible, which translates into increasingly disadvantageous working conditions for the working classes (e.g., low (real) wages; the dismantling of social security systems; more disadvantageous working conditions; systems of 'more flexible' working conditions for employers; the application of an 'accomplish more with less people' paradigm, etc.).

people around the world are still employed at the lowest possible wages to maximize corporate profits for the benefit of the few, and such behavior is still validated by a host of neoliberal economists and policy makers who do not perceive any ethical problem with such a course of action.

The question therefore arises as to when the call by many to start working on alternative business models and labor relations aimed at a more equitable distribution of the profits generated by enterprises—*ergo* the economic surplus values achieved through collective efforts—will finally begin to resonate, enabling an end to the barbarism of capitalism and the promotion of more just models of society.

Admittedly, the issue is related to the various other building blocks of capitalist economies, including, for example, the capitalist money creation system and credit system, in addition to the systems of financing of states and governments, which, however, should not provide an excuse to simply let things continue to languish, but on the contrary calls for a sufficiently holistic approach that we have already advocated in certain of our earlier writings<sup>40</sup> and whose continuing ethical necessity we wish to further highlight in this book in particular.

We shall return to the capitalist model of enterprise and employment—including a search for alternatives—in more detail in Chap. 7.

## 2.4 Market Reasoning

### 2.4.1 General

It is noteworthy that the main building blocks of capitalism—including the model of private money creation already discussed above (cf. Sect. 2.2), the method of employment for remuneration, and the conduct of enterprises under the (capital) company form (cf. Sect. 2.3, besides furthermore Chap. 7)—first emerged (particularly from the end of the fifteenth/beginning of the sixteenth century) in the practice of commerce and enterprise, only to obtain subsequent validation in the realm of ideas much later.

Indeed, the formation of (commercial or mercantile) capitalism had been going on for more or less one and a half to two centuries before there was a growing interest in its methods of operation among religious leaders and (moral) philosophers.

It is equally striking that the first authors to take an interest in this subject matter were leading religious figures—with an early forerunner being the scholastic Thomas Aquinas<sup>41</sup> (albeit instead of validating the early recipes of pre-capitalism, he took the more critical stand that laborers should be paid sufficiently fair wages),

---

<sup>40</sup>Cf. Bytтеbier (2015a, b, 2017, 2018, 2019, 2021).

<sup>41</sup>Cf. especially his plea for fair compensation for labor.



and in the sixteenth and seventeenth centuries, respectively, the founders of European-continental currents of Protestantism, Luther and Calvin.<sup>42</sup>

However, the systematic discussion of socio-economic processes in literature would gain momentum only from the second half of the eighteenth century onward, mostly resulting in validation of the working methods of capitalism within a framework of thought that came to be known as the school of economic liberalism.

Later, partly on the basis of this school of learning, in the nineteenth and first half of the twentieth century, so-called industrial capitalism reigned supreme, the period 1950–1975 brought a period in which corrections and adjustments to ‘*pur sang*’ capitalism were sought, which resulted in the breakthrough of welfare states. (Cf. already in Sect. 1.3.)

As already mentioned above, economic neoliberalism itself has sought to put an end to this latter evolution, based upon various arguments, such as arguing that welfare states are simply too costly. Some of the methods to which economic neoliberalism has resorted to achieve this abolition have already been listed in more detail above, in Sect. 1.5, where it has also been pointed out that the modern-day approach of ‘neoliberalizing societies’ has mostly been based on the so-called austerity principle.

In the following sections, we shall try to explain how economic neoliberalism has developed what has become known as free market thinking within that context, and what further impact this has had on the development of socio-economic order itself.

This brings us to the debate pro and contra (more) free market. A particular reason why we shall delve a little deeper into this sub-aspect of contemporary capitalism is that this debate eminently indicates the way in which economic-neoliberal thinking has asserted its impact on the development of contemporary, unbridled capitalism.<sup>43</sup>

## 2.4.2 *An Expanded Field of Action for Free Market(s)*

### 2.4.2.1 **A Double Expansion of the Domain of the Free Market Orchestrated by Economic Neoliberalism**

One of the basic outlines of economic neoliberalism—and therefore also one of the central building blocks of contemporary capitalism, also referred to as free market economics—concerns the optimization of free market forces (ultimately for the benefit of the entrepreneurial class and under the classic argument that this class, in its purported pursuit of the upliftment of society, should experience as little

---

<sup>42</sup>Whereas the opinions of Luther concerning the early rising working methods of capitalism were more ambiguous (e.g., regarding the wealth accumulation of the House of Fugger), the opinions of Calvin showed much more appreciation towards the practices of early (commercial) capitalism.

<sup>43</sup>On this, cf. Byttemier (2018).

hindrance as possible from the rest of humanity, whose only role may be to contribute, through labor and consumption, to the optimal realization of the entrepreneurial class's goals).

The intent of economic neoliberalism of optimizing free markets is twofold: On the one hand, economic neoliberalism has sought to make the operation of the market as free of regulation as possible, under the goal of avoiding any hindrance of entrepreneurship from (too much) regulatory interference. On the other hand, economic neoliberalism has sought to make the domain of operation of the free market as broad as possible.

In cases where regulation is nonetheless needed, the aim is still to give it, as much as possible, an interpretation aimed at facilitating the free functioning of the market.

This explains, for example, why the rise of economic neoliberalism, in many jurisdictions and in many economic sectors, has led to a wave of deregulation that has mainly been aimed at eliminating, or reducing to a minimum, regulations that had in the past sought to prioritize, or at least protect, certain values other than the interests of the business world (such as, for example, the protection of labor, of the environment, etc.).

However, the same neoliberal aversion to regulatory action<sup>44</sup> also offers an explanation as to why in capitalist countries it is often allowed for a very long time to manufacture and trade in extremely dangerous goods, in many cases requiring a very serious harm to public health, or some other higher interest, before neoliberal governments are, eventually, nonetheless found willing to curb (or, put another way, regulate) the production of and trade in such goods, at least to some extent.<sup>45</sup>

A modern variation of this aversion to regulatory intervention to protect higher interests is to limit regulatory intervention to an obligation to inform consumers, with the understanding that even such information obligations are, in many cases, deliberately kept extremely limited or abstract.<sup>46</sup>

---

<sup>44</sup>Cf., e.g., Schrans (1991).

<sup>45</sup>For example, how long did it not take to curb the tobacco industry—and especially one of its main tools, namely aggressive forms of advertising—to some extent. A similar concern applies, for example, to the production and marketing of asbestos. In contemporary societies, we are still waiting for some serious regulation of the food industry, many sections of which are extremely harmful to public health (e.g., the producers of sugar drinks, in addition to industrial meat production), but also, for example, of the oil industry and (sections of) the pharmaceutical sector.

<sup>46</sup>A textbook example of this concerns the duty to inform consumers of products intended for human consumption about their composition. In many Western countries, this has resulted in the shortest possible information on the packaging of products which, although referring to the composition of the products in very general terms, does not explain the risks involved. An abstract statement that candy, for example, consists of 30%—or more—of sugar(s) provides no insight into how harmful such a product may be to one's health, especially if consumed in abundance. In a capitalist economy, consumers themselves are expected to find out more about this themselves. In such cases, the dictates of free market forces continue to resist that such intrinsically harmful products (which, as a rule, do not even exhibit intrinsic nutritional value) should be banned outright, regardless of the adverse impact that mass consumption of such products has on public health. At most, in case the harmful impact of a given product becomes too great, (neoliberal)

On the margin, the question also arises whether the increasing attention to the protection of consumer interests in many Western legal systems, approached in this way, is more a method by which neoliberal rulers try to appease their possibly gnawing grievances, or is rather the result of the actions of more left-wing political movements or other interest groups—e.g. consumer organizations—that try to protect ordinary people, at least in their capacity as consumers, to some extent, from the excessive malpractices of certain producers or sellers. One can think, for example, of the principle of responsible lending<sup>47</sup> in the Consumer Credit Directive<sup>48</sup> and in

---

governments (of capitalist countries) may find themselves induced to somewhat inhibit the marketability of such products through the imposition of special taxes.

<sup>47</sup>Such responsible lending amounts to a duty—in some cases imposed through regulation—to act in the best interests of the customer, including ensuring translatability, transparency, and support for a borrower in the event they experience repayment problems. It is called here that lenders have a responsibility to ensure that borrowers at least understand the details of a loan and conduct thorough checks on any borrowers so that they can be confident that the loan formula that customers will receive is appropriate according to their (as specific as possible) circumstances. (Cf. Westley (2013).)

<sup>48</sup>Cf. originally Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC, OJ L 133, 22.5.2008, pp. 66–92. In the introductory considerations of this Directive, this principle of responsible lending has been explained as follows: “(24) The consumer needs to be given comprehensive information before he concludes the credit agreement, regardless of whether or not a credit intermediary is involved in the marketing of the credit. Therefore, in general, the pre-contractual information requirements should also apply to credit intermediaries. However, where suppliers of goods and services act as credit intermediaries in an ancillary capacity, it is not appropriate to burden them with the legal obligation to provide the pre-contractual information in accordance with this Directive. Suppliers of goods and services may be deemed, for example, to be acting as credit intermediaries in an ancillary capacity if their activity as credit intermediaries is not the main purpose of their trade, business or profession. In those cases, a sufficient level of consumer protection is still achieved since the creditor is responsible for ensuring that the consumer receives the full pre-contractual information, either from the intermediary, if the creditor and the intermediary so agree, or in some other appropriate manner.” And, furthermore: (26) “Member States should take appropriate measures to promote responsible practices during all phases of the credit relationship, taking into account the specific features of their credit market. Those measures may include, for instance, the provision of information to, and the education of, consumers, including warnings about the risks attaching to default on payment and to over-indebtedness. In the expanding credit market, in particular, it is important that creditors should not engage in irresponsible lending or give out credit without prior assessment of creditworthiness, and the Member States should carry out the necessary supervision to avoid such behaviour and should determine the necessary means to sanction creditors in the event of their doing so. Without prejudice to the credit risk provisions of Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions, creditors should bear the responsibility of checking individually the creditworthiness of the consumer. To that end, they should be allowed to use information provided by the consumer not only during the preparation of the credit agreement in question, but also during a long-standing commercial relationship. The Member States’ authorities could also give appropriate instructions and guidelines to creditors. Consumers should also act with prudence and respect their contractual obligations.”

For a consolidated text version of this directive, cf. Directive 2008/48/EC (Consolidated text) of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC. <http://data.europa.eu/eli/dir/2008/48/2019-07-26>.

the Home Credit Directive.<sup>49</sup> Further reference can also be made to far-reaching forms of protection that went to consumers as travelers in the COVID-19 period.

The second of these intentions, namely broadening the scope of the free market, has been legally realized through regulation aimed at shifting activities that in a slightly more distant past were still performed by governments in the public interest, to the private market itself, through various methods of privatization and marketization.<sup>50</sup>

Many former government activities have suffered the latter fate, and in many sectors, this transition is still in full swing today.

The wet dream of a convinced neoliberal is that governments would refrain from providing any good or service that lend itself to earning money on behalf of the entrepreneurial class, whereby in recent decades, through appropriate techniques of liberalization of public services and privatization of public enterprises, various categories of such activities that were previously still part of the public domain have been systematically transferred to the free market.

In the following (in Sect. 2.4.2.2), several examples will be discussed, which will be returned to later in Chap. 3 (from the perspective of the consequences this has brought about), as well as in Chap. 5 (from the perspective of seeking alternatives).

---

<sup>49</sup>Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 Text with EEA relevance, OJ L 60, 28.2.2014, pp. 34–85. Cf., for instance, the introductory considerations 29–31 of this Directive: “(29) In order to increase the ability of consumers to make informed decisions for themselves about borrowing and managing debt responsibly, Member States should promote measures to support the education of consumers in relation to responsible borrowing and debt management in particular relating to mortgage credit agreements. It is particularly important to provide guidance for consumers taking out mortgage credit for the first time. In that regard, the Commission should identify examples of best practices to facilitate the further development of measures to enhance consumers’ financial awareness; (30) Due to the significant risks attached to borrowing in a foreign currency, it is necessary to provide for measures to ensure that consumers are aware of the risk they are taking on and that the consumer has the possibility to limit their exposure to exchange rate risk during the lifetime of the credit. The risk could be limited either through giving the consumer the right to convert the currency of the credit, or through other arrangements such as caps or, where they are sufficient to limit the exchange rate risk, warnings; (31) The applicable legal framework should give consumers the confidence that creditors, credit intermediaries and appointed representatives take account of the interests of the consumer, based on the information available to the creditor, credit intermediary and appointed representative at that moment in time and on reasonable assumptions about risks to the consumer’s situation over the term of the proposed credit agreement. It could imply, amongst other things, that creditors should not market the credit so that the marketing significantly impairs or is likely to impair the consumer’s ability to carefully consider the taking of the credit, or that the creditor should not use the granting of the credit as a main method of marketing when marketing goods, services or immovable property to consumers. A key aspect of ensuring such consumer confidence is the requirement to ensure a high degree of fairness, honesty and professionalism in the industry, appropriate management of conflicts of interest including those arising from remuneration and to require advice to be given in the best interests of the consumer.”

<sup>50</sup>For a recent overview, cf. Byttemier (2022), pp. 589–598.

### 2.4.2.2 Illustrations of Sectors Transferred to the Domain of the Free Market

#### 2.4.2.2.1 Sectors Whose Transfer Has Already Been Largely Accomplished (Job Placement—Vocational Training—Energy)

For those for whom the foregoing would sound somewhat abstract, the following presents a few examples of the broadening domain of the free market since the 1980s, in numerous Western economies.

One of the earliest forms of government involvement in socioeconomics that neoliberal economists and policymakers decided to get rid of, involved job placement.

Indeed, in a somewhat more distant past, the governments of many Western countries considered it a governmental task to ensure that supply and demand in the labor market met smoothly with a view to ensuring optimal and fair employment.

With the rise of economic neoliberalism, this vision was largely abandoned, and the new credo became that, henceforth, job placement had to be organized as a private market activity, i.e., against payment. This led to the emergence of a wide variety private employment agencies which, in their own way, contributed to the ongoing breakdown of the social protection fabric of the working classes since the 1980s.

The fact that in the wake of this liberalization of the employment market and the coinciding privatization of former public employment agencies, the door was left wide open for all manner of abuses, if not least the systematic exploitation of vulnerable workers—with as recent illustration the harrowing abuses uncovered during the COVID-19 crisis in the global meat processing industry<sup>51</sup>—is (still) not of a nature to severely alarm the neoliberal policymakers who enacted this transition.

A similar evolution has occurred in the field of vocational training. Here again, in several countries and in a somewhat more distant past, such vocational training was in most cases (still) considered a form of education and was therefore, in main order, organized by the government (generally, through decentralized public services). However, here too, economic neoliberalism has seen its opportunity to put an end to this approach and to transfer vocational training, to a significant extent, to private markets. As a result, in most Western countries, many forms of vocational training have become services offered on the free market. Governments themselves are at best still involved in certain niches of vocational training, for example those that are difficult to commercialize.

A third sector that has experienced similar liberalization and privatization is the energy supply sector. Here again, in a slightly more distant past, it was not unusual for the government to get involved in organizing one or more steps in the production and distribution of various forms of energy. Again, economic neoliberalism has judged otherwise and has in most Western countries pushed for the production,

---

<sup>51</sup> Cf. Byttemier (2022), pp. 715–753.

distribution, and/or marketing of energy to be transferred, as much as possible, to private markets. The question of whether this has been advantageous to consumers, who as a result, for example, in many EU countries are confronted with increasingly expensive prices for energy (cf. *infra*, in Sect. 5.2.5), is one that neoliberal policy-makers prefer to avoid as much as possible.<sup>52</sup>

Further examples are, of course, legion.

#### 2.4.2.2.2 Sectors Whose Transfer to the Free Market Is (Still) Ongoing

##### 2.4.2.2.2.1 *General*

Gradually, it is to be feared that the few sectors in which government initiative is still predominantly present today, such as health care, education, and social security, will also be systematically subjected to this treatment of transfer to private markets.

Here it can be noted that, for certain sectors, this transfer to the free market is already happening in a gnawing fashion, whereby such transfer is taking place bit by bit (and measure by measure).

##### 2.4.2.2.2.2 *The Sectors of Nursing Homes and Hospitals*

Sectors that have already undergone a gradual transfer to private markets to a significant extent include the nursing home sector (for the elderly and other categories of dependents) and the hospital sector.

As a result, throughout the Western world, nursing homes for the elderly have already been brought into private hands to a large extent (the most far-reaching

---

<sup>52</sup>In Australia, in 2022, the failure of the privatization and (neo)liberalization of the electricity market, motivated Daniel Andrews—premier of the [Australian state of Victoria](#) since 2014—to issue plan to re-establish a publicly owned state electricity commission, which according to Dennis is “*not just proof that privatisation has failed*” but also “*that the politics of privatisation have failed*”. According to Dennis, “While the rhetoric of privatisation revolves around the greater innovation, efficiency and spending discipline of the private sector, the reality is that since the trend towards privatisation began, the growth in middle managers and salespeople in Australia’s utility sector has been extraordinary. (...) Between 1997 and 2012 the energy, gas and water sector – where most of the privatisation was taking place – saw its sales force grow from 1,000 to 6,000, its business, human resource and marketing numbers swell from 2,000 to 9,000, and the number of general-purpose managers explode from 6,000 to 19,000. The number of technicians and trade workers, on the other hand, increased by just 28%. While the high prices and low quality of privatised services is widely understood, one of the least visible but most important harms associated with the change in ownership of public assets is the impact on apprenticeships and skills. Back before economic rationalism and neoliberalism entered the minds of Australian politicians, government-owned corporations employed tens of thousands of young apprentices each year, most of whom left to work in the private sector when they finished their on-the-job training supported by formal training in publicly run “tech colleges”. These days most of the public corporations and public tech colleges have been replaced with private companies, but perhaps unsurprisingly, the privatisation of training has not delivered an increase in its quality, but a so-called skills shortage.” (Cf. Dennis (2022).)

example being the United States of America, where there even exist chains of listed companies/corporations operating in the sector of nursing homes and care institutions). This has mainly brought about price increases and a deterioration in the quality of care for the elderly, a fact that was most poignantly demonstrated in the form of extremely high COVID-19 mortality rates during (the initial period of) the COVID-19 pandemic in 2020.<sup>53</sup>

In the hospital sector, the trend of transferring activities to the free market has so far been less pronounced. Instead, economic neoliberalism has primarily hit this sector with all sorts of austerity measures that have had the effect of reducing both the quantity (e.g., the average numbers of available hospital beds) and quality of health care.<sup>54</sup>

Some of the implications of these evolutions will be discussed in more detail in (Chap. 3 of this book, devoted to the outlook of the capitalist lifeworld (Cf. Sect. 3.2.3.4.3.))

#### 2.4.2.2.2.3 *The Social Security Sectors*

A similar fate has befallen the social security sector.

The model of social security established in several countries in the post-World War II period—these countries usually being referred to as welfare states (cf. Sect. 1.3)—boils down, in general terms, to the governments of these countries setting up (public) institutions or funds that are financed by contributions imposed by law on economically active persons (such as natural persons, as well as legal persons, often in the capacity of employer (entrepreneur), employee or self-employed), and whereby the funds thus collected are earmarked for the payment of certain social benefits to those who are in need of them because of defined objective circumstances, including unemployment, illness or disability, family enlargement, old age, etc.

In practice, such social security systems functioned(ed) as social safety nets that provide especially the lower classes with important support in building a dignified existence. In a certain depiction, it has been suggested that such systems of state-arranged solidarity offer—or offered—a corrective to pur sang capitalism and thereby gave a slightly more human face to capitalist societies than the capitalist principles and instruments themselves allow.<sup>55</sup>

Once more under the impetus of economic neoliberalism, a systematic erosion of these social security systems began in numerous Western countries, especially from the 1980s onward, in most cases under the classical-neoliberal excuse that such systems would not be financially sustainable (which in modern times translates into the need for (more) austerity).

---

<sup>53</sup>For further details, cf. Bytbeier (2022), Chapter 6.

<sup>54</sup>For further details, cf. Bytbeier (2022), Chapter 7.

<sup>55</sup>On this, Bytbeier (2019), pp. 66–68.

As a result, either far-reaching austerity measures were implemented, or even partial aspects of social security mechanisms were simply discontinued, with the message that citizens may turn to the private market instead (e.g., by taking out private insurance).

However, to the extent that only the more affluent strata of the population and/or the senior staff employed by large enterprises can afford such alternative, private insurance, a two-track policy has been set in motion in various countries, whereby the more affluent citizens can afford the (more expensive) private insurance products and the less fortunate citizens must continue to make do with what is left of (the increasingly eroded) social security systems.<sup>56</sup> (Cf. furthermore in Sects. 5.2.4 and 5.2.6.)

#### 2.4.2.2.2.4 *Education*

The final sector cited here facing a gradual transition from public service to the private market is the education sector.

In various jurisdictions, education has not been considered a purely governmental task for some time already, although in the transition from public education to (more) private education, significant differences between distinct jurisdictions and between distinct levels of education can still be observed.

In the most extreme capitalist countries—for example, the United States of America and the United Kingdom—large parts of education are already in private hands, although even there the liberalization and privatization exercise is not yet fully complete.

In other (Western) countries that are still lagging somewhat behind in their liberalization and privatization efforts of education, there is a growing tendency to resort to the austerity recipe, whereby it appears that this neoliberal strategy is aimed at bleeding out education that is still publicly organized and/or financed, so that at some point in time there will be no other way out than to gradually privatize this (sub)sector of the socio-economic order as well.

We shall discuss some of the implications of this in more detail in Chap. 3, devoted to the outlook of the capitalist lifeworld. (Cf. Sect. 3.2.3.4.2.)

#### 2.4.2.2.2.5 *Preliminary Conclusions*

In the aspiration of economic neoliberalism to transfer as many systems of public service and social protection as possible to private markets, it is to be feared that when the last bastions (referred to in this Sect. 2.4.2.2.2) of what in the past were still (pure) public sectors will have been transferred into private hands, the role of states will even be further reduced to the protection of the interests of the ruling classes, for example, through the organization of services of police and justice on

---

<sup>56</sup>In recent literature, this is masterfully denounced in the books of French author Édouard Louis, for example in his cycle that includes the following novels: “*En finir avec Eddy Bellegueule*” – “*Qui a tué mon père*” – “*Combats et métamorphoses d’une femme*” – “*Changer: méthode*”.



the one hand and the establishment of an army on the other (cf. furthermore in Sect. 5.2.8).

It is moreover to be feared that in such fully neoliberal societies (which will be mostly reduced to free markets), only those who have, or earn, enough money will still have access to all the services concerned, while the rest of the population will no longer have (sufficient) access to most of the goods and services offered on the free market, or at the very least will have to make impossible choices in this regard (cf. below, in Sect. 3.3.2.6.2, on the choice a large part of the elderly population of the United Kingdom faces between starving or freezing to death during the winter of 2022–2023).

Certain features of American and British societies already point in this direction, with a solution to the resulting sense of insecurity among the more affluent citizens being found in the establishment of so-called gated communities in which those who can afford to live there will spend their lives segregated from those who (literally and figuratively) fall outside the margins of such a rampant capitalist system. In the case of the extremely rich, this even takes the form of modern, private fortresses, which may or may not be located in distant, exotic locations.

### ***2.4.3 Artificial Nature of the Arguments Invoked in Support of the Primacy of the Free Market Model***

#### **2.4.3.1 General**

After having outlined in the previous Sect. 2.4.2 the sectors in which economic neoliberalism has lived up to its intent of expanding the domain of the free market in recent decades, this Sect. 2.4.3 will look at the underlying rationale it has invoked to do so.

#### **2.4.3.2 The Fallacies of Economic Neoliberalism**

In the previous Sect. 2.4.2, it has been explained how, spurred on by the ideas of economic neoliberalism, in recent decades more and more soci(et)al activities that were (still) performed by the government in the distant past have been—more or less gradually—transferred to the domain of the free market, under the guise that the government’s continued performance of such tasks would be too expensive and/or too inefficient.

However, it should be clear that the latter constitute false arguments.

Indeed, the transfer of the provision of certain basic needs to the realm of the free market did not (have) the effect of making their production cheaper or more efficient (which is, certainly from the viewpoint of consumers, explicitly not the case in many cases, for example in the case of energy).

One could even hold that the question of the fundability of these forms of services is a so-called fault problem, which brings us back to the realm of the

abstractions on which capitalism itself rests, including the working methods of capitalism established from the fifteenth/sixteenth century onward, but above all the value choices made at the time and afterwards.

To understand this properly, it is important to keep in mind what happens in the real world when goods are produced or services are launched., abstracting from the aforementioned fictions on which the capitalist, socio-economic order rests, such as there are, private and public legal entities, companies/corporations, contracting and money itself, with all of these being methods of economic and legal organization of society and/or of allocation of wealth.

In the real world, any production of goods or initiation of services requires, simply put, the use of natural or raw materials and of manpower.

In other words, if we were to imagine a (new) world without the aforementioned (pre-existing) fictions of law and economics, the production of goods or services would constitute primarily a problem of organization and mobilization of material resources and people.

In doing so, in the real, physical world, it makes minor difference in itself which fictions of law and economics shape these processes, implying that it matters little for these processes themselves whether such organization and mobilization of natural resources and people occur in the context of government action, or in the context of the operation of the free market.

To manufacture a certain product, or to launch a certain service, in both cases the required organization and mobilization of resources and people, in the real/physical world, is the same.

This implies that the use of what nature has to offer, such as raw materials or other natural materials (e.g., plants and animals) and the labor power of people, will be the same in both cases.

The rest is essentially fabrication of the human mind. The entire construct of law and economics, in this manner approached, is no more or less than a historically grown figment of the collective imagination, which is another way of saying that the choice of a particular economic model (and the legal system grafted onto it), inherently, is the result of choices of values made in the past.<sup>57</sup>

Furthermore, what these value choices seem to have mainly caused are the motives for (economic) action, whereby from the fifteenth to sixteenth century onwards, people have increasingly been led to believe that selfishness, rather than striving for just societies, would constitute the better motive of human action. And

---

<sup>57</sup> Cf., furthermore, the development of this line of thought by Harari (2014 2022).

Recently, all this has led to the insight that one of the reasons why many members of the poorer strata of the (Western) population keep clinging to capitalism is that they believe that by (first studying hard and then) working hard, they too will one day belong to the rich elites—or at least that everyone will one day be rich and prosperous. This makes no sense, of course, to the extent that (1) the working methods of capitalism are all aimed at preventing vertical, social mobility as much as possible (while at the same time keeping up appearances to the contrary) and (2) that the carrying capacity of the Earth does not permit all people to acquire the same lifestyle as the rich elites.

it is precisely this basic premise upon which capitalism was built and, to this day, continues to function.<sup>58</sup>

### **2.4.3.3 The Free Market as a System that (Always) Puts the Interests of the Rich First**

#### 2.4.3.3.1 Problem Statement

One of the main problems with the basic premises outlined in Sect. 2.4.3.2 that underlie contemporary free market reasoning is that, for the user or consumer of services or goods, it does make a substantial difference which premises are chosen as the basis of the socio-economic order, since, in one approach, their financing is borne from collective systems, while in the other approach, it is each private individual who themselves will have to pay the price for the goods or services in question.

From this, the central role of money in free market systems—including the systems of money creation and distribution that have been developed throughout the ages—in addition to the fact that money use inherently creates a dichotomy within societies (cf. already Plato), becomes entirely clear.

Indeed, to have access to any goods or services produced in a free market system by free market players, the consumer or user must have sufficient money to pay the price demanded for them.

This accentuates the aforementioned, fundamental dichotomy within societies that base their economies on such a free market economy, whereby a person's purchasing power will determine whether and to what goods and services such a person will have access, while this production and trading of goods and services in the free market, for the producer himself, provides a method of making ever more profit (at least if the goods or services offered by a producer find a sufficient market).

The above implies that the richer a person 'is' (and, because of their role within society, 'becomes'), the easier they will have access to goods and services offered on the free market, and the poorer a person is, the less obvious such access will be.

All this explains why, in many supposedly prosperous countries, as the implementation of economic neoliberalism progresses, access to various, even very basic goods and services—for example, medical or dental care—has become less and less self-evident as the organization of this access itself has, increasingly, been withdrawn from the public domain and transferred to private markets.

---

<sup>58</sup>In the seventeenth century, for example, John Calvin was one of the great advocates of the view that people should strive for personal wealth. (Cf. further in Sect. 7.1.1.2.6.). Beginning in the eighteenth century, we find this view in the writings of several authors later referred to as liberal economists. In recent times, this view that personal wealth accumulation, rather than working for a just society, is (and should be) the main driver of economic action can be found, to a very extreme degree, among the adherents of economic neoliberalism, e.g., the notorious, self-proclaimed philosopher Ayn Rand.

At the other end of the wealth distribution spectrum, this also explains why the economies of the most extreme, capitalist countries are, increasingly, geared toward the production of highly luxurious goods and services that are aimed purely at the very wealthy strata of the population (a phenomenon for which the term ‘plutonomy’ has in recent times been coined). (Cf. Sect. 3.3.2.4.)

#### 2.4.3.3.2 Illustration Using the Capitalist Money Creation Model

One of the most striking illustrations of the principles outlined in Sect. 2.4.3.3.1 concerns money creation and the systems of distribution of newly created money themselves, which, in a free market system, are to be regarded as services provided by the private banking system, to which other market participants may seek access.

Within the prevailing free market economies, access to newly created money occurs mainly in the context of the lending activity of private banks.

Private banks can create their own money and thus very easily stage their activities (and through this the resulting wealth accumulation for the benefit of their shareholders).

This is demonstrated by their gigantic size, in addition to the great wealth that private banks and their shareholders have managed to acquire within capitalist economies, essentially without ever having had to make much significant effort. Contrary to what neoliberal mythology suggests, this is not so much the result of any expertise or skill (=cf. so-called meritocratic thinking, to which we shall return further, in Sect. 7.1.3.2.1.2), nor has it contributed to beneficial effects for the planet and its people. On the contrary, it is mainly due to the historical coincidence that this sector has succeeded in appropriating money creation to a significant extent (and has managed to perpetuate this to this day).<sup>59</sup>

The second in line for whom access to newly created money is relatively easy are enterprises. Such enterprises that take the company or corporate form, usually, enjoy the legal fictions of legal personality and limitation of liability, which provide a crucial safe haven for non-accountable action within the economic sphere, in addition to an approach in which all profits made by such enterprises accrue, unilaterally, to the class of entrepreneurs, on whose behalf an ever-increasing accumulation of wealth has thus been able to take place since the early beginning of (mercantile) capitalism. (Cf. furthermore in Chap. 7.)

This translates into an economic model in which access to bank credit, *ergo* to newly created money, is much easier for (large) enterprises than for individuals or small businesses, with in recent times even the monetary system playing its part. It

---

<sup>59</sup>This is why we ourselves do not like (private) crypto currencies which, in this approach, represent but a new initiative of money creation from the private sector, albeit this time not emanating from the (pre)banking sector itself, but from the world of IT professionals.

On the contrary, while also recognizing the soci(et)al need for a new money creation system, this has in our opinion to be situated within the public sector. (Cf. already in Byttebier (2015a, 2017). Cf. furthermore in Chaps. 4–7 below).

is in this context, for example, that the advance of modern monetary techniques, such as quantitative easing, is taking place, with central banks themselves buying up debt instruments issued by (large) enterprises to support their creditworthiness (and, through this, their access to newly created money).

If we contrast this with states, we notice that the acquisition of financial resources is already a lot more difficult, and all the more so when a state operates on the basis of democratic principles.

Indeed, a state must resort to taxation (or levying similar contributions) for its (basic) financing, which can never be a popular working method. Such taxation has additionally become complicated under neoliberal theorizing, due to a quasi-taboo of taxation of the rich and their enterprises. Indeed, economic neoliberalism assumes that (large) enterprises, and, by extension, the class of wealthy entrepreneurs should be exempted from taxation as much as possible, at the risk that otherwise the whole economic house of cards would collapse (an approach that forms part of the so-called ‘trickle down economics’-theory; cf. furthermore in Sect. 7.1.2.1.2).

This neoliberal approach has led to the fact that, in our times, taxation is in many countries no longer sufficient to bear government financing, forcing states to make up their deficits by taking up credit themselves, with the further consequence that—making abstraction from the role of intermediary financial institutions—states themselves have become heavily dependent on capitalist, private money creation models.

This explains why, under capitalism in general and economic neoliberalism in particular, states have gradually been brought to their knees by the financial sector, which translates into a balance of power in which true (economic) power resides in the hands of the private financial sector and there is hardly any real democracy at play (anymore), except perhaps in matters outside the socio-economic realm (and which essentially do not concern the socio-economic order as such, but rather account to much state intervention in what are essentially private matters of conscience).<sup>60</sup>

The final category of market participants for whom access to newly created money is less evident than for the banking and entrepreneurial sectors is, obviously, the modal citizen. The latter in most cases depends for their livelihood on an income from their labor. As long as what is left of the welfare state model still survives, the latter can still more or less succeed in Western countries (albeit that the application of capitalist employment logic, including the Iron Law of the Wages, has turned the modal, Western man into a slave of capitalism who is condemned to lifelong labor).

---

<sup>60</sup>An example of this latter characteristic of capitalist societies concerns the large, societal attention that issues such as abortion, euthanasia, gender issues, sexuality issues, and the likes, enjoy, even seeming to channel the attention of the supposedly more progressive members of the population away from issues that concern the very design of the socio-economic order itself.

This is not to say that the aforementioned gender and related issues are unimportant, quite the contrary, but rather that attention should be paid to the fact that this type of issue arouses so much interest that the topics related to the socioeconomic order itself are, as a result, barely addressed anymore.

However, for a large part of the population of developing countries, this model implies that common people must survive on such absurdly low subsistence wages that this amounts to being condemned to a life of poverty (=the so-called ‘condemned to stay poor’-syndrome). (Cf., furthermore, in Sect. 3.3.)

#### ***2.4.4 The Flipside of the Coin: The Shrinkage of the Domain of the Public Interest***

Not only has economic neoliberalism, in recent decades, pushed worldwide for a continuous broadening of the action domain of the free market(s), but this has, in addition, been accompanied by a narrowing of the domain of the common good.

This, of course, is only logical.

Indeed, within the prevailing capitalist model, not so many systems are conceivable to shape economic activities (including, in a general sense, the provision of goods and services).

The free-market model itself rests on the idea that goods and services should, as much as possible, be produced and/or offered by the private sector in return for payment of a price.<sup>61</sup>

Although this model, of course, has its great merits—if not, it would not have become so successful in shaping virtually all economic relations—as mentioned above, one of the fundamental problems of the model is that it helps create a fundamental dichotomy in society between those who do have the financial capacity to afford all possible goods and services generated by the free market, and those for whom this is not the case.

Moreover, driven by economic neoliberalism, the model has been extrapolated to the level of virtually all soci(et)al relations. This has made the model all the more problematic as poorer people within society are denied access to vital goods and services, which is one of the side effects of having implemented economic neoliberalism, especially with regard to former public services that have been brought into the domain of the free market in recent decades.

Still, as has already been clarified above, historically, an equally important, second domain for the provision of goods and services has been thought of, namely the public provision of services.

In this second model of organizing access to goods and/or services, the government of a given territory (=in modern times, the state and its delocalized and decentralized branches) takes it upon itself to make well-defined goods and services available to its general population. This may be done for various motives, including

---

<sup>61</sup>In this approach, a given person—usually a company or corporation—goes to the trouble of manufacturing or enabling a particular product or service, which is then offered for a financial consideration to potential buyers of such products and services. The maker of the product, or service, thereby bears all the costs and efforts required for such manufacture, which is also referred to as ‘bearing the entrepreneurial risk’.

the realization that without such provision, a (too large) part of the population would have no, or insufficient, access to certain, essential goods or services.

The subsequent financing of such goods or services made available through public channels does not occur because the purchaser of the goods or services pays a (market-based) price for them, but is borne from the resources of the government itself which in turn, at least within the capitalist order, draws these from taxes and similar sources of revenue.<sup>62</sup>

In this way, a solidarity between members of the population of a given state may be established, which helps ensure that everyone, especially the poor, has access to well-defined goods and services considered essential for a dignified existence.

As already explained (cf. Sect. 1.3), this second model of organizing socio-economic activities, especially in the period after World War II until the 1970s, contributed to the development of the welfare state model, giving capitalism, temporarily, a somewhat more human face (at least in the Western world). However, this effect has since then been largely eroded by the implementation of economic neoliberalism (cf. Sect. 1.5), because of which various, formerly public services shifted to the domain of the private, free market. (Cf. the examples cited in Sect. 2.4.2.2.)

In maintaining capitalism—which is not advocated in this book, which rather calls for an alternative socio-economic order that will be explained later on (cf. starting in Chap. 4)—elementary justice would require that, at the very least, a sufficiently broad field of the public domain would remain delineated, rather than, as economic neoliberalism aspires to do, completely eroding the domain of the common good and subsuming the organization of all possible activities into the field of the free market.<sup>63</sup>

In other words, to give capitalism a more human face again, there should be, at the very least, a restoration of the domain of the common good, which would imply, by definition, bringing back into the public domain the activities that were shifted to the private, free market in the recent past.

However, it may be questioned whether the latter is still feasible, and even whether this model still provides a desirable model of socio-economic order, especially in light of the observation that within capitalist economies (and especially in accordance with monetary and financial systems of the latter), the model of the welfare state itself has never been much more than the prerogative of a part of the world, particularly the West, which on a more global scale grafted itself onto

---

<sup>62</sup> Under neoliberal monetary and fiscal policy, this also requires recourse to financial resources that the government borrows from the (private) financial market(s).

<sup>63</sup> This would then also presuppose that an equitable fiscal and public spending policy (=so-called fiscal policy) is conceived, that, by definition, will have to be a non-neoliberal fiscal policy (given the observation that neoliberal fiscal policy aims to exempt as much as possible the wealthy strata of the population from taxation and to hit the poor and middle classes particularly hard fiscally, which, incidentally—coupled with the subsidy policy of neoliberal governments to the benefit of banks and large enterprises—has created a quasi-reverse solidarity in which the poorer strata of the population have to constantly contribute to support the rich and their enterprises).

numerous unjust socio-economic mechanisms, for example in the North-South relationship, but also in the East-West relationship.

For this reason, we ourselves advocate a much more radical, alternative approach that we shall explain in Chaps. 4–7.

### ***2.4.5 Ineffectiveness of the Free Market Model as a Sound Economic System***

Perhaps the most fundamental problem of the prevailing free market model as driven by unbridled economic neoliberalism (or, put another way: of unbridled, modern-day capitalism<sup>64</sup>) is that it has led to an economy that overshoots its basic goals.

Indeed, under capitalism, over the course of the past centuries, a socio-economic model has emerged that no longer aims to satisfy the basic needs, including housing and food supplies, of all humanity, but to a much greater extent to satisfy all kinds of artificially created needs (=created by the entrepreneurial sector itself) of the top layers of the world's population, to which the production of a wide variety of intrinsically meaningless products and services is geared.

Since capitalist production and employment go hand in hand—which is a consequence of the fact that the model of capitalist employment is to the effect that the greatest possible proportion of humanity should be employed in/by enterprises (cf. already in Sect. 2.3, as well as, furthermore, in Chap. 7)—a further consequence of this is that most of the planet's resources and of the labor efforts of the human species, are not directed toward the creation of a just society in which every human being is assured of a dignified existence, but rather toward the satisfaction of artificial needs and, increasingly, of such artificial needs of the top-1%, the top-10%, or the top-15% of the world's population.

A second consequence of this is that the production brought forward by an exceptionally large part of the entrepreneurial sector is essentially hardly useful, but rather directed toward goods or services that serve mere goals of meaningless entertainment.

A third consequence of this is that a large part of humanity spends their labor on the production of this kind of senseless goods and services and, consequently, not on efforts that benefit the collective wellbeing of humanity and the planet it inhabits. As a result, a sizable portion of humanity (especially in industrialized countries) is caught up in so-called 'bullshit jobs',<sup>65</sup> rather than making themselves useful to this world and their fellow human beings.

We shall return to this latter feature of capitalism in more detail in Chap. 7.

---

<sup>64</sup>Cf. Byttemier (2018).

<sup>65</sup>The term has been thought up by Graeber. (Cf. Graeber (2019).)



A fourth consequence or characteristic of such a production for the sake of production-economy, is that the Earth's natural reserves of resources, and even other living beings, are all depleted to sustain, and even make grow further, such an economy oriented mainly to the dull entertainment of the world's elites.

Under the dictates of economic neoliberalism itself, all of this is not only tolerated, but even fueled, with the underlying dogma that makes this possible nonetheless remaining that economic processes should be left in the hands of the free market and that, from this, the most ideal society will result.

### 2.4.6 *Preliminary Conclusions*

The growth of capitalist economies has been in full swing for several centuries already and during that same period just about every area on Earth has been killed off, with the contemporary manifestation of this being climate change, where one can only conclude that the past half century of neoliberal policy making has only been of a nature to further accelerate these problems inherently caused by capitalism.

We shall return to this in more detail in Sects. 3.1.3 and 3.1.4.

A silver lining to the (both literally and figuratively) dark clouds of capitalist economies is that, in the past few years, there has been a growing awareness, especially then among young people, that things cannot go on like this, an awareness that translates into calls for a more 'sustainable' (or durable) economic system as an alternative to the (neoliberal) free market model.

However, so far this realization still does not translate into the concrete elaboration of a truly alternative economy, but for now remains stuck in rather vague political promises and (fledgling) measures, with a strong emphasis on the transition to green energy (which would be less polluting for the environment), in addition to numerous publications *in academia*, besides from the part of public and private international institutions and organizations (e.g., the United Nations, Oxfam ...).

What still seems to be missing is a real willingness to work for alternative economic models, including a willingness to think about how to make the economy smaller again—in other words, to base it on the consumption of fewer raw materials and labor—which calls for a fundamental change in both the goals, and the working methods of the economy.

This will, at the very least, require the disclosure of a number of the myths on which capitalism (and especially economic neoliberalism itself) is based, including at the very least: (1) The blind faith that has been attached, for several centuries already, to the idea that entrusting the power to create new money to the private banking system would be a good thing (*quod non*), (2) The myth, based in part on said private money creation model, that the economy should grow perpetually, (3) The maintenance of an economic model based on 'production for the sake of production' (and thus also on 'consumption for the sake of consumption'), that has attributed to an economy that excels in meaningless production and service providing, (4) The further idea that the economy has to serve (solely or in capital order) for

the accumulation of wealth for the entrepreneurial world (at the expense of all possible other societal interests and values), (5) The idea of trickle-down economics, which condones the aforementioned viewpoint (4) under the argument that a particle of the wealth generated by (and for) the entrepreneurial world is bound to bear down on the rest of humanity, besides (6) The idea that states serve only to facilitate entrepreneurship, *ergo* the functioning of the free market, rather than to establish equitable models of society.

The question of how to translate this into concrete, alternative operating models will be discussed in more detail in Chaps. 4–7 which can be seen as a trial of searching for solutions by one voice in a debate in which, meanwhile, more and more voices are asserting themselves.

## 2.5 Capitalism and Competition

In addition to the model of private money creation (cf. Sect. 2.2), the model of employment of the bulk of the population at low wages (cf. Sect. 2.3) and the primacy of the free market (cf. Sect. 2.4), a further defining feature of both capitalism and the ideology of economic neoliberalism, is how much they prioritize so-called (free) competition.

It is indeed an inherent feature of capitalism that it invites all to (mostly pointless) productivity and service, with the underlying intention of thereby becoming as rich as possible.

This is done at the same time by encouraging competition among people as much as possible, on the pretext that this would benefit both the performance of each person and the quality of the goods and services offered on the free market(s), in this manner attributing to the best of conceivable models of organizing society.

Such a viewpoint, obviously, rests on an immature view of human beings, in which the egos of those who participate in the capitalist model the most are fed permanently. “*I am the best,*” has hereby been proclaimed as the credo that should underlie all human action, rather than opting for a vision of life that would be grounded in the more traditional religious and philosophical doctrines already cited, according to which the true human being is the one who puts their talents and skills at the service of others, *ergo* of the global community (an idea we also find, for example, in some of the published correspondence of Nobel Prize winner for literature Herman Hesse<sup>66</sup>).

Unfortunately, because of the success of economic-neoliberal ideology, a socio-economic order has thus emanated in which millions, if not billions, of people, all function based on the idea that they are the best, with the result that the socio-economic order has, increasingly, become a clash of egos, in which those who are

---

<sup>66</sup>Hesse (2013).

the most selfish and least altruistic tend to achieve the greatest successes in terms of wealth and power accumulation in the socio-economic sphere.

This should not be surprising, to the extent that such individuals also behave most in accordance with the dictates of capitalism itself and, more recently, in accordance with the ideology of economic neoliberalism (which, as said, aims to make capitalism as unbridled again as possible).<sup>67</sup>

The resulting socio-economic order is one characterized by a merciless spirit of competition that affects every possible stratum of societies, and that characterizes very strongly the entrepreneurial world—including the relationships between people employed there.

As has already been noted above, one of the basic motives for action within the prevailing, capitalist socio-economic sphere is to accumulate as much wealth as possible at any cost, and thereby to thwart the competition as much as possible to prevent it from taking a larger share of the economic pie.

Striving for a fairer world and/or a more sensible economy is at best still the motivation of a few individuals here and there.<sup>68</sup>

All of this has turned capitalism into a system that increasingly encourages selfish actions, which is justified under the guise that if everyone behaves as selfishly as possible within the socio-economic sphere, the most optimal socio-economic order and society will result.

In any case, what economic neoliberalism has succeeded in doing is ensuring that the bulk of the world's population—particularly, as the case may be, the other 99% or the other 90% or 85% than the top wealthy layers of the global population—can experience more of the ill effects of this system every day (a fact that will be addressed in more detail in Chap. 3).

## 2.6 Operation of Intellectual Rights

### 2.6.1 Problem Statement

Probably one of the biggest lies peddled in law concerns the finality of intellectual (property) rights.

Every lawyer by training has been given the explanation: very generally speaking, intellectual rights serve to protect the artist or inventor who realizes a work of art or an invention by providing them with a temporary—*ergo*, time-limited—monopoly right to its use.

So much for the theoretical underpinnings that justify the model of intellectual property protection. Anyone wishing to read more about this can consult the relevant, intellectual property literature.

---

<sup>67</sup> Cf. Byttemier (2018).

<sup>68</sup> Cf. Harm (n.d.).

The reality, however, is, in most cases, entirely different.

Thus, in the first instance, it appears that inventions are usually made by (real) people (of flesh and blood) employed by an enterprise (which generally takes the legal form of an entity with legal personality, such as, for example, in the Belgian context, a company, corporation, non-profit association, or foundation), or by a government institution or other entity that is co-funded by a government (for example, a university).

In this regard, the employment contract of an employee whose research may lead to inventions often includes clauses based on which the intellectual rights that will be able to be established on the fruits of such research will belong to the entity that employs the inventor (and rather rarely to the person employed or, in other words, to the actual inventor). In such cases, in other words, it is not the individuals who make the inventions in the real world to whom the fruits that intellectual rights intend to secure will belong, but rather the companies, corporations, or other entities that employ such people.

A similar observation applies to the fate of numerous artists when they enter a contract concerning their works of art, which often stipulates a transfer of copyright and/or related rights (in favor of a company, corporation, or similar legal entity). This fate is especially suffered by an artist who does not seek (sufficient) legal advice when signing such an agreement. This explains why the copyrights on numerous artistic works no longer accrue to the original creator of the works, but to a company that has had little or nothing to do with the artistic creation itself, albeit one that has been sufficiently adroit to enrich itself with it by making use of the intellectual, legal framework.<sup>69</sup>

The notion that the enterprises that appropriate intellectual rights to, say, inventions or works of art through such contractual methods, are the engine of progress is not convincing. Reference can in this regard be made to the assessment of Noam Chomsky that within the capitalist world, most research is state driven, and not based on private initiative of funding.<sup>70</sup>

---

<sup>69</sup>Adherents of neoliberal economic thinking may be inclined to counter this by stating that anyone about to enter into an agreement is free to surround themselves with sound legal advice. However, what is lost sight of in such reasoning is that not everyone is wealthy enough to afford such (expensive) legal advisors. Incidentally, this is one of the many manifestations why, contrary to what the (neo)liberal, mythical worldview suggests, contracting does not (always) take place on an equal footing, but in numerous cases takes place between (factually) unequal parties, which results in just as many cases in which the (factually) strong party—usually a (large) company/corporation—can profit from the ignorance or legal incompetence of the (factually) weaker party—usually a private individual.

In his book review of our earlier book ‘De onvrije markt’ (2015), Harm expressed this insight, aptly, as follows: “And what about equality if one can pay the most effective lawyers while another has to make do with an allotment? Formally, equality and freedom may be ‘settled’: materially they are flawed.” (Own free translation) (Cf. Harm (n.d.).)

<sup>70</sup>Chomsky (2013), p. 77, even leading to Chomsky’s assessment that there is not such a thing as capitalism, but only some form of state capitalism in accordance which states support, in numerous manners, the (large) entrepreneurial sector, while the common man himself has to undergo the principles of free market functioning to their fullest extent.

For example, the behavior of the pharmaceutical industry that monopolizes patents on numerous drugs and vaccines through such methods is often justified under the guise that this industry invests heavily in research into the development of new drugs and that without patents, such research would no longer be possible (and, consequently, the development of new drugs would come to a halt).

However, recent research debunks this (neoliberal) myth as well. Indeed, a great deal of research (which can lead to useful drugs or vaccines) is not so much based on private funding by the pharmaceutical industry itself, but on the contrary relies to a much greater extent on public funding, for example by way of publicly funded universities or other centers for research. The private sector is usually not interested in participating into the initial stages of such research—and is only too happy to leave its funding to the government—but only involves itself once it appears that the research lends itself to ‘useful’—*ergo* profitable—applications. It is only then that private enterprises step in, by, for example, making available the funds necessary for mass production and marketing—both matters that do not constitute the core matter of, say, universities or individual researchers—in exchange for patents, or similar exclusive rights, to at least the useful output of the research in question.<sup>71</sup>

In all these cases, the researchers who make the inventions thus very rarely enjoy the financial fruits themselves, except perhaps if they succeed in becoming co-founders of a company (or similar entity) that patents the inventions resulting from such research.<sup>72</sup>

Moreover, the above also implies that in the multitude of research that ultimately does not result in readily tradable results, the private sector does not even intervene, let alone would it be willing to fund such research (where, of course, in numerous cases, it cannot be known in advance whether research will actually result in profitable applications).

Finally, under the neoliberal policies of recent decades, the arsenal of intellectual rights itself has also become increasingly broad, which helps explain why, since the 1980s, the subject matter of intellectual rights has even become an academic discipline in its own right.

In doing so, the legal protection afforded by such intellectual rights has, in most cases, also become increasingly stringent, with an emphasis on models of protection for the benefit of big business which, of course, far more than individual researchers, is familiar with, and equipped for, lobbying regulators to influence the outcome of such legislative work in their favor.

What persistent injustices all this continues to entail in the context of contemporary, capitalist business practices we shall look at in more detail in Chap. 7, in which we shall also provide some food for thought for possible ways out.

---

<sup>71</sup> Cf. Bytтеbier (2022), p. 861, with further references.

<sup>72</sup> Cf. on how these insights apply to, for instance, Elon Musk, Malik (2022). “The icon of the self-made entrepreneur of genius has survived only because of fabulous state subsidies. Nor is it just public money that Musk arrogates. According to his biographer Ashlee Vance, Musk constantly appropriates for himself the credit for the work of his engineers and programmers.” (Cf. Malik (2022).)

### 2.6.2 *Illustration: Application to COVID-19 Vaccines*

What is pointed out in the previous Sect. 2.6.1 can be illustrated by the research conducted by academic researcher Mariana Mazzucato, author of the book ‘The entrepreneurial state - Debunking public vs. private sector myths’.<sup>73</sup>

On the occasion of the development and commercialization of the COVID-19 vaccines, this author illustrated her previous research findings with reference to the fact that AstraZeneca’s COVID-19 vaccine was essentially developed by Oxford University scientists, with the involvement of the pharmaceutical giant AstraZeneca itself only dating back to the phases of testing, production, and distribution of the vaccine in question.<sup>74</sup> Similarly, the development of the mRNA technology, on which Pfizer-BioNTech and Moderna’s COVID-19 vaccines were based, was also primarily the achievement of a small number of academic researchers (including, in particular, the long- in-academia-marginalized Dr. Katalin Kariko).<sup>75</sup>

Furthermore, it appears that, during the COVID-19 pandemic, huge amounts of public money went into the research, development and production of the COVID-19 vaccines, albeit that the commercial fruits of this, in almost all cases, fell into the hands of a few intervening private enterprises.<sup>76</sup> Thus, by 2020 alone, the six major companies/corporations in the field of COVID-19 vaccine production alone were believed to have received an estimated USD 12 billion in government support, including USD 1.7 billion for the development of the Oxford-AstraZeneca vaccine and USD 2.5 billion for the development of the Pfizer-BioNTech vaccine.<sup>77</sup>

Still according to Mazzucato, the public funds spent on pharmaceutical research and development are generally much more important than the research funded by the private sector itself, in the sense that governments invest mainly in the first—both longest, and riskiest<sup>78</sup>—stages of (health) innovation, *ergo* in the phase when a tradable product is far from being in sight. Here, the private sector is generally not interested in pharmaceutical research and development in these early stages, because it costs too much money and does not yield short-term profits, only when a clear prospect of making a profit emerges do they jump on board (i.e., when drugs or vaccines are about to be produced and commercialized on the basis of such research).<sup>79</sup>

Moreover, in the case of COVID-19 vaccine development, pre-existing government-funded vaccine research has also been one of the main reasons why

---

<sup>73</sup> Mazzucato (2018) (first published in 2015).

<sup>74</sup> Byttebier (2022), pp. 862–863, with further references.

<sup>75</sup> Byttebier (2022), pp. 861–862, with further references.

<sup>76</sup> Byttebier (2022), pp. 863–868, with further references.

<sup>77</sup> Byttebier (2022), p. 863, with further references.

<sup>78</sup> One of the main risks is that at the start of any given research, it is impossible to guarantee that this research will lead to a drug or vaccine that can be used in practice, which implies that when estimating the cost of research into drugs and vaccines borne by the government, account should also be taken of all comparable research that ultimately does not bear (‘tradable’) fruit.

<sup>79</sup> Byttebier (2022), p. 863, with further references.

pharmaceutical enterprises were able to bring COVID-19 vaccines on the market in record time. For example, as a March 2021 British Industry Council report shows, the rapid development of COVID-19 vaccines would have been unthinkable without government involvement and funding of vaccine research for at least the preceding decade.<sup>80</sup>

Backed by neoliberal governments and their legislators around the world, pharmaceutical (and similar) enterprises nevertheless continue to insist that there is no alternative to the dominant business model of ‘socialization of costs and privatization of profits’ on which their business model relies.

Illustrative in the latter regard is that the arguments made during the COVID-19 pandemic to refute calls for opening up the rights to produce COVID-19 vaccines were exactly the same as those always made by the pharmaceutical industry—as taught in introductory intellectual property rights courses all over the world from the 1980s onward—in particular, that such opening up of the rights to the vaccines would jeopardize research and innovation and that transferring the know-how for the actual product development to others would be too complicated, or simply would not work.

But, as Buranyi<sup>81</sup> rightly pointed out, the COVID-19 vaccines were developed anyway thanks to huge amounts of government funding. Moreover, generic drug and vaccine producers in developing countries have proven repeatedly that they are indeed quite capable of producing large quantities of high-quality drugs and vaccines at a fraction of the cost of what is paid in Western countries, further implying that the patenting of drugs and vaccines is undermining public health, rather than benefiting it.<sup>82</sup>

It should also be kept in mind that the patent system that allows private industry to monopolize and market medicines and vaccines, even at the time of a global catastrophe and even in cases where they were created based on publicly funded research, is itself only a recent legal figure deliberately created by neoliberal doctrine itself.

---

<sup>80</sup> Byttebier (2022), p. 865, with further references.

According to some sources, it was clear as early as mid-April 2021 that at least 97% of the funding for the development of the Oxford-AstraZeneca COVID-19 vaccine came from taxpayer or charitable funds. This was revealed by research conducted specifically to reconstruct where the money to fund the decades of scientific research that eventually led to the Oxford-AstraZeneca COVID-19 vaccine had come from. Using various research methods, the researchers were hereby able to trace the origin of hundreds of millions of pounds of research funding since 2000. In doing so, the research attempted to consider all relevant research, starting with published academic work that underpinned what would eventually become the new technology behind the Oxford-AstraZeneca vaccine, as well as all research related to the final stages of product development itself. This research found that most of the funding, especially then in the early stages of the research, came from British government departments, British and American scientific institutions, the European Commission, and charities such as the Wellcome Trust. Less than 2% of the funding the researchers traced came from the private sector. (Cf. Byttebier (2022), p. 866, with further references.)

<sup>81</sup> Buranyi (2022).

<sup>82</sup> Byttebier (2022), p. 866, with further references.

In contrast, during World War II, for example, the federal government of the United States of America was still able and willing to force pharmaceutical enterprises to widely share their methods and recipes for developing antibiotics. Similarly, during the global campaign against smallpox several decades ago, the WHO kept an accurate record of all production methods and prescriptions. This allowed the WHO to continuously monitor and evaluate the progress made and share the resulting technology on a global scale.<sup>83</sup>

Historically, in other words, there have been numerous instances where it was recognized, on a global scale, that there are issues, such as international public health, that are more important than the legal protection of private profits. According to Buranyi,<sup>84</sup> prior to the rise of the WTO and what this author calls “*the proliferation of neoliberal trade agreements*,” countries around the world regularly resorted to subjecting the pharmaceutical sector to compulsory licensing (or similar legal methods), which allowed third parties, often local manufacturers, to produce their own drugs or vaccines on payment of a reasonable licensing fee. This practice has been so uncontroversial in the past that Canada has even used it to open up the production of anti-ulcer drugs.<sup>85</sup>

In other words, it can be argued that patents—and thus the legal monopoly on the commercialization of the proceeds of scientific research—have not always been treated with the same sanctity as in contemporary, neoliberal societies.

This observation, by extension, obviously also applies to many other intellectual rights, bearing in mind that their success, to a large extent, goes back to the Washington consensus model, in other words to the systems of implementation of economic-neoliberal ideas. (Cf. Sect. 1.5.2.)

With this, even the field of scientific research has also been turned into one in which selfishness and greed have become dominant values, even though the ideal of uplifting humanity continues to remain a major motivation that drives individual scientists, wherever employed.

## 2.7 Inheritance Law

Besides the matter of intellectual rights (cf. Sect. 2.6), one of the other underexposed building blocks of capitalism constitutes inheritance law.

Due to a variety of reasons (amongst which historical), Western inheritance law is essentially aimed at perpetuating wealth within families. It ensures that accumulated wealth, across generations, can continue to be passed on to descendants (or other relatives).

---

<sup>83</sup>Byttebier (2022), p. 868, with further references.

<sup>84</sup>Buranyi (2022).

<sup>85</sup>Byttebier (2022), p. 868, with further references.



Obviously, this mechanism works mainly for those who are wealthy to have goods inherited that way. This implies that this model—like most of the legal building blocks of capitalist/(neo)liberal societies—primarily benefits the higher, social classes, i.e., the class of entrepreneurs (including bankers), and, hardly at all, the lower, social classes, to the extent that people belonging to the latter class(es) will not, as a rule, succeed in accumulating a large fortune, unlike what is the case for the members of the former class.

It should in this regard be borne in mind that the estate of a (wealthy) entrepreneur will often also contain his or her equity portfolio, which *de facto* means that control and ownership of enterprises, across generations, can remain within the same family.<sup>86</sup>

However, the operation of capitalist inheritance law also asserts itself in other areas.

Thus, members of the upper social classes will be much more inclined to engage in wealth planning, whereby they will pass on, already among the living, the management and/or ownership of (large portions of) their wealth to the next generation(s), whereby this intent will be motivated in part by tax motives (including the avoidance of inheritance tax). Such wealth planning, on the other hand, is less common among members of the lower, social classes, often because they are ignorant of the options available to them or because they cannot afford the expensive consultancy required to achieve such wealth planning, with sufficient expertise.

A further—and perhaps the most important—consequence of this capitalist inheritance law is that it contributes to the great inequality of opportunity that characterizes capitalist societies. Those born to wealthy parents enjoy an advantage in life not only during the period when their parents are still alive (for example, in terms of access to better-quality education, in addition to being generally brought up much more luxuriously, with, among other things, many more opportunities for fulfilment, than members of the lower, social classes), but also from the time of their death. For example, it will be much easier to bring an existing business founded by a parent (or even earlier ancestor) to a great size and profitability, than to have to create a new business from scratch.

We shall return to the importance of this feature of capitalist societies further in Sect. 7.1.3.2.1.2.

---

<sup>86</sup>According to estimates by research firm Cerulli, nearly half of all U.S. wealth to be transferred (through inheritance) from late 2020 to 2045 will stem from the top 1.5% of households. It is hereby mentioned that, using trusts and similar techniques, the wealthiest Americans can shield most of their wealth from the federal government's 40% estate and gift tax to pass it on, virtually free of charge, to the next generation(s). The Republican tax overhaul of 2017, which included doubling the amount the wealthy can pass on to their heirs without triggering the estate tax, caused revenue from such taxes to drop by more than half in 2 years, with only 1275 families paying USD 9.3 billion in 2020, according to data from the Internal Revenue Service. This makes it easier to pass on wealth without facing heavy inheritance taxes. Of the advisors surveyed by Cerulli, 93% mentioned trust strategies. (Cf. Steverman (2022).)

## 2.8 Conclusions

After four centuries of capitalism, capitalist methods of operation have fully crystallized, with the policymakers having aligned their legal systems with the underlying logic of capitalism.

An important turning point in this regard occurred at the end of the eighteenth and the beginning of the nineteenth century, when bourgeois-liberal states were shaped. Within the latter, the interests of the enterprising class(es) in the broad sense of the word—including the historically oldest class of merchants, the sixteenth to eighteenth century breakthrough class of private bankers, and the from the late eighteenth century breakthrough class of industrial entrepreneurs—were promoted above everything else. As a result, during the nineteenth and twentieth century, the classes of industrial entrepreneurs, and later these working in the fields of services, energy, media, communications, and ICT, would become most dominant.

All this time, the capitalist, socio-economic order got established in accordance with the interests of the ruling entrepreneurial class in the broad sense of the word, with only a brief pause in the period 1950–1975 when, at least in a limited part of the world, work was done to build the welfare state model.

What this has entailed in terms of problems for the Earth and humanity, will be discussed in more detail in the following Chap. 3.

## References<sup>87</sup>

- Amaratunga NA (2022) IMF China and debt-trap. <https://island.lk/imf-china-and-debt-trap/>
- Blijlevens K (2018) Reeks Spirituele Meesters. Franciscus van Assisi. Leven in zijn spoor. Carmelitana, Gent
- Beer S (2022) Econom Ad Broere: “Zolang we in geld geloven, houden we het in stand”. De Andere Krant. <https://deanderekrant.nl/nieuws/stichting-voorzij-waarschuwt-pure-brainwashing-2022-12-09>
- Buranyi S (2022) Vaccine nationalism’ stands in the way of an end to the COVID-19 crisis. The Guardian. <https://www.theguardian.com/commentisfree/2020/aug/14/vaccine-nationalism-stands-in-the-way-of-an-end-to-the-covid-19-crisis>
- Byttebier K (2001) Handboek Financieel Recht. Kluwer, Antwerpen
- Byttebier K (2015a) Nu het gouden kalf verdronken is. Van hebzucht naar altruïsme als hoeksteen voor een Nieuwe Monetaire Wereldorde. Maklu, Antwerp
- Byttebier K (2015b) De onvrije markt. Garant, Antwerp
- Byttebier K (2017) In: Byttebier K, Van der Borgh K (eds) Towards a new international monetary order, Economic and financial law & policy – shifting insights & values, vol I. Springer International Publishing, Cham
- Byttebier K (2018) In: Byttebier K, Van der Borgh K (eds) The unfree market and the law. On the immortality of making capitalism unbridled again, Economic and financial law & policy – shifting insights & values, vol II. Springer International Publishing, Cham

---

<sup>87</sup> All links to the cited websites were operational as of December 24, 2022.

- Byttebier K (2019) In: Byttebier K, Van der Borgh K (eds) *The tools of law that shape capitalism (and how altering their use could give form to a more just society)*, Economic and financial law & policy – shifting insights & values, vol IV. Springer International Publishing, Cham
- Byttebier K (2021) In: Byttebier K, Van der Borgh K (eds) *How economics became the problem (An urgent call to legal action)*, Socio-economics & law – making a stance for changing values, vol I. VUBPress, Brussels
- Byttebier K (2022) In: Byttebier K, Van der Borgh K (eds) *Covid-19 and capitalism (Success and failure of the legal methods for dealing with a pandemic)*, Economic and financial law & policy – shifting insights & values, vol VI. Springer International Publishing, Cham
- Byttebier K, Flamée M (2012) Het vraagstuk van ethisch financieren toegepast op de interestheffing mede vanuit een elementair rechtshistorisch perspectief. Stof voor een morele uitweg uit een wereld in (financiële) crisis? In: De Ruyscher D, De Hert P, De Metsenaere M (eds) *Een leven van inzet*. Liber amicorum Michel Magits. Kluwer, Mechelen, pp 2–40
- Chomsky N (2013) *Power systems*. Penguin Books, London
- Crerar P (2022) Leaked audio reveals Liz Truss said British workers needed ‘more graft’. The Guardian. <https://www.theguardian.com/politics/2022/aug/16/leaked-audio-reveals-liz-truss-said-british-workers-needed-more-graft>
- De Moeder (1978) *Auroville – Stad van de toekomst*. Mirananda uitgevers, Wassenaar
- Dennis R (2022) Privatisation has failed. Australia needs to ditch the ‘incentives’ rhetoric and simply spend money on things we need. The Guardian. <https://www.theguardian.com/commentisfree/2022/nov/25/privatisation-has-failed-australia-needs-to-ditch-the-incentives-rhetoric-and-simply-spend-money-on-things-we-need>
- European Union (2008) Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC. OJ.L 133 22.5.2008, p 66. <http://data.europa.eu/eli/dir/2008/48/2019-07-26>
- Federspiel F, Borghi J, Martinez-Alvarez M (2022) Growing debt burden in low- and middle-income countries during COVID-19 may constrain health financing. *Glob Health Action* 15(1):2072461. <https://doi.org/10.1080/16549716.2022.2072461>. PMID: 35730593; PMCID: PMC9225792
- Fromm E (1962) *Beyond the chains of illusion. My encounter with Marx & Freud*. Sphere Books Ltd, ABACUS London
- Galbraith JK (1987) *Economics in perspective – a critical history*. Houghton Mifflin Company, Boston
- Graeber D (2019) *Bullshit jobs: the rise of pointless work, and what we can do about it*. Penguin Books Ltd, London
- Harari YN (2014) *Sapiens – a brief history of humankind*. Penguin Random House, London
- Harari YN (2022) *Hoe wij het machtigste dier op aarde werden. Het mysterie van de mens*. Leopold & Ploegsma, Amsterdam
- Harm B (n.d.) Een anti-neoliberal manifest van een roepende in de woestijn. <https://www.civis-mundi.nl/index.php?p=artikel&aid=3275>
- Hattenstone D, Lavelle D (2022) Critics mocked Sunak for asking a homeless man if he is in business. The critics are wrong. The Guardian. <https://www.theguardian.com/commentisfree/2022/dec/27/critics-mocked-rishi-sunak-homeless-man-business>
- Herre F (1985) *The age of the fuggers*. Presse-Druck und Verlags-GmbH, Augsburg
- Hesse H (2013) *Het is je plicht mens te worden*. Uitgeverij Aspekt, Soesterberg
- Kempis TA (2017) *L’imitation de la bienheureuse Vierge Marie*. Éditions Artège, Paris
- Keynes JMK (1963) *Essays in persuasion*. W.W. Norton & Co., New York, p 1963
- Kwarteng K, Patel P, Raab D, Skidmore C, Truss E (2012) *Britannia unchained. Global lessons for growth and prosperity*. Palgrave Macmillan, London
- Levitt T, Gibbs M, Hekman L (2022) Revealed: world’s biggest meat firm appears to have avoided millions in UK tax. The Guardian. <https://www.theguardian.com/environment/2022/sep/26/worlds-biggest-meat-company-appears-avoided-millions-in-uk-tax>
- Lloyd C (2012) *What on earth happened? The complete story of the planet, life & people from the big bang to the present day*. Bloomsbury, London

- Lopez R (1975) Labor, commerce, and travel. In: Hoving T (ed) *The secular spirit: life and art at the end of the Middle Ages*. E.P. Dutton & Co., Inc., New York, pp 96–153
- Malik K (2022) Beware self-made ‘genius’ entrepreneurs promising the earth. Just look at Elon Musk. *The Guardian*. <https://www.theguardian.com/commentisfree/2022/nov/20/beware-self-made-genius-entrepreneurs-promising-earth-just-look-at-elon-musk>
- MarksJarvis G (2019) Working to 70 is not an easy fix to the retirement crisis. Reuters. <https://www.reuters.com/article/us-column-marksjarvis-retirement-idUSKCN1PO2CA>
- Mazzucato M (2018) *The entrepreneurial state - debunking public vs. private sector myths*. Public Affairs, New York
- Monbiot G (2021) Capitalism is killing the planet – it’s time to stop buying into our own destruction. *The Guardian*. <https://www.theguardian.com/environment/2021/oct/30/capitalism-is-killing-the-planet-its-time-to-stop-buying-into-our-own-destruction>
- Neate R (2022) Super-rich UK non-doms avoiding £3.2bn in tax each year, report finds. *The Guardian*. <https://www.theguardian.com/news/2022/sep/27/super-rich-uk-non-doms-avoiding-32bn-in-tax-each-year-report-finds>
- O’Hara P (2014) After neoliberalism: a social structure of accumulation or mode of regulation for global or regional performance? *J Econ Issues* 44(2):369–384. <https://doi.org/10.2753/JEI0021-3624440209>
- Schrans G (1991) Rechtsproblemen van regulering in de financiële sector. In: Schrans G, Wymeersch E (eds) *Financiële herregulering in België 1990*. Kluwer, Antwerpen, pp 1–26
- Smith A (1979) In: Campbell RH, Skinner A, Todd WB (eds) *An inquiry into the nature and causes of the wealth of nations*. Clarendon Press, Oxford
- Steverman B (2022) Tax-free inheritances fuel America’s new \$73 trillion gilded age. Almost half of all U.S. wealth transferred over the next quarter century will come from the top 1.5% of households. *Bloomberg*. <https://www.bloomberg.com/news/articles/2022-02-02/what-the-73-trillion-great-wealth-transfer-means-for-america-s-super-rich>
- Vermeersch M (2014) *Het ontstaan van landbouw en veeteelt in Zuidwest-Azië*. Geschiedenis van de mens. Deel II. Landbouw en veeteelt. Schaubroeck, Nazareth
- Westley J (2013) What is responsible lending? <https://www.experian.co.uk/blogs/latest-thinking/automated-credit-decisions/what-is-responsible-lending/>
- Wintour P (2022) British ‘idlers’: how a 2012 attack on UK’s work ethic could haunt Liz Truss. *The Guardian*. <https://www.theguardian.com/politics/2022/jul/30/british-idlers-how-a-2012-attack-on-uks-work-ethic-could-haunt-liz-truss>

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution 4.0 International License (<http://creativecommons.org/licenses/by/4.0/>), which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter’s Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter’s Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.



# Chapter 3

## Unsustainability of the Capitalist Socio-Economic Order



### 3.1 Unsustainability of the Economic Growth Model

#### 3.1.1 *Genesis of the Economic Growth Model*

##### 3.1.1.1 **From the Satisfaction of Basic Life Needs to Fledgling Economic Models Relying on Labor Specialization and Increasingly Complex Production**

It is a strange paradox that going back further in time, economic models were not only simpler, but also seem to have been much more logical and at least testified to a much greater sense of reality than is the case with contemporary capitalism.

Every human being has several basic life needs, and, in a certain view, one might expect an economic system to help meet, in an equitable manner, these basic needs of everyone.<sup>1</sup>

Nor can it be ignored here that modern man (= *homo sapiens*) is a social rather than a solitary being, which helps explain that already at a fairly early stage in the evolution of the human species—i.e., *homo sapiens*, besides earlier species of man that (at least for a while), lived together with *homo sapiens*—the satisfaction of the aforementioned basic life needs became a collective event, whereby everyone within a certain community was expected to contribute their part in exchange for a (more or less) fair share of what was collectively produced or assembled to satisfy the aforementioned basic economic needs of everyone.

In older, Nomadic societies still characterized by little labor specialization, the economic models geared to this end could still be kept correspondingly simple.

---

<sup>1</sup> This question has recently become burningly topical again, particularly because of the fact that on (the assumed date of) November 15, 2022, the number of people on Earth exceeded the eight billion mark, which has made the questions of how and to what extent the necessities of life of all these people can be met burningly topical again. (Cf. Kuebler (2022).)

Focused on the fulfillment of little more, or different, than the fulfillment of the most basic life needs of food and shelter, everyone's efforts to satisfy these will assumedly have been more or less equal, and the distribution of the resources available in nature and/or acquired through labor to satisfy these needs will also still have been divided in a quite equal (and therefore fair) manner.<sup>2</sup>

It is furthermore suggested that as agrarian-sedentary lifestyles gradually emerged, a different dynamic began to take shape, amongst others characterized by a greater degree of labor specialization. As time progressed, man also became more skilled in the manufacture of all kinds of tools to help satisfy basic life needs. For instance, the first pots and vases may have been utilitarian, especially as a convenience for preparing and/or storing food. In a similar vein, the first man-made methods of housing will, initially, have served primarily for shelter. Moreover, initially, just about everyone will have been able to bake their own pots or construct their own housing.

But gradually an evolution occurred characterized by increased levels of specialization and barter.

In turn, this trial-and-error evolution toward greater labor specialization and barter should, over time, have led to fledgling economic systems in which, in addition to satisfying the most elementary basic life needs themselves, other production and services will have come into being, because of which the first, so-called 'artificial' needs came into existence. For example, an ornamental vase no longer serves any elementary basic needs, furthermore, implying that its possession constitutes a need that will only have arisen in others when they became aware of the existence of such a thing as ornamental vases and of the (by definition, irrational) notion of needing them.<sup>3</sup>

In other words, within sedentary societies, fantasy or imagination started to become dominant as an engine for feeding new, mostly artificial economic needs, so that, increasingly, work had to be done on the production of all kinds of things that were no longer aimed at the mere satisfaction of basic life needs, but for purposes of serving either exclusively or partly other, artificially created needs.

As a result, sedentary societies started relying to an even greater extent on models of labor specialization (among other things, in order to realize production aimed at the satisfaction of artificial needs), whereby individuals gradually began to focus on a specific production or service and, as a result, became dependent for all the rest of their needs on the production or service provided by other members of society.<sup>4</sup> This was, of course, accompanied by the cranking up of barter, which would

---

<sup>2</sup>On this, cf. the already cited research by Vermeersch (2014), p. 13, who points out that in (nomadic) societies of happy hunters and gatherers, people on average only had to work a few hours a day.

<sup>3</sup>This is also known as the creation of (artificial) needs along mimetic lines. Notice the proportions this evolution has reached in modern times, with typical examples being the entire industry of electronic communication devices and similar gadgets that hardly serve real needs, but whose certain producers have nevertheless become the largest enterprises of our times.

<sup>4</sup>Cf. Vermeersch (2014), pp. 33–35.

eventually culminate in systems of so-called, indirect barter, in other words barter that relies on the use of a third—intrinsically usually not (very) useful—good against which all other goods and services could be exchanged, in other words on the use of money.<sup>5</sup>

In addition, such sedentary(d)e(r) societies became characterized by an increasing need for rules and laws to help manage this evolution and, gradually, also by increasing population pressure.<sup>6</sup>

### 3.1.1.2 Emergence of the Merchant Profession

Over time, the consequence of the evolutions mentioned in Sect. 3.1.1.1 has been that economic systems progressively focused less and less on the production of goods and services that meet basic life needs and more and more on the production of goods and services that fulfill other, so-called artificial needs.

As we shall explain further, by way of central theme, throughout this chapter, this has further also been accompanied by an evolution in which economic systems have increasingly come to focus on the fulfillment of such artificial needs of a limited elite of humanity, to the detriment of the rest of the world's population and even the well-being of the planet.

Fueled by the human imagination, more and more types of goods and services thus saw the light of day, while economic systems themselves became increasingly varied and complex.

A further consequence of this evolution has been the emergence of more and more (in contemporary terms) professional groups of people that got increasingly removed from actual production of goods (or services) aimed at fulfilling basic life needs (especially food and shelter). This has ultimately, in modern times, resulted in economies relying on a preponderance of private service providers and civil service.

A first—and early—example of the latter has been the emergence of the sector of merchants themselves, a professional sector that no longer involved itself in the production of goods, but merely ensured that goods produced by others found their way smoothly to potential buyers of these goods.<sup>7</sup>

---

<sup>5</sup>Vermeersch mentions that in the Varna culture, in the period 4600–4000 VOT, gold may have already played a central role as a means of payment. (Cf. Vermeersch (2014), p. 308.)

<sup>6</sup>Cf. Vermeersch (2014), p. 35.

<sup>7</sup>Compare Jaap Kruithof's observation on the rise of what he calls 'mercantile capitalism' in the sixteenth century, the driving force of which were merchants and financiers, both professional sectors that do not contribute to any form of production, but that play a purely intermediary role, which did not prevent them from usurping socio-economic—and later in history political—power from the sixteenth century onward. (Cf. Kruithof (1986), p. 33.)

In making this observation, it should be kept in mind that during much of the Middle Ages, trade—which had already begun to play a major role in Classical Antiquity through the time of the Roman Empire—had, for the most part, come to a halt in the Western world. Indeed, early medieval societies relied heavily on a model of agricultural production geared to local consumption. However, especially in the second half of the Middle Ages, (interregional and international) trade

Indeed, as the models of production became increasingly specialized, it occurred that in a given area a certain type of product was not manufactured, which was even more the case for products that only interested a small part of a given population and/or required a special set of production skills. Thus arose the need for persons engaged in the transportation and marketing of such products, which in turn became a labor specialization in itself.

As such trade became increasingly intensive and started to rely more and more on the use of money, it was also this professional sector that began to play a key role in money-gathering behavior. Thus the insight emerged that with very little effort, very large profits could be made, in particular by buying goods cheaply from a producer (in other words: convincing such producer that their goods, and thus their labor needed to harvest or produce these goods, are not worth that much) and selling them expensively to third buyers (by convincing the latter of the opposite, i.e., that the products offered for sale were worth a lot).

Intrinsically, such a merchant himself changed little to nothing about the goods traded, yet, paradoxically, his efforts, in numerous cases, went on to yield the greatest profits.

Precisely in this working method lies one of the building blocks of what would later evolve into (mercantile) capitalism, specifically the fact that the members of a given people's household began to accept this way of working, and with it the view that the efforts of merchants intrinsically exhibited such greater value than those of other economic actors, including the makers or producers of goods themselves (i.e., in our times, the working class who performs the labor from which the production of goods emerges).<sup>8</sup>

The importance of this observation can hardly be underestimated. For this reason, it also strongly resonates in the philosophical reflections of leading philosophers who lived at the time when these societal upheavals were occurring to an increasing extent.

One can, for instance, think of Plato who, in a general sense, warned against the use of money and against the rise of the class of merchants, because the latter did not intrinsically contribute to society and/or to economic production, but mainly enriched themselves through other people's efforts. Rather, Plato would have seen the preservation of agrarian societies that, based on a system of temporary ownership of land, would continue to focus on local production, to meet local needs.<sup>9</sup>

In a similar vein, one can think of the only incident recorded in the Gospels in which Jesus Christ expressed anger towards His fellow human beings, specifically when He expelled the merchants and bankers from the Temple of Jerusalem for having made it a den of robbers (cf. Mt., 21: 12–13).<sup>10</sup>

---

resumed, to begin to assume pre-capitalist proportions from the fifteenth century onwards, which then went hand in hand by the emergence of merchants and financiers as the new dominant, socio-economic class of their time.

<sup>8</sup> Vermeersch (2014), p. 309, pointing out this effect in the Varna culture of around 4000 BOT.

<sup>9</sup> Cf. Bytтеbier (2015a), p. 99; Bytтеbier (2017), p. 92. Cf., more recently, Beer (2022).

<sup>10</sup> Cf. Bytтеbier (2015a), p. 104; Bytтеbier (2017), p. 98.



Incidentally, John Kenneth Galbraith's commentary on this passus from the Gospels speaks volumes:<sup>11</sup>

The example was that of Jesus, the son of an artisan, who showed that there was no divine right of the privileged; power could be with people who worked with their hands. Accompanied by disciples who were mostly of similar humble background, Jesus challenged the Herodian establishment and therewith the greatly more majestic power of Rome. That one person or one small group from such origins could gain such influence, distinction and authority was an example to be cited, an influence to be felt, for the next two thousand years. Those who in later times entered a protest against the established economic order would be called rabble-rousers, and it would be part of their defense that in His assault on the Jerusalem establishment - in denigrative terms, the moneychangers and usurers from the Temple - Jesus was their ultimate role model. To a far greater extent than many conservative Christians have liked to think, He legitimized revolt against evil or oppressive economic power.

Furthermore, it is no coincidence that for a long time in the history of the West, especially from philosophical and religious quarters, there were huge efforts to keep the mercantile spirit somewhat in check, which has been, for example, a preoccupation that helped determine the outlook of the Christian world for more than a millennium.

These early warnings notwithstanding, subsequent history has been one in which the mercantile spirit, and the model of egoism—including the view that the efforts of merchants are worth so much more than those who employ their labor to produce goods—on which it is inherently based, has become increasingly important, and all the more so as the production of goods and services itself became increasingly specialized, complex and varied.

In all of this, the nature of such a merchant's services in the strict sense of the word, from a historical point of view, has barely evolved, but their working methods all the more.

In today's world, it is hard to still envision the functioning of society without this intermediary trade function. It is for instance no coincidence that one of the richest people on earth, Jeff Bezos, belongs to this economic caste and that the activities of his company (Amazon) still involve little more than purchasing goods manufactured by others cheaply and then selling them at the highest possible price—while paying the staff required to do so as little as possible (cf., furthermore, Sect. 7.1.1.4).<sup>12</sup> In a similar vein, one can point to the immense wealth of [Bernard Arnault & family](#)—ranked No. 2 in the Forbes top 10 richest people in the world in July 2022<sup>13</sup>—whose businesses focus as good as solely on the manufacture and trade of luxury goods, *ergo* goods that are intrinsically of little use and whose customer market consists primarily of the top 1% (or the top 10 or 15%) of the world's population. In this, it is extremely telling about the distribution of wealth on Earth that

---

<sup>11</sup> Galbraith (1987), pp. 20–21.

<sup>12</sup> Cf. Bytтеbier (2018a), p. 142; Bytтеbier (2019), p. 54; Bytтеbier (2022a), p. 754.

<sup>13</sup> Cf. Forbes (2022).

such production and distribution of mere luxury goods, makes such a fortune for the entrepreneurial family behind it.

### 3.1.1.3 Administration and Religion (Later: Nobility and Clergy)

In the wake of the emergence of this merchant activity—essentially an intermediary in economic processes—soon a number of other similar functions (intrinsically equally unrelated to the production of goods or services aimed at the fulfillment of basic life needs) saw the light of day.

One such emerging function was administration, initially created to manage the fledgling sedentary forms of society, which came to rely on an ever-increasing barter system.

As has been the case with the merchant function, also this societal function has continued to expand over the centuries, both at a governance level and in private relationships.

In the public dimension, administration soon became intertwined with taxation, whereby the caste of administrators began to collect taxes in order to serve themselves with a share of the wealth generated by the economy and, in this process, increasingly refine their own function of governance (e.g., through the inclusion of a surveillance function, from which modern police forces eventually grew, of a judicial function with the aim of helping to settle (commercial) disputes ...).<sup>14</sup>

In the private domain, the administration function first evolved primarily into systems of keeping track of (commercial) transactions, with the initial intent of keeping commerce running smoothly. This is where a wide variety of modern professions, including accounting, accountancy, tax consulting and auditing, find their roots.<sup>15</sup>

However, perhaps for none of the professional sectors has the power of imagination been as significant in justifying their existence as it has been for the religious sector. It seems here that quite early in antiquity, the invocation of the goodwill of the gods to keep economic processes (ranging from agriculture, to production and trade<sup>16</sup>) running smoothly, became a field of specialization in itself, from which gradually grew a priestly caste that no longer participated itself in economic

---

<sup>14</sup>Vermeersch mentions as one of the earliest examples of a society in which a soci(et)al elite controlled society, the Dnieper-Donets II culture (5200–4400 BOT). This is at the same time the oldest known example of a people who (for that time) waged war on a large scale. (Cf. Vermeersch (2014), p. 305.)

<sup>15</sup>The size that both professional sectors—public administration, as well as the private professions that aid on administrative obligations—assume in modern times is undoubtedly gigantic, whereby even of these sectors, it can only be noted that they do not contribute to the satisfaction of basic life needs.

<sup>16</sup>For those who have some knowledge of e.g., the gods of Ancient Greece, it is immediately noticeable that to all these (early) economic functions, appropriate deities corresponded, e.g. Demeter and her daughter Persephone for agriculture, Hermes for trade (and for thieves and rable), Hephaistos and Athena for the (then) men's and women's crafts respectively ...

production, but managed to appropriate a portion of the wealth generated by the economy as compensation for their achievements—essentially obtaining the goodwill of the realm of the gods ...

It is in this regard noteworthy that these first forms of labor specialization correspond, more or less, to the four castes of the traditional Indian caste system. The following four castes are herein distinguished:

- **Brahmins**, the priestly and learned class.
- **Kshatriyas**, the class of warriors and the rulers.
- **Vaishyas**, the class of farmers and merchants.
- **Shudras**, the class of (ordinary) citizens and workers.

Thus, in the wake of the specializations that began to emerge in the economic sphere mainly as societies became (increasingly) sedentary, a range of functions and corresponding professional groups arose which, rationally speaking, were/are not aimed at production themselves, but rather fulfilled all kinds of ancillary functions—some of which are even largely superfluous—but all of which, in their own way, have contributed to the fact that economies, on a global scale, became increasingly complex and, in particular, less and less focused on the satisfaction of essential life needs and more and more on both the creation and satisfaction of artificial needs (in contemporary terms, the so-called ‘created wants’) of the top layers of global societies.

By now, the fact that this has led to numerous, extremely serious problems is hereby preferably concealed by the adherents of the economic learning systems that are largely co-responsible for this. It is precisely for this reason that the rest of this chapter will focus on this correlation between capitalism and its working methods and some of the serious (socio-economic) problems of our time.

#### **3.1.1.4 Correlation Between the Rise of Modern Banking and the Economic Growth Model (and Therefore the Rise of the Modern Entrepreneurial Class)**

Mindful that the intent of this book is not to provide a precise, historical sketch of economic systems—but rather to derive insights from history to indicate the historical origins of certain socio-economic value choices—we make a great leap forward into history in this Sect. 3.1.1.4.

This brings us to the breakthrough, in the Western world, of so-called (commercial or mercantile) capitalism from the sixteenth century onwards, in the context of which, to the evolutions discussed in the previous Sects. 3.1.1.1–3.1.1.3, an important dimension was added, in particular the unprecedented increase of relying on the use of money that was initiated when money no longer had to be manufactured from precious metals—which until then had managed to keep money creation and use within somewhat limited/reasonable limits—but could, henceforth, be manufactured from paper (and later in time from entries in accounts).

We have already cited the technical characteristics of this so-called private money creation system in the previous Chap. 2 (cf. especially in Sect. 2.2). We also suggested that this opened the door, in the Western world, to a model of unbridled economic growth. Indeed, whereas since ancient times economies had already gradually started to grow, albeit only to a (relatively) limited extent because of the scarcity of money (in the form of coins in precious metals), thanks in part to private paper and later scriptural money creation, the gates of economic growth were henceforth completely lifted.

The above-mentioned era also marked the breakthrough of the private banking profession—although certain of its precursors had existed beforehand<sup>17</sup>—that only began to occupy a fundamental societal role from the breakthrough of paper money itself, with a pioneering role for, among others, the House of Fugger mentioned earlier. Partly because wealth creation in Protestant areas no longer encountered the same religious preservation as under Catholicism, the latter managed, during the sixteenth century, to accumulate the greatest wealth on earth through one of the intrinsically least valuable and most effortless soci(et)al activities, namely the granting of credit.

The new money-creation model would subsequently break through quite generally as of the seventeenth century.

What is even worse, if possible, is that the breakthrough of said private (paper) money creation model further leveraged the economic model based on the idea that there must be ever more economic growth.

Indeed, the then-private paper money—and the current scriptural money, which constitutes its contemporary continuation—although created out of thin air, placed heavy leverage on the future. The reason for this is that, on the one hand, the issuance of, initially, such private paper money—and, later in history, scriptural money—happened in the context of lending activities for larger amounts than the cash reserve of the lending institution and, on the other hand, such credit still had to be repaid, with the further observation that the parties having to repay the credit (=the so-called borrowers), unlike bankers themselves, did not have the ability to create their own paper money (or, later in history, scriptural money) out of thin air with which they could have repaid the credit,<sup>18</sup> and therefore had to rely on other sources of income for the repayment of these credits.

An additional factor has been that with the emergence of private money creation—which, as said, initially relied on the issuance of paper money and, later in history, on the issuance of scriptural money—came the demise of the medieval prohibition of interest, which had been in place since the early Middle Ages under the impetus of Christian doctrine.<sup>19</sup> As a result, the (at the time) new forms of lending, based on the issuance of paper money above the cash reserves of the issuing

---

<sup>17</sup>Cf., furthermore, Byttemier (2015a), pp. 35–36; Byttemier (2017), pp. 21–23.

<sup>18</sup>This would, of course, amount to a pointless spinning of circles and most likely not result in a monetary system in which anyone could ever have any confidence.

<sup>19</sup>On this, cf. Byttemier (2015a), pp. 115–136; Byttemier (2017), pp. 115–145.

institution, could henceforth earn interest, which naturally made it an easy method of rapid wealth accumulation, at least provided that (1) the borrowers effectively repaid their loans, increased with the agreed upon interest, and (2) the recipients of the paper money continued to place sufficient trust in it (and, in other words, did not proceed to massive exchange requests of the paper money for the underlying coinage).

Today, such lending accompanied by new money creation still implies that all of the borrowers generate income that (should) be at least equal to the amounts of newly created money, increased with the agreed upon interests. Such revenues should still, as a rule, be gained from (new) economic activities (and as far as governments are concerned, from taxes), which explains why the model of private money creation relying on (initially) paper money and (later in history) scriptural money, inherently requires economic growth.

Coupled with the specialization of labor that had already been initiated beforehand and the ever-increasing variety of economic production and services (which had been in progress since ancient times), this meant the final breakthrough of an economic model that was still hardly oriented toward the fulfillment of every human being's basic life needs, but to an increasing extent, toward the manufacture of a multitude of products and services that we might rather describe as 'superfluous' or 'luxuries' but which, as we shall see more closely in the sections below, have nevertheless put a great strain on the Earth's raw materials and other natural resources, and have also begun to require a very great commitment of labor (i.e., of people and their lives).

Presumably, during the early phases of mercantile capitalism, the handicraft industry may still have managed to keep up with the increased demand resulting from the intensification of trade. However, as trade got increasingly large-scale, interregional, and international, new methods of production became necessary, which gradually resulted in the modern enterprise model, that, for its increasing largescale, could rely on financing enhanced by bank credit, besides by an emerging stock market system (i.e., the precursors of today's, financial markets).

According to Jaap Kruithof, the consequence of all this has been that, from the sixteenth century on, an economic system took shape in which, through the models of private money creation, the steadily growing capital became more and more concentrated in the hands of the class of merchants and financiers. It has even been argued that this emerging capital accumulation itself became one of the means of making profit par excellence. From that period onward, the at first local exchange economies became increasingly subjected to a newly emerging, international money power.<sup>20</sup> Needless to say, this process has continued ever since, until the present period in which the so-called financialization of the economy reigns supreme.<sup>21</sup>

---

<sup>20</sup> Kruithof (1986), p. 35.

<sup>21</sup> To the extent that the ruling classes within western societies (at an organizational level, the latter evolved into central states) had a vested interest in perpetuating and further stimulating this economic model, further legal methods of entrepreneurial organization also saw the light of day, which in turn would produce a number of additional, perverse side-effects, such as (1) the capital

### ***3.1.2 Perverse Side Effect 1 of the Capitalist Economic Growth Model: Depletion and Exploitation of the Human Race***

#### **3.1.2.1 Correlation Between the Capitalist Economic Growth and Employment Models**

##### 3.1.2.1.1 General

Without doubt, capitalism and the economic growth model on which it relies have contributed to a high degree of prosperity in certain parts of the world, especially then in the West.

Still, several questions and reservations immediately arise from this premise.

The first observation is that in parallel with the rise of capitalism, a number of other developments have occurred that have proven equally indispensable to the welfare increase in the western world since the late Middle Ages, raising the question of what part of this increase in wealth has been due to which factors.

Thus, the breakthrough of capitalism has been paralleled by some important technological evolutions and inventions—or at the very least by a greater familiarity, in the Western world, with certain inventions that had been in use in other parts of the world for much longer—that have given a tremendous boost to trade and industry, sectors that have been crucial for the development of capitalism.<sup>22</sup> In addition, the breakthrough of capitalism was accompanied by an intensification of mobility, initially mainly shipping, which brought overseas trade much more within the reach of the Western world than it had been before in history.<sup>23</sup>

In other words, the breakthrough of capitalism occurred in parallel with various scientific and technological evolutions, which themselves helped create the climate for some of the economic developments that have come to characterize capitalism.

A second reflection is that the economic progress brought about by capitalism has, from its inception, been characterized by several, very fundamental, soci(et)al inequalities, even to the extent that the socio-economic model of capitalism, from its inception, has inherently come to rely on systems of exploitation, a characteristic that capitalism has not been able to leave behind ever since.

In this Sect. 3.1.2.1, we shall take a closer look at which, such systems of exploitation the capitalist employment model has been associated with.

---

company model, (2) stock exchanges and other organized markets for the trading of shares issued by companies, debt securities and similar financial instruments, (3) capitalist models of (unjust) taxation, and so on.

<sup>22</sup>An underrated factor in all this has also been the Renaissance, an era that not only marked the end of the Middle Ages, but also reintroduced the value of exploration and science within Western societies. This reacquaintance with scientific disciplines that had, to a substantial extent, been forgotten in the Western world since the fall of the (Western) Roman Empire, undoubtedly contributed to the climate of new discoveries and inventions, which in turn fertilized trade and industry.

<sup>23</sup>Kruithof (1986), p. 35.

### 3.1.2.1.2 Early Capitalist Models of Exploitation (Sixteenth to Seventeenth Century)

A first set of inequalities and exploitation on which fledgling (mercantile) capitalism came to rely as of the sixteenth century occurred in the relationship between Europe and the rest of the world.

Indeed, thanks in part to several the inventions mentioned in Sect. 3.1.2.1.1 (including gunpowder<sup>24</sup> and the weapons that could be manufactured based on it), the New Times were accompanied by a drastic redrawing of military balances on a global scale. The armies of various European nations, already traditionally formed and trained for the many conflicts that had continued to characterize the European world after the fall of the (Western) Roman Empire, proved in most cases superior to those of the peoples of other regions of Earth, providing a historical breeding ground for a before in history unseen imperialism.

In doing so, some of the European countries soon laid little hesitation in proclaiming the rest of the world as their own victorious regions, ushering in an era that, *post factum*, can best be described as an unprecedented rampage that these European powers undertook in the rest of the world.

Whereas at first these oversea raids were still very targeted and aimed, for example, at the systematic looting of the stocks of precious metals present in other regions of the Earth (e.g., Middle and South America), the ambition of the European powers in question would gradually grow and turn into the objective of annexing these other regions, including their populations and resources, as part of their own territory.

In early economic writings we find a rationalization for this colonial behavior of the European powers. This created, within the humanities, extremely strange paradoxes, such as, on the one hand, ardent pleas for greater equality and freedom within society, and on the other hand, the condoning of practices of colonialism and imperialism [which would be reflected in even later times in Rudyard Kipling's famous poem 'The White Man's Burden' (1899)]. What is acknowledged to a lesser extent is that the colonialism and imperialism of said European countries that emerged as early as the sixteenth century helped fuel the rise of capitalism as the dominant economic model.<sup>25</sup>

Soon, it became deemed only natural that the rest of the world only existed for the benefit of the European world's own economic interests. Raw materials, crop yields, people and animals, in short, anything that could be found in the colonial world, in this manner, became potentially useful in helping to ensure the growth and prosperity of Europe's own economies. It was during this era that Europeans even began capturing people in Africa to sell them as slaves elsewhere in the world, which produced one of the formulas for success that helped the fledgling economies of several Southern states of what would later become the United States of America

---

<sup>24</sup>Gunpowder, while at the time new to the Western world, had been in use in the Far East for much longer.

<sup>25</sup>Kruithof (1986), p. 39.

(and which were essentially themselves populated by the descendants of European immigrants) flourish. The other side of the coin, of course, was that this produced one of the greatest tragedies in (recent) human history that until today leaves its mark within American society today.

Indian economist Utsa Patnaik has ventured to calculate the cost of British imperialism to her homeland. Among other things, in an essay published by Columbia University Press,<sup>26</sup> Patnaik found that, since the colonial era, Britain has extracted more than USD 45 trillion from India, which to this day has hampered the country's ability to rise out of poverty. In doing so, Patnaik pointed out that the scars of colonization are still present, even though Britain left India more than 70 years ago. Between 1765 and 1938, the drain of resources amounted to an estimated 9.2 trillion pounds (=USD 45 trillion). In making this calculation, the Indian export surplus was taken as the benchmark and an interest rate of 5% was added. Patnaik, furthermore, pointed out that while during the colonial era people in India were dying massively from malnutrition and various other diseases, the British continued to take hard-earned money from poor Indians. Indian life expectancy at birth, partly as a result of these practices, was still only 22 years in 1911. Patnaik furthermore demonstrated that Britain exported food grains and imposed high taxes, causing famine in India and decreasing purchasing power.<sup>27</sup> According to the economist, annual per capita food consumption, which was 200 kg in 1900, fell to 137 kg in 1946. Patnaik thus reached the conclusion that India's position at the time of independence was dismal on all socio-economic indicators.<sup>28</sup>

---

<sup>26</sup> Cf. Patnaik and Patnaik (2016).

<sup>27</sup> Hickel furthermore explains that, in full compliance with the principles of *pur sang* capitalism, the systematic robbery of Indian people was mainly accomplished through the trading system. Before the colonial period, Britain bought goods, such as textiles and rice, from Indian producers and paid for them in a normal manner—usually with silver—as it did regarding other countries as well. But beginning in 1765, shortly after the East India Company had taken control of huge parts of the Asian subcontinent and established a monopoly on Indian trade, other trade practices began to dominate. The new system worked as follows. The East India Company started collecting taxes in the East Indies, and then used a portion of those tax revenues (about one-third) to finance the purchase of Indian goods. In other words, instead of paying for Indian goods out of their own pockets, British traders bought them for free from farmers and weavers, with money taken from them just before. At the same time, most Indians did not know what was going on, because the agents collecting the taxes were not the same as those who came to buy their goods. Some of the goods thus stolen were consumed in Britain; the rest were re-exported elsewhere. The re-export system in turn enabled Britain to finance a flow of imports of other goods from all over Europe, including strategic materials such as iron, tar, and timber, which in their own turn became vital to Britain's industrialization. It hereby reads that this industrial revolution depended in large part on this systematic theft from the Indies. Moreover, the British were able to sell the 'stolen goods' to other countries at a much higher price than they had initially 'bought' them for, not only pocketing 100% of the original value of the goods, but also reaping the profits from the resales. (Cf. Hickel (2018).)

<sup>28</sup> Cf. Sharma (2018) and Khan (2018).



In a November 21, 2018, interview with “mint,” Utsa Patnaik summarized her research findings as follows:<sup>29</sup>

Between 1765 and 1938, the drain amounted to £9.2 trillion (equal to \$45 trillion), taking India’s export surplus earnings as the measure, and compounding it at a 5% rate of interest. Indians were never credited with their own gold and forex earnings. Instead, the local producers here were ‘paid’ the rupee equivalent out of the budget—something you’d never find in any independent country. The ‘drain’ varied between 26–36% of the central government budget. It obviously would have made an enormous difference if India’s huge international earnings had been retained within the country. India would have been far more developed, with much better health and social welfare indicators. There was virtually no increase in per capita income between 1900 and 1946, even though India registered the second largest export surplus earnings in the world for three decades before 1929.

Since all the earnings were taken by Britain, such stagnation is not surprising. Ordinary people died like flies due to under-nutrition and disease. It is shocking that Indian expectation of life at birth was just 22 years in 1911. The most telling index, however, is food grain availability. Because the purchasing power of ordinary Indians was being squeezed by high taxes, the per capita annual consumption of food grains went down from 200 kg in 1900 to 157 kg on the eve of World War II, and further plummeted to 137 kg by 1946. No country in the world today, not even the least developed, is anywhere near the position India was in 1946.

Such centuries of deprivation proved fatal. An estimated 1.8 billion Indians died avoidably under British rule (from 1757 to 1947) because of extreme deprivation. The deadly effects of the British occupation of India, by the way, are still being felt more than 70 years after the country’s independence: four million people die each year from avoidable deprivation in today’s capitalist India, compared to zero (0) in China.<sup>30</sup>

Moreover, this model of exploitation was not limited to the relationship between Britain and the Indies but was the characteristic model to which much of the Western world succumbed in its relationship with their then colonies.<sup>31</sup>

---

<sup>29</sup> Cf. Sreevatsan (2018).

<sup>30</sup> Cf. Polya (2018).

It may not come as a surprise to anyone that in circles of the British establishment, a different image of Britain’s colonial past is held. For example in February 2013, then British Prime Minister David Cameron (of the Conservative Party) was traveling in the East Indies and when asked what he thought of the way his country had treated the East Indies, he replied as follows: “I think there’s an enormous amount to be proud of in what the British Empire did and was responsible for, but of course, there were bad events as well as good events.” In similar vein, former Conservative Party cabinet minister Liam Fox stated in 2016: “The United Kingdom, is one of the few countries in the European Union that does not need to bury its 20th-century history.” (Cf. Taylor (2022).)

This view also resonates with the broader British public. In the recent past, the polling group YouGov surveyed Britons about their nostalgic view of the British Empire: by three to one, Britons thought the British Empire was something to be proud of rather than ashamed of; Britons also often think it left its colonies better off, and a third of those surveyed would even wish colonialism still existed ... (Cf. Taylor (2022).)

<sup>31</sup> Cf. Monbiot (2021).

As again Utsa Patnaik has phrased it:<sup>32</sup>

Not only Britain, but the whole of today's advanced capitalist world flourished on the drain from India and other colonies. Britain was too small to absorb the entire drain from colonial India. So it became the world's largest capital exporter, which aided the industrial development of Continental Europe, the U.S., and even Russia. The infrastructure boom in these countries would not have been possible otherwise.

Colonial drain helped to create the modern capitalist world, from North America to Australia—all regions where European populations had settled. The advanced capitalist world should set aside a portion of its GDP for unqualified annual transfers to developing countries, especially to the poorest among them. Britain, in particular, morally owes reparations for the 3 million civilians who died in the Bengal famine because it was an engineered famine.

However, such models of exploitation have not only manifested themselves in the international context. Even within the borders of numerous (Western) countries, the breakthrough of capitalism has been accompanied by similar forms of exploitation.

As mentioned earlier, this exploitation phenomenon already started to occur during the sixteenth century, when previous forms of feudal employment (whereby the feudal man could work the land belonging to his feudal lord and the remuneration of his labor consisted in being able to keep for himself a portion of the agricultural proceeds),<sup>33</sup> to an ever-increasing extent, were replaced by employment in return for a financial remuneration. Regretfully, from the breakthrough of this system of employment, the class of those who hired others' labor aimed to keep the fees they paid in exchange as low as possible (a practice that was rationalized, from the eighteenth century onward, in the writings of certain, early liberal economists, including David Ricardo).

From this has emerged a problematic society, in which especially members of the poor classes are condemned to the constant performance of physically demanding

---

<sup>32</sup>Cf. Sreevatsan (2018).

Britain's role in colonial India is not the only case of colonial exploitation that has attracted scholarly interest. Along similar lines, historian Caroline Elkins of Harvard University, who published the 2005 book 'Imperial Reckoning: The Untold Story of Britain's Gulag in Kenya', has pointed out that during the Mau Mau uprising in that country in the 1950s, the British held as many as 1.5 million Kenyans in detention camps or barbed-wire villages, thousands of whom died and some were tortured. Said book itself was awarded the 2006 Pulitzer Prize for general nonfiction. Initially Elkins' research findings were labeled exaggerated by some, but Elkins was vindicated years later after Kenyan victims of torture brought legal action against the British government seeking compensation. Senior British officials finally admitted publicly, in 2013, that British troops had effectively tortured numerous Kenyans, and the British government paid a settlement of nearly 20 million pounds to more than 5000 elderly Kenyan victims. Elkins herself, subsequently, expanded her research beyond Kenya and published a new book in March 2022 titled, 'Legacy of Violence: A history of the British Empire'. (Cf. Bergen (2022).)

<sup>33</sup>In terms of activities, feudalism implied that, in the early Middle Ages, almost the entire European population was employed in the agricultural sector. Only a small elite of nobles and clerics managed to escape agricultural production. In terms of land ownership, almost the entire territory of the Frankish empire, of which our regions were a part, was in the hands of noble and ecclesiastical landowners in the seventh and eighth centuries. (Cf. van der Tuuk (2021), p. 11.)

work, the generated capital gains of which accrue quasi-unilaterally to the class of entrepreneurs.<sup>34</sup>

Monbiot has pointed to a contemporary, additional characteristic of the capitalist model of exploitation. In addition to the geographical swell (which has been particularly pronounced during the colonial era), there has also occurred a temporal swell. In this viewpoint, the apparent health of our current (capitalist) economies—or at least the attempts to keep capitalist economies afloat—depend to an ever-increasing extent on robbing natural resources from future generations. This is what oil companies, for example, are doing when distracting citizens with (individual) MCB and carbon footprints. This is, in a similar sense, also what capitalist money creation—and by extension capitalist finance—does. According to Monbiot, such theft of the future is even to be considered the main engine of the capitalist economic growth model. Capitalism, as reasonable as it may sound when explained by a mainstream economist, in this approach, including in ecological terms and in terms of its financial system, is nothing but a giant pyramid scheme.<sup>35</sup>

#### 3.1.2.1.3 Relationship Between the Capitalist Profit-Seeking Principle and Capitalist Exploitative Behavior

The foregoing immediately exposes one of the basic features of the so-called economic profit motive (which, within capitalist economies, provides the main *raison d'être* for enterprises, regardless of their legal form).

Indeed, as we shall explain in more detail in Chap. 7, the motivation for doing business in a capitalist economy is not so much contributing to the creation of an economic system that helps meet the basic life needs of every human being in the fairest possible manner—even though the doctrines of economic liberalism and economic neoliberalism claim to have devised the best systems to help ensure these objectives—but rather the selfish pursuit of wealth accumulation on the part of those who hold the reins of power in the socio-economic sphere, *ergo* the classes of merchants, later entrepreneurs, and bankers.

In other words, within capitalism, enterprises are conducted with the primary objective of becoming as rich as possible, and not from an intention to contribute to the creation of the fairest possible society (in which everyone's basic life needs would be equally met).

In addition, the historical evolution towards this capitalist economic model has been accompanied by a caesura (already referred to above) in thinking about socio-economic processes.

Indeed, whereas previously prominent philosophers and leading religious figures had rather advocated societal models characterized by a sufficient degree of wealth

---

<sup>34</sup>We shall elaborate on this model of conducting capitalist enterprises based on someone else's (cheap) labor in Chap. 7.

<sup>35</sup>Monbiot (2021).

distribution (*ergo* by sharing wealth), because of emerging (pre-)capitalist practices, a turnaround would occur in the realm of ideas as well, with certain currents within Protestantism as the forerunners of this changed way of thinking.

From the eighteenth century onward, the model of conducting an enterprise based on exploitation of both other territories and people that had emerged in the practice of late medieval commercialism, would find an even more far-reaching rationalization in the basic premises of economic liberalism (and, much later in history, of economic neoliberalism), in which it was Adam Smith to whom is attributed the launching of the notion that if we all behave as selfishly as possible in the socio-economic sphere, the most ideal society will result.

Thus, after this had already been underway in practice (cf. Sect. 3.1.2.1.2), also in the realm of ideas an economic model was conceived within which it became the sacred task of everyone to strive, at all costs, for as much wealth accumulation as possible for themselves, without the need to raise questions of conscience as to what this might mean for others, let alone for the environment within which one functions (and, by extension, for the Earth itself).

#### 3.1.2.1.4 Reduction of the Economy to an End Rather Than a Means, and of Man and His Life to a Means, Rather Than the Highest End

As a result of these evolutions, a fundamental inversion of the hierarchy of values on which Western—and later global—societies rely would gradually start to occur.

Whereas initially (i.e., long before any rationalization attempts) economic processes were intended as means to satisfy basic economic needs (so that people could live their lives focused on other goals, particularly in Christian societies the salvation of their immortal soul), within capitalism, economic processes were, increasingly, elevated to ends, with people themselves being, increasingly, reduced to means to make the economy work.<sup>36</sup>

Indeed, the goal of primitive economies had been to ensure, as much as possible, that the basic life needs—essentially food and shelter—of all members of a given economy were sufficiently satisfied.

As economic systems became more complex, this gradually changed, with the purpose of economic systems being increasingly reduced to the accumulation of wealth on the part of those who took the lead in the fields of trade and industry, which would eventually, from the sixteenth century onwards, culminate in (mercantile) capitalism itself.

As a consequence, in capitalism, wealth accumulation for the benefit of the entrepreneurial classes was eventually elevated to the most central economic objective, while the intention of satisfying everyone's life needs, in as equal a manner as

---

<sup>36</sup>In our times, this reversal echoes, for example, in the concern of certain neoliberal politicians that the population must grow sufficiently (through migration, if necessary) for the economy to continue to grow sufficiently, countered by the fact that the large population growth of the past 10–12,000 years is one of the main reasons for the depletion of the Earth and its natural resources.

possible, was gradually relegated to the background (only to be reduced to a mere side effect of the economy in the so-called trickle-down economics approach).

Because of this, in combination with some other socio-economic factors, including in main order descent/origin, and in subordinate order the skills and talents a person displays (cf. furthermore in Sect. 7.1.3.2.1.2), the rise of capitalism has gone hand in hand with the already mentioned fundamental dichotomy between two main classes of people participating in capitalism, with on one side the class of entrepreneurs (in the broad sense of the word) and on the other side the rest of the population whose sole purpose became to provide the labor power needed to help realize the ventures of the former group of people.<sup>37</sup> (Cf. already in Sects. 2.3.1 and 2.3.2.)

In the relationship between these two classes, the goal of wealth accumulation obviously should be fulfilled primarily for the benefit of the entrepreneurial classes, while the class of the employed should be satisfied with the proverbial crumbs falling off the table.<sup>38</sup>

Although the adherents of the doctrinal systems of economic (neo)liberalism do not like this mode of representation, the basic division of the human species within the socio-economic order that has emerged from capitalism constitutes one which distinguishes the caste of entrepreneurs<sup>39</sup> from the rest of the population, in which the entire social arrangement increasingly, revolves around prioritizing the interests of the first mentioned group.

---

<sup>37</sup>In addition, a small proportion of people still perform a number of other functions, such as participating in the administrative organization of society; helping to fulfill certain tasks that are still (sufficiently) considered to be of general interest (e.g., health care and education); fulfilling certain religious offices, besides certain artistic endeavors (albeit that these groups, under the impetus of economic neoliberalism, are themselves increasingly being placed in the group of either entrepreneurs (if sufficiently independent) or the working class [if only deemed employable to fulfill other people's entrepreneurial projects]).

<sup>38</sup>In this process, working people were reduced to one-dimensional beings, existing merely to contribute to the economic system and its goals, including the most central goal of making the rich ever richer at the expense of all other values. We owe these insights largely to the writings of Erich Fromm and Herbert Marcuse. From the latter author comes the term "*one-dimensional man*" (cf. Marcuse (1974)), referring to the human being who only remains at the service of an economic reality (and within whom all other dimensions of human life have been eradicated).

We shall return to both authors further in Chap. 7. (Cf. Sect. 7.1.3.2.2.)

<sup>39</sup>This designation is independent of the legal guises used to designate the caste of entrepreneurs, such as that of founder/shareholder of companies, of director of such companies, of day-to-day director (in English: CEO), or whatever other capacities have been devised by private law (especially the law on legal persons) in order to give shape, as optimally as possible, to the interests of the caste of entrepreneurs.

### 3.1.2.1.5 Contemporary Crystallization of the Capitalist Model of Employment as a Rationalized, Universal Model of Exploitation

It needs little further explanation that because of the foregoing evolutions, a fundamental economic inequality (with all sorts of pernicious consequences) has emerged between the two main classes of capitalist societies, specifically the class of merchants/entrepreneurs and the class of employed people, respectively.

In its contemporary context, it is hereby held that the group of people who ‘merely’ hire out their labor serve only to be employed within the enterprises that the first group of people set up (and, by extension, in the lap of governments that help shape the capitalist constellation).

Whereas the capitalist model of employment is presented in the current context, at the legal level, as an application of the doctrine of freedom of contract—with the underlying idea that human beings who wish to do so can, on a voluntarily basis, put their labor at the disposal of the entrepreneurial caste and its projects—the economic reality is rather that, as a rule, there does not exist such freedom of choice.

This is because those who want to survive in a capitalist society must have an income to support themselves.

Within the arrangement of capitalism, there are hereby essentially only two major earning models for acquiring such an income, namely either by starting an enterprise oneself (regardless of the various legal capacities to this end resorted to), or by making one’s labor power, against payment, available to/for the benefit of such an enterprise (again regardless of how such an enterprise is legally organized).<sup>40</sup>

In this, the essential characteristic that keeps determining the relationship between the group of entrepreneurs and the group of people who place their labor at the disposal of these entrepreneurs (and their enterprises) has remained largely the same, all along, and can be captured under the term exploitation.

To properly understand this realization, we must again recall the basic objective of entrepreneurship that is prioritized in contemporary capitalism, specifically the profit-seeking of the entrepreneurial caste (rather than the conception of an economic system aimed at the just satisfaction of the basic life needs of all human beings).

The purpose—and even reason of existence—of any capitalist enterprise, in other words, is to make as much profit as possible, where (capitalist) profit, in a simple approximation, can be referred to as that which is left over from the proceeds of the sale of the goods and/or services resulting from the enterprise project, after deducting all costs that must be incurred to realize the enterprise project in question.

---

<sup>40</sup>It is true that in most capitalist countries there is still a certain degree of employment (of members of the group of people who generate their income from the provision of labor) in the bosom of states and/or in the so-called soft sectors of socio-economic organization, including education and health care, in addition to sectors such as the organization and management of infrastructure works, on the understanding that the call of economic neoliberalism to transfer these sectors too to the domain of free markets, to an ever-increasing extent, resonates. (Cf. already in Sect. 2.4.2.2.)

This capitalist revenue model has two further ramifications, namely, on the one hand, trying to maximize the sales revenues of the manufactured goods and/or offered services—taking into account what competing enterprises do in this regard, since only a complete monopolist can unilaterally set the price of the goods and services it offers,<sup>41</sup> but whereby enterprises that are in competition with one another must take into account in their pricing the prices demanded by such competitors—and, on the other hand, the costs incurred by the business project.

However, as we have explained in more detail in our earlier publications,<sup>42</sup> the compensation paid by an enterprise to those who provide their labor is also part of the cost structure of the enterprise in question, and therefore part of the intent to keep its costs as low as possible.

The earnings model of contemporary capitalism thus maintains the aforementioned inherent conflict of interests, since it is in the interests of capitalist entrepreneurs to keep the remuneration they pay out for hired labor as low as possible,<sup>43</sup> while the persons who provide their labor will themselves prefer to generate as high an income as possible because of this provision.<sup>44</sup>

---

<sup>41</sup>To the extent that various sectors of contemporary capitalism rely on monopolists (or at least oligopolists), today's societies are glaringly confronted with this fact in the form of increasingly inflated prices for goods or services produced by such monopolists. (Cf. furthermore in Sect. 3.2.3.)

<sup>42</sup>Cf. Byttemier (2019), p. 41.

<sup>43</sup>There are of course a number of correction factors, such as (1) the impact of scarcity on a niche in the labor market (including highly qualified and, therefore, highly sought-after personnel); (2) the fact that under neoliberal policies, it is at the same time understood that members of the working classes must still enjoy a certain minimum income to enable them to constitute an outlet for the products and services produced by the entrepreneurial sector; (3) corrections resulting from the operation of social security (e.g., minimum wage rules, systems providing a replacement income, ...).

<sup>44</sup>In a 2012 book review on the book 'Britannia unchained' (2012) (which foreshadowed the agenda of the neoliberal government formed by Liz Truss in September 2022; cf. supra, in Sect. 1.6.2), this insight reads as follows: "For these authors – all members of the party's right-leaning Free Enterprise Group – it is a binary world, where everything is forward or back, progress or decline, sink or swim, good or bad. They do not appear to see the world as a complex place. The choice is between regulation and dynamism: their ideal worker is one prepared to work long hours, commute long distances and expect no employment protection and low pay. Their solution to the problem of childcare is unregulated, "informal and cheap childminders". We need dramatic cuts in public expenditure, they argue, to be matched by equivalent tax cuts. The demonization of the welfare recipient continues apace; a broad dystopian worldview dominates the future. The bottom line for these Tory radicals is that the notion of community, society or indeed country is always trumped by textbook economic liberalism." (Cf. Cruddas (2012).) This 2012 book review, incidentally, also predicted with great accuracy that extreme neoliberalism would triumph within the British Conservative party: "The economic liberals' march through the Conservative party will continue; every day there is less and less opposition, and they will eventually win. The coalition with the **Orange Book Liberals** in Clegg's party might well stumble on. But the cost, over time, will be two lost traditions: a recognizable conservatism and a recognizable social liberalism." (Cf. Cruddas (2012).) The British government formation of September 2022 provided perfect testimony to this. (Cf. Sect. 1.6.2.) Extremely telling in that regard is that the 2012 book review was illustrated with a photo of none other than Liz Truss herself, under the following caption: "*Elizabeth*

The foregoing implies that, over the centuries, the choice of profit maximization for the benefit of the ruling, entrepreneurial classes as the central economic value of capitalism (instead of the search for just societal models in which the proceeds of the economy are to be distributed, in a fair manner, among all member of society), has implied that capitalism, inherently, had to continue to rely on the exploitation of the employed classes.

### 3.1.2.1.6 Continued Importance of Corrections and Tempering

For the sake of completeness, it should be added to the foregoing that the essential mechanism of exploitation which, in its various facets, underlies capitalist economies have, over the centuries, undergone various tempering and corrections which have, however, varied greatly from country to country.

Underlying the principal of these tempering and corrections is the concept of the welfare state, already discussed earlier in this book (cf. already in Sect. 1.3), within which the idea arose that the exploitation methods of capitalism should be mitigated, or at least corrected, so that all members of society may build a sufficiently humane existence.

Long experience with unbridled (industrial) capitalism that had preceded the creation of the welfare state model had taught that if we let capitalism and those who feel called to become entrepreneurs go unchecked, the excesses can become very extreme, with as type examples the model of slavery within early American society and the model of exploitation of the working classes—from that period also called ‘the proletariat’—which prevailed, throughout the (Western) world, in the nineteenth century until deep into the twentieth century.

With no corrections to the capitalist model, this has shown, repeatedly, that the entrepreneurial world, driven by its basic design of profit maximization, has little to no qualms about making other people do the most damaging labor, in the most demeaning conditions and at the lowest possible remuneration.

This also explains why the rest of society has every interest in opposing the application of the capitalist working methods as much as possible and, at the very least, would do well to make as many corrections to this as possible (a truth that, under the impetus of neoliberal ideologies, has (unfortunately) been greatly diminished in recent decades).<sup>45</sup>

---

*Truss, one of the five young, right-wing authors of Britannia Unchained.” (Cf. Cruddas (2012), especially the credit to the illustrative photo.)*

<sup>45</sup>Cf. Monbiot (2021), who has posited the following on this subject: “We shall endure only if we cease to consent. The 19th-century democracy campaigners knew this, the suffragettes knew it, Gandhi knew it, Martin Luther King knew it. The environmental protesters who demand systemic change have also grasped this fundamental truth. In [Fridays for Future](#), [Green New Deal Rising](#), [Extinction Rebellion](#) and the other global uprisings against systemic environmental collapse, we see people, mostly young people, refusing to consent. What they understand is history’s most important lesson. Our survival depends on disobedience.” (Cf. Monbiot (2021).)



### 3.1.2.2 Exploitation Under Economic Neoliberalism

#### 3.1.2.2.1 Alleged Incompatibility of Economic Efficiency with the Welfare State Model

The welfare state model, revisited in the light of the insights gained in the preceding Sect. 3.1.2.1, can be regarded as one of the—so far—historically most successful experiments to somewhat contain and correct unbridled capitalism (including its many forms of exploitation).

Nevertheless, the welfare state model also had drawbacks, the main one being that the model enjoyed a high degree of societal and political acclaim only in a limited number of countries of the world, especially than the Western countries, while it has even been argued that the Western welfare state model has only been possible by maintaining the exploitation of the former colonial territories (which, in the period after the second world war, got reduced to developing countries that themselves barely experienced any benefits from capitalism).

Moreover, starting in the 1980s, the welfare state model got strongly contested by the doctrine of economic neoliberalism.

Indeed—as already mentioned above (cf. Sect. 1.5)—as of the 1980s, economic neoliberalism has been very committed to the elimination or reduction of several of the components of the welfare state model.

As a result, in recent decades, many countries witnessed, on the one hand, the reduction of various forms of public services (which were transferred to the domain of private markets; cf. already in Sect. 2.4.2.2) and, on the other hand, the erosion of their systems of social security (with many of these social getting replaced by systems of private insurance).<sup>46</sup>

The arguments that have been developed for justifying this transfer of various public services and social security components to the private markets—or, put differently, for justifying the (neoliberal) techniques of privatization and marketization (cf. already in Sect. 1.5)—have been diverse, including: (1) the misconception that the private market handles everything in a more performant way than the public sector; (2) the safeguarding of competition (in cases where, often due to early ‘neoliberalization’ efforts, certain activities were performed by public actors as well as private market players at the same time); and (3) the argument that the government should limit itself to so-called core tasks.

---

<sup>46</sup>Monbiot (2022a) described this, as far as the United Kingdom is concerned, as follows: “As neoliberalism wages war on social security and the public sector, impoverishes millions and destroys conditions of employment, its political consequences could be as disastrous as its economic consequences. In the 30 years following the second world war, almost everyone in politics recognized that preventing the resurgence of fascism meant ensuring everyone’s needs were met, through a strong social safety net and robust public services. But neoliberalism stripped these defences away, while shutting down choice in the name of choice. Thatcher proclaimed “[there is no alternative](#)” and Labour appears, ever since, to have agreed. Worse still, the dogma has at the same time promoted extreme self-interest and egocentricity. At its heart is a mathematically impossible promise: everyone can be No 1.” (Cf. Monbiot (2022a).)

However, one of the most cited arguments used to justify the systematic dismantling of public services and social security systems has been (4) that they are simply too costly (=in modern-day terms, this is the so-called ‘austerity’-argument), in addition to the viewpoint that (5) such systems reward laziness (and punish industriousness), which is believed to threaten prosperity.

### 3.1.2.2.2 The Reality Behind Neoliberal Theorizing

In recent years, it has become increasingly clear that the reasoning developed by economic neoliberalism to justify the increasing privatization and marketization of (former) state activities, on the one hand, and the dismantling of social security apparatuses, on the other, constitute little more than a string of fallacies.

Indeed, reality shows that the transfer of various, former (government) activities to the free market has had, to put it mildly, throughout the Western world, a very problematic outcome, with examples of such sectors including: (1) the nursing home and rest home sector (where the quality of service has suffered severely from increasing privatization); (2) the energy sector (characterized in particular by out-of-control prices for the end consumer in numerous countries); (3) the banking and financial sector (where traditional savings have been largely eroded in numerous Western countries and both the private and public sectors are burdened by ever-increasing debt); (4) the higher education sector, among many others.

A similar remark may be made regarding the erosion of the social security sectors of various, former welfare states. Hence, in the countries in which the transition from the welfare state model to ‘restored, unbridled capitalism’ is most advanced, including the United States of America and the United Kingdom, large areas of social security have already disappeared or been reduced to an absolute minimum, while in various other, former welfare states, this erosion of the social security system follows a more gradual course. In the former group of countries, as a result, access to services, such as health or dental care, has for a growing proportion of the population become extremely problematic.

What is probably even worse is that this erosion of the welfare state model has brought back to the forefront the intrinsic characteristic of capitalism that it creates a dichotomy in society between, on the one hand, a small class of (increasingly) rich entrepreneurs and, on the other hand, the larger group of the rest of the population who depend on income out of labor for their livelihood.

As a result, an evolution of an ever-increasing polarization between rich and poor has taken shape, with the middle classes, which in many Western countries had emerged thanks to the welfare state model in the second half of the twentieth century, gradually disappearing. (Cf., furthermore, in Sect. 3.3.)

A further result of this is that, in several countries, especially the poor strata of the population—in many cases those who must perform the hardest labor under the worst imaginable working conditions—no longer have easy access to services that in a slightly more distant past were still provided by the public sector, but which under neoliberal impetus have been transferred to the private markets.

The sad reality of implementing economic neoliberalism has been that the poorer sections of the population can no longer afford many of the services transferred to the private markets, or at the very least that they have to make choices and deny themselves access to some of the services in question, or be forced to choose lower quality, with access to higher education and health and dental care as striking textbook examples of this evolution.

In other words, the disappearance of the safety nets previously provided by the systems of social security and public services has made especially the poor strata of the population even more vulnerable.<sup>47</sup>

Another combined exploitation effect of, on the one hand, maintaining the economic growth model under neoliberal economic policies and, on the other, reducing the welfare state model, has been that the idea prevails ever more strongly that (ordinary) people have only one reason of existing, namely to be put to work as much and as long in life as possible in order to help fulfill the goals of capitalism, which include continuous economic growth and profit maximization for the benefit of the enterprising classes.

As all of this is not worrisome enough, decades of monetary policy have further created a gigantic mountain of debt, with both countries and private market players, increasingly, weighed down by an ever-growing debt burden. Through this, the economic growth model itself is also further fueled, since the existing debt burden constitutes at the very least a projection of the future economic activities needed to pay off this debt, on the understanding that economic growth, by definition, must be greater than this projection indicates, since the future economy will additionally need to be sufficient at any given time to satisfy mankind and its needs (including ensuring sufficient profit margins for the entrepreneurial sector), as well as to carry the future mountain of debt at that future time.<sup>48</sup>

---

<sup>47</sup>Economic neoliberalism itself assumes that there can be a complete transfer of several of the components of the social security sector to the private insurance sector. This evolution is underway, for example, in the sectors of life insurance and retirement savings (to compensate for the erosion of public pension systems), as well as in certain segments of health care (cf. private hospitalization insurance, access to certain forms of medication ...). However, it should be clear that the reduction of the social security sectors does not automatically mean that everyone for whom a form of social security protection disappears will automatically look for an alternative on the private markets. For the poorer sections of the population in particular, the flight to private forms of insurance is usually simply too expensive, with the result being that these people are no longer protected against the occurrence of well-defined health or other risks. This provides one of the numerous illustrations that the ideas of economic neoliberalism only serve the interests of the rich(er) strata of the population, but do not contribute to a fair model of society.

<sup>48</sup>A recent monetary technique for dealing with this in a different manner is the methods of quantitative easing that various (Western) monetary institutions have begun to resort to in recent years. These techniques amount to central banks themselves buying up debt instruments of the corporate sector (in addition to those issued by governments), thereby temporarily widening the funding margin of banks to grant credit to the corporate sector (in addition to states). However, practice shows that these techniques mainly help to enable the wealth growth of the rich classes, without bringing much benefit to the economy itself.

This constitutes one more illustration of Monbiot's claim that capitalism has continued to expand not only geographically, but also temporally. (Cf. in Sect. 3.1.2.1.2.)

For the private sector, this goal of continued economic growth translates into an expectation of ever-increasing zeal. Enterprises, as well as individuals, thus live under the expectation of ever-increasing economic activity to sustain this model of economic growth—and the model of private money creation, based on credit, that underlies this expectation.

For the small class of (wealthy) entrepreneurs, at least approached from the scale of values of capitalism itself (as reinforced under neoliberal economic thinking), this is not necessarily unwelcome news, since in such a model, this group of people gets richer and richer (at least provided their enterprise is successful).

For the rest of humanity, and for the Earth itself, the news is less good.

Indeed, for those people who are dependent on income from their labor to support themselves (including repaying their own loans), this model implies an expectation of having to be permanently employed until as late in life as possible.

Not coincidentally, the policy of neoliberal states in recent years has been to systematically raise the average retirement age of the (Western) population so that the working population would continue to participate in the economic growth model for as long in life as possible, but also to keep them as taxpayers so that, through taxes and social security contributions, they would continue to contribute to trying to keep the public debt burden within reasonable limits (even if, in practice, these attempts prove rather unsuccessful).

What this has implied for the wellbeing of the Earth itself will be dealt with in Sect. 3.1.3.

In other words, the ideology of economic neoliberalism has not contributed to a just model of society, quite the contrary.

In fact, it seems that the entire capitalism model, as reinforced under impetus of economic neoliberalism, is aimed at keeping the common man trapped in a system of constant exploitation, whereby anyone who needs to work to earn a living may witness their entire life force sacrificed to serve the interests of the economy, *ergo* the rich entrepreneurial class.

To the extent that the capitalist economy itself is, in addition, mainly oriented toward meaningless production and consumption (in order to satisfy artificially created needs), it should also come as no surprise that much of the employment within capitalist economies has suffered a similar fate, which has been described in the recent past as the systematic growth of so-called 'bullshit jobs', i.e. forms of employment which intrinsically do not contribute to the satisfaction of basic life needs, but which fill the days of the average person with a multitude of meaningless tasks which, under the yoke of the capitalist, legal system, must nevertheless be carried out at the risk of exclusion from the labor market (and, consequently, of no longer having an income to support oneself).<sup>49</sup>

---

<sup>49</sup>Cf. Graeber (2019).

We shall return to the latter aspect of modern-day capitalism further, in Sect. 7.1.

Having endured three to four centuries of capitalism—and certainly having been weighed down for half a century by the yoke of neoliberal ideologies and their intent to make capitalism as unbridled as possible again<sup>50</sup>—it thus seems that humanity is further than ever away from the just model of society advocated in the more distant past by leading philosophers and religious leaders (e.g., Plato’s *Ideal Republic*), and in the more recent past by certain economists (e.g., Karl Marx and his followers), among many others.

It is therefore not without reason that certain authors have described contemporary societies shaped under the ideology of economic neoliberalism as new, feudal system.

### ***3.1.3 Perverse Side Effect 2 of the Capitalist Economic Growth Model: Depletion of the Natural Habitat***

#### **3.1.3.1 General**

It is not only most of the human species that is suffering under the yoke of capitalism; the Earth itself is likewise suffering this sad fate, which in modern times has assumed dimensions barely imaginable.

To start, it should be kept in mind that, until further notice, the Earth is the only known planet in the Universe that has produced such a multitude of life—including human life itself—which is the result of a delicate balance between various cosmic, physical, and biochemical factors that have created the conditions for the development—and continued preservation—of life.

In a certain thought experiment, a future evaluator of how *homo sapiens* has treated the Earth would presumably not come out with a fine evaluation. In fact, the chances are not inconceivable that *homo sapiens* would be labeled as an extremely evil, parasitic creature that in no time at all has very thoroughly ruined, at least disrupted things for the rest of life on Earth—e.g., by exterminating or otherwise abusing untold numbers of other life forms—and in general caused great harm to the health of the Earth itself.

To this, the prevailing, capitalist socio-economic order is anything but alien, not to say that it is most probably one of the biggest causes of this negative impact of *homo sapiens*’ behavior on the Earth and its resources.

---

<sup>50</sup>Cf. Byttembier (2018a).

### 3.1.3.2 The Intrinsically Destructive Power of the Agrarian and Industrial Revolutions

In what precedes, it has already pointed out that the misery that would eventually lead to capitalism seems to already have begun when our forefathers gave up their nomadic lifestyle for a sedentary one.

Whereas before in history *homo sapiens* functioned, at least to a certain extent, in harmony with the Earth and its other life forms,<sup>51</sup> the choice for a sedentary lifestyle brought about a major change. Focusing on the theme of this Sect. 3.1.3, this change has mainly consisted of the fact that, increasingly, the view began to prevail that the whole Earth, with everything on it, is purely utilitarian to provide for all the real and imaginary needs of *homo sapiens* himself.<sup>52</sup>

As mentioned above (cf. Sect. 2.1), the development of this sedentary life style gradually created the breeding ground an ever-increasing multitude of economic processes aimed not only at the fulfillment of elementary necessities of life—especially food and shelter—but also, on the one hand, at the creation of ever new needs and, on the other hand, at ever different or new methods of satisfying them, whereby the entire material world within which *homo sapiens* found himself, *ergo* the Earth with everything on it, was made subservient to the pursuit of the fulfillment of all these conceivable needs.<sup>53</sup>

Since then, history has clearly shown that in the fields of the conception of (senseless) needs and of the development of ever new methods for satisfying them,<sup>54</sup> for *homo sapiens*, the sky has been the limit,<sup>55</sup> as a result of which the Earth and everything on it has been gradually turned into a playground of the human race in which this satisfaction of all possible needs is pursued. However, from the very beginning, a basic problem of this way of (economic) thinking and acting has been overlooked, namely that while the imagination of *homo sapiens*, and consequently his capacity to conceive all kinds of (intrinsically) senseless needs, is unbridled, the

---

<sup>51</sup> Still, according to Phoebe Weston, the story of the damage done to the environment, especially the world's biodiversity, is “*a tale of decline spanning thousands of years*”. (Cf. Weston (2022a).) In Weston's article, it is suggested that “that the unsustainable hunting of megafauna (in nomadic societies) may have been one of the driving forces that led humans to domesticate plants and animals. People started farming in at least 14 different places, independently of each other, from about 10,500 years ago.” (Weston (2022a).)

<sup>52</sup> Cf. the quote from the Biblical book of Genesis cited in footnote 63 of this chapter.

<sup>53</sup> According to Weston, farming has been “*the primary driver of destruction*”. According to this same author, as a result, of **all the mammals on Earth**, 96% are either livestock or humans. “After the spread of farming and significant population increases, it was European expansion that would be the next big blow to the planet's biodiversity. While Indigenous peoples across the world lived mostly within the limits set by nature, recognising their dependency on it and protecting it, while hunting to survive, all that was about to change.” (Cf. Weston (2022a).)

<sup>54</sup> These constitute the majority of what present-day economies have to offer under the form of goods and services, especially so in the so-called prosperous or developed countries.

<sup>55</sup> This insight forms one of the central themes of Buddhism, with the solution that man should stop constantly desiring more and different.

Earth itself, including all its riches—and no matter how big it may have seemed to our distant ancestors—is limited.

As long as *homo sapiens* maintained a primarily agrarian lifestyle (and even up to the period of mercantile capitalism), things were, all in all, not too bad—at least when compared to what has happened afterwards—even though, under the transition towards an agrarian lifestyle, gigantic forests and other natural areas were cut down and numerous animal species were exterminated and several others degenerated into domestic animals.

However, the fences were completely drawn when, in modern times, technological developments occurred with which *homo sapiens*, increasingly, learned to bend all the forces of nature—ultimately including the weak and strong nuclear forces themselves—to his will, and in this manner initiated what has been described as the industrial revolution.

In one of our earlier books, ‘The unfree market and the law’, this fact has already been described, aptly, as follows:<sup>56</sup>

In this economic model, all the resources available on earth (and as soon as this will be feasible: even beyond earth) need to be discovered and extracted as efficiently as possible in order to make them part of the capitalist production processes. All forests, wherever in the world, must be grubbed-up, in order to produce wood which can serve economic production, and new woods should only be planted if, for the same reason, they can be grubbed-up as soon as possible. Any scientific discovery should, without delay, serve the same capitalist production processes and should consequently translate into the production of goods which are sufficiently “marketable.” As a result, in the contemporary purportedly “free” world, barely any independent scientific research is still taking place, but on the contrary, all scientific research is driven by, or in collaboration with, capitalist industry. Almost every living creature on earth is studied to discover how it can be reduced to a method of entrepreneurial profit, be it as exhibition objects in a zoo (in essence one of the many “beneficent” findings of early capitalism), as pets (also in the case of exotic animals which do absolutely not fit that role), as a testing object, or as an ingredient for potential human consumption in the widest sense of the word.

In what precedes, it has furthermore been shown that in all this, the (still prevailing) capitalist, monetary and financial system has been vital in accelerating the destructive-economic behavior of *homo sapiens*, with in particular the model of private money creation—relying on anyone gaining access to a banking license being granted the societal power to, through the granting of credit, put new money into circulation and thereby further increase the pressure on future economic production—having become one of the key socio-economic organizational tools that has helped cause this acceleration.

---

<sup>56</sup>Cf. Bytтеbier (2018a), p. 86.

A long-standing example in current times, concerns the devastation of the Amazon Forest, which is increasingly suffering from numerous behaviors of various enterprises. (Cf. Milman (2022b).)

As a result, the entire Earth, with everything on it, has gradually been thrown to the destructive forces of capitalist enterprises.<sup>57</sup>

With this, anno 2023, one the most important questions in socioeconomics is whether a solution is still possible and what such a solution would look like. We have tried to offer our own modest contribution by way of our writings since at least 2015,<sup>58</sup> including the present book itself.

### 3.1.3.3 The Proverbial Neoliberal Icing on the Capitalist Cake

Under the impetus of economic neoliberalism, the goal of establishing completely free markets has even been further accentuated over the past half century.

Opposing as a matter of principle any form of planning or regulation, the ideology of economic neoliberalism advocates a model of socio-economic organization in which everything what happens should be left to the free market(s), while state interference should be kept to a minimum. Any form of state interference that could threaten entrepreneurial freedom should be eliminated.

Needless to say that this ideological approach has further reinforced capitalism's inherent tendency to, above all, pursue economic growth and thereby subordinate all other values to the wealth-gathering aspirations of the class of entrepreneurs.

Two features of economic neoliberalism deserve particular attention in this regard.

There is in the first instance the aversion to any form of government planning and control, based on the view that everything should be left to the operation of the free market(s) and that from this, automatically—as it were by an invisible hand—the most ideal socio-economic and general-societal organization will emerge.

There is secondarily the aversion to any form of regulation to protect other values (such as, for example, the protection of the working classes, public health or the environment), often under the argument that such models of protection cost too much or undermine the competitiveness of the enterprises affected by them.

The combination of these two factors implies that, in terms of the use of natural resources—including other living beings—the free market can do as it pleases, while only limited adjustments are tolerated, especially to keep the most extreme excesses of overly polluting or otherwise harmful, entrepreneurial behavior, within certain boundaries.

---

<sup>57</sup> Cf. Weston (2022a), who has pointed to some alarming early climate crises that already occurred in the first half of the twentieth century: “In the 20th century, a series of natural crises made people more aware nature was under threat, as the planet started being damaged at a faster rate than ever before. The “roaring 20s” gave way to the “dirty 30s” with a decade of dust storms in the US and south-east Australia. In 1935, the dramatic dust clouds of the American midwest loomed over New York and left three-quarters of western states parched. They were caused by a combination of extreme weather – heatwaves and drought – and unsustainable farming practices, which replaced native prairie vegetation.” (Cf. Weston (2022a).)

<sup>58</sup> Cf. particularly Byttember (2015a, b, 2017, 2018a, 2019, 2021, 2022a).



Touching on the economic growth model itself—if only from a concern to safeguard the Earth, for the benefit of future generations of people—remains a loaded topic for the (many) adherents of economic neoliberalism, although one can rejoice that at least part of the present-day generations of young people seems to become increasingly aware of the seriousness of the problems created by capitalism.<sup>59</sup>

We have addressed all this ourselves in our earlier work,<sup>60</sup> while it can be noted that similar far-reaching views can, to a growing extent, be found among other authors as to how capitalism has proven pernicious for the Earth (and for all life that the Earth harbors).<sup>61</sup>

One of the main problems created by capitalism concern environmental issues, including climate change, as will be illustrated in more detail in the next Sect. 3.1.4.

### 3.1.4 *Environmental Pollution and Climate Change*

#### 3.1.4.1 **Problem Statement**

##### 3.1.4.1.1 **Origins of Environmental Problems**

Considering what precedes, it should come as little surprise that in our times, capitalism’s detrimental impact on planet Earth has reached disproportionate dimensions.

In a somewhat more distant past, these issues were addressed under descriptions such as the environmental problem, or the environmental pollution, terms which mainly highlight one dimension of capitalism’s impact on the Earth, namely the pollution of the environment in the broadest sense of the word (including the atmosphere, rivers, seas and oceans, and large parts of the Earth itself).

However, in a given representation, man’s excessive impact on the environment even goes back further in time.

As already mentioned, perhaps one of the important caesura moments in history involved the transition from the nomadic societies of prehistoric times to (more)

---

<sup>59</sup> Compare Monbiot (2021): “What do we see if we break the surface tension? The first thing we encounter, looming out of the depths, should scare us almost out of our wits. It’s called growth. Economic growth is universally hailed as a good thing. Governments measure their success on their ability to deliver it. But think for a moment about what it means. Say we achieve the modest aim, promoted by bodies like the IMF and the World Bank, of 3% global growth a year. This means that all the economic activity you see today - **and most of the environmental impacts it causes** - doubles in 24 years; in other words, by 2045. Then it doubles again by 2069. Then again by 2093. (...) All the crises we seek to avert today become twice as hard to address as global economic activity doubles, then twice again, then twice again.” (Monbiot (2022a).)

<sup>60</sup> Cf. especially Byttemier (2015b, 2018a, b), but also various of our other work since 2015.

<sup>61</sup> A recent, highly pronounced example of this concerns the opinion piece by George Monbiot, already quoted above, published in The Guardian on October 30, 2021, under the telling title, “*Capitalism is killing the planet - it’s time to stop buying into our own destruction.*” (Cf. Monbiot (2021).)

sedentary forms of society, with humans increasingly engaging in agriculture and barter.

Indeed, the impact of the (first) agrarian revolution (also called: the Neolithic revolution) that began to occur in certain areas roughly in 10–12,000 B.C.<sup>62</sup> (and in other areas on Earth, much later) on the environment cannot be underestimated. At the very least, in the realm of ideas, it was then that *homo sapiens* developed the notion that the whole Earth, with everything on it, is subservient to the satisfaction of their own needs.<sup>63</sup> In practice, this led to an increasing allocation of territory for purposes of agriculture and permanent habitation (with accompanying infrastructure, such as roads), for which natural habitats had to systematically give way.

Illustrative in that regard is that one of the areas in which *homo sapiens* began to settle in abundance to adopt, increasingly, a more sedentary lifestyle, in particular the European continent, in addition to parts of Asia, was virtually deforested in no time at all and consequently, for the most part, reduced to a gigantic agricultural and residential zone.

It is therefore no coincidence that precisely Europe and its inhabitants—in addition to certain other areas on Earth, e.g. Southeast Asia (with China and India) and the Middle East—has since then progressively followed this path of remodeling the Earth in accordance with economic needs and interests, this while there remained in parallel other areas in which the Nomadic lifestyle survived longer (and which, consequently, remained characterized by a more frugal and respectful treatment of the environment), for example, at least until the arrival of European colonists, on the North American continent.

In other words, since this agrarian revolution, the fences started to come down and more and more areas of the Earth became exposed to the increasingly sedentary lifestyle of man, with all the adverse consequences for the Earth and other life forms this has entailed. Gradually, this transition also got accompanied by increasing trade and industry, characterized by a growing variety of products and, parallel to this, an increase of all types of (artificial) needs.

An anthropologist who would compare the development of societies on the North American continent and those on the European continent during, say, the period 500 BC to 1500 AD, would probably reach the conclusion how few the needs of man on the North American continent remained during that period, and how growing and increasingly varied the needs of man on the European continent became, with the underlying question being to what extent the transition from a nomadic to a sedentary lifestyle, later accompanied by increasing urbanization, played a decisive role in this development of all kinds of (intrinsically artificial) needs. It even seems that the ever-increasing degree of labor specialization that resulted from the sedentary lifestyle, at the same time, provided an ideal breeding ground for the runaway flow of the human imagination and, consequently, for the

---

<sup>62</sup>Since this revolution resulted from a gradual interaction between man (*homo sapiens*) and nature (other animals and plants), it is impossible to put an exact date on it.

<sup>63</sup>This idea even finds reflection in the Old Testament book of Genesis, which *expressis verbis* says that all of creation is subservient to man. (Cf. Gen. 1: 28–29.)

resulting stream of ever more needs and of the production of (often intrinsically useless) goods and services geared to them, an evolution which would eventually culminate in today's capitalist system of production for the sake of production and consumption for the sake of consumption.

#### 3.1.4.1.2 Philosophical and Religious Opposition to an Economy Driven by Artificial Needs

By way of parenthesis, it may be pointed out (again) that meanwhile, throughout the Western (and Asian) world, leading figures in religion and philosophy continued to struggle for a long time with the choice of such a lifestyle characterized by ever more (material) needs and ever more production and trade to meet these needs.

Not coincidentally, these are the same philosophical and religious systems that also opposed (unrestrained) wealth-gathering behavior. (Cf. Sects. 2.2.2 and 2.2.3.)

The examples of these are legion.

For example, within Buddhism it is said that a life aimed at satisfying ever more needs cannot lead to fulfillment.<sup>64</sup> In practical terms, Buddhism's advice is that man must learn to keep his desires in check, or even better not desire at all, an attitude to life that is obviously completely at odds with the path that the socio-economic order of the Western world has followed throughout time—and certainly in the past few centuries.

In a comparable vein, similar teachings emerged in Ancient Greece, for example, with Diogenes, of whom it is believed that he renounced all possessions in order to go and live in a barrel. To Plato, in turn, we owe a comprehensive philosophy that was characterized, among other things, by a strong aversion to the use of money and to commerce, and especially to the greed associated with them, which stand in the way of the ideal society this philosopher envisioned. In a similar vein, Aristotle argued for a just distribution of wealth, opposing certain mechanisms that inherently lead to an unequal—and consequently unjust—distribution of wealth within society, but which have nevertheless become commonplace in contemporary societies, e.g., the interest charge on credit.

At its core, the teaching of Jesus Christ was also opposed to a lifestyle aimed at an ever-increasing material satisfaction of needs (cf. the Sermon on the Mount cited above), which of course contrasts sharply with the gigantic treasures that the Catholic Church, in the name of Jesus Christ, has sought to appropriate in the course of the centuries that followed, in many cases through methods of which Jesus Christ Himself would have shuddered.<sup>65</sup> Be as it may, in the teachings of Jesus Christ

---

<sup>64</sup> Such a life turns man into a being who runs away from their shadow and starts running faster and faster from the delusion that the shadow is catching up, without realizing that by standing still, one's shadow will also come to a standstill. (Compare Osho (1995), p. 82.)

<sup>65</sup> However, the fact that in subsequent centuries the Catholic Church, which claimed to apply the teachings of Jesus Christ, did not always succeed in meeting these life guidelines, does not prevent the emergence in the history of said church of notable figures who did manage to lead their life in

Himself, the rich should rather use their wealth as a means to regain their soul, for example by sharing their wealth with (among) the poor.

Nevertheless, it appears that, also in the realm of ideas, the battle was gradually settled in favor of the idea good that wanted to base the socio-economic order on ever more gratification of needs (rather than on the conception of a just society, aimed at the fulfillment of everyone's essential needs of life), which would eventually, from the seventeenth to eighteenth century onwards, lead to the supposedly rational approach of so-called economic liberalism.

### 3.1.4.1.3 Magnification of the Environmental Problems Under Capitalism

And so it occurred...

Based in part on this evolving body of ideas, from the sixteenth century onward, the socio-economic order was increasingly shaped in accordance with the working methods and principles underlying trade and industry, which would eventually culminate in capitalism, a socio-economic model that over the past four centuries has become the dominant economic model on Earth.

Henceforth, there was hardly any taboo or reservation to consider the world, with everything in it—including other people—as available for serving one's (own) economic interests, in other words for the production of goods and for services aimed at the satisfaction of all possible needs, which under capitalism—not counting a limited number of exceptions prohibited by law—should all be fulfillable.

It should come as little surprise that attaching such an ever-increasing importance to the gratification of all possible needs, as well as to the conception of an economic model whose purpose is to enable such a gratification of all conceivable needs, has gone hand in hand with an ever-increasing degradation of the environment.

Where production of (intrinsically useless) goods (or services) began to be regarded as more important than the preservation of the living environment, forests or other natural environments were destroyed without any problem, roads were built, rivers were diverted or even drained, man started digging canals and constructing dams, and so on, all without much reflection on how all of this affected the environment, including, for example, the creation of the first man-made deserts (where there had previously been fertile land).<sup>66</sup>

In addition, as production became increasingly machine-based, new forms of environmental pollution also gained momentum, with the cherry on top of the cake being the rise of chemical and nuclear industries that have further accentuated the issue of environmental pollution in modern times.

---

accordance with these noble ideas, including, for example, St. Francis of Assisi (and his first followers).

<sup>66</sup>Recently, the understanding of how agriculture, among other things, has depleted the Earth has led to the so-called "Save the soil" initiative, which has the support of several UN organizations. (Cf. <https://consciousplanet.org> and <https://save-soil.co/join>.)

All the while, voices calling for a slowing down of the pace were booed off, on the grounds that any slowing down of the pace would impede societal progress. This involved the hooting away of any call for moderation—be it in the area (1) of consumption of raw materials or other natural resources, (2) of the exploitation of labor-providing fellow human beings or other life forms, (3) of the destruction of one's own habitat, (4) of questioning certain forms of intrinsically useless production or service, (5) of the lifestyles to which capitalism has led in many parts of the world, or even just (6) of the ever-increasing growth of the world's population—an intent which became one of the main purposes of the liberal (and later neoliberal) theories of rationalization themselves.<sup>67</sup>

In economic liberalism, the credo became unequivocally that planning and economics are incompatible concepts, since all socio-economic practice should be left to the entrepreneurial class, with an invisible hand ensuring that everything will run smoothly and that all problems will be solved by themselves. Calls for addressing environmental pollution have in the past been systematically met by this wall of liberal (and later neoliberal) reluctance.

Under the doctrine of economic neoliberalism, hardly anything would change in this regard, except perhaps the wordings of the socio-economic belief system. Thus, economic neoliberalism generally holds that everything should be left to the domain of the free market and that governments should refrain from any action that might inhibit private (entrepreneurial) initiative.

At present, this neoliberal attitude has even led to views whereby it is suggested that the search for solutions to environmental pollution is best left to private market forces themselves, which essentially implies that the sector (and the ideas that underpin it) from which the problems have arisen will—sooner or later—solve the problems itself, which constitutes, in other words, a variant of the (neo)liberal belief that by leaving everything to the free market, all problems will, in the end, magically disappear.<sup>68</sup>

The fact that this fable, which has been maintained for several centuries already, has still not succeeded in providing even the beginnings of an answer to the environmental problems, obviously raises the question more than ever as to how long humanity will cling to such a delusion.<sup>69</sup>

---

<sup>67</sup> Reference can be made, for example, to the writings of Ayn Rand.

<sup>68</sup> Cf. Kirk's viewpoints cited below (cf. Sect. 3.1.4.3).

<sup>69</sup> Here, at least as far as we are concerned, major policy declarations, as well as private initiatives launched under great press interest by, in many cases, well-meaning young people who believe that they have found the (simple) answer to a given environmental problem, and which so far have (unfortunately) invariably all ended in failure, are increasingly less convincing. On the contrary, a drastic, global approach is urgently required which can only be achieved at a global level.

### 3.1.4.2 A Selection of Recent Research Findings

#### 3.1.4.2.1 General

By 2022, a particular aspect of the environmental problem, namely the problem of climate change, has been gripping the world for quite some time already,<sup>70</sup> but still without the policy levels being prepared to tackle (sufficiently drastically) the causes of the environmental problems, including climate change itself.<sup>71</sup>

This is clearly also the conclusion that can be drawn from various research reports that have been published, at regular intervals, over the past few years, some of which we shall quote—both in a direct and indirect manner—below.

#### 3.1.4.2.2 The IPCC Report ‘Climate Change 2022. Mitigation of Climate Change’ (April 2022)

The general observation made in Sect. 3.1.4.2.1 is clearly reflected in one of the recent climate change reports by the authoritative Intergovernmental Panel on Climate Change (IPCC), specifically a report dated April 2022 and entitled ‘Climate change 2022. Mitigation of Climate Change’, which laid out how political unwillingness to tackle the problem in a sufficient manner continues to hinder the implementation of available (technological) solutions to adeptly address climate change.<sup>72</sup>

Indeed, according to this IPCC report, some of the major obstacles to climate action are political, not technological. The report notes, for example, that vested interests in fossil fuels are thwarting policies to reduce emissions (which obviously is not a new phenomenon but has been one of the main obstacles to implementing similar recommendations to combat environmental pollution formulated in the 1970s by the Club of Rome).<sup>73</sup>

In fact, the political unwillingness to deal with the problems of environmental pollution is so far-reaching that deliberately organized disinformation campaigns by climate change deniers, in some places, keep increasing political polarization on the issue. Moreover, in such cases, politicians tend to shy away from tough decisions, especially when the outcome of their action badly reflects in elections.

An additional factor that complicates a global policy approach concerns the energy gap in developing countries. Indeed, in many of developing countries, governments have yet to expand access to electricity and modern fuels for cooking for

---

<sup>70</sup>It is worth noting that during the COVID-19 pandemic, the focus on climate change issues receded somewhat into the background, without, however, implying that the issue itself would have become any less of an issue, quite the contrary.

<sup>71</sup>Cf. already in Byttemier (2015a), pp. 170–174; Byttemier (2017), pp. 199–206, both with further references.

<sup>72</sup>Cf. Intergovernmental Panel on Climate Change (IPCC) (2022b), pp. 1–28. Cf. also Intergovernmental Panel on Climate Change (IPCC) (2022a).

<sup>73</sup>On this, Buelens (2022).

hundreds of millions of the poorest people, which in the short term is considered possible only by burning more fossil fuels.<sup>74</sup> While these countries have benefited from advances in renewable energy technology, efforts to dramatically reduce

---

<sup>74</sup>It is in this debate argued that what certain countries or regions, including the EU and the United States of America, do to reduce CO<sub>2</sub> emissions has little impact on climate change issues if the EU and U.S. reductions are overshadowed by emissions increases in emerging economies, including countries and regions such as India, Africa and especially China. Under the 2015 non-binding Paris climate agreement, for example, China is still allowed to increase its emissions until 2030. And according to the editors of the Wall Street Journal (in an opinion piece dated September 12, 2022), that is exactly what has been happening in the past years. According to that opinion piece (which relies, in part, on data from the Climate Action Tracker), between 2015 and 2021, China's CO<sub>2</sub> emissions increased by about 11%. During the same period, the United States of America itself reduced its emissions by about 6%. (Cf. The Wall Street Journal Editorial Board (2022).)

Meanwhile, China continues the construction of several, new coal-fired power plants with a total capacity of at least 100 gigawatts. To imagine the size of such plants, the total U.S. power capacity is about 1147 gigawatts, while one gigawatt provides enough energy to power 770,000 homes. According to the same source, by July 2022, China had about 258 coal-fired power plants—about 515 individual units—licensed or under development. Global Energy Monitor reported that by July 2022, China had also proposed 174 new coal mines or coal mine expansions—approved or under construction—that will produce 596 million tons of coal per year when completed. Still, China has also invested in green energy sources (e.g., hydropower, wind and solar power) in recent years, which account for an increasing share of China's energy production. But energy demand continues to grow, with coal continuing to account for ±64% of China's electricity generation in 2021. In general, since China signed the Paris Climate Agreement, its coal capacity has increased by about 185 gigawatts. In contrast, the United States of America is reported to have reduced its coal capacity by about 80 gigawatts over the same period (leaving U.S. operational coal capacity at 209.6 gigawatts in January 2022). (Cf. The Wall Street Journal Editorial Board (2022).) According to another source—notably an article posted on The Associated Press website in April 2022, which mostly relies on World Resources Institute data—early 2022, China accounted for 26.1% of global CO<sub>2</sub> emissions, more than double the U.S.-share of 12.8%. According to the research firm Rhodium Group, China emitted more than all developed economies combined. Per person, China's 1.4 billion people on average emitted the equivalent of 8.4 tons of carbon dioxide per year per person. That is less than half the U.S. average of 17.7 tons, but more than the European Union's 7.5 tons. China itself has an abundance of coal, producing more than 90% of the 4.4 billion tons it burned in 2021. Meanwhile, more than half of its oil and gas is imported, which Chinese leaders perceive as a strategic risk, which in turn explains why China remains so heavily committed to coal and why coal will, in the foreseeable future, continue to provide 60% of its power. (Cf. The Associated Press (2022).)

According to The Wall Street Journal, the rationale for China's energy policy is clear: The Communist Party's priority is economic growth and a higher standard of living for the Chinese people, in addition to the goal of becoming the world's greatest (economic) power. Carbon emissions are merely considered an afterthought in this regard. Thus, The Wall Street Journal concludes that, at a time when the U.S. Biden administration is (finally) beginning to do everything possible to reduce U.S. fossil fuel consumption, regardless of the economic damage, China continues to import coal, coal mining and coal generation, with the goal of becoming the world's largest economy. The further conclusion is that while the European Union and the United States of America are bending over backwards to get their emissions down and, in the process, damaging their economies, China is doing the exact opposite. (Cf. The Wall Street Journal Editorial Board (2022).)

Without necessarily having to agree with all elements of this opinion piece, it at the very least does show the pressing need for a global approach to emissions policy.

emissions have encountered two longstanding problems: high costs and overburdened governments.<sup>75</sup>

In fact, the impact of the political unwillingness to prioritize the issue is so great in all of this that, according to Wei Shen, a researcher affiliated with the Institute of Development Studies, a think tank in Britain that collaborated in writing the aforementioned April 2022 IPCC report (cf. Sect. 3.1.4.2.2), the issue could have been solved two or three decades ago if finding solutions depended (or had depended) solely on technological developments.<sup>76</sup>

Still, it has long been clear who is most responsible for the emission of greenhouse gases that are considered the main cause of climate change.

Indeed, according to a June 2022 Oxfam report, rich countries have contributed an estimated 92% of excess historical emissions of harmful gases and were at the beginning of 2022 responsible for 37% of the at that time occurring emissions (even though only 15% of the world's population was living in these countries). Between 1990 and 1995, carbon emissions from the richest top 1% of the global population represented more than double the emissions of the poorest half of the population, while as much as 71% of emissions since 1988 can be traced to just 100 fossil fuel producers. In contrast, low-income countries have contributed the least to these emissions of harmful emissions but are suffering the most from the effects of ongoing climate change. Africa's current emissions at the beginning of 2022 were less than 4% of the global total (despite being home to 17% of the world's population). For example, Kenya, Ethiopia, Somalia and South Sudan together accounted for only 0.1% of global emissions.<sup>77</sup>

What is true on a macro scale for the rich countries is also true on a micro scale in the relationship between rich and poor(er) individuals, which also shows that the Earth's rich elite are responsible for greenhouse gas emissions to a much greater extent than the average person. This is not only a consequence of the fact that the rich elite are those who own the (most polluting) enterprises but plays out even at the level of individual consumption. In this regard, George Monbiot has pointed out that to avoid more than 1.5 °C of global warming, average human emissions should not exceed two tons of carbon dioxide per person per year. But the richest 1% of the world's population produces on average more than 70 tons per person per year. Bill Gates alone, according to an estimate dating from the period when Monbiot wrote his contribution (notably in 2021), emitted nearly 7500 tons of CO<sub>2</sub> per year, mostly from flying in his private jets. By the same estimate, Roman Abramovich produced nearly 34,000 tons per year, largely through the operation of his giant yacht. It is furthermore called here that the many homes of the ultra-rich may be equipped with solar panels, that their supercars may be electric, that their private jets may be powered with biokerosene, but that these modifications make little difference to the overall impact of their consumption. In some cases, they even increase it. For

---

<sup>75</sup> Plumer and Zhong (2022).

<sup>76</sup> Plumer and Zhong (2022).

<sup>77</sup> Cf. Carty and Walsh (2022), p. 4.



example, the switch to biofuels advocated by Bill Gates in the is considered one of the biggest causes of habitat destruction, as forests are cut down to produce wood pellets and liquid fuels and soils are destroyed to make biomethane.<sup>78</sup>

The latter observations of both Oxfam and Monbiot have been confirmed in an opinion piece of Martin Kuebler of November 15, 2022,<sup>79</sup> the (symbolical) date on which the global population reached the threshold of eight billion people. In this opinion piece, Kuebler refers to findings of the UN in which population growth was, generally, indicated as one of the main sources of **increased greenhouse gas emissions and ecological destruction**. As Kuebler has phrased this: “Every extra person adds to the strain on the planet’s finite biological resources.”<sup>80</sup> However, this general statement is immediately nuanced under reference to the fact that the **world’s richest countries**, where population growth has rather slowed or reversed than increased in recent years, are the ones using the most resources per capita, and in this manner causing the biggest damage to the environment. By contrast, poorer, developing countries, including those in sub-Saharan Africa and parts of Asia, although facing the biggest increase in their population, are at the same time responsible for but a fraction of global emissions and resource use. According to these findings, if everyone on Earth would live like a citizen of the United States of America, the resources of at least five Earths would be needed to meet the demands. By contrast, living like a citizen of a country such as Nigeria, would only amount to a use of 70% of the world’s resources per year. For India, with a population of more than 1.3 billion people, that figure amounts to just 80%.<sup>81</sup>

#### 3.1.4.2.3 The UNICEF Report ‘Innocenti Report Card 17. Places and Spaces. Environments and Children’s Well-Being’

A UNICEF report issued on May 23, 2022, entitled ‘Innocenti Report Card 17. Places and Spaces. Environments and children’s well-being’,<sup>82</sup> in general found that while the world’s group of richest countries—including Finland, Iceland, the Netherlands, and Norway—provide healthier environments for the children living within their borders, at the same time they contribute disproportionately to the destruction of the global environment (with an extremely detrimental effect on children living in the group of poorer countries).<sup>83</sup>

All the great rhetoric of the past decades notwithstanding, this is one more indication that the Western world keeps continuing its selfish, capitalist lifestyle, regardless of the disadvantages that this has for the rest of the world.

---

<sup>78</sup> Monbiot (2021).

<sup>79</sup> Kuebler (2022).

<sup>80</sup> Kuebler (2022).

<sup>81</sup> Kuebler (2022).

<sup>82</sup> UNICEF (2022b).

<sup>83</sup> UNICEF (2022a).

In preparing the Innocenti Report Card 17: Places and Spaces, UNICEF has compared the extent to which 43 countries belonging to the Organization for Economic Cooperation and Development (OECD) and the European Union (EU) are succeeding in establishing healthy environments for children.<sup>84</sup> A general conclusion reached by this report is that environmental changes taking place all over the world find their way into children's bodies and minds. A notable finding is that due to polluted air, water and food, the average world citizen unintentionally consumes a quarter of a kilo of plastic per year—equivalent to consuming a credit card per week. As a result, in nine of the world's richest countries, more than 1 in 20 children has elevated blood lead levels.<sup>85</sup>

According to this report, the environmental problem is no longer an abstract concept about a distant future: it affects children (and adults) in very concrete ways here and now.<sup>86</sup>

The report, furthermore, points to the fact that also the effects of climate change itself are already evident: rising temperatures, higher sea levels, air and soil pollution, and extraordinary weather events are affecting not only the world we leave behind for future generations, but also the brains, lungs and hearts of all who live today, including children in particular.<sup>87</sup>

The UNICEF report Innocenti Report Card 17: Places and Spaces, in addition, examined the impact of indicators such as: exposure to harmful pollutants, including toxic air, pesticides, moisture and lead; access to light, green spaces and safe roads; as well as countries' contributions to the climate crisis, resource consumption and e-waste dumping. Similar to the findings of Martin Kuebler (cf. Sect. 3.1.4.2.3), also the UNICEF findings point out that if all countries in the world would consume the same number of resources as the OECD and EU countries that were examined in the report, the equivalent of 3.3 Earths would be needed to keep up with consumption levels. Moreover, if each country consumed resources at the rate that people in Canada, Luxembourg and the United States of America do, at least five earths would be needed.<sup>88</sup>

Although countries such as Spain, Ireland, and Portugal generally top the rankings, for all indicators, the UNICEF report showed that all examined OECD and EU countries failed to help create a healthy environment for all of the world's children. Some of the wealthiest countries, including Australia, Belgium, Canada, and the United States of America, have serious and widespread impacts on the global environment—based on CO<sub>2</sub> emissions, electronic waste and total per capita resource consumption—and also score low when it comes to creating a healthy environment for children within their own borders. In contrast, the least prosperous OECD and

---

<sup>84</sup> UNICEF (2022a).

<sup>85</sup> UNICEF (2022b), p. 6.

<sup>86</sup> UNICEF (2022b), p. 6.

<sup>87</sup> UNICEF (2022b), p. 6.

<sup>88</sup> UNICEF (2022a).

EU countries in both Latin America and Europe have a much lower impact on the rest of the world.<sup>89</sup>

Thus, one of the report's findings is that most rich—*ergo* the most capitalist—countries not only fail to provide a healthy environment for children within their borders, but also contribute to the destruction of children's environments in other parts of the world. In contrast, a group of other countries provide a relatively healthy environment for their children domestically, while in their relationship to foreign countries, they are among the largest contributors of pollutants that destroy children's environments.<sup>90</sup>

Further remarkable findings of the report include the following:<sup>91</sup>

- More than 20 million children in the group of countries that were examined have elevated levels of lead in their blood. This even makes lead one of the most dangerous toxins in the environment.<sup>92</sup>
- Finland, Iceland, and Norway are in the top three in terms of caring for a healthy environment for their own children, but with respect to the world, they are the bottom three, with high rates of emissions, e-waste and consumption.
- In Iceland, Latvia, Portugal, and the United Kingdom, one in five children are exposed to moisture and mold at home, while in Cyprus, Hungary and Turkey, more than one in four are exposed.
- Many children all over the world breathe toxic air both outdoors and indoors. E.g., Mexico has one of the highest numbers of children dying from air pollution at 3.7 years per thousand children, while Finland and Japan have the lowest numbers at 0.2 years.<sup>93</sup>

---

<sup>89</sup> UNICEF (2022a).

<sup>90</sup> UNICEF (2022a).

<sup>91</sup> UNICEF (2022a).

<sup>92</sup> Innocenti Report Card 17: Places and Spaces in this regard states that, worldwide, hundreds of millions of children suffer from lead poisoning. Lead is hereby considered a neurological and cardiovascular toxicant, responsible for more deaths worldwide than malaria, war and terrorism, or natural disasters. Lead not only impairs children's bodily functions, but also has adverse effects on attention span, memory (both long and short term) and the ability to plan and solve problems. Lead poisoning may also reinforce aggression and antisocial behavior. Boys are particularly vulnerable to brain damage and cognitive impairment from lead poisoning, probably because higher levels of estrogen and estradiol in girls function as neuroprotective substances. In turn, girls' exposure to lead at an early age, or even in utero, can disrupt their hormonal patterns and is associated with delayed puberty. (Cf. UNICEF (2022b), p. 25.)

<sup>93</sup> Innocenti Report Card 17: Places and Spaces states on this subject that air pollution from chemicals and gases released from energy use and production has direct public health implications. In Europe, polluted air is responsible for more deaths than tobacco. The Report Card, furthermore, states that children are more vulnerable to air pollution than adults because they have a smaller lung capacity and a less developed immune system. Because they are smaller than adults, they are also closer to the ground in most situations, where pollution tends to accumulate. Air pollution also harms children even before they are born—for example, because toxic air inhaled by a pregnant woman can lead to faster cellular aging of the fetus. Fine dust particles in outdoor air are a common indicator of air quality in measurements: their small diameter allows them to penetrate deep into the airways. (Cf. UNICEF (2022b), p. 20.)

- In Belgium, the Czech Republic, Israel, the Netherlands, Poland, and Switzerland, more than 1 in 12 children is exposed to elevated levels of pesticide pollution. Pesticide pollution is associated with cancer, including childhood leukemia, and can affect the nervous, cardiovascular, digestive, reproductive, endocrine, blood and immune systems.

Figure 3.1 presents an overview of air-related morbidity in children under 15 years of age, in 2019.

#### 3.1.4.2.4 Data Provided by the WHO (of 2018 and 2022, Respectively)

A slightly older, albeit more comprehensive, 2018 World Health Organization study had already shown in a similar vein that 9 out of 10 people on Earth breathe air with high levels of pollutants. Estimates in this study even showed an alarming death toll of seven million people per year due to air pollution (outdoors) and household pollution.<sup>94</sup>

In said 2018 study, the WHO estimated that about seven million people die annually from exposure to fine particles in polluted air that penetrate deep into the lungs and cardiovascular system and cause diseases such as stroke, heart disease, lung cancer, chronic obstructive pulmonary disease, and respiratory infections, including pneumonia. According to this study, air pollution caused about 4.2 million deaths in 2016 alone, while air pollution from cooking with polluting fuels and technologies in households, during the same period, caused an estimated 3.8 million deaths.<sup>95</sup> According to the WHO, in 2018, more than 90% of deaths from air pollution occurred in low- and middle-income countries, mainly in Asia and Africa, followed by low- and middle-income countries in the Eastern Mediterranean, Europe, and the Americas. This research has in addition revealed that about three billion people—more than 40% of the world's population—at the time, still lacked access to clean fuels and technologies for cooking at home, the main source of household air pollution.<sup>96</sup>

Similar empirical data from 2022 show that the situation has gotten even worse. Indeed, 2022 data show that almost the entire world population (99%) is breathing air that exceeds WHO air quality limits, threatening their health. According to these data, a record 6000-plus cities in 117 countries monitored air quality in 2022, but people living there continue to breathe unhealthy levels of fine particulate matter and nitrogen dioxide, with people in low- and middle-income countries experiencing the highest exposures. The 2022 findings prompted WHO to emphasize the importance of curbing fossil fuel use and taking other concrete steps to reduce air pollution.<sup>97</sup>

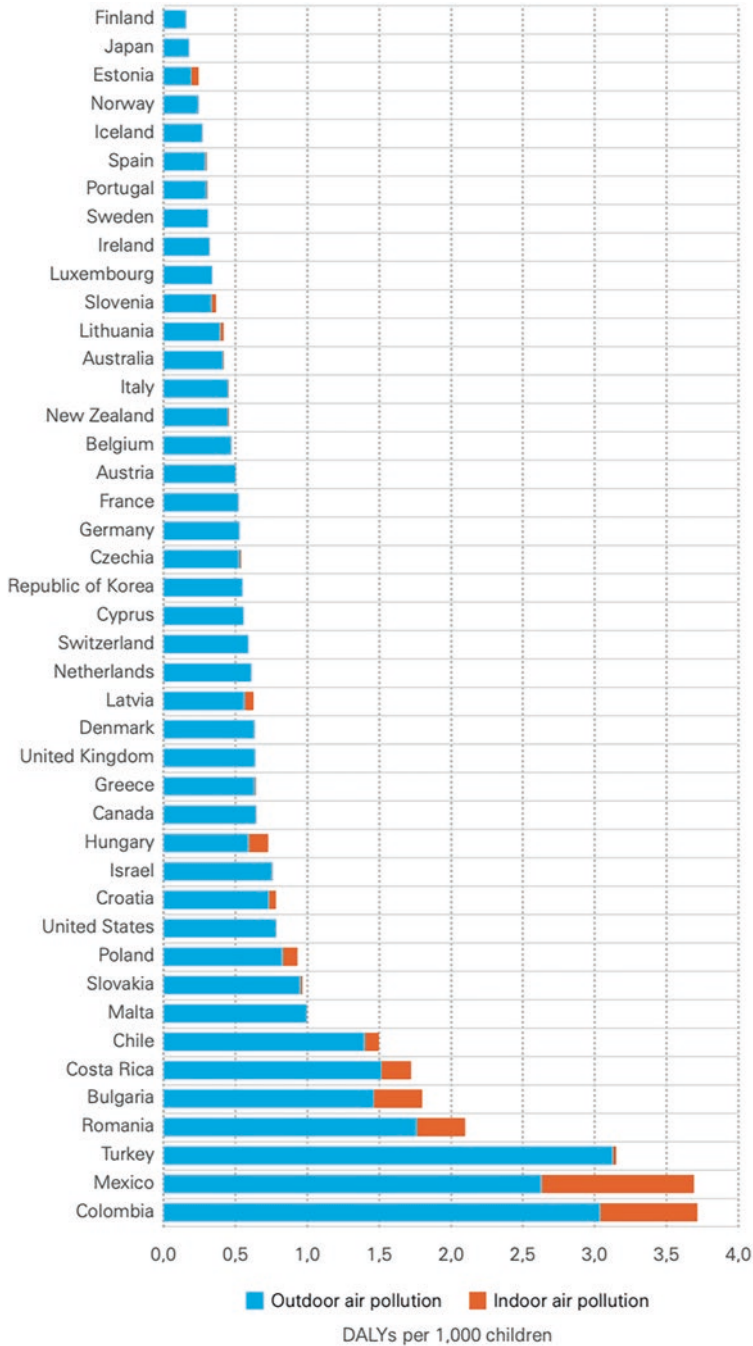
---

<sup>94</sup>World Health Organization (2018).

<sup>95</sup>World Health Organization (2018).

<sup>96</sup>World Health Organization (2018).

<sup>97</sup>World Health Organization (2022).



**Fig. 3.1** Air-related morbidity in children under 15 years of age (2019) [Source: UNICEF (2022b) *Innocenti Report Card 17: Places and Spaces*, p. 20, Figure 5]

### 3.1.4.2.5 Observations from The Guardian (June 2022)

How alarming the situation has become in the past years, is further evidenced by an assessment of the IPCC 2022 report<sup>98</sup> (cf. Sect. 3.1.4.2.2) in an article that appeared in The Guardian of June 1, 2022,<sup>99</sup> which summarized its findings as follows:

(...) the world's leading climate scientists, the Intergovernmental Panel on Climate Change, warned earlier this year that continued global heating, beyond 1.5 C above pre-industrial levels, would **wreak devastation across the globe**, in the form of floods, droughts, heatwaves and other extreme weather, with swathes of the planet becoming unsuitable for agriculture and effectively uninhabitable, causing extreme harm to human society in many places.

The same June 1, 2022, article from The Guardian, in addition, quoted Katharine Hayhoe, chief scientist at the Nature Conservancy in the United States of America and professor at Texas Tech University.

In said article, Hayhoe stated that, because of climate change, the world is heading toward dangers unseen in the  $\pm 10,000$  years of human civilization, and that while efforts to make the world more resilient are necessary, on their own they will not be able to sufficiently mitigate the effects of climate change. According to Hayhoe, people still underestimate the magnitude of what is going on. According to this researcher, the scale of the climate problem will be far greater than anything humanity has ever seen in the past and will affect every living thing. Hayhoe in addition warns that although countries can begin to adapt to some of the consequences, for example through sea walls and flood defenses, and/or by making their infrastructure more resilient to extreme weather, if global warming continues, the world will soon reach a point where no such adaptation will still be possible.<sup>100</sup>

The article from The Guardian also refers, in reverse, to another statement, made at a Financial Times event on May 19, 2022, by a certain Stuart Kirk, (at the time) Head of responsible investments at the international bank HSBC, in which, after first comparing the climate change problem to the Y2K issue, he noted that financial institutions should discount the risks of the climate crisis because the world will be perfectly capable of adapting to its consequences. Kirk noted that Amsterdam is built on land that is below sea level, and further suggested that areas that climate scientists believe are vulnerable to flooding, such as Miami, could be similarly adapted to cope with the risk in a similar manner as the Dutch have done for a long time already. "*What difference does it make if Miami is six feet under water in 100 years?*", Kirk had added in conclusion.<sup>101</sup>

<sup>98</sup> Cf. Intergovernmental Panel on Climate Change (IPCC) (2022b).

<sup>99</sup> Harvey (2022a).

<sup>100</sup> Harvey (2022a).

<sup>101</sup> Harvey (2022a) and Buxton (2022). Kirk's statements were reported to have been the following: "Human beings have been fantastic at adapting to change, adapting to climate emergencies, and we shall continue to do so." and, "Who cares if Miami is six meters underwater in 100 years. Amsterdam has been six meters underwater for ages and that's a really nice place." (Cf. George (2022), who goes on to mention that HSBC, reportedly, subsequently suspended Kirk for these statements.)

## 3.1.4.2.6 Observations of Oxfam (June 2022)

In recent years, more and more figures on the cost of ongoing climate change have been made public.

For example, a research report by Oxfam<sup>102</sup> (dated June 7, 2022)<sup>103</sup> found that the amount of money needed to help communities in emergencies due to extreme weather events has increased by more than 800% over the past two decades, the time frame in which the climate crisis itself also accelerated. This report, furthermore, shows not only that the need for UN humanitarian funding for emergencies related to extreme weather events is currently much greater than roughly 20 years ago, but also that UN donor countries are no longer able to keep up with the staggering costs of the climate crisis. In 2021, for example, the economic toll from extreme weather events, worldwide, amounted roughly to USD 329 billion—the third-highest, yearly amount ever and nearly double the total aid donated by rich countries to poorer countries in that same year. It is furthermore mentioned that, between 2000 and 2002, the UN required an average of USD 1.6 billion annually for humanitarian aid due to extreme weather events. From 2019 through 2021, that amount averaged USD 15.5 billion annually, an increase of more than 800%. The report, in addition, shows that rich donor countries provide only half of every USD 2 needed to address disasters caused by climate change. According to the report, UN humanitarian interventions themselves cover only a small portion—roughly good for  $\pm 7.5\%$  of the population, or 474 million of the estimated 3.9 billion inhabitants—of the low- and middle-income countries that have been ravaged by climate change disasters since the beginning of the twenty-first century.<sup>104</sup>

One of the Oxfam report's conclusions is that, from addressing wars to food scarcity around the world, the climate change crisis is putting increasing pressure on the UN's already financially strained humanitarian system. The impact of climate change-induced disasters, moreover, exacerbates the inequalities already ingrained in the physical and social infrastructures of countries—i.e., by capitalism—to the extent that climate change hits low-income countries (and people) especially hard.<sup>105</sup>

---

<sup>102</sup>Cf. Carty and Walsh (2022).

<sup>103</sup>The report was published at a time when various, national governments were meeting in Bonn, Germany to discuss the issue of loss and damage, essentially the payment of funds by the rich world to countries facing the more severe consequences of the climate crisis. (Cf. Ramirez (2022).) Such a loss and damage fund was one of the points on the agenda of Cop27. (Cf. below, Sect. 3.1.4.2.10.)

<sup>104</sup>Ramirez (2022).

<sup>105</sup>Cf. Carty and Walsh (2022), p. 3: "In every climate-related disaster, in rich and poorer countries, it is the poorest people who are hit hardest, driving up inequality. Loss and damage is strongly concentrated in poorer populations. Wealth and income inequality intersect with race, gender and ethnicity to create even greater vulnerability to climate impacts. Richer people are less exposed to climate risks and better able to weather disasters. They live in more secure places and have more assets to draw on. Poorer people have less protection and therefore experience greater loss and damage, which accumulates over time. As a result, the gap between those at the bottom and those at the top grows ever wider. At the same time, richer countries have the public infrastructure, and

In addition, such countries typically lack the proper infrastructure and money themselves to recover from the related disasters.<sup>106</sup> Meanwhile, rich countries, such as the United States of America, continue to emit the lion's share of the emissions that fuel these extreme weather events.<sup>107</sup>

### 3.1.4.2.7 The WMO Report 'United in Science' (September 2022)

After the summer period of 2022, forecasts became, if anything, even more pessimistic.

A joint report entitled 'United in Science' by several, international agencies, dated September 13, 2022, and coordinated by the World Meteorological Organization (WMO),<sup>108</sup> reveals not only a huge gap between (political) aspirations and reality, but also that the evolution of climate change is heading entirely in the wrong direction. The report's warning, therefore, is that without more ambitious measures to combat climate change, both the physical and socio-economic impacts of climate change will become increasingly devastating in the coming years.<sup>109</sup>

A central finding of the United in Science-report is that greenhouse gas emissions continue to rise to record highs. By the date of the report's conclusion, fossil fuel emissions themselves were back above pre-COVID-19 pandemic levels, following a temporary decline due to energy supply blockages in the aftermath of the COVID-19 pandemic crisis. According to the report, to be consistent with the 1.5 °C target of the Paris Climate Change Agreement, the ambition of emission reduction commitments for 2030 would need to be seven times higher than was the case as of the report's release date<sup>110</sup> (making it increasingly improbable that keeping the global temperature rise below the 1.5 °C target would remain in reach).

---

the financial firepower to recover more quickly. And crucially, more equal countries are better able to mount effective collective responses to disasters, in ways that do not abandon poor people." (Carty and Walsh (2022), p. 3.)

<sup>106</sup> According to the report, Afghanistan, Burkina Faso, Burundi, Chad, the Democratic Republic of Congo, Haiti, Kenya, Niger, Somalia, South Sudan, and Zimbabwe are among the countries with the most recurrent emergency calls due to extreme weather crises. (Cf. Ramirez (2022).)

<sup>107</sup> Ramirez (2022).

<sup>108</sup> Cf. World Meteorological Organization (2022a).

<sup>109</sup> Cf. United Nations Climate Change (2022).

United in Science reviews the latest scientific evidence on climate change, its impacts, and its responses. The science is clear: urgent action is needed to reduce emissions and adapt to the changing climate. The report includes contributions from WMO itself (and its Global Atmosphere Watch and World Weather Research programs); the UN Environment Programme; the UN Office for Disaster Risk Reduction; the World Climate Research Programme; the Global Carbon Project; the UK Met Office, and the Urban Climate Change Research Network. The report also includes relevant key points from the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. (Cf. United Nations Climate Change (2022)).

<sup>110</sup> United Nations Climate Change (2022).



Moreover, the 2015–2022 period was the warmest on record. According to the report, there was even a 48% chance that the average annual temperature for at least 1 year of the 2022–2026 period, would be 1.5 °C higher than the 1850–1900 average.<sup>111</sup>

This is not without consequences: as global warming continues to increase, the passing of so-called tipping points in the climate system may no longer be ruled out. As a result, cities that are home to billions of people and are responsible for up to 70% of man-made emissions will face increasing socio-economic consequences of this climate change. Within these, the most vulnerable populations will suffer the most.<sup>112</sup>

Among the examples of extreme weather in various parts of the world that occurred in 2022, the report lists: (1) In general, worsening floods, droughts, heat waves, extreme storms and forest fires that break records with alarming regularity; (2) Heat waves in Europe;<sup>113</sup> (3) Colossal floods in Pakistan, and (4) Prolonged and severe droughts in China, the Horn of Africa, and the United States of America.<sup>114</sup>

The report also explicitly points out that there is nothing natural (anymore) about the new magnitude of the occurring weather disasters. On the contrary, they represent the price for humanity's addiction to fossil fuels, according to UN Secretary General António Guterres, who furthermore stated in a video message related to the report that climate impacts are headed for unprecedented destruction.<sup>115</sup>

The main messages of the United in Science-report may be summarized as follows:<sup>116</sup>

---

<sup>111</sup> United Nations Climate Change (2022).

<sup>112</sup> United Nations Climate Change (2022).

<sup>113</sup> For further details about this, cf. Laville (2022). According to Laville's contribution, more than 20,000 people died across western Europe in the heatwaves that occurred in the summer of 2022 heatwaves, the latter themselves being attributed to climate change. During the summer of 2022, heatwaves temperatures were reported to have exceeded 40 °C (104 °F) in London, while areas in south-west France reached 42 °C, and areas in Spain, including Seville and Córdoba, even set records of 44 °C. Laville, furthermore, refers to an analysis from the World Weather Attribution group of scientists in which the conclusion was reached that these high temperatures would have been virtually impossible without the climate crisis. In addition, according to official data referred to by Laville, in England and Wales, 3271 excess deaths were recorded between 1 June and 7 September 2022, which is 6.2% higher than the 5-year average. COVID-19 deaths were excluded from this number. In France, there were 10,420 excess deaths during the summer months of 2022. A quarter of these deaths, or 2816, occurred during one of the three intense heatwaves that hit France in the summer of 2022. In Spain, it was estimated that there were 4655 heat-attributable deaths between June and August 2022. In Germany, this number amounted to 4500 people reported to have died in the summer months of 2022, specifically due to the extreme hot temperatures. (Cf. Laville (2022).)

<sup>114</sup> United Nations Climate Change (2022).

<sup>115</sup> United Nations Climate Change (2022).

<sup>116</sup> Cf. United Nations Climate Change (2022), on which the following summary is based in part. It closely follows the structure and text of the report itself. (Cf. World Meteorological Organization (2022a, b).)

1. Regarding concentrations of greenhouse gases in the atmosphere (findings of WMO Global Atmosphere Watch (GAW)):

According to the report, levels of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O) in the atmosphere continue to rise. The temporary reduction in CO<sub>2</sub> emissions in 2020 due to the COVID-19 pandemic appears to have had little (long-term) effect on the growth of atmospheric concentrations (=what remains in the atmosphere after CO<sub>2</sub> is absorbed by the ocean and biosphere).

2. Global greenhouse gas emissions and budgets (findings from Global Carbon Project):

According to the report, global fossil CO<sub>2</sub> emissions evolved back to 2019 pre-pandemic levels in 2021, following a 5.4% decline in 2020 due to widespread COVID-19 lockdowns. This showed that global CO<sub>2</sub> emissions in 2022 (from January to May 2022) were 1.2% higher than the levels recorded in the same period of 2019, mainly due to increases in the United States of America, India and most European countries.

3. State of the Global Climate: 2018–2022 (findings of World Meteorological Organization (WMO)):

The period 2015–2021 was the warmest on record. The 2018–2022 global average temperature (based on data through May/June 2022) amounted to an estimated 1.17 °C above the 1850–1900 average. While about 90% of the accumulated heat in the Earth system is stored in the ocean, the Ocean Heat Content for the 2018–2022 period was higher than in any other 5-year period, with ocean warming having increased particularly sharply since the beginning of the millennium.

4. Global climate projections for 2022–2026 (findings from Met Office, UK/WMO/ World Climate Research Programme):

According to the report, the annual average global surface temperature, during the period 2022–2026, was expected to be between 1.1 °C and 1.7 °C above pre-industrial levels for each year. Moreover, the report mentions the projection that the probability that the annual mean global surface temperature, for at least one of the years from 2022–2026, will temporarily exceed the pre-industrial level by more than 1.5 °C, is 48% and increases with time. There is even a small probability (of 10%) that this 5-year average will itself exceed this threshold. There is, furthermore, a 93% probability that at least 1 year in the 2022–2026 period will be warmer than the warmest year on record, 2016, and that the 2022–2026 average temperature will be higher than that of the preceding 5-year period.

5. Emissions gap (findings from UN Environment Programme (UNEP)):

Assuming a continuation of current climate related policies, global warming in the twenty-first century is estimated (with 66% probability) to be 2.8 °C (or between 2.3 °C and 3.3 °C). This could be reduced to 2.5 °C (or between 2.1 °C and 3.0 °C) if the most new or updated commitments made by countries as of the date of the report, would be fully implemented. However, it appears that, collectively, countries are not meeting their new or updated commitments with their current policies.

6. Tipping points in the climate system (findings from World Climate Research Program/WMO):

The report indicates that further research on so-called tipping points is crucial to provide society with a better understanding of the costs, benefits and potential limitations of climate mitigation and adaptation in the future.

A major driver of the distribution of heat, salt, and water in the climate system, both regionally and globally, is the Atlantic Meridional Overturning Circulation (AMOC). Research findings cited in the report show that this AMOC was weaker at the time of the report than at any other time in the past millennium.

Another important tipping point is the melting of the Greenland and Antarctic ice sheets; this could have global consequences through significant additional sea level rise for hundreds to thousands of years to come.

According to the report, so-called regional tipping points, such as the desiccation of the Amazon Forest, may also have serious local impacts, with global implications. Other examples involve regional droughts that may affect the global carbon cycle and disrupt key weather systems, such as monsoons.

Also, the combined effects of higher temperatures and humidity could reach dangerous levels in some regions, in the coming decades, with physiological tipping points or thresholds beyond which outdoor human labor will no longer be possible without technical aids.

7. Climate Change and Cities (findings from the Urban Climate Change Research Network):

According to the report, cities—home to 55% of the world’s population, or 4.2 billion people, by 2022—are responsible for up to 70% of man-made emissions. In addition, cities are highly vulnerable to the impacts of climate change, such as increased heavy precipitation, accelerated sea level rise, acute and chronic coastal flooding, and extreme heat, among other significant risks. All these impacts exacerbate the socio-economic situation in cities and the socio-economic problems and inequalities that characterize them.

According to the report, worldwide, by 2050, more than 1.6 billion people in more than 970 cities will be regularly exposed to quarterly average temperatures of at least 35 °C (or 95 °F).<sup>117</sup>

8. Extreme weather and socio-economic impacts (findings from WMO World Weather Research Program (WWRP)):

According to the report, weather, climate, and water-related disasters have increased by a factor of five over the past 50 years and, daily, cause USD 202 million in losses. Such extreme weather events have long-lasting socio-economic

---

<sup>117</sup>Between March and May 2022, Delhi experienced five heat waves with record temperatures of up to 49.2 °C. With half of Delhi’s population living in low-income settlements and highly vulnerable to extreme heat, this heat wave led to devastating socio-economic and public health consequences. Other low-lying coastal cities and towns, such as Bangkok (Thailand), Houston (United States of America) and Venice (Italy), will most likely experience more frequent and widespread coastal flooding due to sea level rise, storm surges and land subsidence. (Cf. United Nations Climate Change (2022).)

consequences, especially among the most vulnerable communities, which are also often the least equipped to respond, recover and adapt.

In recent years, for example, successive tropical cyclones have hit southeastern Africa and caused devastation in Madagascar. The World Weather Attribution initiative found that climate change, in all likelihood, has increased the intensity of rainfall from these storms. As the atmosphere warms, it holds more water, making wet seasons and events wetter on average. With further emissions and rising temperatures, such heavy rainstorms will continue to occur in the future.

The report also points out that, in June and July 2022, Europe was hit by two extreme heat waves and drought. Portugal set a new national temperature record of 47.0 °C in July 2022, and in the United Kingdom, temperatures exceeded 40 °C for the first time in history.<sup>118</sup> Such summer heat waves pose a significant risk to human health, especially for the elderly and sick, albeit that other factors—such as socio-economic conditions, urbanization (the so-called urban heat island) and the level of preparedness—can also increase the vulnerability of populations. According to initial reports, these heat waves have resulted in several thousand excessive deaths.

#### 3.1.4.2.8 Memorandum Dated September 14, 2022, from the Committee on Oversight and Reform of the Congress of the U.S. House of Representatives

In September 2022, a classic (and traditionally voiced by environmentalists) claim that, over the past few decades, the fossil fuel industry has willfully covered up its negative effects on the environment found an exceptionally large (and official) confirmation.<sup>119</sup>

---

<sup>118</sup>According to the World Weather Attribution initiative, man-made climate change made heat waves in the United Kingdom during the summer of 2022 at least ten times more likely. (Cf. United Nations Climate Change (2022).)

<sup>119</sup>In his book published in 2022, ‘Wat we toen al wisten – De vergeten groene geschiedenis van 1972’ (free translation: ‘What We Knew Back Then - The Forgotten Green History of 1972’), Belgian professor Geert Buelens, working from the Netherlands, has summarized this problem as follows: Just about everything we know today about climate change and the necessary measures to turn the tide, we already knew half a century ago, but it has been deliberately forgotten—or we have been deliberately made to forget—what we knew back then. And indeed, on February 28, 2022, the second volume of the IPCC report, the UN climate panel, released yet another scientific substantiation of what has essentially been known for half a century. (Cf. Intergovernmental Panel on Climate Change (IPCC) (2022a). On this, cf. Sect. 3.1.4.2.2.) The conclusions of this report, surprisingly, were not much different from those of the 1972 Club of Rome report ‘The Limits to Growth’. (Cf. Meadows et al. (1972).) According to Buelens, in the case of climate denial, this forgetting of previously available information was carefully orchestrated by the combined actions of certain political groups and industry—politically and academically wrapped up in the theories of economic neoliberalism—with literally deadly consequences to this day. To this we owe at least two false beliefs: The first of these is that we must choose between employment and progress, or economic dislocation and poverty (which may be further illustrated by referring to the fact that the

Particularly in the United States of America, criticism of the oil industry's obfuscation of the climate crisis had increased after internal documents revealed that enterprises had tried to distance themselves from agreed-upon climate goals and admitted to misleading the public about purported, green efforts.<sup>120</sup>

All this came to light as part of a US Congressional hearing in Washington DC, where an investigation into the role of fossil fuels in driving the climate crisis yielded documents from, among others, oil giants ExxonMobil, Chevron, Shell, and BP, and in the context of which environmental activists accused Shell of a "*legacy of violence and of ignoring the welfare of communities around the world.*" Moreover, the released, internal documents from the hands of these oil companies<sup>121</sup> revealed that the oil industry had long known about the devastating effects of climate change but had chosen to downplay and even vehemently deny these findings to maintain its business models.<sup>122</sup>

In a preparatory memorandum prepared by the U.S. Committee on Oversight and Reform, among other things, the following was stated:<sup>123</sup>

Fossil fuel companies have known since the late 1970s that their products contribute to climate change. From 1979 to 1983, fossil fuel companies and the American Petroleum Institute (API) participated in a task force that privately shared climate science research and discussed possible ways to reduce emissions. Despite knowing the truth about climate change, fossil fuel companies continued to contradict prevailing scientific knowledge and inject confusion into the public debate over climate change. During the 1990s, ExxonMobil, Chevron, BP, Shell, API, and the U.S. Chamber of Commerce joined the Global Climate Coalition, which vigorously fought potential climate change regulations and lobbied the U.S. government to derail international climate action to reduce carbon pollution emissions.

At the Committee's historic hearing in October 2021, fossil fuel executives finally admitted under oath that climate change is real, that burning fossil fuels contributes to it, and that this is an existential threat to the planet. Yet none of them would pledge to end their financial support for efforts to block meaningful action on climate change.

The Committee's investigation has shown that, rather than outright deny global warming, the fossil fuel industry has "greenwashed" its record through deceptive advertising and

---

(then) British Prime Minister Liz Truss, soon after taking office, began smirking about environmental movements under the designation term 'anti-growth movement'). The second is that environmental degradation is the fault of the individual citizen who is assumed to have too large an ecological footprint. According to Buelens, both statements are not only incorrect, but also constitute deliberate or staged lies. Therefore, the conclusion of the IPCC-report of 2022, as well as Buelens' book, is that the cause of climate change does lie in our economic system, hence in capitalism, and not in the behavior of the average, individual citizen. (Cf. Buelens (2022). Compare Monbiot (2021).)

<sup>120</sup> Cf. Milman (2022a).

<sup>121</sup> A selection of these have been published on the U.S. House of Representatives' website. (Cf. <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/2022/FossilFuelDocumentsForRelease.pdf>.)

<sup>122</sup> Cf. Milman (2022a).

<sup>123</sup> Committee on Oversight and Reform of the Congress of the U.S. House of Representatives (2022).

climate pledges-without meaningfully reducing emissions. Documents obtained by the Committee show:

- Contrary to what their pledges imply, fossil fuel companies have not organized their businesses around becoming low-emissions, renewable energy companies. They are devoted to a long-term fossil fuel future. (...)
- Big Oil’s climate pledges and green advertising focus on unproven technologies the companies have privately admitted are decades away from implementation. (...)
- Oil and gas companies have tried to create the impression that they are taking ambitious steps to reduce emissions-without actually doing so. (...)
- Big Oil relies on accounting gimmicks, tricky language, and delay tactics to claim the mantle of climate leadership while continuing to be a primary cause of an ongoing climate catastrophe.
- (...)

This makes the oil industry part of the growing list of (large) industries with a very harmful impact on either people and society, or the environment, or both, which have been known to the enterprises operating in these industries for a long time (sometimes even decades), but which the enterprises in question have deliberately concealed from the rest of humanity, and in the meantime have simply continued their harmful behavior as if nothing was wrong.<sup>124</sup>

---

<sup>124</sup> Other (notorious) examples of industries that in the past deliberately hid information about their harmful impact include the tobacco industry and the asbestos industry, in addition to, to some extent, the financial sector and certain sections of the food industry, albeit there may be numerous other examples. All this is a very cynical testimony to the extent to which capitalism, in the pursuit of making as much profit as possible at any cost, leads enterprises to sacrifice all other values—including the environment and public health—to this end. (Cf. already Bytтеbier (2015a), pp. 163–177.)

Further examples are (unfortunately) legion. For example, in September 2022, the lead industry made U.S. news because of its polluting impact, particularly on (ground) water, again revealing that the industry itself had known about this for a long time already and deliberately concealed its knowledge about this from the rest of the community. One of the problems concerns the use of lead pipes for the construction of water pipes. Thus, it was reported that Chicago city officials were at a loss as to how to deal with the dangers this caused to drinking water: according to reports, 400,000 homes received water through lead pipes and the cost to replace them was estimated at USD 8 billion. At the same time, in Buffalo, community groups were battling a lead poisoning epidemic that had affected several generations of mostly black children, living in the city’s poorest neighborhoods. Meanwhile, the federal Biden administration needed to secure USD 15 billion in federal money to eliminate the threat of lead water pipes still lying underground in every state—but that was believed to amount to only be one-third of the actual cost. Again, the moral of the story is that a lot of public money needs to be spent to address the issue of lead in water, where the problem can be traced in large part to the lead industry’s attempts to continue selling lead pipes even long after they were aware of the health risks posed by their use. (Cf. McCormick and Uteuova (2022).)

An extreme other example of a city severely affected by this issue involved Evanston. This led to reports, in mid-September 2022, that the city would have to raise its water rates by 70% to pay for the cost of removing lead water pipes. At a One Water Summit on September 15, 2022, it was said in this regard that the city had been working to replace its 11,471 lead pipes, but that without additional external funding from the federal government, this would result in an increase in water rates for its residential customers by more than 70%. This implied for local policymakers a choice between two competing water equity goals: the goal of replacing lead pipes and the goal of manageable water rates. Previous Round Table reports had shown that nearly 80% of the city’s pipes were made of lead. Other Round Table research found that 94% of the 1602 Evanston children ages

These findings have largely been confirmed in an article from the hand of [Fiona Harvey](#) that appeared in *The Guardian* on November 9, 2022.<sup>125</sup> According to this article, it has appeared from recent research data that greenhouse gas emissions from oil and gas facilities around the world have been about three times higher than their producers have been claiming in the past years. Based upon information made available on the website <https://climatetrace.org/downloads>, Harvey even reached the conclusion that “*half of the 50 largest sources of greenhouse gases in the world were oil and gas fields and production facilities*”.<sup>126</sup>

In said article, Hailey furthermore quoted Al Gore who stated that the shocking under-reporting of greenhouse gas emissions is a huge problem in trying to tackle the climate change crisis, as one can only manage what can be measured.<sup>127</sup> According to Gore, “For the oil and gas sector it is consistent with their public relations strategy and their lobbying strategy. All of their efforts are designed to buy themselves more time before they stop destroying the future of humanity.” Gore also made explicit reference to the example of ExxonMobil (explicitly mentioned in the above quoted Memorandum of the U.S. Committee on Oversight and Reform), which [was discovered to have deliberately hidden what it knew about global warming](#): “They engaged in industrial scale lying to publics around the world, even though they had information of their own notifying them that they were being dishonest. I do think that they have committed the moral equivalent of war crimes”.<sup>128</sup>

#### 3.1.4.2.9 The Emissions Gap Report 2022

In the run-up to the so-called Cop27 conference of November 2022 (cf. Sect. [3.1.4.2.10](#)), the UN Emissions Gap Report 2022<sup>129</sup> was published, confirming the (pessimistic) projections of the earlier quoted reports and observations (cf. Sects. [3.1.4.2.1–3.1.4.2.8](#)).

In general, the UN Emissions Gap Report 2022 has been indicated as the 13th edition in an annual series that aims to provide “an overview of the difference

---

6 and under who were tested for blood lead levels, in 2018, were above the CDC’s blood lead reference value (Cf. Castro (2022).)

<sup>125</sup> Harvey (2022b).

<sup>126</sup> Harvey (2022b).

The reason for this is that “oil and gas production can leak methane, and the gas is also frequently flared intentionally, ostensibly for safety reasons but sometimes for convenience. Atmospheric levels of [methane, a greenhouse gas](#) about 80 times more powerful than carbon dioxide, have been rising strongly in recent years, but [countries’ reported emissions of the gas have been found to be much lower](#) than the reality.” (Harvey (2022b).)

<sup>127</sup> Harvey (2022b).

<sup>128</sup> Harvey (2022b).

<sup>129</sup> Cf. UNEP (2022b).

between where greenhouse emissions are predicted to be in 2030 and where they should be to avert the worst impacts of climate change”.<sup>130</sup>

From the UN Emissions Gap Report 2022, it appears that updated national pledges since COP26—i.e., the Climate conference held in 2021 in Glasgow, UK—only made a negligible difference to predicted 2030 emissions, and that humanity is still far from the Paris Agreement goal of limiting global warming to well below 2 °C, preferably 1.5 °C.<sup>131</sup>

Rather, the UN Emissions Gap Report 2022 showed that policies in place in 2021–2022 pointed to a 2.8 °C global temperature rise by the end of the twenty-first century. At best, implementation of the at the time made pledges—especially those of Cop26—was expected to only reduce this number to a 2.4–2.6 °C global temperature rise by the end of the twenty-first century.<sup>132</sup>

One of the further conclusions of the UN Emissions Gap Report 2022 is that only an urgent system-wide transformation would still be able to deliver the enormous cuts needed to diminish greenhouse gas emissions by 2030. The report, furthermore, warns that the window to take adequate measures was closing, as the world was by no means on track to reach the Paris Agreement goals and as global temperatures may reach 2.8 °C by the end of the twenty-first century. More specifically, the UN Emissions Gap Report 2022 finds that the world should cut greenhouse gas emissions by at least 45% to avoid global catastrophe. The report also points to the fact that while technological solutions to transform societies exist, there appears not be a huge urge to start using them in collective, multilateral action.<sup>133</sup>

In light of the findings of this UN Emissions Gap Report 2022, it was not surprising that expectations set at Cop27—the climate conference scheduled to take place in November 2022 in Sharm El-Sheikh, Egypt—were very high. The extent to which these expectations were or were not met will be the subject of the following Sect. 3.1.4.2.10.

#### 3.1.4.2.10 (The Failure of) the UN Cop27 Climate Conference (November 2022)

From 6 until 18 November 2022, the government of the Arab Republic of Egypt hosted the 27th session of the 2022 climate conference—in full: the Conference of the Parties of the UNFCCC (COP 27)—with a view to “*effectively tackle the global challenge of climate change*”.<sup>134</sup>

---

<sup>130</sup> UNEP (2022b).

<sup>131</sup> UNEP (2022b).

<sup>132</sup> UNEP (2022b).

<sup>133</sup> UNEP (2022b).

<sup>134</sup> For the official website of this climate conference, cf. <https://unfccc.int/cop27>.

On this official UNFCCC-website, it was mentioned that “COP27 brought together more than 45,000 participants to share ideas, solutions, and build partnerships and coalitions. Indigenous



On November 17, 2022, the UN Climate Agency published a first draft of what could become the overarching agreement from the Cop27 climate summit, however with much of the text likely to be still reworked in the days to follow.<sup>135</sup> The document was immediately criticized for not containing a phase-down schedule of all fossil fuels, as India and the EU had requested. The document was similarly criticized for not (yet) including details for launching a fund for **loss and damage, which had been a key demand from the part of the most climate vulnerable countries**, such as island nations already facing disastrous consequences of climate change (cf. Sect. 3.1.4.3). Rather, the document welcomed that parties had agreed for the first time to include “*matters related to funding arrangements responding to loss and damage*” on the agenda of the conference.<sup>136</sup> Throughout the conference, the establishment of such a fund had indeed been among the main core demands of developing countries most hit by climate change, resulting in much debate about the matter.<sup>137</sup>

Yeb Saño, Greenpeace International’s Cop27 head of delegation, summarized the general frustration about the draft-document as follows: “The Cop27 presidency pushes the pedal to the metal on the highway to climate hell. After initially failing to even mention fossil fuels, the draft text is an abdication of responsibility to capture the urgency expressed by many countries to see all oil and gas added to coal for at least a phase down. It is time to end the denial, the fossil fuel age must be brought to a rapid end.”<sup>138</sup>

By November 18, 2022—i.e., the planned date on which the conference was supposed to end—there were not yet clear conclusions reached, because of which the Cop27 climate conference had to be prolonged, with climate talks dragging on past their intended deadline on crucial points. The participating governments, in particular, continued to wrangle over how to establish and/or pay for the fund intended for the **rebuilding of the group of poor countries mostly ravaged by climate breakdown**.<sup>139</sup>

One of the main discussion points was who was supposed to contribute to such a fund, with the United States of America suggesting that they would not support the creation of a new loss and damage fund,<sup>140</sup> and with EU member states stating that they would only provide financial means if the donor base of the fund were to be

---

peoples, local communities, cities and civil society, including youth and children, showcased how they are addressing climate change and shared how it impacts their lives.” (UNFCCC (2022).)

<sup>135</sup> Cf. Laville and van der Zee (2022).

<sup>136</sup> Laville and van der Zee (2022).

<sup>137</sup> Harvey et al. (2022).

<sup>138</sup> Laville and van der Zee (2022).

<sup>139</sup> Harvey et al. (2022).

<sup>140</sup> Cf. Milman (2022c).

For this, on November 18, 2022, the United States of America was rewarded with the title ‘colossal fossil’ of the Cop27 climate talks by campaigners, with this award being unveiled “*at a ceremony featuring a person dressed as a dinosaur*”, in an annual event staged by Climate Action Network International and aimed at shaming the countries deemed to be blocking climate progress the most. (Cf. Milman (2022c).)

broadened (to include emerging economies). In practice, the latter implied that both payments and tougher targets on cutting greenhouse gases would be expected from countries such as China—that had, at the time, evolved into the world’s biggest greenhouse gas emitter and the second-biggest economy—as well as other high emitters with vast oil revenues, including Saudi Arabia and Russia, and potentially from other rapidly industrialising nations, such as South Korea and Singapore.<sup>141</sup>

In the meantime, it was more and more feared that countries would attempt to backslide on the Glasgow climate agreement target of limiting global temperature rises to 1.5 °C above pre-industrial levels. Indeed, some language used in the draft text that was circulating, suggested an intent to rekindle the upper limit of 2 °C from the Paris agreement.<sup>142</sup>

Already before the start of the conference, the feasibility of the 1.5 °C target was in serious doubt. The reason for this was that the Earth has already warmed substantially since 2015, and that global greenhouse emissions have not been reduced, but rather increased since then. Hence, United Nations climate scientists had written ahead of COP27 that there was no longer a credible pathway to the 1.5 °C mark.<sup>143</sup> (Cf. Sect. 3.1.4.2.9.) Abandoning the 1.5 °C target would however imply that the upper limit target would most likely again be brought to the level of 2 °C, about which scientists had already long before reached a quasi-consensus that it would bring dangerous levels of extreme weather and inundate small islands (cf., furthermore, in Sect. 3.1.4.3).<sup>144</sup>

Finally, the Cop27 conference reached its outcome on November 20, 2022, with a compromise text<sup>145</sup> in which there were agreements on the operation of the loss

---

<sup>141</sup> Harvey et al. (2022).

Since 1992, when the UN Framework Convention on Climate Change, parent treaty to the Paris agreement, had been signed, all those countries had been classed as ‘developing’, implying that they had been themselves absolved from contributing to climate finance for the countries most affected by climate change, and that many of them had since then established very lax targets on cutting greenhouse gas emissions. However, in the 30 years that passed since 1992, it appeared that both the greenhouse gas emissions and economies of these formerly exempted countries had ballooned. As a consequence, in 2022, China’s cumulative gas emissions were **second only to those of the United States of America**, while Russia, India, Indonesia, and Brazil had all moved to top 10. Therefore, the EU proposal called for “*a wide variety of parties and sources*” to contribute money, and to “*expand sources of funding*”. (Harvey et al. (2022).)

<sup>142</sup> Harvey et al. (2022).

The **2015 Paris agreement** itself had mentioned two temperature goals—on one side, to keep the rise of global temperature well below 2 °C above pre-industrial levels, and, on the other side, pursuing efforts to keep the increase below 1.5 °C. However, science since then has clearly shown that the 2 °C target is far from safe, which explains why, at Cop26 in Glasgow in 2021, **countries had committed to start focusing on the 1.5 °C target**. At Cop27, this intention was already under threat. (Cf. Harvey (2022d).)

<sup>143</sup> De Jager (2022).

<sup>144</sup> Harvey et al. (2022).

<sup>145</sup> An advance (draft-)version of the text of the final agreement—also known as the Sharm el-Sheikh Implementation Plan—was made available on the following website: [https://unfccc.int/sites/default/files/resource/cop27\\_auv\\_2\\_cover%20decision.pdf](https://unfccc.int/sites/default/files/resource/cop27_auv_2_cover%20decision.pdf).

and damage fund, but under which no new, binding agreements were reached to keep greenhouse gas emissions within reasonable limits. The main reason for the latter has been that oil-producing countries and high emitters managed to weaken and remove key commitments on the emission of greenhouse gases and on the phasing out of fossil fuels.<sup>146</sup> The latter, amongst others, implies that the Cop27 parties “did not put phasing down fossil fuels in the final text. Instead, the final agreement encourages” efforts towards the phasedown of unabated coal power and phase-out of inefficient fossil fuel subsidies.<sup>147</sup>

In an article that appeared in the Guardian on November 20, 2022, Fiona Harvey has summarized the outcome reached at the Cop27 conference as follows:<sup>148</sup>

### 1. *Loss and damage fund*

Cop27 (finally) achieved an [agreement on a fund for losses and damages \(to the benefit of developing countries mostly hit by climate change\)](#), which Harvey has indicated as *‘a major milestone’*. However, no agreement was reached on how the financial contributions to the fund are to be provided and where these should come from.<sup>149</sup>

### 2. *1.5 °C target*

During the Cop27 talks, some countries tried to renege on the abovementioned (Glasgow) 1.5 °C goal, as well as to abolish the commitment to renew efforts to reach this target. Although these countries ultimately failed, a resolution to cause greenhouse gas emissions to peak by 2025 was abandoned, implying that there is not a clear time path for the diminishment of such emissions.

---

<sup>146</sup> Harvey (2022c).

Journalists from Reuters have described the main success and failure of Cop27 as follows: “The price paid for a deal on the loss and damage fund was most evident in the language around emission reductions and reducing the use of polluting fossil fuels (...).” (Cf. Volcovici et al. (2022).)

<sup>147</sup> Cf. Rott et al. (2022).

<sup>148</sup> Harvey (2022d).

<sup>149</sup> According to the website of the UN environment programme (as consulted on November 23, 2022), “(a)dapting to the climate crisis — which could require everything from building sea walls to creating drought-resistant crops — could cost developing countries anywhere from [US\\$160-US\\$340 billion annually by 2030](#). That number could swell to as much as US\$565 billion by 2050 if climate change accelerates (...).” (Cf. UNEP (2022a).)

The Cop27 conference did not reach an agreement on who will be obliged to contribute to the fund. According to Rott et al., the United States of America is the largest historical contributor to climate change, by a large margin. However, by 2022, China has become the largest emitter of greenhouse gas emissions. At Cop27, members of the Chinese delegation argued that, while China is open to voluntarily contributing to the loss and damage fund, [this should only become an obligation](#) for historically wealthier and more polluting countries, including the United States of America and the European Union. Various European countries rebutted by arguing that the new loss and damage fund needed a “*broad contributor base*,” especially because China and India are still allowed to increase their greenhouse gas emissions until 2030 to allow their economies to grow. (Cf. Rott et al. (2022).)

### 3. *Gas*

The final text of Cop27 contains a provision to boost low-emissions energy, which could imply a variety of things, ranging from wind and solar farms to nuclear reactors, but also coal-fired power stations fitted with carbon capture and storage. However, it could also be interpreted to imply gas, which creates lower emissions than, for instance, coal, although is still considered a major fossil fuel.

### 4. *Other fossil fuels*

At Cop26 (Glasgow), a commitment had been reached to phase down the use of coal. At Cop27, a group of countries—led by India—wanted to go further and reach a commitment to [phase down all fossil fuels](#). In the end, these efforts failed, with the end resolution reached being the same as the one of Glasgow 2021. Other parts of the Cop27 final agreement include a World Bank reform (to make The World Bank provide more assistance to the developing world), an agreement on adaptation works (mainly reaffirming the commitments reached at Cop26), and an agreement on tipping points and health.<sup>150</sup>

George Monbiot has indicated the Cop27 conference as a failure, and that this is mainly due to the fact that many of the participating countries had no intention of making the conference a success to begin with.<sup>151</sup> The main reason for the failure is that no commitment to [phase down all categories of fossil fuels](#) could be reached.<sup>152</sup>

As Monbiot has phrased his main concerns:<sup>153</sup>

We know how way leads on to way, how the power amassed through corrupt decisions in previous generations drives the corrupt decisions of our time. We know that the licence granted to fossil fuel companies by 50 years of failure has enabled them to make stupendous profits – [\\$2.8 bn a day](#) on average across that entire period – and that they need invest only a fraction of this money in politics to buy every politician and every political decision they need.

We know that the easiest way for a politician to secure power is to appease those who already possess it, those whose power transcends elections: the oil barons, the media barons, the corporations and financial markets. We know that this power appoints the worst possible people at the worst possible time. We know how, as elderly billionaires seek to grab ever more of the life that slips from them, they create a death cult.

According to Monbiot, this intention to avoid any serious environmental policy that would harm the interests of oil companies, among others, goes back at least as far as 1972, when the first Copenhagen climate conference took place. Even then there had

---

<sup>150</sup> Harvey (2022d).

<sup>151</sup> Monbiot (2022b).

<sup>152</sup> Monbiot (2022b) and Harvey (2022d). As Bill McGuire has phrased this: “But, yet again, there was no commitment to cutting the emissions accelerating this crisis, without which this agreement is nothing more – as one delegate [commented](#) – than a “down-payment on disaster”. No seasoned observers are of the opinion that the world is any nearer tackling the climate emergency. Indeed, the real legacy of Cop27 could well be exposing the climate summit for what it has become, a bloated travelling circus that sets up once a year, and from which little but words ever emerge.” (McGuire (2022).)

<sup>153</sup> Monbiot (2022b).

been secret agendas by participating countries, including the United States of America and the United Kingdom, to thwart the environmental talks lest they achieve concrete results that would be against the interests of big industries. According to Monbiot, it is since then that a tradition has begun of environmental talks in the context of which the representatives of the participating countries, in front of the cameras, smilingly pretend to have the best interests of the environment at heart, only to then do everything in their power behind the closed doors of the actual talks to thwart them. This recurring pattern since then has played out again in the context of the Cop27 talks, according to Monbiot: “When they arrived at Cop27 this year, they had no intention even of paying the money **they had promised** to poorer nations to help them adapt—if such a thing is possible—to climate breakdown, let alone seeking to prevent that breakdown from happening.” Monbiot therefore speaks of “*50 years of deliberately engineered failure*”, pointing out that none of the 40 countries with the greatest impact on climate change are on track to meet historically agreed targets to do something about it. According to Monbiot, “There are no longer any feasible means of preventing more than **1.5 C of global heating** if new oil and gas fields are developed.” Yet, in the meantime, fossil-fuel companies, with the support of governments that either own or license them, are still going ahead with major investments in new facilities planned between 2023 and 2025, with the biggest of these planned expansions, being located in the United States of America.<sup>154</sup>

As Monbiot concluded:<sup>155</sup>

We no longer need to speculate about where this path might lead: we have stepped through the gates. (...)

The rich world’s governments arrived at the conference in Egypt saying “it’s now or never”. They left saying “how about never?”. We sail through every target and objective, red line and promised restraint towards a future in which the possibility of anyone’s existence starts to dwindle towards zero. Every life is a madly improbable gift. For how much longer will we sit and watch while our governments throw it all away?

Bill McGuire has, in a comparable manner, questioned the whole concept of these climate conferences.<sup>156</sup>

Without questioning the sincerity of the UN Framework Convention on Climate Change (UNFCCC), as established in 1992, McGuire seriously wonders whether what he describes as “*an annual extravaganza in the full glare of the world’s media*” constitutes the right approach for dealing with environmental issues, including climate changes. For McGuire, “it is becoming increasingly difficult to view these events as anything other than photo opportunities for presidents and prime ministers who turn up simply to make the world think they care.” Rather, the sad reality is that climate conferences produce little in the way of concrete results, raising the question of whether they provide the right approach to dealing with environmental

---

<sup>154</sup> Monbiot (2022b).

<sup>155</sup> Monbiot (2022b).

<sup>156</sup> McGuire (2022).

protection issues. This author even questions whether the climate conferences are not having the opposite effect, to the extent that they provide a forum for representatives and lobbyists of the polluting industries to pressure state and government leaders not to bring about solutions that might compromise their interests. According to McGuire, “it does seem that the whole idea of annual climate carnivals was probably not the best means of promoting serious action on global heating, but their hijacking by the fossil fuel sector, and failure, year on year, to do the job they were set up to do, surely means that Cop is no longer fit for purpose”.<sup>157</sup>

A further, similar concern relates to the ever-growing impact of oil industry representatives and lobbyists on climate talks, with especially key Gulf petrostates gearing up to assume control of (future) negotiations. Reference can in this regard be made to the fact that the [United Arab Emirates](#), one of the world’s biggest oil exporting countries, was announced to hold the presidency of Cop28, the round of UN climate talks that will take place in November 2023. Another example concerns the fact that decisions [taken at the Cop27 climate summit](#) itself showed a clear influence of the fossil fuel industry, for instance by Saudi Arabia having played a key role in [preventing that parties would have reached an agreement on limiting temperature increases](#) to 1.5 °C above pre-industrial levels. At Cop27, other countries that have played such a role of stymieing attempts to include a resolution to phase down fossil fuels in the final outcome of the conference, included various other Gulf states, besides Brazil and China.<sup>158</sup>

As an alternative, therefore, McGuire advocates the establishment of a permanent and independent, international body, which would be constituted in a representative manner to bring about the interests of the environment and the fight against climate change, in a serene and decisive manner.<sup>159</sup>

### 3.1.4.3 Why the Stakes Are Getting Increasingly Higher

#### 3.1.4.3.1 General

The failure of the policy world, after decades of (mostly pointless) palaver, to address the problem in a sufficiently drastic manner contrasts sharply with the ever worsening impact of climate change.<sup>160</sup>

---

<sup>157</sup> McGuire (2022).

<sup>158</sup> Harvey (2022e).

According to Rott et al., “(o)il-producing countries like Saudi Arabia have long pushed back against efforts to curb fossil fuels. At (the Cop27) talks, the country announced that it continues to see a future of oil production, but [will invest in new efforts to capture emissions](#) and prevent them from reaching the atmosphere, known as carbon capture and sequestration. Climate activists say this new shift is simply a way to prop up fossil fuels with a technology that will not scale up for decades.” (Cf. Rott et al. (2022).)

<sup>159</sup> McGuire (2022).

<sup>160</sup> Cf., furthermore, Horton (2022).

Among the numerous, possible examples, we shall briefly discuss three examples below, specifically:

1. The rising global average temperature.
2. The rising sea levels.
3. The loss of biodiversity.

#### 3.1.4.3.2 Rising Temperatures

One of the most disturbing consequences of environmental degradation in general and of the increasing emissions of greenhouse gases that have been sustained for centuries since the breakthrough of (industrial) capitalism in particular concerns the rise in the average global temperature.

Not coincidentally, the climate accords measure this rise in relation to the average global temperature in the pre-industrial era.

Although the reports on this subject are undoubtedly innumerable, we shall limit ourselves below to citing some very recent ones, including a report by the U.K. Met Office dated late 2022, besides a recent 2022 report of the World Meteorological Organization.

In the U.K. Met Office report, 2023 was forecast to be one of the hottest years on record, with global average temperatures expected to be about 1.2 °C above what global temperatures were before the breakthrough of industrial capitalism, i.e., before “*humans started to drive climate change*”. If this forecast were to prove correct, this would imply the 10th year in a row of global average temperatures reaching at least 1 °C above what average temperatures were assumed to be in pre-industrial times (usually measured as the period 1850–1900).<sup>161</sup>

The U.K. Met Office report, moreover, mentions that the current hottest year in records since 1850 has been 2016.<sup>162</sup>

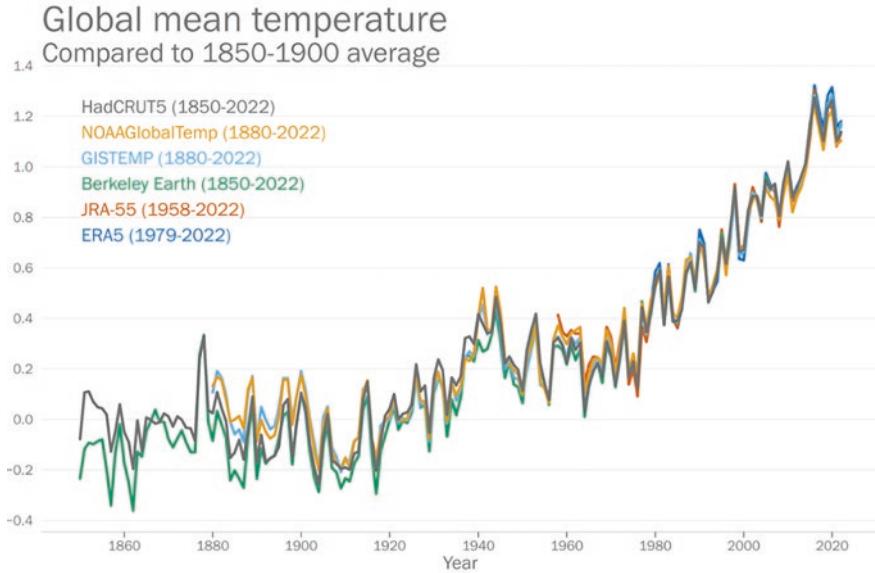
With specific regard to Europe, temperatures there were reported to have increased at more than twice the global average during the last 30 years.<sup>163</sup> According to Horton, “there are a number of reasons why Europe has warmed more quickly than other parts of the world. It has a high percentage of land mass, which warms faster than sea. The Arctic and generally the high northern latitudes are also the

---

<sup>161</sup> PA Media (2022).

<sup>162</sup> PA Media (2022).

<sup>163</sup> Horton (2022), who, furthermore, mentions that “the effects of this warming are already being seen, with droughts, wildfires and ice melts taking place across the continent. The European State of the Climate report (...) warns that as the warming trend continues, exceptional heat, wildfires, floods and other climate breakdown outcomes will affect society, economies and ecosystems. From 1991 to 2021, temperatures in Europe have warmed at an average rate of about 0.5C a decade. This has had physical results: Alpine glaciers lost 30 metres in ice thickness between 1997 and 2021, while the Greenland ice sheet has also been melting, contributing to sea level rise. In summer 2021, Greenland had its first ever recorded rainfall at its highest point, Summit station.” (Horton (2022).)



**Fig. 3.2** Global annual mean temperature difference from pre-industrial conditions (1850–1900) for six global temperature data sets (1850–2022, 2022 based on an average to September) [Source: World Meteorological Organization (2022b) *WMO Provisional State of the Global Climate 2022*, p. 7]

fastest warming regions globally and a relatively large part of Europe is in the northern latitudes.”<sup>164</sup>

Figure 3.2 provides an overview of global average temperatures over the period 1860–2022.<sup>165</sup>

### 3.1.4.3.3 Rising Sea Levels: The Example of Fiji

According to the above quoted report of the World Meteorological Organization, titled ‘*WMO Provisional State of the Global Climate 2022*’, “in 2022, global mean sea level (GMSL) has continued to rise (\*\*\*). The GMSL rise is estimated to be  $3.4 \pm 0.3 \text{ mm yr}^{-1}$  over the 30 years (1993–2022) of the satellite altimeter record, but the rate has doubled between the first decade of the record (1993–2002) and the last (2013–2022) during which the rate has exceeded  $4.4 \text{ mm yr}^{-1}$ . The GMSL acceleration is estimated to be  $0.12 \pm 0.05 \text{ mm yr}^{-2}$  over the 30-year period. GMSL increased by about 5 mm between January 2021 and August 2022. Since January 2020, the increase in GMSL amounts to around 10 mm, a substantial fraction of the GMSL rise since 1993 (around 100 mm), despite the ongoing La Niña.”<sup>166</sup>

<sup>164</sup> Horton (2022).

<sup>165</sup> World Meteorological Organization (2022b), p. 7.

<sup>166</sup> World Meteorological Organization (2022b), p. 9.



Under reference to the examples cited earlier in Sect. 3.1.4.2.7, there are already countries on Earth—especially countries whose territories consist entirely or mostly of islands—that are facing the consequences of rising sea levels, in a very distressing manner.

As a result, measures of population displacement already have to be put into effect in some of these countries.

A notorious example of this involves the Fiji Islands, as has been addressed, in a detailed manner, in an article from the hand of Kate Lyons that appeared in *The Guardian* of November 8, 2022, under the self-explanatory title ‘How to move a country: Fiji’s radical plan to escape rising sea levels’.<sup>167</sup>

In general, five of the 15 countries most at risk from weather-related events due to climate changes are located in the Pacific, with Fiji itself being number 14.<sup>168</sup>

According to the article, in the 4 years leading up to 2022, a specially formed government taskforce has literally been trying to come up with a plan how to move the country. According to Lyons, “the plan it has come up with runs to 130 pages of dense text, interspersed with intricate spider graphs and detailed timelines. The document has an uninspiring title – Standard Operating Procedures for Planned Relocations – but it is the most thorough plan ever devised to tackle one of the most urgent consequences of the climate crisis: how to relocate communities whose homes will soon be, or already are, underwater.”<sup>169</sup>

In the article, the immensity of the task is pointed out, under reference to various factual data. It is explained that Fiji, lying in the south Pacific, 1800 miles east of Australia, consists of more than 300 islands with an estimated population of just under one million. Like most parts of the Pacific, Fiji has in recent years become highly susceptible to the impact of climate change. Under reference to data provided by the World Meteorological Organization,<sup>170</sup> the article, for instance, mentions that “both surface temperatures and ocean heat in parts of the south-west Pacific have been increasing **three times faster** than the global average rate”. Lyons, furthermore, mentions that severe cyclones routinely batter the region. For instance, in 2016, **Cyclone Winston that hit Fiji**, killed 44 people and caused USD 1.4 billion

---

<sup>167</sup> Cf. Lyons (2022).

<sup>168</sup> Cf. Lyons (2022).

<sup>169</sup> Cf. Lyons (2022).

<sup>170</sup> Cf. World Meteorological Organization (2021), mentioning: “(a) Sea surface temperatures and ocean heat in parts of the South-West Pacific are increasing at more than three times the global average rate, with marine heatwaves bleaching once vibrant coral reefs and threatening vital ecosystems upon which the region depends. (b) On land, storms and floods routinely trigger death, destruction and displacement in South East Asia and Pacific Small Island Developing States (SIDS) whilst extreme heat and a more intense fire season are expected to become a feature of Australia’s climate. Tropical glaciers – the last remaining ones between the Himalayas and the Andes – may disappear within five years, according to a new report from the World Meteorological Organization (WMO).”

of damage, good for a third of Fiji's then GDP. Since then, Fiji has been hit by an additional six cyclones.<sup>171</sup>

As a result, in Fiji, as in many other regions of the Pacific, migration because of climate changes had to be initiated already. In these parts of the world, the question is no longer if people will have to move because of climate change, but how exactly to accomplish such a task. Early November 2022, 42 Fijian villages were thus identified for potential relocation in the 5–10 years to follow. At that time, six had already been relocated, while every new cyclone or similar weather disaster brings along the risk of yet more villages having to be added to the list.<sup>172</sup>

#### 3.1.4.3.4 Declining Biodiversity

In 2020, the UN published the Global Diversity Outlook 5 report.<sup>173</sup> According to the executive summary of the report, “Biodiversity is declining at an unprecedented rate, and the pressures driving this decline are intensifying. None of the Aichi Biodiversity Targets will be fully met, in turn threatening the achievement of the Sustainable Development Goals and undermining efforts to address climate change.”<sup>174</sup>

By December 6, 2022—at the opening of the UN Biodiversity Conference—COP15, scheduled between December 6, 2022, and December 19, 2022,<sup>175</sup>—it was pointed out that “the planet is experiencing its largest loss of life since the dinosaur era ended: one million plant and animal species are now threatened with extinction.”<sup>176</sup>

Among the key causes of this large-scale extinction are factors ranging from deforestation and desertification to the poisoning of the environment by chemicals and pesticides. The latter elements are indicated as the main causes of the degradation of land, which makes it harder to feed the growing global population. Another factor concerns the degradation of the Ocean, which is accelerating the destruction of life-sustaining coral reefs and other marine ecosystems,<sup>177</sup> in turn directly affecting communities that depend on the Ocean for their livelihoods.<sup>178</sup>

During his opening speech of COP15, UN Secretary-General Guterres, furthermore, indicated as causes of this decline in biodiversity that “our addiction to fossil fuels has thrown our climate into chaos — from heatwaves and forest fires, to communities parched by heat and drought, or inundated and destroyed by terrifying floods.

---

<sup>171</sup> Cf. Lyons (2022).

<sup>172</sup> Cf. Lyons (2022).

<sup>173</sup> Secretariat of the Convention on Biological Diversity (2020).

<sup>174</sup> Secretariat of the Convention on Biological Diversity (2020), p. 7.

<sup>175</sup> Cop15 took place in Montreal, Canada, where 193 governments from around the world **came together** “to agree on a new set of goals to guide global action through 2030 to halt and reverse nature loss”. (Cf. UN Environment Programme (2022) and Greenfield (2022).)

For an overview of the targets of COP15, cf. Greenfield (2022).

<sup>176</sup> United Nations (2022c).

<sup>177</sup> For instance, it was pointed out that more than 1550 of the 17,903 marine plants and animals listed by the International Union for Conservation of Nature (IUCN) were at risk of extinction, according to the latest red list considered a barometer of biodiversity. (Cf. KV (2022).)

<sup>178</sup> United Nations (2022c).

Unsustainable production and consumption are sending emissions skyrocketing, and degrading our land, sea and air.” And, furthermore, that “Multinational corporations are filling their bank accounts while emptying our world of its natural gifts. Ecosystems have become playthings of profit. With our bottomless appetite for unchecked and unequal economic growth, humanity has become a weapon of mass extinction. We are treating nature like a toilet. And ultimately, we are committing suicide by proxy.”<sup>179</sup>

In short, the loss of biodiversity also finds its cause in the capitalist systems of production for production’s sake, the maximization of (corporate) profits ideal, and of the focus on economic growth, to which all other values have been sacrificed.

Meanwhile, the results of the biodiversity conference Cop15 were announced on December 19, 2022. While, at first glance, these appeared to be more positive than those of the preceding climate conference Cop27,<sup>180</sup> a criticism stemming from Dr. Imma Oliveras Menor of the Environmental Change Institute at the University of Oxford sounded that “*there are no binding commitments making the whole mechanism quite weak*”. And further that “*the goals and targets adopted are a great step forward, but many fail at being too broad therefore their implementation will be complex.*”<sup>181</sup>

#### 3.1.4.4 Provisional Conclusions

It is clear from the foregoing that if capitalism<sup>182</sup>—or in more modern terminology, the free market model—remains adhered to, it is hard to see how real solutions to the problems of environmental pollution in general, and climate change in particular, will ever be accomplished.<sup>183</sup>

Indeed, throughout the past century, all possible warnings that matters of concern, including the environment, consumption of natural resources, and pollution, needed to be handled much more prudently, were blatantly ignored.<sup>184</sup>

---

<sup>179</sup> Guterres (2022c).

<sup>180</sup> The Cop15 final agreement has even been referred to as a “a [once-in-a-decade deal](#) to halt the destruction of Earth’s ecosystems”. (Cf. Greenfield and Weston (2022).)

<sup>181</sup> Cf. Weston (2022b).

<sup>182</sup> As explained throughout the previous Chaps. 1 and 2, this term essentially refers to the very model of socio-economic organization that encompasses an amalgam of economic attitudes and relies on an equally large set of economic and legal working instruments that shape capitalist economies (cf. Chaps. 1 and 2).

<sup>183</sup> Compare Monbiot (2021). According to this author, even more important than the direct consequences of the behavior of the ultra-rich, is the political and cultural power with which they continue to block effective change. According to this author, the cultural power of the rich and powerful continues to rest on a hypnotic fairy tale. More precisely, capitalism keeps convincing people that we are all “*temporarily embarrassed millionaires*”. Therefore, we tolerate it. In reality, some people are extremely rich because others are (kept) extremely poor. The reason for this is that, in capitalism, wealth creation depends on exploitation. (Cf. Sect. 3.1.2.) And if we all became millionaires, we would completely ruin the planet in no time. Still, the fairy tale of universal wealth for all people, to this day, continues to secure our obedience. (Cf. Monbiot (2022a).)

<sup>184</sup> In this regard, reference can be made, for example, to Galbraith who wrote as early as 1992 that capitalism has no desire whatsoever to engage in environmental protection, with this author already explicitly citing the example of global warming. (Cf. Galbraith (1992), pp. 20–21.) Among the

In order to tackle the environmental problems, including climate change, at the very least, some of the central basic beliefs of capitalism should be abandoned, especially (1) the idea of the need for continuous economic growth,<sup>185</sup> which is incompatible with the transition to a more sustainable economy, (2) the unbridled profit maximization behavior of the rich classes (to which all other values have been systematically sacrificed),<sup>186</sup> in addition to (3) the idea that all problems should be left to and will be solved by the operation of the free market, and that there is no need whatsoever for any form of economic planning.

Even if humanity were to succeed in accomplishing a transition, for example, to an economy based entirely on green energy, numerous forms of production will continue to require the consumption of raw and other natural materials, which implies that a large degree of environmental pollution will be occurring at all times (which is not to say, of course, that efforts should not continue to be made to develop methods of generating green energy as much as possible).

---

many other (largely ignored) milestones of calls for a more earnest environment policy to which no action whatsoever was taken, reference can be made to the work of the Club of Rome of the 1970s (cf. Sect. 3.1.4.2.2), as well as to the groundbreaking documentary ‘An inconvenient truth’, by Davis Guggenheim (with Al Gore) from 2006 (cf. <https://www.imdb.com/title/tt0497116/>), among many imaginable others.

Even in the contemporary context, we notice the unwillingness of various policy bodies to take the matter sufficiently seriously. For example, as far as the EU—that likes to profile itself as the best student in the class in terms of environmental and climate policy—is concerned, one can point to the fact that, according to information that leaked at the end of November 2022, big polluting industries had, “*in direct contradiction with the polluter pays principle*” been given almost EUR 100 billion in free carbon permits by the EU in the preceding 9 years. These free permits did not come with any climate conditions attached, such as increasing energy efficiency. Moreover, polluters were given the opportunity to make billions in windfall profits by selling permits they did not use themselves. (Cf. Carrington (2022).)

<sup>185</sup> Compare Hickel (2020), who expressed the paradigm as follows: “Our dogged insistence on economic growth is making this vital task much more difficult than it needs to be. It’s like choosing to fight a life-or-death battle while going uphill, blindfolded, with both hands tied behind your back. We are voluntarily sabotaging our chances at success.”

<sup>186</sup> A recent illustration of this is the information provided in an article from the hand of Royce Kurmelovs that appeared in The Guardian of November 10, 2022 (cf. Kurmelovs (2022)), regarding the behavior of the auto industry, which revealed that even after years of reporting on the disastrous impact of greenhouse gas emissions, in November 2022, some of the largest car producers still continued to schedule massive production of harmful cars. In said article, it was reported that, in 2022, the world’s biggest car producers still planned to build about 400 million more diesel and petrol cars than what is sustainable to contain global heating. The article based its finding on research from the University of Technology Sydney (UTS), the University of Applied Sciences of the Industry in Bergisch Gladbach, and Greenpeace Germany, that had compared the rate at which the world should embrace zero-emissions vehicles, with the rate at which major car producers kept planning to produce harmful models. These research findings were made available in a [research report](#) (cf. Teske et al. (2022)) that focused on twelve car producers from around the world. From this report, it, for instance, appeared that some of Australia’s most popular brands—amongst which Toyota, Volkswagen, and Hyundai/Kia—were still on track to produce far more petrol and diesel cars than is sustainable considering the Paris climate agreement target of 1.5 °C. (Cf. Teske et al. (2022) and Kurmelovs (2022).)

As a result, it is highly questionable whether a mere transition towards an economy based upon green energy in itself will be enough to turn the tide and whether there is not rather a need for an ideological conversion, in which humanity would finally abandon the madness of capitalism for a model of socio-economic organization that does willingly strive for elementary planning, more just societies and sustainable(r) economies.<sup>187</sup>

Incidentally, also in the UNICEF report of May 23, 2022 (cf. Sect. 3.1.4.2.3), it is stated that, globally, governments, at all conceivable levels of authority—national, regional, and local—should begin to take the lead in improving the living environment, at the very least by reducing waste, air and water pollution and ensuring quality housing and residential neighborhoods.<sup>188</sup>

In the short term, this will require a particular focus on the unequal impact of poor environments. Indeed, it appears that poor families (and their children)—as is the case for most of the disadvantages of capitalism—are often much more exposed to environmental damage than richer families (and their children), further entrenching and reinforcing existing disadvantages and inequalities affecting the poor. According to UNICEF, much greater attention needs hence to be paid to these issues at a policy level as well.<sup>189</sup> UNICEF goes on to say that governments and enterprises should at least begin work on effective measures to meet the commitments they have made to reduce greenhouse gas emissions by 2050. In doing so, absolute priority should be given to the issue of climate change in all actions by both governments and the global community, and across sectors from education to infrastructure.<sup>190</sup>

In the Oxfam report already cited above, one of the similar conclusions is that the cost of climate impacts will continue to rise with every fraction of a degree of warming of the planet. Meanwhile, harmful emissions continue to rise, and the temperature rise compared to the pre-industrial era is on its way to 2.4 °C, if not more. Even with ambitious measures to reduce emissions and make the necessary adjustments, further climate change impacts can no longer be avoided—and if humanity fails to reduce greenhouse gas emissions, it means that much worse things are bound follow.<sup>191</sup>

In the meantime, the past period has shown especially a willingness at the EU level to counter certain causes of climate change, especially CO<sub>2</sub> emissions, through the mechanism of taxation, with, among other things, on December 18, 2022, the announcement that, from 2027, the so-called “emissions trading system” will be extended to the heating of buildings and transport, for both consumers and businesses. This will imply that citizens and businesses will have to start paying for CO<sub>2</sub> they emit, either as exhaust from cars or as residue from burning fossil fuels for heating or other purposes. This payment obligation will take the form of yet another special, tax levy that will pass through energy companies and gas stations. The tax

---

<sup>187</sup> In any case, this is what we ourselves have been advocating for in our work since 2015.

<sup>188</sup> UNICEF (2022a).

<sup>189</sup> UNICEF (2022a).

<sup>190</sup> UNICEF (2022a).

<sup>191</sup> Cf. Carty and Walsh (2022), p. 3.

will, otherwise put, be based on the ‘polluter pays principle’, whereby the seller of fuels will have to charge emission rights to the customer who comes to refuel their car tank or who purchases fossil fuel for heating purposes.<sup>192</sup> For the already overburdened members of the lower social classes, this means yet another threshold on certain essential expenditures, in this case for transport or heating, whereby it is highly doubtful whether the support fund set up to deal with the worst social consequences of this will be sufficient to compensate for the increasing impoverishment that this type of measure entails, especially for the lower social classes, and whether this is at all the concern of neoliberal European policy-makers.

We conclude this Sect. 3.1.4.3 with a quote from a nomination by UN Secretary General Guterres to the United Nations General Assembly on September 20, 2022, in which the Secretary General axed, in very clear terms, the call to address climate change more seriously, as follows:<sup>193</sup>

There is another battle we must end - our suicidal war against nature.

The climate crisis is the defining issue of our time.

It must be the first priority of every government and multilateral organization.

And yet climate action is being put on the back burner - despite overwhelming public support around the world.

Global greenhouse gas emissions need to be slashed by 45 percent by 2030 to have any hope of reaching net zero emissions by 2050.

And yet emissions are going up at record levels - on course to a 14 percent increase this decade.

We have a rendezvous with climate disaster.

I recently saw it with my own eyes in Pakistan - where one-third of the country is submerged by a monsoon on steroids.

We see it everywhere.

Planet earth is a victim of scorched earth policies.

The past year has brought us Europe’s worst heatwave since the Middle Ages.

Megadrought in China, the United States and beyond.

Famine stalking the Horn of Africa.

One million species at risk of extinction.

---

<sup>192</sup> Cf., furthermore, European Council (2022).

<sup>193</sup> Guterres (2022b).

No region is untouched.

And we ain't seen nothing yet.

The hottest summers of today may be the coolest summers of tomorrow.

Once-in-a-lifetime climate shocks may soon become once-a-year events.

And with every climate disaster, we know that women and girls are the most affected.

The climate crisis is a case study in moral and economic injustice.

The G20 emits 80 percent of all greenhouse gas emissions.

But the poorest and most vulnerable - those who contributed least to this crisis - are bearing its most brutal impacts.

Meanwhile, the fossil fuel industry is feasting on hundreds of billions of dollars in subsidies and windfall profits while household budgets shrink and our planet burns.

Excellencies,

Let's tell it like it is.

Our world is addicted to fossil fuels. It's time for an intervention.

We shall explore possible solution models in more detail in the following Chaps. 4–7, albeit that in the Sect. 3.2 we shall first take a closer look at how capitalism, on top of all the above, has also led to a totally unjust living world and why this, in our opinion, is no longer tenable.

## 3.2 Untenability of an Unjust Lifeworld

### 3.2.1 *Why Inequality and Unfreedom Are Ingrained Ingredients of Capitalism*

#### 3.2.1.1 **The Liberal/Neoliberal Side of the Coin: Once More Revisiting the Trickle-Down Economics Approach**

After four centuries of capitalism, it should be clear that unfreedom and inequality are among its most basic ingredients, a fact that is contrary to the basic premises on which the liberal societies that began to take shape from the end of the eighteenth century, were initially based.

To understand this properly, it is useful to first recapitulate briefly in this Sect. 3.2.1.1 what have been the thrusts of economic-liberal thinking (and later in history, of economic-neoliberal thinking), on which the unfolding of industrial capitalism during the nineteenth century was based.

It will become clear from this recapitulation to what extent unfreedom and inequality were woven into the fabric of capitalist societies, albeit that in the political sphere—i.e., in the design of the bourgeois-liberal state model—it was asserted in complete opposition to this that liberal societies aimed precisely at achieving greater freedom and equality for all people.

Precisely this paradox between ideological intent and its implementation in socio-economic reality will be the subject of this Sect. 3.2.1, while in the Sect. 3.2.2 a further weighing of this ideological intent against the legal principles of freedom and equality will take place.

In the foregoing it has already been made clear that since Adam Smith's work 'An Inquiry into the Nature and Causes of the Wealth of Nations', the organization of the (capitalist) economy has, increasingly, begun to rely on the myth that all societal progress is due to private initiative in general, and that of a select group of people who, in contemporary terms, are usually referred to as the class of entrepreneurs, in particular, and that the rest of society shares the fruits of this (and should therefore be very grateful for this).

This mythical worldview relies on an approach that suggests that, within society, a select proportion of people would be gifted with the gift of entrepreneurship and that this constitutes one of the greatest blessings that has befallen on mankind since the early dawn of ages.

In this viewpoint, which goes back to Adam Smith himself, society—and, by extension, the state structure that shapes society—should allow such exceptional people every latitude to conduct their entrepreneurial projects. This will then feed the economy with impulses of progress, the fruits of which will be shared with the rest of society. More particularly, by making use of the refined and varied arsenal of legal forms that the law has made available for this purpose over the past centuries (and of which we have discussed the most important ones, in more detail, in Chap. 2), the class of entrepreneurs will benevolently employ other people who are not as gifted of being entrepreneurs themselves. Thanks to this employment, ordinary people will then enjoy an income by way of remuneration for the labor they put at the disposal of the enterprise(s) established by the class of entrepreneurs, in this manner basically freeriding in the fruits of the efforts of the entrepreneurial sector.

This approach to economics is, as explained before, generally known as trickle-down economics.

In an extreme version of this approach, it is even said that all prosperity and progress of the past centuries is due to said select group of entrepreneurs who, consequently, should be put as little in the way as possible, at the risk of society's decline.<sup>194</sup>

And on this starting premise, the economic policies of the past four centuries have been based, with in the past four to five decades, the contemporary variant of economic neoliberalism of which just about all components—including monetary

---

<sup>194</sup>This, for example, is the tenor of the book 'Britannia unchained', co-authored by Liz Truss. (Cf. Kwarteng et al. (2012).)



policy, fiscal policy, employment policy, the dismantling of public services and social security, etc.—have been particularly inspired by this premise.

### 3.2.1.2 Further Background of the Liberal Philosophy from Which the Trickle-Down Economics Approach Emerged

From the eighteenth century on, the view on entrepreneurship—and therefore on the economy itself—discussed in Sect. 3.2.1.1 has been gaining more and more traction. Especially under the impetus of the schools of economic neoliberalism, this way of reasoning very much determines the outlook of present-day societies around the world.

Hence, the contemporary success of figures such as Jeff Bezos, Elon Musk, and Bill Gates, among many others, is largely due to the dominant, societal influence of that way of thinking.

There is, of course, much to be said about this manner of thinking, but we ourselves shall below focus on some of the ethical questions it raises.

The aforementioned ideas of Adam Smith must (as has already been mentioned in Sect. 2.3) be situated against the background of rationalism, a tendency in philosophy that wanted to make a caesura with models of society dominated by traditional religious views, including Catholicism, and instead put forward the new (as religious) view that society is determined by natural laws, solely to be identified by the at the time emerging discipline of economics.

In the field of the exact sciences, it was this approach that helped establish their great breakthrough. Indeed, as people became willing to abandon religious creation and similar myths in favor of a method of approaching reality that in contemporary terms is called ‘scientific’, an ever-increasing understanding of what were then labeled ‘laws of nature’—i.e., the processes that determine how things function and can hence be explained—emerged.<sup>195</sup> It should come as little surprise that as this method of looking at reality increasingly came to define (and even determine) the exact sciences, in its wake, the understanding of the workings of things resulted in new inventions, which in its own turn helps explain that, from the eighteenth century onward, the progress of science led to the development of increasingly specialized tools and machines that could assist man in accomplishing various tasks.

However, probably one of the biggest tragedies of history has been that the methods of rationalism, in a very one-sided manner, also started to be applied to the study of societies themselves, with the recognition of how economic processes work being granted the (dubious) honor of becoming one of the first areas in which such a one-sided application of the doctrines of rationalism began to take hold.

---

<sup>195</sup>An early example in the history of the West of a figure who began to apply this method to an increasing extent was the Renaissance artist and scientist Leonardo da Vinci, who seemed to be especially aroused by a desire to understand how all sorts of things worked, and who consequently came up with the design of numerous inventions (in many cases before the world was ready for them).

One should in all this keep in mind the fact that the search for the laws that govern processes in nature, must ultimately lead to the insight into basic laws of physics, for example how the question of why an apple falls from a tree to the ground provides insight into the operation of gravity. This implies that, to explain the falling of an apple, there are no dozens of possible approaches, but that, in the state of the (natural) sciences prevailing at the time of the recognition of such a natural law, no other explanation could be established.

However, this is not the way people and societies work, while the rational schools within the human sciences nevertheless started to base the development of their disciplines upon this premise.

As a result, within the first treatises that dealt with economic issues, this approach led to a search for basic (natural) laws governing economic processes. Soon the mistake was made that mere opinions of individual researchers and authors, to an increasing extent, began to give substance to what such underlying economic laws were supposed to be, whereby such individual opinions, in other words, became themselves identified with economic laws of nature (which, in contemporary societies, has culminated in the view that no alternatives to the resulting, common economic models are still conceivable).<sup>196</sup>

This may seem somewhat abstract, but if we illustrate this search for basic economic laws with the example of two completely opposite schools that both emerged in the eighteenth century under the cover of rationalism, things will immediately become much clearer.

One of the first schools within rationalism to study economic processes was the school that would gradually come to be called the school of economic liberalism. From this school, with Adam Smith himself as one of its figureheads, came not only the viewpoint that society is best served if the entrepreneurial class is left completely undisturbed, but also an even more general, underlying viewpoint that man is basically a selfish being and that society is best served if everyone is confirmed in the pursuit of his own selfish goals.

Within this school of economic liberalism, it got furthermore argued that societal progress is best served by a socio-economic order in which everyone is invited, in the most selfish way possible, to do his or her own thing, since this will provide the best impulses of zeal and progress, and thus society itself will best flourish.

In the same period, however, there was another rational school that, also based on rationalist methodology, studied socio-economic processes, namely the so-called (French) social school, which, however, reached totally opposite insights and viewpoints. Indeed, in the approach of this social school, the basic viewpoint was established that society is best served by relying on systems of mutual solidarity to counteract, as much as possible, inequalities that may result from economic processes (such as trade and industry).

---

<sup>196</sup> This is the so-called TINA-argument (with TINA being short for “*There is no alternative*”).

The approaches of these two schools of thought could hardly have been more opposed, yet both emerged under the guise of rationalism, which immediately illustrates how dubious it has been to present the viewpoints of individual authors, or even groups of authors, as basic economic laws. However, it is precisely the latter that has happened from the eighteenth century onward, with—regretfully—the viewpoints of economic liberalism becoming the ones most resonating at a policy level, while those of the social school have, to a much smaller extent, only provided a breeding ground for certain models of correction to capitalism.

### 3.2.1.3 Lasting Impact of Liberal Thought

It has been made clear in Sect. 3.2.1.2 that the way in which economic processes started to be studied from the eighteenth century onwards helps to explain why views of certain individual authors, gradually, became regarded as economic laws around which an economic doctrine could be built, which, in turn, came to define, increasingly, the outlook of the world economics.

In this manner, an economic model started to take shape (which would soon come to definitively replace that what remained of the feudal system that had before in history prevailed in the Western world) in which, in theory, everyone was invited to engage in business, albeit only a few felt apt to do so.

One of the reasons for this is that entrepreneurship inherently involves a factor of uncertainty, in particular whether such entrepreneurship will succeed, with, the rewards—or fruits—of such entrepreneurship, however, potentially being very big.<sup>197</sup> Secondly, a second set of factors that stand in the way of starting a business are related to issues such as descent (being born in a wealthy family or not), access to sufficient start-up capital and network, and meeting the profile of entrepreneur (which, in a certain way of representation, involves exhibiting psychopathic personality traits). We shall discuss all of these factors in more detail throughout the following sections, as well as in Chap. 7.

As aforementioned, under the economic doctrines themselves, the viewpoint began to dominate that those who accept this challenge of conducting an enterprise should be placed in as little harm's way as possible, with the entire planet Earth and the rest of humanity (i.e., the non-entrepreneurs) being considered but a means of making entrepreneurial projects successful.

As said, the rise of this school of economic liberalism went hand in hand with the breakthrough of political liberalism, with both movements sharing large parts of their respective worldviews and views.

---

<sup>197</sup> In historically earlier society models (of the Western world), the entrepreneurial caste was primarily the caste of merchants who often belonged to the more adventurous folks within society (and in many cases were also those with least scruples to make their project succeed).

### 3.2.1.4 Effects of Liberal Thought on the Organization of Societies

It comes as little surprise that the approach outlined in previous Sects. 3.2.1.1–3.2.1.3, from its very inception, started to determine the relationship between entrepreneurs and their non-entrepreneurial fellow beings, or otherwise put, between as good as all human beings.

Supported in theory by a supposed equality between people—since liberal societies wanted to do away with the inequalities that had prevailed in the feudal era—in reality, this approach of organizing societies around the activities and interests of the entrepreneurial class quickly created a new, razor-sharp hierarchy within the fledgling bourgeois-liberal societies, in which the interests of the entrepreneurial class invariably started to take precedence over all other interests, including those of the labor-supplying fellow human beings and, by extension, the Earth itself.

Indeed, since the arising model of society got based on the idea that those who conduct (or want to start conducting) an enterprise should be left as free as possible to make their entrepreneurial project succeed, everything else got, at least *de facto*, subordinated to this. As has already been explained throughout Sect. 3.1, such a model of society got, by definition, based on a far-reaching degree of inequality, and therefore also unfreedom, for members belonging to the low(er), social classes.

The ideal society for the most convinced adherents of this line of thought is the one in which society consists of only two groups of people, namely the entrepreneurs and the non-entrepreneurs, with the latter group of people having no other function than to put their labor, in return for a remuneration, at the disposal of the enterprises belonging to (or conducted by) the former group.<sup>198</sup> As mentioned, this dichotomy within societies is condoned by the doctrine of trickle-down economics (cf., Sect. 3.2.1.2) which proposes that everyone, ultimately including society itself, benefits best from such an approach.

It soon also became evident that, in such a model of socio-economic organization, the entrepreneurial group should be entitled exclusively to the proceeds resulting from the entrepreneurial projects, while the group of people who ‘only’ make their labor available, must be content with the crumbs that fall (or trickle) down, but should at the same time be very happy with this, to the extent that without the efforts of the entrepreneurial sector, there would be nothing.

It is obvious that this approach essentially amounts to a system of self-perpetuating lies, which is the consequence of the chosen starting premises themselves (which have nevertheless been elevated to economic laws).

More in particular, the economy that has emerged from this approach, generally known as capitalism—or, in modern-day terms, the free market economy—is built around the premise that economics is a system designed to ensure that people should, either—and preferably—start a business, or if they cannot or do not want to so, should be employed in such a business (belonging to another person).

---

<sup>198</sup> In the Belgian, legal context, this has, recently, even found resonance in the Code of Economic Law, under which (especially since 2018) almost all market participants qualify as enterprises.

Such an economy, on the other hand is not built around the basic premise that economics is a system that should meet everyone's basic life needs in a just way, without causing harm to other people and, by extension, other living beings and the Earth itself.

Not surprisingly, the choice of this starting premise, which essentially considers the economy as a playground for enterprising man to become as rich as possible through some project—and where all the rest of what the Earth has to offer constitutes playthings available to help achieve this objective—also explains the present-day (disastrous) appearance in which the Earth and mankind find themselves.

### **3.2.1.5 How the Premises of Liberal Thinking on Doing Business Have Further Given Shape to the Capitalist Economy**

If we consider two matters little more contemplatively, namely, on the one hand, at the production of what goods and services the capitalist economies devote themselves, and, on the other hand, what is the nature of the employment required for that purpose—and which, therefore, determines what the majority of people have to occupy themselves with every day of their lives—then only the complete pointlessness of the whole thing, in addition to the great cost to the Earth itself (with everything in it), stands out.

An economy that is not based on the starting premise that an optimal system should be sought to fulfill everyone's basic life needs in a just way, while respecting all other living beings and the Earth itself, but on the premise that whoever has an idea to undertake something—no matter what this amounts to—should have full freedom to realize his aspirations, could, of course, only lead to the production-for-the-sake-of-production (and consumption-for-the-sake-of-consumption) economic system that prevails today.

Indeed, by not making the fulfillment of everyone's basic life needs in a just manner and with respect for all other life and for the Earth itself the basic premise of the economy, capitalism soon degenerated into a system whose main objective is to create all kinds of artificial needs, and then fulfilling them, through a multitude of equally intrinsically meaningless goods and services, all at the expense of the efforts of those employed in the enterprises that participate in them, as well as the resources of the Earth itself.

From the perspective of the people employed within such enterprises, this kind of economy has degenerated into one in which, as aforementioned, such people are left with only one function, specifically the one of making their labor available for a fixed remuneration that, when they are among the fortunate ones residing in the Western world ( $\pm 15\%$  of the world's population), enables them to participate to some extent in the orgy of senseless consumption that such an economy has spawned, and when they reside in poorer countries, rather at a remuneration that, as a rule, offers no prospect of a dignified existence.

That this involves a great multiplicity of labor tasks that must be performed, in many cases in a very repetitive manner, by people who derive no intrinsic

satisfaction from this (other than having an income to participate in the patterns of consumption generated by such a capitalist economy), is a fact that is not taken into account at all within the ideologies most in support of such an economic system—in particular, originally, economic liberalism and, currently, economic neoliberalism.

Within such an economic system, there is also no rationality whatsoever in terms of the use of the resources that make production possible—in particular, on the one hand, other human beings and, on the other, whatever else the Earth has to offer in terms of raw materials or other natural resources, possible other forms of life included—which helps to explain some of the severe crises humanity is currently experiencing.

### 3.2.1.6 How (Because of the Foregoing) Inequality and Unfreedom (Continue to) Prevail in Capitalism

In combination with the capitalist, private money creation model that determines ever-increasing economic growth, the basic premise of trickle-down economics has caused capitalism to degenerate into a self-perpetuating system that has sucked everyone into its processes and, on top of that, is in no way willing to look for solutions for the many problems it keeps creating.

The latter is itself, presumably, the result of the fact that possible solutions to the many problems capitalism causes can only be found in changing the basic premises on which capitalism rests—in other words, in abandoning capitalism (for the most part) in favor of an alternative system that does aim at the just satisfaction of the basic life needs of all human beings and that does show a willingness to respect the wellbeing of other living beings (other human beings included) and of the Earth itself.<sup>199</sup>

However, to this day, the elite (of businessmen, bankers, and the politicians these put in power) who run the world by the grace of capitalism have shown no—or hardly any—willingness to do so.

Of course, all this raises the question of whether better alternatives than the currently prevailing capitalism itself have prevailed in the past.

It is fair to point out that an elementary understanding of human history, especially since *homo sapiens* began to adopt a (predominantly) sedentary lifestyle, does not give cause to much optimism.<sup>200</sup>

Rather, it appears that since humans increasingly adapted a sedentary lifestyle—initially resulting in agrarian models of society and, later in history, in society

---

<sup>199</sup>Incidentally—and unfortunately—this is far from a new realization. Back in the 1970s, the then renowned Club of Rome already reached very similar findings: “Entirely new approaches are required to redirect society toward goals of equilibrium rather than growth. Such a reorganization will involve a supreme effort of understanding, imagination, and political and moral resolve.” (Cf. Meadows et al. (1972), p. 193.) Unfortunately, this call for change has never been properly responded to.

<sup>200</sup>Cf. especially Harari (2014).

models based on trade and industry—the economies within such sedentary societies, likewise, quickly came to rely on inequitable forms of labor.

For example, the prosperous Greek and Roman societies of Classical Antiquity owed much of their prosperity to slave labor, where, in other words, the bulk of the population were slaves. Medieval feudalism that replaced the Roman model in European territories may have sounded slightly nobler in theory—with the underlying idea being this of protection in exchange for servitude<sup>201</sup>—but in practice was often little better than the previously prevailing society models based on slavery.<sup>202</sup>

Not coincidentally, it was these features of feudalism against which the political liberalism of the eighteenth to nineteenth century opposed itself, in a pursuit of free and equal societies.

However, because of the manner in which these ideals were given substance within the socio-economic sphere, the capitalist society that resulted from this would soon itself degenerate into a new feudal system of its own accord—in which feudal man was no longer the serf of his feudal lord (in exchange for protection afforded by the latter), but a wage slave—albeit one in which the conflict of interest characterizing the relationship between entrepreneurs and wage slaves soon gave rise to a new class division.<sup>203</sup>

---

<sup>201</sup> (Medieval) serfs were generally employed in agricultural domains that resembled plantations, rather than farms. These were often the continuation of Roman precursors, with the understanding that in the Roman estates the labor was performed by slaves. As early as the early Middle Ages, this changed, with slaves, who had virtually no rights, being replaced by serfs, essentially unfree, yet largely self-sufficient farmers who proved much better able to keep the domains running than based on much less efficient slave labor. Within the large domains, these serfs possessed their own farmstead and plot of land that they were assigned to farm on their own account, provided they ceded a portion of the proceeds to the feudal lord. As a rule, such a farmstead was sufficient to support a household in the extended sense. (Cf. van der Tuuk (2021), p. 11.)

For his part, the feudal lord had to provide security and legal certainty to his serfs, albeit that, in practice, the system implied that the serfs were bound hand and foot to their feudal lord. (Cf. van der Tuuk (2021), p. 12.)

In return for the serfs' rights of use and protection, serfs were subject to numerous obligations, including compensation for the right to use the farmstead, which often took the form of an obligation to surrender a portion of the agricultural production—such as wheat or pork—to the feudal lord. In addition, the serf peasants also had to provide numerous other products, often on demand, including woven fabrics, firewood and lumber, beer, and bread. All of these goods were collected by the domain lord on fixed days throughout the year. Church feudal lords often collected the goods on church holidays, which in many areas coincided with annual fairs, for example in the spring on Easter, and in the fall on St. Martin's Day. Conducting the collections through such fairs also allowed for limited (barter) trade in production surpluses. (Cf. van der Tuuk (2021), p. 14.)

<sup>202</sup> Bloch has described this system as one in which each human being (belonged) to another human being. (Cf. Bloch (1994), p. 209.) “*Se chercher un protecteur, se plaire à protéger,*” was hereby held to be the fundamental intent of feudalism, and this throughout all levels of society. (Cf. Bloch (1994), p. 212.)

<sup>203</sup> Cf. Fromm (1962), p. 33.

As a result, the breakthrough of industrial capitalism from the end of the eighteenth and the beginning of the nineteenth century onward, has entailed the transition from a semi-feudal/corporatist society to the capitalist class society still in place today. (Cf. Kruithof (1986), p. 111.)

Regarding the latter, economic liberalism has been among the first to rationalize this societal model of conflicting interests, which would lead to a learning system that determines labor relations within capitalist societies to this very day.

By the adherents of this frame of thinking (which is reflected unchanged in contemporary economic neoliberalism), it is argued that establishing labor relations should, as much as possible (and preferably totally), be left to the realm of private contracting, *ergo* to the free market. In other words, it is up to the enterprise that wants to hire someone else's labor on one hand, and the person who makes their labor available on the other, to freely agree upon the conditions under which such provision of labor will take place. It is thereby in the interest of the (profit-oriented) enterprise to keep said remuneration as low as possible, which has found its rationalization in an (additional) alleged economic law, known as the Iron Law of the Wages, which has since then come to determine labor relations throughout the capitalist world.

This insight provides an explanation for one of the most fundamental injustices of the model of capitalism: as already outlined before (cf. Sect. 2.3), capitalism inherently creates a dichotomy between the class of entrepreneurs and the class of those employed by enterprises, *ergo* a fundamental inequality between people.

The former class, through all the economic laws and legal instruments that together shape capitalism, receives most of the capital gains generated by the economy (especially in the form of corporate profits that are ultimately intended for the real people behind the enterprises, such as capital providers and others). In the same logic, the latter (larger) group of people only obtain a fixed wage, preferably to be kept as low as possible (which in large parts of the world leads to distressing situations that, at least *de facto*, amount to systems of perpetuated slavery, all (neo)liberal grandstanding notwithstanding).

Since the dawn of the nineteenth century, it is this dichotomy that determines capitalist societies. Until the present day—especially after roughly half a century of neoliberal policies in numerous countries around the world—this approach of organizing the economy explains situations in which, for example, American entrepreneurs have rapidly worked their way up to become the richest people on Earth, having amassed fortunes that defy all imagination, (comparable to the wealth that the house of Fugger was able to amass back in the sixteenth century), while in most cases granting the staff of their enterprises only the most basic minimum allowances.

What is worse is that such dire situations continue to be condoned under the dictates of economic doctrines (including, earlier in the past, economic liberalism and, at present, economic neoliberalism).

### 3.2.1.7 Neoliberal Toleration of a Continuing Government Role

#### 3.2.1.7.1 Liberal and Neoliberal Views on the Role of the State

What the doctrinal systems of economic liberalism and economic neoliberalism remain most bored with in all this is the role of states.



A constant here is that, under (neo)liberal doctrinal reasoning, states are in any case to be treated second class, which helps explain that after half a century of neo-liberal policies, the public finances and indebtedness of numerous countries have ended in a small drama.

For the most ardent adherents of economic liberalism and economic neoliberalism, there should preferably be no states, but only a large, unregulated free market where (large) enterprises determine service undisturbed and where the rest of humanity only plays their role as employees and consumers.

However, the reality is that the establishment of societies without levels of government has shown to be unfeasible, which is largely due to the numerous forms of inequality and unfreedom brought about by capitalism itself (a reality which is barely considered in the concept of society created by the learning systems of economic liberalism and economic neoliberalism).

The most ardent adherents of said economic doctrines would still prefer to ignore all this and, to the extent that this has not proved (entirely) possible, they have argued that the role of states<sup>204</sup> in the realm of socio-economic organization should be kept as limited as possible. In contrast, certain tasks of providing security can even for the most ardent neoliberal adepts still be left in the hands of said states.

The latter partly explains why states may continue to raise armies, organize police forces, and set up a judiciary system, all with the main purpose of curbing behavior that would deviate too much from the outlines drawn by capitalism and/or the logic of bourgeois-liberal societies. Consequently, these domains continue to rely on a minimum of state organization that economic (neo)liberalism continues to tolerate, partly in the knowledge that these functions are primarily aimed at protecting the interests of the rich within society from undesirable behavior by the poor, be they poor stemming from their own country or coming from elsewhere.

Nevertheless, even in these domains, a certain degree of erosion of the state level in favor of private initiative can be observed, with certain tasks of militia, police or justice being outsourced to the free markets (such as, for example, certain specialized forms of justice, prison monitoring, production of army equipment, collection of traffic fines, among several others), while the government agencies performing other tasks in the public domain, are themselves increasingly exposed to neoliberal austerity policies (cf. Sect. 1.5).

Moving further away from what economic neoliberalism considers as such basic tasks of government, the tolerance of a large state role is ever smaller, which can once more be illustrated by the impact that economic neoliberalism has asserted on the welfare state model.

---

<sup>204</sup>To the extent that the administrative arrangement of societies to this day in most cases relies on the model of the state, we shall consider this model of governance primarily below.

### 3.2.1.7.2 The Demise of the Welfare State Model

Thus, the discussion of the previous Sect. 3.2.1.7.1, once again, brings us back to one of the main battlefields of contemporary capitalism, specifically the zeal, especially since the 1980s, to dismantle the welfare state model. (Cf. already in Sect. 1.5.)

To understand this properly, one must look back to the period after World War II when (part of) the Western world had to be rebuilt after a devastating world war. Thanks to the insights of economists such as Keynes—who had worked out a much more moderate alternative to a solidarity economy than Karl Marx and Friedrich Engels<sup>205</sup> had proposed—and of political movements, such as socialism, in addition to the role of trade unions, in that period, in various Western countries, a model of society was envisioned, which, although its economic dimension remaining largely capitalist in nature, would be subject to numerous social correctives, for example in the form of public services financed out of public funds, as well as social security systems. (Cf. already in Sect. 1.3.)

As a result, part of the Western world would succeed in building a state model that was not limited to the areas of the military, police, and justice, but which also offered its population many other forms of public services and social security protection. This was aimed at ensuring a much greater spread of wealth in these countries than before, under the experience of an unbridled capitalism.<sup>206</sup>

Unfortunately, the celebration of the welfare state model did not last long, with economic neoliberalism, starting in the late 1970s, pushing for its gradual dismantling (in some countries faster than in others).

The rationale for this dismantling of the welfare state model brings us back to another theme that has already been discussed earlier in this book, namely the methods of public financing. Indeed, to the extent that under the logic of capitalism, states depend for their financing on, on the one hand, revenues from taxes (and similar charges) and, on the other hand, credits taken in the financial markets, a new neoliberal credo quickly reared its head, namely, that most systems of public services and/or social security are, put simply, too expensive and for that reason should be phased out.<sup>207</sup>

---

<sup>205</sup>Cf. Marx and Engels (2021). Reference is made to Marx and Engels' book entitled 'The Communist Manifesto', which was written by Marx and Engels in 1847, to be first published in 1848.

<sup>206</sup>It is, of course, no coincidence that the countries that have remained most faithful to the welfare state model invariably also score the highest in the context of periodic, happiness measurements (the Scandinavian countries, in particular). (Cf. Helliwell et al. (2022).)

The World Happiness Report 2022 ranked the ten happiest countries in the world as follows: (1) Finland; (2) Denmark; (3) Iceland; (4) Switzerland; (5) The Netherlands; (6) Luxembourg; (7) Sweden; (8) Norway; (9) Israel; (10) New Zealand. (Cf. Helliwell et al. (2022), p. 17.) This ranking placed Finland, for the 5th year in a row, in first place among the happiest countries in the world, with all Scandinavian countries being part of the top 10. (Cf. Helliwell et al. (2022), p. 24.)

<sup>207</sup>We meet this policy present at various EU levels of power (which has even met with criticism from leading U.S. economists in the past), albeit that in the United States of America this policy is less prevalent today, to the extent that in this country, already in the 1980s, many of the systems of public service and social security have been killed off, after which social policy has been largely reduced to aid packages periodically voted on by the U.S. Congress for various reasons, including

As a result, under the impulse of economic neoliberalism, a (gradual) restoration of classical capitalism has been underway. As a result, neoliberal-based societies have become increasingly removed from the ideological goals of political liberalism, especially the establishment of free and equal societies, a subject matter which we shall address more in detail in the next Sect. 3.2.2.

### **3.2.2 *Balancing the (Legal) Ideas of Freedom and Equality Against the Capitalist Recipes of Exploitation***

#### **3.2.2.1 General**

From what has been discussed in Sect. 3.2.1, it appears that capitalism has by no means fulfilled the promise of free and on-equal terms functioning societies formulated by political liberalism in a more distant past, quite the contrary.

It should be borne in mind that the breakthrough of (industrial) capitalism as a globally dominant economic system was already well under way at the beginning of the nineteenth century, when political-liberal ideas began to shape the model of the bourgeois-liberal state. This bourgeois-liberal state model promised its citizens, among other things, freedom and equality, but would in reality become the political backdrop against which capitalism could break through once and for all as an all-dominant economic system, including all its classic methods of exploitation.

Consequently, when one sets the ideals of political liberalism (which had formed the breeding ground for the bourgeois revolutions that began to occur at the end of the eighteenth century and the first half of the nineteenth century) against a number of essential characteristics of capitalism, one can only have a wry feeling about the extent to which the actual-economic and historical-political (neo)liberal ideas have, in reality, grown apart.

How the concepts of freedom and equality are thus given form and substance in liberal-capitalist societies will be the subject of the next Sects. 3.2.2.2 and 3.2.2.3, respectively.

#### **3.2.2.2 Freedom**

##### 3.2.2.2.1 The Liberal Concept of Freedom in Theory

Already from what precedes, it can be deduced that a first ideal under which bourgeois-liberal (Western) states took shape during the nineteenth century was that of freedom for all its citizens. From the Latin word for freedom, ‘*liber*’, incidentally, the liberal—and later neoliberal—movements owe their name.

---

mainly electoral ones, in addition to responding to crises (financial or otherwise) caused by capitalism itself.

This (liberal) freedom—and especially the striving for freedom that preceded it—had to be set against the unfreedom that had prevailed, for a large part of the population of European countries, under the so-called ‘*Ancien Régime*’, the latter itself going back to the system of serfdom that had characterized the feudal period.

From there, (liberal) freedom took hold primarily in the legal dimension of state organization, with each inhabitant of a bourgeois-liberal state becoming their own being (and thus no longer belonging to something, or someone, else). This got rid of the formerly prevailing serfdom, which translated into the granting of several civil and—gradually also—political rights and freedoms, including the (civil) right to own property and the likewise (civil) right to contract (and, more generally, to express one’s will to commit themselves), in addition to, at the political level, the right to vote.

Armed with these political and civil rights and freedoms, each citizen of such a bourgeois-liberal state could see their life come true, with, in the private sphere, as the most obvious tools, the possibility of acquiring property (land and others) and entering into contracts.

#### 3.2.2.2 Perception of the Liberal Freedom Idea in the Nineteenth Century

Already at the very beginning of the nineteenth century, it would become clear that, in the socio-economic dimension of Western societies, not much would come of the liberal ideal of freedom.

This applied both at the internal level, particularly regarding relations among the citizens of a given country, and at the external level, particularly in relations with the inhabitants of certain other territories (later: countries).

Throughout the nineteenth century, capitalism would cause most of the inhabitants of a given bourgeois-liberal country to enter into service of the rapidly emerging and growing enterprises, so that the idea of freedom in these countries gradually became, for the majority of the population, in reality, a new kind of slavery. As discussed in more detail in the foregoing sections, the mechanisms shaping capitalism soon created a complete imbalance in this regard, so that those who were employed by such an enterprise generally had to settle for the most degrading working conditions (including, for example, low wages).

The free societies promised by bourgeois liberalism thus in reality amounted to societies in which an entrepreneurial elite was given free rein to exploit the majority of the rest of the population in order to get richer themselves.<sup>208</sup>

If we consider the fulfillment of bourgeois-liberal ideals in an international context, the situation appears to have been, if possible, even more dire. Indeed, in this international dimension, the breakthrough of industrial capitalism in Western countries from the eighteenth and throughout the nineteenth century, was accompanied

---

<sup>208</sup> We shall return to this in more detail in Chap. 7, where we shall subject the mechanism of capitalist employment in the context of a capitalist enterprise to further analysis.

by the most far-reaching aberrations, including slavery and colonialism, with a number of European countries in particular excelling in the conquest and subsequent exploitation of numerous overseas territories, while several American states of the time, without much glancing, embraced slavery to ensure the accretion of the wealth of their own entrepreneurial elites.

In other words, whereas in the political spheres the liberal ideology held freedom in high esteem, in the socio-economic spheres it brought about the opposite without much hesitation, plunging a large part of humanity into shameless systems of exploitation, within the framework of which everything and everyone, except the entrepreneurial elite itself—which, increasingly, came to identify with the political system—only got much worse.

All rhetoric notwithstanding, capitalism—referred to in a later phase of history as the free-market economy—has since then always carried with it (and finding this no more than normal) this essential characteristic of relying on the exploitation of everything and everyone by a (limited) entrepreneurial elite—and therefore also on a fundamental unfreedom of a large part of the world's population.

#### 3.2.2.2.3 Freedom During the Short Break of the Welfare State Model

As already mentioned (cf. Sect. 1.3), during a short period in history, but largely confined to the Western world itself, some improvement occurred because, under the impulse of diverse political, economic and trade union thinking, in the period after World War II until roughly the 1970s, efforts were made to implement various corrections to capitalism itself, especially in the form of social security systems and a growing range of public services.

In North-South relations, similar models of correction have remained absent, or at least limited to the development of aid and charity with which the Western world hoped to somewhat assuage its conscience gnawing because of the systematic exploitation of numerous other areas of the Earth.

In Western countries, because of these evolutions, the model of the so-called welfare state took shape (cf. Sects. 1.3 and 3.2.1.7.2), with as result that a large part of the population gradually got better materially than their ancestors, albeit without really regaining their freedom. On the contrary, the welfare state also continued to rely on the capitalist premise that the bulk of the population serves to be employed by the enterprise system and, gradually, also as outlets for capitalism's mass production and as payers of taxes to the bourgeois-liberal states.

#### 3.2.2.2.4 Freedom Since the Implementation of Economic Neoliberalism

The (in Sect. 3.2.2.2.3 referred to) shaky balance between the interests of the entrepreneurial elite and the rest of the population of Western countries employed by them that the welfare state model offered, came to a (gradual) end when the Western world, starting in the 1970s, began to work on implementing the

economic-neoliberal ideology, which would gradually lead to the dismantling of the welfare states. (On the economic background of this set-up, cf. Sect. 3.2.1.7.2.)

It should be borne in mind that there have been major differences between the various Western countries, both in terms of the (prior) development of welfare states and in terms of the implementation of economic neoliberalism itself. Thus, there are countries that fully embraced economic neoliberalism and worked extremely quickly to implement it, such as, for example, the United States of America and the United Kingdom, while in other countries this implementation took place much more gradually (for example: in most Western European countries, other than the United Kingdom itself). This also explains why in the former group of countries little, or nothing remains of the welfare state model, while in the latter group, there are both countries where the dismantling of the welfare state model is quite advanced, next to countries where the model has remained much more intact. To the latter category of countries belong, as mentioned above, the Scandinavian countries, not coincidentally also the countries that in the past had embraced the welfare state model the most and which, since then, have consistently scored best on the international welfare and happiness indexes.

Thus, economic neoliberalism initiated an evolution as a result of which many Western countries increasingly started to regain the characteristics they had in the nineteenth century itself, in particular relying on an economic model in the framework of which the exploitation of the employed population is ever increasing and where the polarization between the rich (i.e., especially those belonging to the entrepreneurial elite class) and the poor (i.e., the rest of the population who depend on income earned out of their labor) also started to increase again. Not coincidentally, it is mainly the United States of America and the United Kingdom that have again taken the lead in this evolution.<sup>209</sup>

As a result, both political liberalism and economic (neo)liberalism have essentially failed in their intention to create free societies.

Anno 2022, as a result of capitalist working methods, far too large a part of the world's population still lives in abject poverty, while a small entrepreneurial elite manages to accumulate unimaginable wealth (cf., furthermore, in Sect. 3.3) and, in Western countries, another part of the population has been able to build a relative

---

<sup>209</sup> Monbiot (2022a) has pointed this out as far as the situation in the United States of America is concerned. This author has pointed out that, in the 1960s and early 1970s—i.e., before the implementation of economic neoliberalism—it was mainly the poorest 20% of the American population that benefited the most from economic growth. However, starting in the 1980s, the proceeds of economic growth started to be systematically transferred from the poorest to the ultra-rich. Since then, the median income in the United States of America grew at only one-third the rate of GDP growth, while the income of the richest 1% rose three times as fast. Compared to the pre-neoliberal period, between 1975 and 2018, the bottom 90% lost an estimated USD 47 billion in wealth. Between 1990 and 2020, the wealth of US billionaires, adjusted for the effect of inflation, increased roughly twelvefold. A similar finding applies to the United Kingdom as well. In the latter country, of the poorest 10% of households, nearly half had more debt than assets by 2022. (Cf. Monbiot (2022a).)

prosperity, but at a price, namely the price of having to participate more and more in the radar work of capitalist enterprises.

However, after a number of severe crisis periods that have largely been the result of capitalist working methods—including the financial crisis of 2007–2008, and the COVID crisis of 2020–2022<sup>210</sup>—even this relative prosperity that had been achieved in Western countries has for a large part of the population become increasingly challenged.

### 3.2.2.3 Equality

#### 3.2.2.3.1 The Liberal Equality Concept in Theory

The last observation of Sect. 3.2.2.2.4 brings us to the evaluation of the second credo under which bourgeois-liberal societies, from the end of the eighteenth and the beginning of the nineteenth century onward, began to take shape, specifically the idea of societies based on equality.

Once again, it appears that in its political dimension, the liberal idea of equality was initially realized primarily in the legal sphere, where the idea started to prevail that the citizens of a given bourgeois-liberal country would henceforth deal with each other on an equal footing (as opposed to the legal inequalities that had prevailed in the feudal era/the *Ancien Régime*). This idea translated, among other things, into the viewpoint that when citizens—and, by extension, also private legal persons—contract with each other, they do so on an equal footing.

Thus, increasingly, within bourgeois-liberal societies, the idea started to prevail that everyone could organize their life freely through contracting on a purportedly equal basis, with all others (i.e., both other people, and other private legal entities), as the main tool of establishing both freedom and equality.

#### 3.2.2.3.2 Perception of the Equality Idea in Practice

Again, in socio-economic reality, the perception of liberal equality would diverge greatly from the preconceived, theoretical ideal of equality.

This was primarily because the legal approach paid too little attention to real inequalities between people. Thus, in drawing out the legal chalk lines of bourgeois-liberal societies, existing inequalities were hardly taken into consideration, let alone erased.

The main of these inequalities concern those due to descent (from a rich, or poor family), albeit that various other situation of inequality, for example because of

---

<sup>210</sup>Cf. Byttemier (2022a).

race, gender, sexual orientation, appearance, et cetera, may all leave their own mark in the socio-economic sphere.<sup>211</sup>

Secondly, also the socio-economic inequalities created by capitalism itself have not been taken into consideration, in particular the inequality between the class of (rich) entrepreneurs and the rest of the population (with numerous sub-ranks within it). As a result, it soon became clear that behind the façade of legal equality, a mixing bowl of real inequalities was hidden, all of which had—and still have—their repercussions within the socio-economic sphere.

It will not come as a surprise that the most glaring aspect of these real inequalities concerns employment itself, which, within the logic of bourgeois-liberal societies, constitutes one of the queen pieces for organizing societies and which, to this day, is still (largely) left to the domain of (supposedly) free contracting.

The main consequence of the latter observation is that each prospective employee must negotiate their own terms and conditions of employment, including their wages, with a prospective employer, in many cases a corporate legal entity. However, in practice, little remains of this alleged legal equality on which the bourgeois-liberal model of society rests in the relationship between an individual and a (large) enterprise, forcing most people to agree to employment under unattractive, to abominable terms and conditions of employment.<sup>212</sup>

Here too, of course, there remain major differences between countries and between population groups within countries. Thus, in poor or developing countries, average working conditions tend to be much worse than in countries that have continued, to a greater or lesser extent, to conform to the profile of the welfare state (particularly to the extent that, in the latter category of countries, labor protection legislation has remained in place). In this context, it is therefore telling that among Western countries, in those where economic neoliberalism has taken hold the most—cf. again in the United States of America and the United Kingdom—labor protection legislation, in addition to the soci(et)al impact of trade unions, has been phased out the most, making it increasingly difficult in these countries for prospective employees, especially in positions that do not require a high degree of specialization or training, to still negotiate decent working conditions.<sup>213</sup>

However, the real inequalities that characterize capitalist societies by no means only assert themselves in the sphere of labor relations. On the contrary, in many other (especially consumer) relationships, the individual who depends on income from work for their livelihood finds themselves pitted against a much more powerful co-contractor, in many cases an enterprise, which often leads to contracts that are disadvantageous to the first mentioned individual and highly profitable to the latter. The examples of this observation being numerous, one can for instance think of

---

<sup>211</sup> Certain literature in this regard speaks, rightly, of an “*opportunity lottery*” (largely determined by birth). (Cf. Roseboom (2022), pp. 16–17.)

<sup>212</sup> We shall discuss this issue in more detail in Chap. 7.

<sup>213</sup> This also explains why, in the United States of America, many people must work multiple jobs in order to make a living.



contracts of supply of energy, telephony, internet and, increasingly, even water, among various other types of similar consumer contracts.

### 3.2.2.4 Societal Problems Created by the (Neo)liberal Impact on Equality and Freedom

All this is by no means of a (purely) academic nature.

On the contrary, it appears that as capitalism—or, in more contemporary terms, the free-market economy—is increasingly allowed to run its course undisturbed again, soci(et)al and other problems also started to pile up.<sup>214</sup>

It should be clear here that the erosion of the ideals of freedom and equality in the socio-economic sphere has contributed to all these problems and is thus partly responsible for creating a fundamentally unjust society, especially when considered from a global perspective.

This (partly) explains why, in 2022, there are still many people on Earth living in poverty, while in the so-called richer countries, under the impulse of economic neo-liberalism, there is also an ever-increasing polarization between rich(er) and poor(er), and under neoliberal monetary and fiscal policies, countries themselves are increasingly burdened with a growing debt burden, which results in an additional factor of impoverishment of the global population, except for the rich entrepreneurial elite itself. (Cf. Sect. 3.3.)

### 3.2.2.5 And the Idea of Solidarity...?

There was a third slogan under which the revolutionary forces of the eighteenth century sought to shape bourgeois-liberal societies, notably ‘fraternity’ (or, in more contemporary terms, ‘solidarity’).

It however appears that the economic counterparts of the liberal (and later neo-liberal) ideology would come to terms with this fraternity idea even faster than the

---

<sup>214</sup>As mentioned, among the main of these problems of our time are: (1) The impact of the economy on the environment (including climate change), caused primarily by the myth of economic growth that has sacrificed all other values, including the well-being of the Earth itself, to the goals of capitalist economics. (2) A resulting economy that is still unable to ensure a dignified existence for every human being but continues to focus very heavily on the production of meaningless goods and services that serve primarily to satisfy artificial needs (so-called created wants) of the wealthier strata of the global population. (3) A resulting economy that, by definition, is completely undemocratic in nature and primarily serves the interests of a select group of (rich) people—i.e., the so-called top 1% - to the detriment of the rest of humanity (which in recent times has been referred to as a new feudal system in itself). (4) A state of chronic poverty for a large portion of humanity (in one representation,  $\pm 85\%$  of the global population). (5) Increasing inequality (also described as an increasing polarization between rich and poor); and (6) An unmanageable debt problem that, especially under the neoliberal doctrine, affects all levels of social organization, including those of states themselves (and which, to an exceptionally large extent, further exacerbates the other problems).

other two slogans of the revolutionary period, by shaping an “every man for himself model of society (which gets worse with every further economic-neoliberal intervention).

As a rule, there is little evidence of solidarity on a global level (yet), worse still, the misery of the inhabitants of poor or developing countries especially arouses more and more annoyance among the right-wing milieus of Western countries.

But even within the national borders of Western countries themselves, solidarity is increasingly abandoned as a guiding principle of organizing the socio-economic order, for which the finger can again be pointed at the ideas of economic neoliberalism and its efforts to consign the welfare state model, as far as possible, to oblivion.<sup>215</sup>

### 3.2.2.6 Conclusions

And in this way, we have ended up today in a world where there is little evidence of the ideal state that was once envisioned by the revolutionary forces of the eighteenth to nineteenth centuries, or even by classical philosophers, such as Plato, for example.

Rather, it seems that humanity has endeavored to deviate from this ideal as much as possible, creating a global society where only money and those who have it still matter, and where the salvation of all the rest—the Earth, with everything on it, including its non-rich population—has been sacrificed to it.

As a result, the society models that have grown out of capitalism, with the contemporary (Western) states (and their relationship with developing countries) as provisional endpoint, are characterized by fundamental inequalities and unfreedom.

Even though the pool of academics (other than economists themselves) and others who have reached similar conclusions about the course of capitalism is growing steadily, their impact remains virtually nonexistent.

As to why the bulk of humanity continues to show little to no interest in this topic, we ourselves have since given up guessing.<sup>216</sup>

Above all, let us hope that one day the tide of capitalism will turn and there will be a return to fighting for the construction of just models of society that respect the Earth and all life, including and especially in the operation of the economy, something capitalism has never shown any interest in doing.

---

<sup>215</sup> Those who still want to learn something constructive about the idea of solidarity can still turn, for example, to the papal writings of Pope Francis I, who made this a central theme of his pontificate. Otherwise, socialist (or social democratic) parties still exist in several European countries, albeit in many cases they have abandoned many of their ideals as a condition of participation in governments that implement the European Union’s economic-neoliberal agenda.

<sup>216</sup> One cause may be the media (to the extent that these are largely owned by the wealthy classes). Without having developed this (important) question here in more detail ourselves, this matter may be further illustrated with reference to what has been discussed in Sect. 1.6.2.

### 3.2.3 *Quid at Further Depletion of Free Markets and Contraction of the Domain of Public Interest?*

#### 3.2.3.1 Question

After reaching the realization outlined in Sects. 3.2.1 and 3.2.2, the question arises as to how societies will continue to evolve when humanity allows free markets to expand even further and, correspondingly, the public domain will have to lose even more importance.

In our view, the projections are anything but rosy.

Leaving aside the generic consequences of economic-neoliberal policies—including not least the extreme degree of pollution of the Earth and the threat this poses to the future of human societies—it can already be witnessed that both in the sectors that were ‘neoliberalized’ in the near past, as well as in those in which this process is still underway, the average person is worse off rather than better off, while at the same time neoliberalization measures did create extreme, additional wealth for the class of entrepreneurs (including the financial sector).<sup>217</sup>

In the following, we shall first look at several sectors in which neoliberalization has already been achieved to a very far degree, for example, the energy and financial sectors. (Cf. Sects. 3.2.3.2 and 3.2.3.3.) In Sect. 3.2.3.4, we shall then consider the situation of several sectors in which this neoliberalization is still in full swing.

#### 3.2.3.2 How the Energy Sector Was Endangered

From the 1980s, in the United States of America, and the 1990s, in Europe, as first examples, great efforts were made to ‘neoliberalize’ the energy sector.

This intention to ‘neoliberalize’ the (various) energy markets occurred in the context of a global transition in which more and more sectors were brought into free market operation. For energy markets in particular, the justification for this was that liberalizing energy markets would greatly benefit consumers: increasing

---

<sup>217</sup> Recognizing that the terms neoliberalization’ and ‘neoliberalization’ are neologisms, this terminology refers to a broad amalgam of interventions by which a sector of economic life that was previously, to a significant extent, (still) in public ownership—either by way of legal ownership (e.g., because the state, or another public entity, held the majority of the shares of a company active in such a sector), or by means of government measures that to a large extent control the sector—was (wholly or largely) transferred into private hands, and thereby subjected to the free market.

Traditional such neoliberal measures are: (1) Privatization (or the transfer of ownership, or control, of a formerly public enterprise into private hands); (2) Marketization (or the measures by which enterprises, while remaining in public hands, are increasingly subjected, both in terms of their organization, and in terms of their operation, to free market principles, with such ‘marketization’ in many cases preparing for an actual privatization); (3) Liberalization (or the set of legislative measures whereby a previously public service is brought into the private free market), and (4) Deregulation (or the set of measures whereby past legislation intended to keep a sector in good standing is abolished under the guise that such measures are too obstructive to free market forces).

competition in such (neo)liberalized energy markets would, for example, have a beneficial effect on price formation, with the free choice of energy supplier allowing consumers to opt for the cheapest energy contracts.<sup>218</sup>

However, practice has proven otherwise, leading to a mostly gradual increase in energy prices (for consumers) over the past few decades, only to escalate completely into a real energy price crisis in recent years (2021–2022).

For example, in the United States of America, the neoliberalization measures concerning the energy sectors, already at an early moment in recent history, led to numerous misdeeds, including artifices in the field of electricity supply in order to artificially drive up prices—and thus corporate profits—a phenomenon that would around the turn of the century even culminate in the bankruptcy of the world’s market leader at that time, namely the energy giant ENRON (a bankruptcy that would bear witness of the greatest possible abuses that characterize the functioning of the free market).<sup>219</sup>

In Europe, one of the main consequences of this neoliberalization of energy markets has been that, year after year, energy prices have continued to rise for consumers, making it increasingly difficult for larger and larger parts of the population to pay these high energy bills (and leaving the (neoliberal) governments of these countries at a loss as to what to do about it). Another worrying factor is that private energy producers and distributors in certain Western countries have not wanted to invest further in the privatized distribution networks, especially then in lightly populated areas, which, as the years go by, can no longer guarantee supply to parts of their populations.<sup>220</sup>

---

<sup>218</sup>For example on the Belgian FPS Economy website, when consulted on September 30, 2022, it still reads as follows: “What is the benefit of a liberalized electricity market for consumers? For consumers, the liberalization of the electricity market means that from now on they can contract with the electricity supplier of their choice. The resulting competition between suppliers allows them to offer different tariffs and services. In doing so, consumers make the [comparison](#) to find out which offers are most advantageous to them.” (Cf. FOD Economie (2019).)

On one of the EU info pages, in similar terms, it reads as follows (also when consulted on September 30, 2022): “As announced in the Strategy for an Energy Union (COM(2015)0080), the Commission has presented the package “Clean energy for all Europeans.” (COM(2016)0860) submitted. This package, submitted on November 30, 2016, aims to provide consumers with sustainable, competitive and affordable energy.” (Cf. Ciucci (2021).)

<sup>219</sup>Cf. e.g., Ramadhani (2020), with further references.

Even then one could have realized the extreme manipulations to which the application of the neoliberal model to the energy sector lends itself. This became obvious in the context of the extreme energy crisis of 2021–2022. (Cf. Sect. 3.3.2.2.)

<sup>220</sup>An example of such a country is Sweden, where a shortage in electricity was reported during the winter of 2022. It was remarked that this shortage did depend on the inability to transfer energy within all different regions in the country, rather than on a shortage in electricity production. It appeared that some regions in Sweden produced more energy (especially electricity) than others, but that the Swedish power grids did not have enough capacity to transfer surplus energy from production facilities to users living in less productive regions. As a result, regions that did not receive enough energy from Swedish, domestic production had to import energy from other countries. This illustrates that the country was not at all facing a lack of energy, but that the reason behind the energy shortage in some areas was because energy was not produced where it was needed and when it was needed, thus illustrating the inefficiency of free energy markets. As a

We shall return to the issue of these energy price increases, which, in the wake of the COVID-19 pandemic, have become increasingly prevalent worldwide, in the Sect. 3.3.

### 3.2.3.3 How the Financial Sector Was Endangered

A similar evolution has occurred in the financial sector.

Again, in the not-too-distant past, notions of deregulation, liberalization and privatization constituted the magic keywords that would make the financial sector more performant and reliable, which was supposed to benefit the entire population.

Again, first in the United States of America from the 1980s, and then in Europe in the 1990s, this involved major efforts to submit the financial sector entirely to the logic of free market forces, amongst others, by developing a multitude of innovative financial techniques—such as, for example, the securitization of bank receivables, in addition to a host of new investment formulas—to optimize the profitability of the sector.

In its wake followed a raft of cost-cutting measures aimed (initially) at bringing down personnel costs in the sector (cf. the Iron Law of the Wages), as a result of which physical bank branches in many countries had to give way, increasingly, to electronic services.

In a similar vein, the neoliberalization policies of the 1980s and 1990s created an unprecedented economy of scale throughout the sector, leading to a multitude of large-scale merger and acquisition operations and a resulting emergence of financial (and even mixed) mega-imperia.

However, even for this sector, the results of these neoliberalization efforts have been anything but rosy, resulting in some severe financial crises, beginning in the 1990s.

Perhaps the most severe of these crises has been the financial crisis of 2007–2008, when at one point it was even feared—even by industry insiders—that the house of cards of the financial system would entirely collapse. However, by the grace of a combined (entirely non-market) protection provided by, on the one hand, the monetary system and, on the other, state aid, the disaster of systemic collapse of the financial system in 2008 was avoided, albeit not without great soci(et)al cost.

For example, the state aid granted at the time—also known under the English term bailouts—had major repercussions on the public finances of countries that granted such massive state aid, for which ultimately the taxpayer had to pay. What is even more surprising is that, to make this support possible, the states in question had to draw credit themselves from the very financial markets that had caused the

---

result, notwithstanding the fact that Sweden produced more energy than it consumed in total, Swedish customers were themselves also increasingly faced with rising prices. (Cf. Bertling Enviro (2022).)

problems from which they had to be rescued (a scenario, incidentally, that would be repeated in the context of the 2020–2022 COVID-19 crisis).<sup>221</sup>

At the monetary level, shocks were absorbed, among other things, by the extrapolation of the model of abundant money creation (which had been partly responsible for creating the financial crisis itself).

In a general sense, this demonstrates that within neoliberal societies, the severe problems created by neoliberalization efforts are usually fought with the methods that create the severe problems to begin with, thus, of course, making the creeping problems worse and worse (an insight that is already present in, for example, the writings of the renowned economist John Kenneth Galbraith).

Today, the world's collective debt burden—which is the mirror image of abundant money creation—amounts to no less than more than USD 300 trillion,<sup>222</sup> an amount that defies all imagination, while one can only wonder how this amount can ever be repaid from the proceeds of (future) economic endeavors.

Moreover, in the COVID-19 era, the scenario of 2007–2008 has largely repeated itself, with the understanding that the monetary authorities of numerous countries, have become (even) much more dexterous in applying the monetary procedures to mask a crisis and which amount to massively pumping new money into the economy, without anyone being very concerned about how the corresponding gigantic debt will ever be repaid (or what will happen when groups of debtors—as in the run-up to the 2007–2008 crisis, the U.S. mortgage debtors—will no longer be able to repay their debts to financial institutions).

All the while, deposits and savings of individuals<sup>223</sup> generated virtually no interest in the recent past, which of course is partly explained by the persistent monetary policy of making cheap new money available for the benefit of the banking sector (and thereby also, indirectly, of the entrepreneurial sector). All this implies that the average citizen of a country under neoliberal rule has hardly been able to accumulate any additional wealth from their savings over the period 1980–2022.<sup>224</sup>

It is true that, from the second half of 2022, higher interest rates came into play again, albeit as a reaction to the biggest global inflation wave of the past four decades. As a result, the small man has again been the main loser, since, after four

---

<sup>221</sup> It is therefore correct to say that the financial sector constitutes an industry that completely relies on a model of privatizing gains and socializing losses/costs.

<sup>222</sup> According to information provided by the I.F.F., total global debt increased by USD 3.3 trillion in the first quarter of 2022, to a new record of more than USD 305 trillion, mainly due to the actions of China and the United States of America. (Cf. <https://www.iif.com/Key-Topics/Debt/Monitors>.) By comparison, at the end of 2018, this global debt was ‘only’ about USD 250 trillion. (Cf. Byttembier (2021), p. 78, with further references.) This implies an increase of USD 55 trillion in less than 4 years. (For further details, cf. Institute of International Finance (2022).)

<sup>223</sup> Reference is made to (the lack of) interests which deposit-collecting institutions have been willing to pay to deposit holders over the previous decade.

<sup>224</sup> This made it increasingly difficult, at least during that period, for the common man to draw additional income from savings (to be added to their income out of employment), thus further increasing the dependence on continued employment, with the question of whether this does not even constitute an (implicit) policy design of neoliberal rule.

decades of neoliberal policies, he himself hardly had any savings left, so that the rising interest rates from mid-2022 onwards would hardly benefit him, while dependence on credit continued to expose him to the adverse effects of such rising interest rates.

### 3.2.3.4 Evolutions in Certain Other Public Sectors

#### 3.2.3.4.1 Introduction

As early as 1964—long before economic neoliberalism began to assert its reinforcing impact on capitalism—Herbert Marcuse wrote the following<sup>225</sup> about capitalism:

And yet this society is irrational as a whole. Its productivity is destructive of the free development of human needs and faculties, its peace maintained by the constant threat of war, its growth dependent on the repression of the real possibilities for pacifying the struggle for existence - individual, national and international.

In further reasoning, the foregoing implies that first economic liberalism and then economic neoliberalism have achieved the opposite of their promises of rational economies and ‘free and equal’ societies, notably by forcing everyone to function in irrational socio-economic structures and, in the process, to provide ever more, and ever longer in life, labor to earn a living.

For the aging population, this translates, among other things, in many countries, into an ever-increasing retirement age.<sup>226</sup> For the younger population, in many countries, this translates into various new forms of intergenerational injustice, which, for example, takes the form of an inability to accumulate any private wealth (e.g., a house of one’s own, a car of one’s own, ...), which helps to explain why the average age at which young people can finally leave the parental home is increasing in many of these countries.

These characteristics of neoliberal policies have been aptly expressed by Zoe Williams, in an opinion piece published in *The Guardian* on September 9, 2022, in which she expressed her concerns about the (at the time recently installed) government of Prime Minister Liz Truss:<sup>227</sup>

This is modern Conservatism - it works flat out in the interests of a class to which only a handful of its key players belong. The party’s main donors now are hedge-funders and property developers (...).

---

<sup>225</sup> Cf. Marcuse (1974), p. 9. (It should be noted here that this book ‘One Dimensional Man’ was first published in 1964.)

<sup>226</sup> This also showed that, in several countries around the world, the number of people working past retirement age has steadily increased since the 1990s. In the United States of America, 32% of people aged 65–69 were employed in 2017, far higher than the 22% who were working in 1994. In the United Kingdom, the employment rate of people over 65 doubled between 1993 and 2018 (Cf. Epstein (2022)).

<sup>227</sup> Williams (2022).

I meet the thinktankers periodically on current affairs shows, mainly from the Institute of Economic Affairs, and sometimes think their worldview has a religious quality: “Those rich people are simply better than us; they exist in a state of grace. Why question it, when it’s so obvious?” It would be easier to counter if they said it out loud but they never talk about “rich people,” only “markets.”

And when they say “state,” of course, they mean us. They plan to shrink us, our opportunities, our lives. Don’t underestimate them. You don’t have to be competent, still less logical, to make a hell of a mess.

When considering certain ongoing evolutions in a number of other public sectors (cf. already in Sect. 2.4.2.2.2), the picture does not look very rosy. Let us hereafter have a closer look at (1) the education sector and (2) the health sector.

### 3.2.3.4.2 Education

#### 3.2.3.4.2.1 *Background*

A first sector of soci(et)al life where neoliberalization is increasingly making itself felt is the sector of education. (Cf. already in Sect. 2.4.2.2.2.4.)

The provision of (all levels of) education had in the more distant past—at least in the welfare state model—been approached as a public service. This model implied that all levels of education are supported by public funding, so that every citizen of a country where such a model is applied, is guaranteed (legal) access to free education.<sup>228</sup> In such a model, while the establishment of private education may be tolerated (for those who want it), there are no levels of education that rely (or should rely) exclusively on such private initiative.

As has been the case with several other categories of public services, this traditional model of educational organization in a welfare state is increasingly challenged from neoliberal quarters, where it is argued that at least certain levels of education do lend themselves to (exclusively) private organization, and where it is no longer considered the government’s task to organize or finance such levels of education itself. Examples of countries where this evolution is already far advanced at the level of higher and university education are the United States of America and the United Kingdom, where, incidentally, there are also voices calling for the transfer of other levels of education (in whole or in part) to the private market.

Other countries have followed these examples, to a lesser or greater extent.

In practical terms, this means that education subjected to these influences of economic neoliberal ideology is increasingly no longer for free and universally

---

<sup>228</sup>This model of leaving education in public hands as much as possible still applies, to a very large extent, in Finland. It is hence no coincidence that the Finnish education system is considered one of the best—if not the best—in the world and does not suffer from the many ills found in the countries where education has been heavily neoliberalized. (Cf. Goldman (2022). On this, cf. furthermore in Sect. 5.2.5.4.3.)



accessible, as the costs of organizing education (with a profit margin on top) must be borne by the users of such privately organized education.

In concrete terms, this translates into astronomical tuition fees (which must make it possible to bear the entire cost of organizing the private educational institutions in question), possibly supplemented by private donations. A side effect of this is that the more expensive such education becomes, the more difficult access to it becomes for those who are not rich enough to bear this cost, which of course further jeopardizes earlier democratization efforts in the field of education.

A solution developed for this problem in the United States of America (besides in the United Kingdom) relies heavily on free market forces themselves, whereby members of the lower classes who wish to pursue higher or university education are increasingly driven toward debt financing. The fact that a large proportion of people from the lower classes also have to combine their higher education with a job—which in many cases is poorly paid—provides an additional competitive disadvantage, in addition to the fact that many young graduates are weighed down by a heavy burden of debt which often continues to haunt them for years—or even decades—afterwards.<sup>229</sup> It moreover took until 2022 for the American political world to be willing to make (some) change to this.<sup>230</sup>

Thus, it appears that the neoliberalization of education has at the same time become a class problem, with the worst to fear in case this trend continues. Equally disturbing is that, on the part of the younger generation of academics, the perception has emerged that education is a consumer service and that students are—and are allowed to behave as—customers.<sup>231</sup>

The latter brings us to the next Sect. 3.2.3.4.2.2, in which we shall take a closer look at several pain points of the lamentable state of education in Belgium anno 2022.

#### 3.2.3.4.2.2 *Situation in Belgium*

(At least) from 2019, the Belgian education sector has been very poignantly facing the consequences of a neoliberalization policy sustained for decades.<sup>232</sup>

Thus, the website “wereldmorgen.be” reported, back in December 2021, that as many as 44% of Belgian schools were facing a shortage of teachers. At the

<sup>229</sup> Cf. Bytsebier (2018b, 2022b).

<sup>230</sup> Cf. Federal Student Aid (2022).

<sup>231</sup> On the other hand, it can be argued that the tendency in society to regard students as consumers does so—at least partly—from the perspective of protecting the student from abuses on the part of educational institutions (rather than from the point of view of seeing education as a commercial service). Even in that approach, it remains important to ensure a sufficient balance, with the question of whether in the meantime—at least in well-defined countries or legal systems and regarding certain levels of education—not too many boundaries (of commercialization of education) have been crossed.

<sup>232</sup> Cf. Bytsebier (2015a), pp. 215–218.

beginning of the 2021–2022 school year, it was even reported that a certain school in Mechelen was having vacancies for more than **20 teachers**.<sup>233</sup>

As a result, in the 2021–2022 academic year, schools, across the country, could no longer teach certain subject areas and/or fields of study.<sup>234</sup>

Although there are several causes behind this problem, one of them, without a doubt, is the fact that because of decades of neoliberal policies, the teaching profession in Belgium has been made completely unattractive, so that a career in teaching no longer appeals to young people, and it is mainly older teachers who keep education afloat.<sup>235</sup>

Anyone who keeps in mind one of the objectives of the Washington Consensus model already mentioned above—namely objective (2): the reorientation of public spending priorities in the field of education, among others (cf. Sect. 1.5.2)—can hardly be surprised by this. Indeed, the aforementioned objective can, more simply, be described with the term ‘austerity’, which has indeed been the *leitmotif* of Belgian education policy over the past few decades.<sup>236</sup> Moreover, this has been accompanied by an extreme degree of brainwashing (aimed at justifying said neoliberal austerity policy, that has been pursued for years, to the general public<sup>237</sup>), relying on a multitude of witticisms, such as the idea that, as in all public sectors, education personnel employed in the public education sector are hardly performing any labor (which is one of the most persistent witticisms of economic neoliberalism that still stands in a (large) part of public opinion).

In the Belgian context, it was for instance often argued that a full-time teacher barely works 20 h per week and then also spends 1/3rd of the year at home on vacation. What is (of course) ignored in this witticism is that the job of a teacher includes much more than 20 h teaching classes per week, but also includes lesson preparation, in-service training, improvement work of homework, tasks, tests and exams, meetings, administration, etc. Even the so-called vacation periods must be spent, to a large extent, on such tasks, which is all the truer in the context of higher and academic education (where so-called vacation periods are heavily filled with research and publishing, which is hardly possible during normal teaching periods, due to the multitude of other tasks, amongst which, increasingly, senseless administrative tasks).<sup>238</sup>

Incidentally, from a **large-scale—and by worldmorning.be further cited—time survey** of 2018, it appeared that, in reality, teachers work very hard, on average much harder than those employed in most other sectors. Even taking into account

---

<sup>233</sup> Vandepitte (2021).

<sup>234</sup> Gordts (2022a).

<sup>235</sup> Gordts (2022a).

<sup>236</sup> Cf. on this already Byttebier (2015b), p. 75; Byttebier (2018a), pp. 77–78; Byttebier (2022b).

<sup>237</sup> Regarding the (questionable) methods used for this purpose, cf. Sect. 1.6.2.

<sup>238</sup> For that matter, few other jobs are subject to such a thankless call, where, for example, no one will note that a job that involves only 8 h per week of meetings would involve only 8 h per week of work, and that all other work (such as preparing memos, contacting customers or suppliers, implementing agreements made during meetings, etc.), would not be considered as work.

vacation periods, according to this survey, a teacher's average work week averages 4 h more than the normal 38-h week, peaking at close to 50 h per week during regular teaching weeks. In addition, half of the teachers often, or always, work after 8 p.m., and 45% of teachers even on Sundays.<sup>239</sup>

According to "dewereldmorgen.be", this high workload has taken a very high toll in recent years. Of all sectors, those employed in education in Belgium are most at risk of burnout. In fact, as many as one in three teachers are exposed to that risk. Four out of ten over-50s in education were even forced to opt for some form of work interruption or work reduction.<sup>240</sup>

Other factors that make a teaching job in Belgium unattractive are, according to "dewereldmorgen.be": (1) The fact that teachers are, from a human resources point of view, treated in a very disturbing matter. For example, teachers have flat careers and are very much patronized by administration and supervisors. As noted on this website: "Teachers have to account for and cover themselves administratively for all sorts of things. They have hardly any autonomy and have to dance to the rhythm of the craziest pedagogical hypes and fashions." (own free translation); (2) Especially for starters, working conditions are very unattractive. Despite high diploma requirements, it requires sometimes years of waiting for a permanent position and/or decent remuneration. In addition, the retirement age was recently raised by 7 years and there are no longer any early retirement options. (3) Over the past decades, there has also been a strong push to systematically reduce the prestige and attractiveness of a job in education (e.g. through lower pay for equal diplomas; no fringe benefits, such as a company car, hospitalization insurance or supplementary pension; no pay allowance for evening or weekend work ...). Even a laptop and smartphone a teaching employee must, as a rule, pay for out of their own salary.<sup>241</sup>

Nearly all these factors that make teaching jobs highly unattractive can be traced, to a very large extent, to the implementation of economic neoliberal ideas since the 1990s. Because of the austerity frenzy sustained in education for many years, combined with other neoliberal measures that have further increased the workload of teaching staff (such as, for example, the systematic elimination of all forms of administrative support, requiring teaching staff to handle all forms of administration themselves, partly on the pretext that they otherwise only work 20 h a week<sup>242</sup>), the

---

<sup>239</sup> Vandepitte (2021).

<sup>240</sup> Vandepitte (2021).

<sup>241</sup> Vandepitte (2021).

<sup>242</sup> With parallel an evolution in which the administrations of educational institutions are transformed into gigantic strongholds. (Cf. McGreal (2022).)

An article that appeared in *The Guardian* of September 16, 2022, outlines how the former head of Columbia University's mathematics department, Michael Thaddeus, reports on an expanding, and self-multiplying, university bureaucracy that is becoming increasingly expensive to maintain. According to Thaddeus, the cost of this, increasingly, must be borne by rising tuition fees. This also implies, still according to Thaddeus, that university education programs must be run as businesses that make money. As a result, at about USD 65,000 a year, enrollment fees at the aforementioned university constitute more than five times the amount that had to be paid in the 1980s. According to Thaddeus, the growth of university bureaucracies and administration has been a

teaching profession has become less and less attractive, so that only highly motivated young people are still convinced to consider a career in teaching, with many of them dropping out after a short time already.<sup>243</sup>

The fact that in the meantime, in the Belgian context, increasingly important parallel educational circuits have been established—in which private instructors (who want to teach, but want to have nothing to do with the official educational channels anymore), in return for payment by the parents, give tutoring to individual or small groups of pupils—does not seem to worry neoliberal administrators fundamentally, at least not to move them to a fundamental reorientation of their neoliberal austerity policy. If, as is to be feared, this evolution continues, education will increasingly become a two-speed education, in which pupils from the lower classes will hardly learn anything at all, while pupils from the richer classes, via private education and/or private tutoring, will still be able to ensure themselves of a sufficiently high-quality education.<sup>244</sup>

It should be borne in mind that the organization of such tutoring is not limited to initiatives by individuals who, in addition to their other activities (including that of teaching staff in the regular educational circuits), provide some tutoring, but even takes the form of very large-scale enterprises that operate in several countries at the same time and employ very large numbers of staff.

This is yet another illustration of the fact that, as neoliberal austerity leads to fewer and fewer resources and energy being devoted to public services, the private market responds to the resulting gaps, with the major caveat, however, that as a result, equal access to the services thus provided is increasingly compromised and only those who are sufficiently wealthy can afford the service in question—in this case education. As a result, there is a real tutoring industry taking on ever greater proportions, an evolution that is already very advanced in Southeast Asia and in the Anglo-Saxon world, although continental Europe is catching up.<sup>245</sup>

The problem has become so serious that, in 2022, Belgium's Federal Planning Bureau (in Dutch: 'Federaal Planbureau') has warned that the average level of Belgian students is sinking deeper and deeper. It is hereby held that students are leaving school with increasingly less knowledge and skills in various domains. The

---

major driver of the rising costs of higher education that are rising much, much faster than inflation. Anno 2022, as a result, there were about 4500 administrators working on Columbia University's main campus, about three times the number of faculty members, reflecting a new development over the past 20 years. What is less clear, according to Thaddeus, is what exactly all these administrators actually do. (Cf. McGreal (2022).)

<sup>243</sup>The report in the "wereldmorgen.be" already quoted before showed, for example, that of the younger teachers still starting out in education, a significant proportion drop out quickly. In nursery and primary education, **one quarter** of starters quit within 5 years. In secondary education, this figure is as high as 37%. Moreover, the numbers of dropouts increase year after year. (Cf. Vandepitte (2021).)

<sup>244</sup>Cf. Onderwijsraad (2021a), p. 25. Cf. also Onderwijsraad (2021b).

<sup>245</sup>Cf. Gordts (2022b).

For example, the Morgen reported in late August 2022 that in South Korea as many as 81% of elementary school students take tutoring. (Gordts (2022b).)

Planning Bureau also pointed out that the drop in the level of education in Belgium threatens economic prosperity, since the generation of less well-educated pupils will later enter the labor market with fewer skills.<sup>246</sup>

As the Planning Bureau itself has put it:<sup>247</sup>

The results of the 123 international surveys TIMSS, PIRLS and PISA all point in the same direction: a decline in scores for reading (inadequate reading skills), mathematics and science over the past decade in Belgium.

The PISA surveys conducted on 15-year-old students show that in 2018, about 20% of Belgian students did not have a basic level in one of the three domains (OECD, 2019). Since 2003, the decline for mathematics has been constant. This decline is also relatively more pronounced than for the other two domains (...).

Beyond averages, these results also show significant inequalities. Students have better results when, for example, they come from more advantaged socio-economic backgrounds or if their parents have higher education degrees.”—(Own free translation.)

### 3.2.3.4.2.3 *Situation at a Global Level*

The wretched situation of teachers is not unique to Belgium itself but is of a global nature and has even recently been referred to as “*a serious social problem*”—albeit one that is, at the same time, only one of the symptoms of how decades of neoliberal policies have eroded the (public) education sector.<sup>248</sup>

---

<sup>246</sup> Cf. Federaal Planbureau (2022). Cf. also Kelepouris (2022). “A decline in educational attainment has numerous consequences that inhibit the development of society as a whole. It also has economic costs, including a decline in individual income and gross domestic product (GDP).” (Own free translation.) (Cf. Federaal Planbureau (2022), p. 3.)

In the Netherlands, the Education Council had already formally warned against the consequences of this issue in 2021. (Cf. Onderwijsraad (2021a).) “Private provision accessible only to students whose parents can pay for it puts other students at a disadvantage. The quality of education deteriorates when schools refer to supplementary education that is not free of charge for part of their goals and tasks. There is little monitoring of quality and teachers have no say in what happens during a tutoring session, for example. The Education Council advises government and schools to better protect the public character of education. So that education in the Netherlands does not become a matter of individual private interests, but the collective public interest remains paramount.” (Own free translation.) (Cf. Onderwijsraad (2021a).)

<sup>247</sup> Cf. Federaal Planbureau (2022), p. 1.

<sup>248</sup> Vancaeneghem (2022).

A further recent example concerned a strike at the University of California of November–December 2022. One of the reasons for this strike were issues many graduate workers experience “in affording rent, food and basic necessities in the cities they work and live in on salaries averaging **about \$23,000 annually**”. (Cf. Sainato (2022). Cf., furthermore, Anguiano (2022).) According to Anguiano, it concerned a groundbreaking strike—the largest in the history of U.S. higher education. The strike was hereby indicated as “*part of a wave of organizing at college campuses across the country*”. The strike brought together 48,000 graduate workers, academic researchers, and postdoctoral scholars within the University of California. The main claim of the strikers was that their low wages made it impossible to live in the cities where they work. (Cf. Anguiano (2022).)

The dramatic state of education, after more than four decades of neoliberal policies, worldwide, is perhaps most aptly illustrated by a cry of alarm from the part of UN Secretary-General António Guterres, during his opening speech at a September 19, 2022 UN Transforming Education Summit.<sup>249</sup>

In this talk, Guterres pointed out that instead of being the great stimulus for development and progress, education is fast becoming a great divider, noting that about 70% of 10-year-olds in poor countries cannot read and barely learn anything.<sup>250</sup>

Guterres, furthermore, pointed out in general terms that, with access to the best resources, schools and universities, Earth's rich obtain the best jobs, while the poor—especially girls, displaced persons, and students with disabilities—continue to face enormous obstacles on their life paths. In doing so, the COVID-19 pandemic has, still in Guterres' words, struck a hammer blow to the progress of SDG4 (the Sustainable Development Goal focused on equitable quality education).<sup>251</sup>

However, according to Guterres, the global education crisis started much earlier and goes much deeper, referring to the work of the International Commission on the Future of Education, which has clearly stated: “*Education systems are failing.*” Depending on outdated and too small curricula, underqualified and underpaid teachers, and rote learning, the conclusion of this work is that current education is failing students and societies on a global scale. At the same time, the digital divide is disadvantaging poor students, while the funding gap in education has also grown wider than ever.<sup>252</sup>

In Guterres' own words, this concern sounded as follows:<sup>253</sup>

Because education is in a deep crisis.

Instead of being the great enabler, education is fast becoming a great divider.

Some 70 percent of 10-year-olds in poor countries are unable to read a basic text.

Either they are out of school, or in school but barely learning.

Even in developed countries, education systems often entrench rather than reduce inequality, reproducing it across generations.

The rich have access to the best resources, schools and universities, leading to the best jobs, while the poor - especially girls - face huge obstacles to getting the qualifications that could change their lives.

---

<sup>249</sup> For the full text of this lecture, cf. Guterres (2022a).

<sup>250</sup> United Nations (2022a).

<sup>251</sup> United Nations (2022a). On these development goals, cf. Byttember (2019), pp. 186–201.

<sup>252</sup> United Nations (2022a).

Regarding the underlying causes, cf. UNESCO (2021), p. 24, which explicitly pointed out that these evolutions began to occur from the 1980s, therefore from the implementation of economic-neoliberal thinking.

<sup>253</sup> Guterres (2022a).

Displaced people and students with disabilities face the highest obstacles of all.

The COVID-19 pandemic has had a devastating impact on learning worldwide, and dealt a hammer blow to progress on SDG4.

But the education crisis began long before - and runs much deeper.

The report card from the International Commission on the Future of Education put it clearly: education systems don't make the grade.

They are failing students and societies, by favoring rote learning and competition for grades.

Too often, curricula are outdated and narrow.

Education systems take little account of lifelong learning.

Teachers are under-trained, undervalued and underpaid.

The digital divide penalizes poor students.

And the education financing gap yawns wider than ever.

We shall not end this crisis by simply doing more of the same, faster or better.

#### 3.2.3.4.3 Health and Care Sectors

Besides education, a second sector in which neoliberalization is still raging—as amply demonstrated in the COVID-19 crisis<sup>254</sup>—is the health and care sector. (Cf. already in Sect. 2.4.2.2.2.)

During the past decades, the segment of elderly care had already, to a large extent, been neoliberalized in numerous (Western) countries.

In the United States of America, this sector was already, traditionally, to a large extent in private hands, with the neoliberalization wave of the 1980s mainly having brought economies of scale and streamlining (cf., for example, the phenomenon of—even listed—chains of retirement homes for the elderly).

In the 1990s, similar neoliberalization efforts across Europe—first having started in the United Kingdom—resulted, in a similar vein, in the transfer of numerous retirement homes into private hands.

Although the results of this privatization of the nursing home sector are not entirely uniform for all countries, the contemporary, private nursing home sector in several (Western) countries is characterized by numerous problems, not least a personnel problem. The latter is because one of the tried-and-true neoliberal recipes when taking over/transferring an entity into private hands is to save on personnel.

---

<sup>254</sup>Byttember (2022a), especially Chapters 5 (pp. 471–582) and 6 (pp. 589–658).

The reason for this is the neoliberal credo that, with fewer and fewer people, more and more must be accomplished, which—of course—sooner or later must translate into problems. When the COVID-19 pandemic broke out, the (privatized) nursing home sector in the Western world thus experienced havoc quickly, largely due to the lack of qualified personnel.<sup>255</sup>

Meanwhile, the price tag for the elderly person who is admitted to such a rest home is also getting increasingly expensive, with the average person who is admitted to a rest home seeing their savings melt away to pay for increasingly expensive services.<sup>256</sup>

In the wake of what has befallen the nursing home sector, the hospital sector follows. Although the privatization of this sector is less advanced, it too has, increasingly, fallen victim to similar neoliberalization measures (which have rather taken the form of systems of marketization and austerity).

For some time already, care for the sick no longer takes precedence, but rather financial interests. Any form of medical intervention or treatment has become the subject of a meticulous cost-benefit analysis, in which attention for the sick patient has long been pushed into the background in favor of the profitability of the institutions. Also in this sector, on top of that, there is the classic staff deficit caused by neoliberal austerity measures.

The fact that at the outbreak of the COVID-19 pandemic, throughout the Western world, hospitals were soon faced with a shortage of ICU beds—which essentially amounts to a shortage of qualified nursing staff—has not been of a nature, throughout Europe, to unduly alarm neoliberal administrators, with the solution to this problem being found, in many cases, in the suspension of other medical interventions (e.g., surgical procedures and cancer treatment), of which the elderly population in particular has borne the brunt.<sup>257</sup>

How far this affects the provision of medical care to patients—now more commonly referred to as ‘medical services’—can be nicely illustrated by an opinion piece written by Aditya Chakraborty and published in *The Guardian* on October 13, 2022. In it, the author of the opinion piece lays out the repercussions that the neoliberalization of the medical sector in the United Kingdom has had on both the price tag, and access to certain forms of medical care for the average patient.<sup>258</sup>

As Chakraborty has phrased it:<sup>259</sup>

(T)his fits a pattern that keeps repeating in these years of austerity.

Something vital in the public sector is squeezed almost out of existence – and then its ad hoc, improvised, inadequate replacement becomes the new norm. (...)

<sup>255</sup> Cf. Bytтеbier (2022a), Chapter 6.

<sup>256</sup> This is one of the additional reasons why the low social classes can hardly or not enrich themselves through inheritance, unlike the wealthy classes for whom inheritance provides one of the main methods of enrichment. (Cf. Sect. 2.7.)

<sup>257</sup> Cf. Bytтеbier (2022a), Chapter 6. Cf. also Soenens (2022).

<sup>258</sup> Chakraborty (2022a).

<sup>259</sup> Cf. Chakraborty (2022a).



One answer is to follow the example of poor Americans or Indians, and beg strangers on the internet. (...)

At the root of all this misery is an irony. All those extra thousands of pounds people are now having to spend are only to jump the queue, because private hospitals train no doctors and employ barely any consultants of their own. (...)

Here in miniature is the story of the UK since 1979: the public sector hacked back while private firms are handed taxpayers' money to replace it. Pensioners and ordinary working people are forced to pay for their own care even while incomes shrink and their costs soar. And so the social contract that holds together the NHS and so much else is shredded.

Meanwhile, the health sector in Europe similarly appears to be in increasingly dire shape.

Indeed, in an article that appeared in *The Guardian* of December 14, 2022, under the title 'A ticking time bomb': healthcare under threat across western Europe', reporters [Jon Henley](#), [Kate Connolly](#), [Sam Jones](#) and [Angela Giuffrida](#) painted a grim picture of the situation of the health care sector in a number of EU member states.<sup>260</sup>

Under reference to a 2022 report of the World Health Organization's Europe region,<sup>261</sup> these reporters mentioned that all countries of the European region were, especially in the aftermath of the COVID-10 crisis, starting to face extremely severe problems related to their health and care workforce and warned of potentially severe consequences.<sup>262</sup>

For instance, regarding [France](#), there were in 2022 fewer physicians than a decade before, in 2012. As a result, more than six million inhabitants of France, amongst which 600,000 having chronic illnesses, do not have sufficient access to GP on a regular basis, with 30% of the population not having adequate access to any health care.<sup>263</sup>

---

<sup>260</sup> Henley et al. (2022).

<sup>261</sup> Cf. World Health Organization. Regional Office for Europe (2022).

<sup>262</sup> Henley et al. (2022).

<sup>263</sup> Henley et al. (2022), moreover, made the further observation about the French number of GP's that "France in particular (was) paying the price for previous planning errors. Back in 1971, it capped the number of second-year medical students through a so-called *numerus clausus* aimed at cutting health spending and raising earnings. The result was a collapse in annual student numbers—from 8,600 in the early 1970s, to 3,500 in 1993—and while intakes have since climbed somewhat and the cap was lifted altogether two years ago, it will take years for the size of the workforce to recover. Even though 10% of France's GPs now work past retirement age, older doctors leaving the profession outnumbered newcomers entering it last year, when numbers were still 6% down on what they were even a decade ago. It could be 2035 before the country reaches a satisfactory ratio of doctors to inhabitants nationally. Local provision, however, is another matter: GP ratios range from 125 or more per 100,000 people in some wealthier neighbourhoods to less than half that in remote rural France or deprived suburbs such as Seine-Saint-Denis." (Henley et al. (2022).)

Regarding Germany, there were in 2021 35,000 care sector posts vacant, which was 40% more than a decade before. There was, moreover, a firm warning that, by 2035, over a third of all health jobs would remain unfilled.<sup>264</sup>

Also regarding Finland, there was mention of an unprecedented hospital overcrowding **because of a severe shortage of nurses**. As a result, Finland was reported to be in need of 200,000 new health and social care workers by 2030.<sup>265</sup>

Regarding **Spain**, it was mentioned that more than 700,000 people were waiting for surgery. Moreover 5000 frontline GPs and paediatricians located in Madrid were reported to be on strike for almost a month because of protest against years of being underpaid and overworked.<sup>266</sup>

One of the main problems mentioned in the WHO Europe report concerned improving retention of people employed in the health care sector, besides tackling increases of younger people leaving the health care workforce because of burnouts, ill health, and general dissatisfaction with their job.<sup>267</sup>

The report, furthermore, mentioned that in a third of the countries of the European region, 40% of doctors were aged 55 or older. Among the younger practitioners and health care workers willing to stay despite increasing stress, ever longer working hours and often low pay, there was moreover an increasing reluctance to work in remote rural areas or deprived inner cities. This has all over Europe led to what is referred to as “*medical deserts*”, characterized by many vacancies proving impossible to fill.<sup>268</sup>

According to the article, 87% of France may be called such a true medical desert.<sup>269</sup>

The article of **Jon Henley**, **Kate Connolly**, **Sam Jones** and **Angela Giuffrida** warned that all these elements combined represent a true ticking time bomb, which will most probably lead to poor health outcomes, amongst which increasing waiting times for medical and health care, increasing preventable deaths, and possibly even an overall health system collapse.<sup>270</sup>

#### 3.2.3.4.4 Further Evolutions and Prospects of the Care and Education Sectors

Already in the Chap. 2 above, the main reason for these ongoing evolutions in the education and care sectors has been described (cf. Sects. 3.2.3.4.2 and 3.2.3.4.3), i.e., the fact that in capitalism, the pursuit of money has been proclaimed as the highest societal value, with all other values, ranging from the focus on quality and

---

<sup>264</sup> Henley et al. (2022).

<sup>265</sup> Henley et al. (2022).

<sup>266</sup> Henley et al. (2022).

<sup>267</sup> Henley et al. (2022).

<sup>268</sup> Henley et al. (2022).

<sup>269</sup> Henley et al. (2022).

<sup>270</sup> Henley et al. (2022).

sustainable goods and services, to the protection of the environment (and, by extension, of the Earth itself), and the care for the wellbeing of one's fellow man, all being sacrificed to this pursuit.

Under the rule of economic neoliberalism, this motive has now become so universal that it has become determinant, throughout the world, in all possible sectors, including those for which this is inherently problematic, such as, for example, health care and education. What has been lost sight of, however, is that the subjection of these sectors to the principles and processes of capitalism, has been of a nature to violate their reason of existence and fundamental intent. In particular, it is clear that institutions such as hospitals, nursing and care homes, and schools, which increasingly have to adopt the objectives of capitalism—in particular, the maximization of profits and/or a drastic cuts, especially in personnel costs—have been losing performance and professionalism, which ultimately benefits no one, especially not the sick or the people in need of education, who make use of the services provided by these institutions.

It is no coincidence, but rather the consequence of a top-driven economic-neoliberal policy, that when these sections of the present text were written, areas such as Flanders and the United States of America (besides presumably numerous others) found themselves faced with a distressing shortage of staff in these two sectors (health care and education), with already clearly noticeable, negative effects on the quality of the services provided. Moreover, hardly any policymaker seems to want to still raise the question why young people are increasingly reluctant to be still employed in said sectors. Elements of an answer to this question can, in our opinion, be found in the main order in the consequences of a neoliberal economic policy driven to the top for decades.<sup>271</sup>

As for young people themselves, it has become obvious that they can earn much more money in other sectors than in the sectors of education and care. At a time when money is still the only societal value of relevance, professions in which money making has traditionally been much less important (and where the underlying motivation for choosing such a profession used to be of a more altruistic nature) have obviously become less attractive, especially at a time when such soft sectors are increasingly being eroded by neoliberal measures of all kinds, amongst which austerity at the level of lower (care and educational) staff. In addition, as a result of this cascade of neoliberal measures that have negatively affected these sectors, employment in this type of sectors has been made increasingly unattractive through various other neoliberal policy measures, such as a systematic increase in the range of tasks

---

<sup>271</sup> This has already been thoroughly discussed in Byttemier (2022a), pp. 482–485.

For a recent, thorough analysis of the underfunding of UK health services, cf. Toynbee (2022). In this opinion piece, Polly Toynbee formulates her critique very aptly in the form of a query: “What should a Tory health secretary do when facing the result of 12 years of the most severe underfunding of the NHS ever, by her own governments? Funding always sinks under every Conservative government, until all too rare Labour governments ride to the rescue. She knows the NHS will get no significant new money, so she does what they all do and turns the blame back on the wretched staff.” (Cf. Toynbee (2022).)

and assignments, a reduction in the number of staff per number of patients or children or young people in education, continuous cutbacks, unattractive working conditions (e.g., in terms of staff status, salary, working hours, etc.), among various other (bullying) measures with which neoliberal governments have intensified their attack on public service systems.<sup>272</sup>

In all of this, one of the creeds of economic liberalism, picked up by economic neoliberalism, keeps resonating that those who are employed by the government (and, by extension, in government-designed and/or funded sectors) are freeloaders who do not contribute to society. To the extent that economic neoliberalism has, increasingly, come to give credence to this creed, resulting in policies aimed at the continual downsizing and/or continual undermining of the workforce employed in such sectors, it can of course come as no surprise that employment in these sectors has been made increasingly unattractive.

Moreover, it can be observed that the search for solutions to these problems has come to rely, quasi-unilaterally, on the economic-neoliberal recipes that have caused the problems to begin with. Applied to education and health care, this implies that these sectors themselves are, to an ever-greater extent, being subjected to the principles and working methods of economic neoliberalism, with in the past years an emphasis on all kinds of austerity measures.

Furthermore, as the transfer of these sectors to the free market continues, their financing is carried increasingly less by public funds and, instead, they must be financed by the mechanisms that are common in the free market(s) themselves. These generally involve the payment of a (market-based) price by the consumer of the services (and goods) in question.

In other words (and as we already had seen before regarding the energy sector), it is to be expected that a (further) transfer of these sectors to the free market will increasingly result in the services and goods involved—i.e., health and medical care and education—becoming increasingly expensive for their end users. The latter implies that said services (and goods) become less and less accessible, or, in other words, only sufficiently accessible to those who are rich enough to afford these services and goods (in addition to all possible other goods and services offered on the free market, and between which each consumer must choose, and this all the more to the extent that he has less purchasing power—i.e. money).

For those who believe that this is exaggerated or at least still very distant, it can be pointed out that there are countries in which this transfer of the sectors of education and health care to the free markets, is already in full swing.

In the United States of America, for example, the higher and university education sector has for some time been largely in private hands, which helps explain the high tuition fees prevailing at American colleges and universities. In our own region, we can point in a similar vein to the alarming reports (since 2022) that an increasing proportion of the population, to be able to pay their energy bills, will have to cut

---

<sup>272</sup> Cf. Maenhout (2022), who, based on several interviews with teachers, summarized the problems in Belgian education as follows: “From job insecurity and administrative inconvenience to the lack of respect from parents: the motives are numerous (...).” (Maenhout (2022). Own free translation.)

back significantly on various other expenses (including, for example, education-related costs, but even various forms of—too expensive—food).

In such a system, as a rule, those who are poor can no longer afford such higher or university education, except subject to a willingness to take out (often very) high credits. Not coincidentally, in the United States of America (as well as in the United Kingdom), student credit constitutes one of the great societal challenges of our time, where it can be observed that an increasing proportion of the American (respectively British) population who receive higher education is (also) burdened by high student credit (in addition to various other types of (consumer) credit), and that for many people this has even become a lifelong problem.<sup>273</sup>

As mentioned above (cf. Sect. 3.2.3.4.3), a similar trend can be observed in the sectors of health care in the broad sense of the word, where, in certain countries, niches of the health care sector in the broad sense of the word (e.g., the nursing home sector) have already been largely transferred to the free markets and where, in anticipation of the same fate befalling the rest of the health care sector, savings are already being made in hospitals, for example (e.g., on nursing staff, on authorized overnight stays in a given hospital, etc.).

In Belgium, this evolution in the health sector is producing disturbing effects. A newspaper report that appeared in the newspaper *De Morgen* on July 4, 2022, was entitled, ‘We are going to have to have the discussion: to whom do we give what care?’ (own free translation).<sup>274</sup> This newspaper article reported that the staff shortage in Flemish hospitals is becoming increasingly prevalent, with, on the one hand, it becoming more and more difficult to find sufficiently trained staff, while on the other hand, partly due to the aging of the Belgian population, there is an increasing need for qualified care. The article, furthermore, mentions that the Belgian hospital sector has been struggling with a shortage of personnel for years, with the COVID-19 pandemic having added to the problem. According to a survey by Zorgnet-Icuro quoted in the newspaper article, as many as eight out of ten hospitals in Flanders are struggling with staff shortages to such an extent that they are having to reduce certain activities. In a quarter of the hospitals, this implies a reduction in the capacity of operating rooms; in a fifth of the cases, this implies a reduction of medical-technical services, such as medical imaging. The situation is more than dramatic, with the newspaper article quoting Margot Cloet, managing director of Zorgnet-Icuro, as saying, “At some point we are going to have to have a socio-ethical discussion: to whom are we still giving what care?” (own translation). It even seems that such a ‘triage policy’ is already occurring under the skin, for which reference can be made to how in the period of COVID-19 Belgian hospitals systematically closed their doors to elderly patients.<sup>275</sup> On top of that, the projections are anything but rosy, hot on the heels of the fact that the ongoing influx of new caregivers is far too small to

---

<sup>273</sup> Cf. Bytтеbier (2018b).

<sup>274</sup> Kelepouris (2022).

<sup>275</sup> Bytтеbier (2022a), p. 632.

make up for the outflow of older staff, let alone the growing need for medical care itself.<sup>276</sup>

So far, political proposals to solve these problems have not yielded the expected relief,<sup>277</sup> while especially from a right-wing political point of view, there are already calls for even further privatizing (more and more segments of) education and care for the elderly and the sick.<sup>278</sup>

The ideal neoliberal society is one where everything that can be transferred to private markets, is to undergo this fate as soon as possible. The underlying idea is that everyone should just make every effort to develop their talents to the fullest in order to secure a good job that makes enough money to be able to afford all those goods and services that are only offered on the free market anymore. It is assumed that society will benefit best from this, where no one will be able to afford any sloth or laziness (at the risk of no longer having access to certain essential services or goods).

It is obvious that the ‘survival of the fittest’ idea (itself stemming from evolutionary theories) clearly lurks around the corner, if it is not already fully endorsed by many adherents of economic-neoliberal thinking. The further underlying message (which is diametrically opposed to the message proclaimed in the aforementioned traditional religions and philosophies, for example) is that those who fail to participate in such a system—i.e., fail to earn enough money to be able to purchase all things offered on the free market, which is the case for an increasing part of the global population (according to some, at least  $\pm 85\%$ )—have but themselves to blame and must therefore be left to their own devices.

What the adherents of economic neoliberalism lose sight of is that their learning system could at best only work in an unbounded world, where there are no restrictions on raw materials or other resources of nature and where everyone, from their birth, is given the same life chances. Only in such an ‘unlimited equal opportunity world’ could the economy continue to grow with impunity, and with it, the wealth to which every human being, by doing their best, will gain access upon further implementation of the doctrine(s) of economic neoliberalism. In such an unlimited world, then indeed everyone would be able to earn heaps of money to be able to acquire various castles, yachts, and private planes all over the world, implying, in other words, that the promise of neoliberal thinking that all those who do their best will be able to afford all this, could perhaps be somewhat fulfilled. Who, then, in such a world will still play the slave role of house and other staff of the rich is a question that does not yet seem to have been considered, unless this is a role to be

---

<sup>276</sup> Kelepouris (2022).

<sup>277</sup> It is hard to see how these problems can be solved while sticking to capitalist methods of organizing societies, such as the systems of private money creation and public financing (to which we shall return later).

<sup>278</sup> In addition, it should be noted that this troubling soci(et)al evolution has not only occurred in the United States of America and the United Kingdom, but is beginning to emerge, more embryonically, in several other European countries. (Cf. Bytтеbier (2018b, 2022c).)

played by robots who themselves would become one of the mass-produced luxury products of such an unlimited world.

The reality, however, is completely different. The reason for this is that the world and its resources are not unlimited, so not everyone can accumulate such an extreme wealth. Moreover, there is no equality of opportunities whatsoever, but, on the contrary, a veritable lottery of life chances (to which we shall return further; cf. Sect. 7.1.3.2.1.2).

As a result, wealth distribution under capitalism remains utterly unequal, with hardly any correlation between hard effort and wealth accumulation (which in most cases is itself the resultant of other factors). (Cf., furthermore, in Sect. 3.3.) In other words, in a world of scarcity and opportunity inequality, the mythological frame of mind of neoliberal thinking can never be achieved, but sooner or later the numerous problems in which the world is currently mired were bound to arise, including heavy pollution, climate change, extreme poverty for part of the world's population, a centuries-long maintenance of systems of exploitation, polarization between rich and poor (with all the resulting societal unrest that this entails), among many others.

It should come as little surprise that the world's rich have started to think of space travel and colonization of other planets as solutions to the problems created by capitalism. How realistic such a view is, we shall leave open for further discussion here, although it can at least be noted that the slowness of technological progress in these areas contrasts sharply with the speed with which the problems created by capitalism are becoming increasingly widespread, with all their detrimental impact on the Earth and on human societies around the globe.

## 3.3 Poverty and Polarization Between Rich and Poor

### 3.3.1 Poverty

One of the consequences of capitalism that the supporters of the ideologies that help sustain capitalism prefer to conceal, or at least disguise,<sup>279</sup> is that capitalism still traps a large proportion of the world's population in poverty, to extreme poverty, and that, as the implementation of neoliberal ideology has continued, this poverty—in

---

<sup>279</sup>Cf. Balla (2022).

According to Balla, proponents of the current global economic order often justify it by claiming that great progress has allegedly been made in recent decades in the fight against (extreme) poverty. However, such proponents of capitalism rarely, if ever, cite statistics on inequality, such as a comparison between the portion of the 'world pie' that goes to the rich and the portion that goes to the poor. According to Balla, such omission cannot be surprising, since that picture is much bleaker and contests the much-touted triumphant progress of neoliberal ideology. (Cf. Balla (2022).)

addition to an increasing polarization between rich and poor—has begun to reappear in ever-increasing numbers.<sup>280</sup>

In his lecture of July 10, 1985,<sup>281</sup> quoted earlier, the Indian philosopher and mystic Jiddu Krishnamurti (1895–1986) articulated this moral dilemma, inherent in contemporary, capitalist societies, as follows:<sup>282</sup>

I hope you ask yourselves that question – are you responsible for bringing about this appalling, dangerous world, this violent, terrifying world? If you have visited different countries, you see it all, enormous poverty, millions and millions of poor people, starving, and others who are incredibly rich, who occupy high social positions by virtue of their origins and spend the rest of their lives clinging to their wealth, their castles, mansions, and so on.

This topic is already extensively covered in specialized literature,<sup>283</sup> with probably the most reliable data already provided, for many years, by the International NGO Oxfam (to which we ourselves have already referred several times in our earlier work), in addition to numerous various, public international organizations, such as the United Nations (in its various branches) and the World Bank.

For the benefit of those who still do not believe this fact—including, in particular, the most ardent supporters of the theories of economic neoliberalism, who prefer to conceal poverty, or, to the extent that they are willing to acknowledge its existence, attribute poverty to the laziness or incompetence of poor individuals,<sup>284</sup>

---

<sup>280</sup> The latter can be illustrated, among other things, under the reference to the impact that the late Margaret Thatcher's (extreme) neoliberal policies had in the United Kingdom. Indeed, from the beginning of the 18 years of conservative, Thatcherite rule, the poor in the United Kingdom have been pushed further and further into poverty. According to Malcolm Dean, no other developed country, except for New Zealand, experienced such a brutal increase in inequality as the United Kingdom during that period. When Thatcher came to power in 1979, the after-tax income of the top 10% of the population was five times that of the bottom 10%. By the end of her successor John Major's reign, in 1997, it was 10 times as much. In other words, the three decades of Thatcherite policies brought about an inverse distribution of income (from poor to rich, rather than vice versa). Pensioners were the hardest hit in this process. The proportion of people living below the poverty line rose from 13% to 43% during that period. Child poverty more than doubled. The wealthy saw their highest tax rates drop from 83% to 40%. Housing was one of the hardest hit public services. (Cf. Dean (2013).)

<sup>281</sup> Krishnamurti (1986), pp. 43–59.

<sup>282</sup> Cf. Krishnamurti (1986), p. 44.

<sup>283</sup> Including our own work since 2015. (Cf. especially Bytтеbier (2015b, 2018a, b, 2019, 2021).)

<sup>284</sup> Cf. the late Margaret Thatcher's statement that poverty is due to a personality disorder. (Cf. Hightower (2017).)

By way of (a slightly more serious) rejoinder to this, reference may be made to the book 'De Onmisbaren' by Ron Meyer. (Cf. Meyer (2021).) From this we provide the following quote from the prologue of this work (own free translation): "(a) If you study and work hard enough, you can become anything you want. The Dutch dream is deeply embedded in our society. A meritocratic utopia in which income, status and health are a result of individual choices. The reasoning is clear. Social class no longer exists. Workers are fossils from a distant past. Struggle and action are images on black-and-white television. Those with low incomes, social housing and low-status jobs are supposedly stupid, lazy, or at least living without real ambition. Forgotten, ignored and dead six years earlier. Own fault, fat lot. You should have studied or tried harder. Cleaner, package deliverer, garbage collector, distribution worker, caregiver, and millions of others. (b) Vital processes or



but certainly not to the mechanisms of capitalism itself—the present Sect. 3.3.1 hereafter briefly addresses the findings one of the most recent reports that Oxfam, with great regularity, makes public, specifically a report dated April 12, 2022, entitled ‘[First Crisis, Then Catastrophe](#)’.<sup>285</sup>

According to this report [First Crisis, Then Catastrophe](#), more than a quarter of a billion additional people were at risk of extreme poverty by 2022, as a result of a confluence of factors, including (1) the COVID-19 pandemic, (2) the long-standing increase in inequality in the world<sup>286</sup> and (3) the shock of rising food prices that began to occur during the aforementioned pandemic, factors that were exacerbated by (4) the Russian warfare in Ukraine.<sup>287</sup>

According to the Oxfam report, the combined effect of these factors was expected to push an additional 263 million people into extreme poverty by 2022, bringing the total number of people below the extreme poverty income line of USD 1.90 per day to 860 million.<sup>288</sup> These figures were also reflected in the data on world hunger: the number of undernourished people, according to the report, would reach 827 million by the end of 2022.<sup>289</sup>

Oxfam, furthermore, pointed out that, shortly before, the World Bank had already projected that, due to COVID-19 and rising inequality, there would be an estimated 198 million more extreme poor by the end of 2022, wiping out two decades of progress. Based on additional World Bank research on the impact of rising food prices that had begun to occur since 2021, Oxfam came up with an additional projection that, due to rising food prices alone, 65 million more people worldwide would fall into extreme poverty, making a total of 263, million more people extremely poor by the end of 2022—as many as the populations of the United Kingdom, France, Germany and Spain combined.<sup>290</sup>

Indeed, world food prices reached a record high in February 2022, even surpassing the peak of a previous, similar crisis in 2011. At the same time, oil and gas giants reported record profits, raising the expectation that similar trends would begin to

---

crucial occupations are they called by the government. Essential workers are they called elsewhere in the world. So crucial that they are often valued with low pay. (...) People who cannot work at home, take the hardest hits, while keeping our country afloat. Essential and crucial. Often invisible but officially indispensable. A whole class of indispensable. Back in the public debate from never being out of society. (c) Stars you only see when it's dark.” (Meyer (2021), pp. 5–6; own free translation.)

<sup>285</sup> Oxfam International (2022).

<sup>286</sup> Cf. Byttember (2019), pp. 107–124.

<sup>287</sup> Oxfam International (2022). Note that at that time the issue of ever-rising energy prices had not yet been addressed to such an extent, suggesting that because of these rising energy prices, globally, even more people have fallen into poverty.

<sup>288</sup> Oxfam Media Briefing (2022), p. 1.

<sup>289</sup> Oxfam International (2022).

This, the Oxfam report says, would also immediately imply an extraordinarily damaging rise in poverty rates that undoes decades of progress in the fight against poverty. (Cf. Oxfam Media Briefing (2022), p. 1.)

<sup>290</sup> Oxfam International (2022).

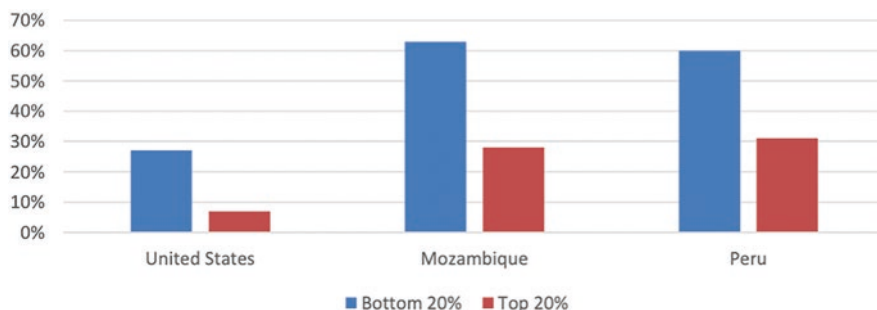
emerge in the food and beverage sector as well.<sup>291</sup> There were moreover indications that rising food prices (in addition to rising energy prices) were caused not so much by external factors, but in the main order by the profit-seeking of the food-producing enterprises (and energy producers, respectively), which, simply put, implied that these price increases resulted from the principles and working methods of capitalism itself. (On this, cf. furthermore Sect. 3.3.2.2.)

In its report, Oxfam further noted that at the time that its report went public, worldwide, a wave of governments were on the verge of defaulting on their debt and were forced to cut government spending to pay creditors and finance food and fuel imports.<sup>292</sup>

In all of this, it is obvious that, in accordance with the principles and working methods of capitalism, people in poverty were hit hardest by these shocks. According to calculations cited by Oxfam, rising food prices accounted for 17% of consumer spending in rich countries, and as much as 40% in sub-Saharan Africa. The Oxfam report also pointed out that within rich economies themselves, this inflation was attributing to increased inequality: e.g., in the United States of America, in 2021, the poorest 20% of families spent 27% of their income on food, while the richest 20% spent only 7% on it.<sup>293</sup>

Figure 3.3 provides an illustration of these data in terms of the countries the United States of America, Mozambique, and Peru.

The Oxfam report in addition showed that, because of all this, entire countries have been plunged even deeper into poverty than was already the case before the COVID-19 pandemic. While the COVID-19 pandemic hit the coffers of every government in the world, the economic challenges faced by developing countries were



**Fig. 3.3** Share of income spent on food in the United States of America, Mozambique, and Peru [Source: Oxfam Media Briefing (2022) *First crisis than catastrophe*, p. 6]

<sup>291</sup> Oxfam International (2022).

<sup>292</sup> Oxfam International (2022).

According to Oxfam's findings, by 2022 the world's poorest countries will have to pay USD 43 billion in debt repayments that could otherwise have covered the cost of their food imports. (Cf. Oxfam International (2022).)

<sup>293</sup> Oxfam International (2022).

relatively much greater, in part because these poor countries did not receive equal access to the COVID-19 vaccines<sup>294</sup> and were forced into far-reaching austerity measures in the aftermath of the pandemic.<sup>295</sup>

The Oxfam report also showed that, true to the tenets of economic neoliberalism—including the fact that a crisis, as a rule, results in the rich getting ever richer at the expense of the rest of the world's population—the wealth of billionaires has risen more since COVID-19 than in the previous 14 years combined, and that, globally, governments—with few exceptions—have failed to raise taxes on the richest, this as the costs of COVID-19 pile up.<sup>296</sup> In contrast, according to Oxfam's estimate, an annual wealth tax of 2% on millionaires and 5% on billionaires could generate USD 2.52 trillion a year—enough to (1) lift 2.3 billion people out of poverty, (2) create enough COVID-19 vaccines for the entire world, and (3) ensure universal health care and social protection for everyone living in low- and middle-income countries.<sup>297</sup>

By way of conclusion on this part of its report, Oxfam rejects the idea that governments lack the money or resources to lift all people out of poverty and hunger and to ensure their health and well-being. The failure to do so is, in Oxfam's view, purely due to a lack of economic imagination and political will to actually do so,<sup>298</sup> an argument that we ourselves have also made in our own earlier work, hence the proposals formulated therein to, starting with a new monetary system—including new models of money creation—to push for an alternative economic model to capitalism.<sup>299</sup> As will be further explained in the Chap. 4 of this book, one of the principles of the new money creation system discussed therein could be that national governments could, for their financing, rely on periodic (non-refundable) allocations, enough to guarantee smooth government functioning, including providing sound public services and social security.

Incidentally, the Oxfam report itself offers some more arguments in further support of such a proposal. Indeed, in said report, it is argued that public spending on services such as education, health care and social protection reduces poverty and the gap between rich and poor, because the benefits of such public spending determine a greater proportion of the well-being of poor people than of rich people. It is, furthermore, argued in this regard that, while things such as free health care benefit everyone in society, because poor people spend a much larger proportion of their meager income on health, the introduction of free health care would disproportionately benefit them. In this way, it is clearly demonstrated that public services reduce

---

<sup>294</sup> Cf. Bytbeier (2022a), pp. 1001–1018 and 1055–1059.

<sup>295</sup> Oxfam International (2022).

<sup>296</sup> Oxfam International (2022).

<sup>297</sup> Oxfam International (2022).

<sup>298</sup> Oxfam International (2022).

<sup>299</sup> Cf. already Bytbeier (2015a). Cf., furthermore, Bytbeier (2017).

poverty and inequality in a country. The same is true for systems of social protection.<sup>300</sup>

Conversely, cuts in public spending are shown to increase inequality and poverty and disproportionately affect poor people, women, and people stemming from minority groups.<sup>301</sup>

All this provides more than a justification for the proposals for the establishment of a new monetary order that we have already formulated in our earlier work<sup>302</sup> and the main principles of which we shall resume below, in Chaps. 4 and 5, in the light of some of the evolutions currently underway.

### ***3.3.2 Increasing Polarization Between Rich and Poor***

#### **3.3.2.1 General**

As already mentioned above (cf. Sects. 2.3 and 3.1.2.2)—and as also explained in our earlier work<sup>303</sup>—capitalism, in addition to causing poverty, inherently brings about a very strong polarization between rich and poor within societies.

This finds its explanation in the fact that the main principles and working methods of capitalism (such as, for example: (1) the idea that all prosperity in society is due to entrepreneurs, that this entitles them, by definition, to the greater part of the added values created by the economy, and that, for the rest, nothing may be placed in their way, as well as (2) the trickle-down economics theory, on the basis of which, in numerous countries, as well as in various international organizations, an economic policy prevails in which, relying on a mythical world view, it is assumed that: (A) through employment in enterprises, the rest of the population also benefits from the wealth generated by the entrepreneurial sector, and (B) the capitalist mechanisms (such as, for example: (i.) the idea that the economic added values generated by enterprises, through the mechanisms of company law, should accrue as exclusively as possible to the underlying capital providers and CEOs, (ii.) the theory of voluntary contracting, which is supposed to govern all soci(et)al relations, and (iii.) neoliberal wage and tax policies) should all be aimed at maximizing the wealth of the wealthy classes (of entrepreneurs and bankers in particular), at the expense of the working classes.

Under neoliberal rule of the past four to five decades, moreover, these effects of capitalism have only been exacerbated, which finds its further explanation in the systematic phasing out of the methods of correction to unbridled capitalism that had

---

<sup>300</sup>Cf. Oxfam Media Briefing (2022), p. 9.

<sup>301</sup>Cf. Oxfam Media Briefing (2022), p. 9.

<sup>302</sup>Cf. Bytтеbier (2015a, 2017).

<sup>303</sup>Cf. Bytтеbier (2015b), pp. 143–149; Bytтеbier (2018a), p. 167; Bytтеbier (2019), p. 107.

been established in the (Western) welfare states in the post-World War II period.<sup>304</sup> (Cf. Sect. 1.5.)

In other words, the dismantling of the welfare state model already discussed above, under neoliberal impulse, has been of a nature to further accentuate the inherent polarizing effect of capitalism. One consequence of this is that since the implementation of economic neoliberalism began, the polarization between rich and poor is increasing, with the side effect that in certain Western countries the middle classes are dying out.

We have already explained this phenomenon in more detail in some of our earlier work,<sup>305</sup> citing various empirical research. Hereafter, we shall not repeat these earlier findings in as much detail but suffice to explain how this polarizing effect of capitalism has further emerged from the COVID-19 pandemic. The latter will be explained in Sect. 3.3.2.2, after which Sect. 3.3.2.3 will present some (current) numerical data regarding the polarization between rich and poor.

### **3.3.2.2 Impact of the COVID-19 Pandemic on the Profit Motive of Large Enterprises in General, and Within the Energy and Food Sectors in Particular**

Various sources suggest that the big winners of the COVID-19 pandemic—as was ultimately also the case for the 2007–2008 financial crisis—has been the (large) entrepreneurial sector.

With this, capitalism has once again demonstrated that moments of crisis mainly generate new enrichment opportunities for the wealthy classes (of entrepreneurs and bankers), at the expense of the rest of society.

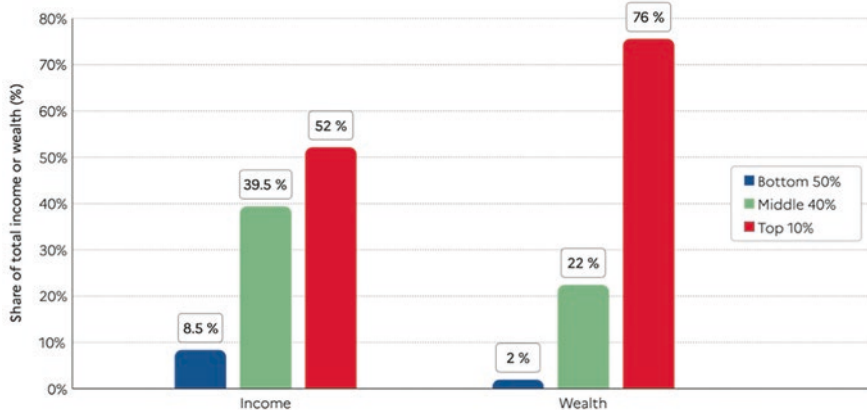
In this regard, the World Inequality Report 2022 states, in general terms, that inequality in income and wealth distribution (at the start of 2022) reached (even) extreme(r) proportions than before.

According to this report, in 2021, expressed in PPP,<sup>306</sup> an average adult individual earned 16,700 euros (or 23,380 USD) per year, and such an average adult owned 72,900 euros (102,600 USD) in assets. According to the report, however, these averages mask extreme differences, both between and within countries. Indeed, the richest 10% of the world's population, in early 2022, accounted for 52% of world income, while the poorest half of the population, collectively earned only 8.5% of that income. On average, a person from the top 10% of global income distribution earned 87,200 euros (USD 122,100) per year, while a person from the poorest half of global income distribution earned an average of only 2800 euros (USD 3920) per year. In addition, this report shows that wealth inequality, globally, was even greater than income inequality. The poorest half of the world's population possessed hardly

<sup>304</sup> Cf. especially Bytbeier (2018a), pp. 38–44.

<sup>305</sup> Cf. especially Bytbeier (2018a), pp. 167–181 and 185–190; Bytbeier (2019), pp. 107–132.

<sup>306</sup> PPP stands for 'Purchasing Power Parity'.



**Fig. 3.4** Global income and wealth inequality, 2021 [Source: Chancel et al. (2022) *World Inequality Report 2022*, p. 10]

any wealth, specifically only 2% of the total. In contrast, the richest 10% of the world's population owned 76% of all wealth. On average, the poorest half of the population possessed 2900 PPP per adult, or 4100 USD, while the top 10% possessed 550,900 EUR (or 771,300 USD) on average.<sup>307</sup>

Figure 3.4 provides an overview of global income and wealth inequality, measured for 2021.

The (already quoted) Oxfam report ‘[First Crisis, Then Catastrophe](#)’ similarly shows that as early as September 2020, i.e., ±6 months after the outbreak of the COVID-19 pandemic, 32 of the world's largest enterprises had seen their 2020 profits increase by USD 109 billion.<sup>308</sup>

As we have explained ourselves in our book *Covid-19 and capitalism*,<sup>309</sup> this research by Oxfam confirms that during the COVID-19 pandemic, enterprises around the world, systematically, put profits (and their payouts to shareholders) ahead of jobs and worker safety, reducing costs and risks due to COVID-19 in their supply chains themselves. In doing so, Oxfam's report shows that the 25 most profitable enterprises, by 2020, were expected to pay out more than USD 378 billion to their shareholders—equivalent to 124% of their earned profits.<sup>310</sup>

According to the Oxfam report ‘[First Crisis, Then Catastrophe](#)’, this trend continued in 2021. As a result, the value of the world's 1200 largest corporations rose 56% in 2021 compared to the beginning of 2019, with U.S. corporations in particular posting record profits. At the same time, corporations in the United States of

<sup>307</sup> Chancel et al. (2022), p. 10.

<sup>308</sup> Oxfam Media Briefing (2022), p. 10.

<sup>309</sup> Cf. Byttember (2022a), especially Chapter 7, pp. 663–781.

<sup>310</sup> Oxfam Media Briefing (2022), p. 10. Oxfam adds that a tax on the excess profits of the 32 most profitable enterprises could have raised USD 104 billion to address COVID-19, according to estimates at the time. (Cf. Oxfam Media Briefing (2022), p. 10.)

America paid, on average, a smaller share of federal tax revenues than in the 1950s, from a third then to just a tenth in 2021.<sup>311</sup>

While global average salaries of workers fell during the COVID-19 pandemic, shareholder distributions broke all records in 2021 and global dividends paid rose to a record USD 1.47 trillion, representing a 16.8% increase. Mining and financial enterprises were the largest contributors to this growth.<sup>312</sup>

Moreover, the trend of stagnant or falling wages versus rising corporate profits and dividend payments, in addition to rising inflation, already began to emerge during the COVID-19 pandemic, on a global scale.<sup>313</sup>

This trend of rising profits and dividend payouts has been particularly pronounced among large corporations. Although small and medium-sized enterprises (i.e., so-called SMEs)—traditionally defined as those employing only 250 workers, or less—are crucial to global employment, accounting on average for 70% of total employment and 50% of GDP, they did not fare as well during the COVID-19 pandemic as large enterprises themselves. According to the information provided by Oxfam, 18% of small businesses, globally, reported closure by September 2021. Of the SMEs that did still operate, 36% reported that they were functioning with fewer staff. Here, SMEs run by women and minorities were more likely to close than the global average.<sup>314</sup>

One possible explanation is that—in the best of neoliberal traditions<sup>315</sup>—the monetary and fiscal policy rescue programs put in place during the COVID-19 pandemic,<sup>316</sup> were targeted in main order at large corporations, and only subsidiary at SMEs.<sup>317</sup>

It is perhaps even more notable how these trends have manifested themselves very strongly in well-defined sectors, including energy and food, which would in turn, throughout 2021–2022, result in true energy and food crises.

Oxfam's research results thus show that at the beginning of 2022, 2 years after the COVID-19 pandemic had started, the world was faced with a multitude of crises and inflation (cf., furthermore, in Sect. 3.3.2.5), as well as that there was a disturbing trend of (large) enterprises beginning to take advantage of the situation to systematically increase their profits, thereby obeying one of the other basic principles of capitalism, namely that enterprises exist for only one purpose, namely to make profits as quickly and as much as possible (at the expense of all possible other—including generic soci(et)al—interests).<sup>318</sup>

<sup>311</sup> Oxfam Media Briefing (2022), p. 10.

<sup>312</sup> Oxfam Media Briefing (2022), p. 10.

<sup>313</sup> Oxfam Media Briefing (2022), p. 10.

<sup>314</sup> Oxfam Media Briefing (2022), p. 11.

<sup>315</sup> Cf., furthermore, Bytтеbier (2022a), Chapter 4.

<sup>316</sup> On this, cf. Bytтеbier (2022a), Chapters 3 and 4.

<sup>317</sup> Oxfam Media Briefing (2022), p. 11.

<sup>318</sup> On this, cf. our previous research, e.g., Bytтеbier (2017), pp. 184–206; Bytтеbier (2018a), pp. 144–146.

In that regard, the Oxfam report ‘[First Crisis, Then Catastrophe](#)’ points out that rising energy prices pushed oil companies’ profits to record levels: in 2021, the 25 top oil and gas companies posted as much as USD 205 billion in profits.<sup>319</sup>

As energy prices rose in 2021 (to even reach their highest levels in more than a decade), both profits, and profit margins of energy companies increased (cf. Fig. 3.5.). This suggests that energy enterprises took advantage of the COVID-19 crisis to maximize their operating profits. As a result, oil and gas enterprises were able to repurchase 2.181% more shares in the fourth quarter of 2021 to provide shareholders with newly distributed wealth very quickly.<sup>320</sup>

It should be noted that in the distant past, large parts of the energy sector were in public hands, to be systematically liberalized—in many cases privatized—from the 1980s and 1990s onward. Even earlier in recent history (cf., for example, the Enron scandal at the start of the millennium), the supposedly beneficial effects (for consumers) of these waves of liberalization and privatization (and, consequently, the mendacious ideologies on which they are based) could be more than seriously questioned<sup>321</sup> (cf. already in Sect. 3.2.3), albeit that the events that already began to unfold in the energy markets in the course of the COVID-19 pandemic have started to defy all imagination.

Figure 3.5 outlines the evolution of profit margins within the energy sector during the period running from Q4 2020 to Q4 2021 (i.e., before the start of the Russian war in Ukraine).

Given the also rapidly rising food prices in 2021–2022, the Oxfam report expressed the expectation that similar trends would also soon occur in the food and beverage sector. In doing so, Oxfam made reference in its aforementioned report to the fact that half of the 28 food and consumer goods manufacturers listed in the Fortune 500 saw their profit margins rise in 2021–2022, with the United States of America, for example—again, even before the start of the Russian war in Ukraine—at the time expecting grocery bills to rise by 22% in 2022 from pre-COVID-19 pandemic levels.<sup>322</sup>

A September 7, 2022, editorial opinion piece by The Guardian recalled that in 2015, world leaders had committed to an extremely ambitious goal: to end world hunger by 2030.<sup>323</sup> In formulating this goal, however, no account was taken of the fact that the blow from decades of sustained neoliberal policies would one day

---

<sup>319</sup> Oxfam Media Briefing (2022), p. 11.

<sup>320</sup> Oxfam Media Briefing (2022), p. 11.

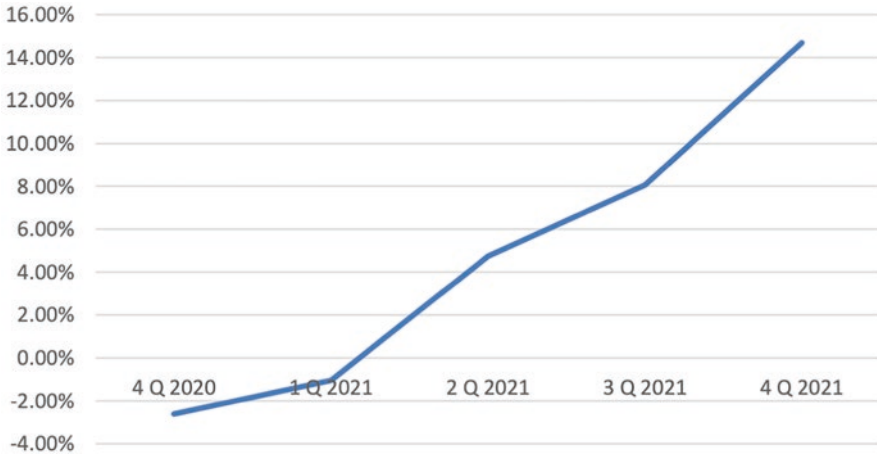
It is mentioned here that these stock holdings in energy enterprises overwhelmingly belong to the richest in society. Oxfam, furthermore, noted on this that these practices have come at the expense of consumers. (Cf. Oxfam Media Briefing (2022), p. 11.)

<sup>321</sup> Cf. Byttebier (2015b), pp. 96–98; Byttebier (2018a), pp. 103–105.

<sup>322</sup> Oxfam Media Briefing (2022), p. 12.

<sup>323</sup> Cf., furthermore, Chzhen et al. (2017).





**Fig. 3.5** Net profit margins in the energy sector (Q4 2020 to Q4 2021) [Source: Oxfam Media Briefing (2022) *First crisis than catastrophe*, pp. 11–12]

follow, making the goal of eliminating hunger from the world currently further away than ever.<sup>324</sup>

In contrast, according to a (conservative) estimate, the United Nations estimates that the number of people with hunger emergencies—just one step away from famine—will rise from 135 million in 2019, to 345 million in 2022.<sup>325</sup>

Moreover, the forecast is that by 2023 the situation will be even worse.<sup>326</sup>

According to The Guardian, these crises expose the broken food system underlying it, in which consumers and some (small) producers struggle, while others make huge profits. For example, the global grain trade is concentrated in the hands of just four enterprises, which are making record profits on much-needed staple foods.<sup>327</sup>

A long-term solution requires addressing at least certain outgrowths of capitalism. At a minimum, carbon emissions must be curbed, crops must be adapted to the climate crisis, dependence on fertilizers must be reduced, and the dominance of a

<sup>324</sup> The Guardian Editorial (2022).

Arif Husain, chief economist of the UN World Food Program, has commented on this that the Russo-Ukrainian war itself is not the cause of these crises, but has merely played a catalytic role. (Cf. The Guardian Editorial (2022).)

<sup>325</sup> The Guardian Editorial (2022).

In early September 2022, the UN pointed out that famine was imminent in Somalia. As many as 22 million people were at risk of starvation in the drought-stricken Horn of Africa. Meanwhile, nearly a third of Pakistan stood under water, and as many as four-fifths of its livestock had died. At the same time, in southern China, prolonged drought and a prolonged heat wave—both consequences of climate change—endangered the 2022 harvests. All this followed Russia’s invasion of Ukraine, which affected exports of various (food) products and, globally, sent energy and fertilizer prices soaring even higher. (Cf. The Guardian Editorial (2022).)

<sup>326</sup> The Guardian Editorial (2022).

<sup>327</sup> The Guardian Editorial (2022).

small number of players in food markets must be challenged. Furthermore, it has been argued that the failure of governments to address the real problems has been the one that has paved the way for the corporate sector to charge high prices for their products to make excessive profits, a tactic that *The Guardian* fears others will follow suit, knowing full well the deadly costs of doing so.<sup>328</sup>

### 3.3.2.3 Empirical Data on the Polarization Rich-Poor

#### 3.3.2.3.1 Data Provided by Oxfam, CBS News, and Forbes

The rising profit margins of large enterprises discussed in Sect. 3.3.2.2 far from constitutes a neutral factor, but on the contrary asserts a major impact on the pre-existing gaps<sup>329</sup> between rich and poor.

According to the Oxfam report *First Crisis, Then Catastrophe*, during the COVID-19 pandemic, partly as a result of the aforementioned trends, the wealth of billionaires rose the most ever, to reach its highest level ever by the end of 2022.<sup>330</sup>

According to Oxfam, this rise concerns the largest increase in the wealth of billionaires since its measurements began. In fact, since the beginning of the COVID-19 pandemic, a new billionaire has been added every 26 h. Moreover, during the COVID-19 pandemic, the ten richest people in the world saw their fortunes double. This implies that the world's small elite of 2755 billionaires saw their fortunes grow more strongly during COVID-19 than in the previous 14 years before, that in themselves had already been a goldmine for the billionaires' wealth growth.<sup>331</sup>

Figure 3.6 provides a representation of the growth of wealth of billionaires over the period 1987–2021 in real terms.

Similar numerical data, provided by CBS News, are of a nature to confirm these data provided by Oxfam. According to CBS News findings as well, the world's 10 richest billionaires managed to double their wealth since the onset of the COVID-19 pandemic in early 2020. At the same time, the bottom 99% of humanity—which includes middle- and low-income households—lost income during the crisis due to layoffs, economic uncertainty, and increased worry due to school closures and diseases caused by COVID-19. In this process, the world's 10 richest people saw their wealth double, from USD 700 billion to USD 1.5 trillion, a rate of USD 15,000 per second.<sup>332</sup>

<sup>328</sup>The Guardian Editorial (2022).

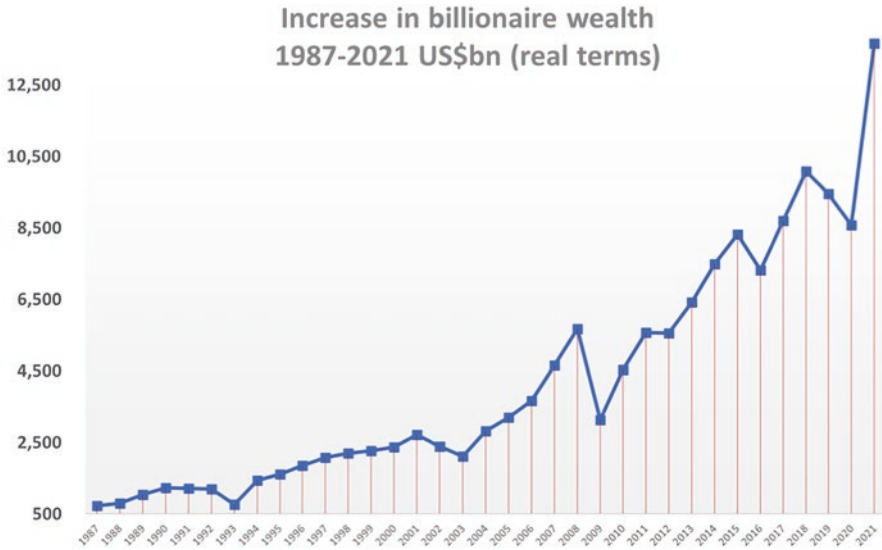
<sup>329</sup>Cf. in our earlier work, Byttebier (2015b), pp. 143–149; Byttebier (2018a), pp. 167–180.

<sup>330</sup>Oxfam Media Briefing (2022), p. 12.

<sup>331</sup>Oxfam Media Briefing (2022), p. 12. Cf. also, previously, Byttebier (2018a), pp. 167–180; Byttebier (2019), pp. 107–132.

<sup>332</sup>Cf. Picchi (2022).

Nine of these 10 billionaires were Americans, including tech titans such as Tesla founder Elon Musk and Amazon founder Jeff Bezos, who, according to Picchi, were worth USD 264 billion and USD 187 billion, respectively, at the start of 2022. (Cf. Picchi (2022).)



**Fig. 3.6** Growth of wealth of billionaires over the period 1987–2021 in real terms [Source: Oxfam Media Briefing (2022) *First crisis than catastrophe*, p. 12]

According to Forbes, at the start of 2022, war, pandemic, and weak markets affected the billionaires of well-defined countries, including especially Russia and China. The most dramatic drops in mega-fortunes occurred in Russia, where, at the start of 2022, there were 34 billionaires fewer than before Vladimir Putin’s invasion of Ukraine, and in China, where a government crackdown on tech companies had resulted in 87 fewer Chinese billionaires on the Forbes list. Nevertheless, the early 2022 Forbes list also pointed to more than 1000 billionaires having become richer than a year earlier. By 2021, 236 newcomers had become billionaires, including the first ever from Barbados, Bulgaria, Estonia, and Uruguay. Also in early 2022, the United States of America still led the Forbes rankings, with 735 billionaires worth a combined USD 4.7 trillion, including Elon Musk, who then topped the world’s billionaires list for the first time. China (including Macau and Hong Kong) remained number two, with 607 billionaires, with a combined value of 2.3 trillion USD.<sup>333</sup>

As we ourselves have argued in our earlier work,<sup>334</sup> the figures provided by Oxfam, CBS News, and Forbes (among many other sources) also show that as COVID-19 spread, central banks pumped trillions into economies, with the goal of keeping the global economy afloat. Much of that stimulus went to the financial markets, and from there to the net worth of billionaires. Since the onset of the COVID-19 pandemic, the governments of countries themselves have also pumped an estimated USD 16 trillion into the global economy, in the wake of which billionaires have seen

<sup>333</sup> Chang (2022).

<sup>334</sup> Cf. Bytbeier (2022a), especially Chapter 3, pp. 241–364.

their (combined) wealth increase by USD 5 trillion, from USD 8.6 trillion in 2019 to USD 13.8 trillion in early 2022, again as this government support has also driven up dividend payments and stock prices.<sup>335</sup>

These findings confirm that, under neoliberal rule, monetary and fiscal policy measures mainly benefit the rich classes at the expense of the poor classes (to the extent that public support, ultimately, should be borne from taxation of the general population). Again, we can refer to what we have already set forth on this subject in our book *Covid-19 and capitalism* (in addition to our previous work).<sup>336</sup>

### 3.3.2.3.2 Analysis of Balla

According to Balla (in a noteworthy contribution dated September 23, 2022), the skew between rich and poor has become so big that as much as half of the proverbial, world economic pie is swallowed up by the top 10% of the world's population. This top 10% includes a large portion of the population of Western (affluent) countries. Meanwhile, the poorest half of humanity gets only 8.5% of the proverbial, world economic pie, and the bottom decile only 0.1%. On average, the bottom decile earns USD 289 a year, or about 79 cents a day. That is 436 times less than the average top decile, who earns an average of USD 126,000 per year, or USD 345 per day. The top 5% and top 1% account for an average income of USD 81,700 and USD 181,000 per year, respectively.<sup>337</sup>

According to this contribution by Balla, as much as 80% of individual income variation would be attributable to points of difference between nations. This implies that income variation is mainly determined by the good fortune of belonging (or not) to a historically advantaged group living in a wealthy nation—as a rule, a nation where economic opportunities are based on a litany of historical injustices, from slavery and genocide to ecological destruction, or on an abundance of energy resources or raw materials (provided these are not accreted by foreign enterprises). According to Balla, the United States of America alone is home to two hundred million top deciders and 33 million (or half of all) world citizens belonging to the top 1%. However, still according to Balla, outside rich countries, financial happiness declines rapidly.<sup>338</sup>

---

<sup>335</sup> Oxfam Media Briefing (2022), p. 13.

<sup>336</sup> Byttebier (2022a), pp. 363–364 and pp. 462–463, with further references.

<sup>337</sup> Balla (2022).

<sup>338</sup> Balla (2022).

All this explains that in the classification of Our World in Data, only 15% of people count as non-poor. The remaining 85% of the global population earn less than USD 30 per day, the typical poverty line used in rich countries. This, in turn, implies that the progress optimism of the supporters of capitalism and/or economic neoliberalism, should be rejected entirely.<sup>339</sup>

To fully understand how fundamentally unfair the debate is being conducted, it should be kept in mind—still according to Balla—that the currently most widely used ‘extreme poverty line’ in the international context, which is set at an income of USD 1.90 per day, or less, equates to an income of USD 694 per year, or only 6% of the federal poverty line used in the United States of America itself, which is set at an income of USD 12,880 per year. This raises the question of why one-nineteenth of the poverty line in the United States of America would be a valid benchmark for determining the poverty line for the poor countries of the world.<sup>340</sup>

In his above referred to contribution, Balla furthermore explains that, over the period 2009–2019, total global personal income grew by USD 37 trillion. Of this, the top deciles accounted for USD 8.7 trillion (24%), while the bottom deciles only received USD 25 billion (0.07%). In other words, the 10% poorest received 0.07% of global income growth, or 345 times less than the top 10% richest.<sup>341</sup>

According to Balla, such figures are inconsistent with the proud claim (often made by adherents of economic neoliberalism) that global, economic growth gradually is lifting people out of poverty. In another representation of these numerical data, the average annual individual income growth in this decade for the top and bottom deciles of the world’s population was USD 1800 and USD 5, respectively. USD 5 per year amounts to 1.3 US cents per day—custodially an admirable achievement. According to Balla, it is hence difficult to argue with any seriousness that USD 5 per year, added to USD 694 per year, really provides an escape from anything, let alone from poverty.<sup>342</sup>

Balla, furthermore, noted about these figures that if only 1% of the 2019 global income gains went to bottom-deciles, they would gain USD 55 per year, instead of (in 2019) USD 5 per year. If only 10% of the top-deciles’ gains were redistributed, the bottom-deciles would gain USD 180 (a 62% gain, which would lift them out of poverty thirty-six times faster).<sup>343</sup>

According to Balla, therefore, no acrobatic, ethical contortions can be devised that justify prioritizing improvements in the living standards of the top 10% elite, whose consumption is already 345 times greater than what would be required to fulfill the basic needs of the vast majority of the global population.<sup>344</sup>

---

<sup>339</sup> Balla (2022).

<sup>340</sup> Balla (2022).

<sup>341</sup> Oxfam itself has noted in this regard that both the current wealth of the elite of extremely rich people, and the very rapid pace at which they have been able to accumulate this wealth, are unprecedented in human history (cf. Oxfam Media Briefing (2022), p. 13), which, in our opinion, can be explained mainly by the fact that the neoliberal policies of the past four to five decades, worldwide, have only had the interests of the (extremely) rich in mind.

<sup>342</sup> Balla (2022).

<sup>343</sup> Balla (2022).

<sup>344</sup> Balla (2022).

As Balla himself articulated the underlying, ethical question that emerges from this:<sup>345</sup>

Are fancier wines or faster cars really that much more important than preventing 150 million kids from being permanently stunted by malnutrition, or getting food to the nearly two billion people experiencing food insecurity? The figures are obviously indefensible - and that's why so many prefer to focus on other figures instead.

All this implies that ending poverty through economic growth alone, without establishing much more just redistributive mechanisms than those currently employed by capitalism, would take centuries and a 173-fold increase in the proverbial world pie (where, according to optimistic estimates, economic growth could be at most five-fold over a number of (coming) generations). In other words, the pace of economic progress hailed with great enthusiasm by supporters of capitalism and/or economic neoliberalism will never be of a nature to close the gaps between rich and poor (apart from the fact that even such a 'mere' fivefold economic growth will in turn put an unusually large pressure on the environment, resulting in the previously discussed impact on climate change). This implies, otherwise put, that capitalism itself has no real mechanism for eradicating inequality and poverty.<sup>346</sup>

In the opinion of Balla, as joined by us, the fact that so many (in the West), nonetheless, continue to believe that capitalism is making fantastic progress in the fight against poverty by delighting the poor strata of the world's population with trickle-down blessings of economic progress in Western countries, basically amounts to a spectacularly successful coverup. Disguising the predatory profit motive of capitalist enterprises as the method of eliminating poverty is thus nothing more than (highly successful, albeit completely immoral) PR.<sup>347</sup>

In other words, the arbitrary yardstick by which global poverty is measured (specifically, the USD 1.9 per year income threshold mentioned before) hides a horrible, underlying truth. The idea that capitalism (or, in modern-day terminology, the free market economy) will ever eradicate poverty is hence completely wrong. Rather, the neoliberal creed that market forces will maximize general prosperity is, according to Balla, both a (cruel) joke (=the bare facts refute such fantasies), and testimony to a complete moral bankruptcy. After all, it is these market forces that grant the bottom 10% of the world's population only 0.1% of the world's wealth. Moreover, all this is by no means a coincidence, but the consequence of the working methods and principles of capitalism itself.<sup>348</sup>

---

<sup>345</sup> Balla (2022).

<sup>346</sup> Cf. Balla (2022).

<sup>347</sup> Balla (2022).

<sup>348</sup> Balla (2022).

## 3.3.2.3.3 Findings of the World Inequality Report 2022

The conclusion reached at the end of the Sect. 3.3.2.3.2 is also the one reached in the World Inequality Report 2022, where it is held that in recent decades multimillionaires have managed, worldwide, to account for a disproportionate share of global wealth growth: the top 1% have accounted for 38% of all the extra wealth accumulated since the mid-1990s, while the bottom 50% have been able to account for only 2% of it. According to this report, this inequality results from severe inequalities in growth rates between the top and bottom segments of the wealth distribution. As a result, since 1995, the wealth of the richest individuals on earth has grown by 6–9% per year, while average wealth has increased by 3.2% per year. According to the same report, since 1995, the billionaires' share of global wealth has increased from 1% to more than 3%. In addition, this increase has also been particularly amplified during the COVID pandemic, where it is held that, in 2020, billionaires' share of global wealth has increased the most ever.<sup>349</sup>

In the United States of America itself, the concentration of wealth at the top anno 2021–2022 even exceeds the peak of the so-called Gilded Age of the late nineteenth century. This seems to imply that the polarizing effect of contemporary capitalism, after more than four decades of neoliberal policies, is stronger today than it was at the end of the nineteenth century, during the height of industrial capitalism. Oxfam makes the (somewhat laconic) observation that, by 2021, we witnessed billionaires traveling to space for their pleasure, merely because they can (finance) it, at a time of unprecedentedly increasing poverty and suffering on earth.<sup>350</sup>

Similar reservations are expressed in the World Inequality Report 2022 itself, in which it is mentioned that inequality in the world at the start of 2022 appears to be about the same as it was at the height of Western imperialism in the early twentieth century. According to this report, the income share of the poorest half of the world's population at the time the report was written, is about half that of 1820, before the great divide between Western countries and their colonies. The report goes on to say that world economic inequality is the result of the very unequal organization of world production (which is another way of saying that it is the result of capitalism).<sup>351</sup>

Oxfam itself has noted, in a similar vein, that people like Elon Musk—at the time, the world's richest man—received billions of dollars in government subsidies throughout the COVID-19 pandemic, while meanwhile systematically flouting labor laws, systematically undermining factory workers' attempts to organize into unions,<sup>352</sup> and in many cases paying little to no income taxes themselves. Oxfam points out that Elon Musk, who at the time paid an actual tax rate of 3.27% between 2014 and 2018, criticized a proposed billionaire tax rate in 2021, arguing that his

---

<sup>349</sup> Chancel et al. (2022), p. 15.

<sup>350</sup> Oxfam Media Briefing (2022), p. 13. Cf. also Chancel et al. (2022), p. 15.

<sup>351</sup> Chancel et al. (2022), p. 12.

<sup>352</sup> For a profound analysis of how also the Amazon empire positions itself against unionization, cf. Byttemier (2022a), pp. 763–774.

*“plan is to use the money to take humanity to Mars and preserve the light of consciousness”<sup>353</sup> (read: to allow the wealthy elite, after they have systematically killed the Earth, to emigrate to another planet).*

But this extreme polarization is also occurring increasingly in other countries. For example, in India, billionaire Gautam Adani’s wealth increased eightfold during the COVID-19 pandemic, with this billionaire benefiting significantly from investments in the fossil fuel sector, a sector in which he is increasingly gaining a foothold. It is held that Adani has mainly taken advantage of his connections with the Indian state, which has allowed him to become the largest port operator and the largest producer of thermal coal in the country, and to gain market control over the electricity transmission and gas distribution sectors, as well as the recently privatized airports, sectors that were previously all in the public domain.<sup>354</sup>

#### 3.3.2.3.4 Findings of Crédit Suisse’s Global Wealth Report 2022

Recent research by the Swiss investment bank Crédit Suisse led to similar findings.

The so-called Global Wealth Report 2022 from the Crédit Suisse Research Institute,<sup>355</sup> for example, shows that the ranks of global ultra-high net worth (or UHNW) individuals rose by 46,000 in 2021, to a record 218,200, with the main reason being that the world’s richest people benefited very strongly from what is described as ‘an explosion of wealth’ during and in the aftermath of the COVID-19 pandemic. This number of UHNW people—by which are meant people with assets of more than USD 50 million (£43.7 million)—rose so much in 2021 because the super-rich benefited from rising house prices and booming stock markets. This amounted to an increase of more than 50% in a 2-year period. This huge increase in the wealth of the richest 0.00004% of the world’s adult population, moreover, occurred at a time when billions of low- and middle-income people—many of whom saw their savings disappear during the COVID-19 pandemic—were themselves struggling with rising food and energy prices (cf. Sect. 3.3.2.2).<sup>356</sup>

Crédit Suisse’s 2022 Global Wealth Report in addition revealed, in general terms, that the recovery in macroeconomic activity in 2021 occurred in an environment of exceptionally low interest rates and, therefore, provided exceptionally favorable conditions for wealthy households’ wealth growth. According to Crédit Suisse’s estimate, global wealth at the end of 2021 amounted to USD 463.6 trillion, up USD 41.4 trillion (9.8%). Average wealth per adult grew by USD 6800 (8.4%) during that year, to USD 87,489, almost three times the level at the turn of the century.<sup>357</sup>

<sup>353</sup> Oxfam Media Briefing (2022), p. 13.

<sup>354</sup> Oxfam Media Briefing (2022), p. 13.

<sup>355</sup> Crédit Suisse Research Institute (2022).

<sup>356</sup> Neate (2022).

<sup>357</sup> Neate (2022).



However, once again, the distribution of this increase in global wealth has been very uneven. In the process, the richest 1% of the global population saw its share of all the world's wealth increase to 46%, up from 44% in 2020. The number of U.S. dollar millionaires increased by 5.2 million in 2021, to a total of 62.5 million—a number just below the 67 million inhabitants of the United Kingdom. It is even held in the report that the number of millionaires has become so large that it is hardly a relevant measure of wealth. Furthermore, in 2021, more than a third of millionaires resided in the United States of America, where 24.5 million millionaires lived, or 39% of the world total. The number of American millionaires increased by 2.5 million in 2021—nearly half of all new millionaires in the world. China ranked second, with 10% of the world's millionaires, ahead of Japan with 5.4%, the United Kingdom (with 4.6%) and France (with 4.5%).<sup>358</sup>

Switzerland, in 2021, was again the richest country in terms of average wealth per adult, with USD 700,000, ahead of the United States of America, with USD 579,000.<sup>359</sup>

However, the inequality in these countries is evident when the average median wealth per adult is considered. Switzerland then drops to sixth place, with a median wealth of USD 168,000, while the United States of America drops to the 18th place, with a median wealth of USD 93,000. Australia tops the median wealth chart, with USD 274,000.<sup>360</sup>

### 3.3.2.4 Evolution Toward a Plutonomy

A remarkable piece by Andy Becket appeared in *The Guardian* of July 19, 2018, entitled 'How to Spend It: the shopping list for the 1%'.<sup>361</sup>

In this contribution, Becket explains that, today, the extremely rich have come to constitute an increasingly dominant and international elite: lightly taxed, politically pivotal, as admired as they are criticized, and in their lifestyles so untethered from everyone else that they seem to exist in a parallel world. It is hereby further mentioned by Becket that, since 1980 (*ergo* since the global implementation of economic neoliberalism), the share of the richest 1% of Britons and Americans in the national income of their respective countries, nearly tripled. Around the world, the top 1% owned half of all wealth in 2018, the highest share in nearly a century.<sup>362</sup>

In his opinion piece, Becket lays out what drives this contemporary, wealthy elite. In doing so, Becket points out, for example, that, very occasionally, this elite life is fleetingly visible to the rest of humanity—for example, as a luxury chauffeured car waits outside a boutique in an upscale area of London or New York. More

---

<sup>358</sup> Neate (2022).

<sup>359</sup> Neate (2022).

<sup>360</sup> Neate (2022).

<sup>361</sup> Cf. Becket (2018).

<sup>362</sup> Becket (2018).

often, the luxurious lifestyle is rather invisible—for example, in the form of a super yacht at sea.<sup>363</sup>

Becket continues his sketch by pointing out that the financial crisis of 2007–2008 and the subsequent global recession—followed by a severe imposed upon austerity wave—that the rest of mankind had to endure, left the life of the top 1% in unbridled luxury largely untouched—and often even amplified, e.g., because of emergency measures such as quantitative easing (QE), from which the wealthy in particular have benefited immensely—while at the same time having drastically altered the lives of almost everyone else. According to Becket, this helps explain why books and articles about the top 1% have become a thriving genre, with many newspapers, including *The Guardian* itself, even having wealth correspondents to report on the goings-on of the super-rich. Yet, still according to Becket, journalists and academics often struggle to absorb more than the hard, shiny surfaces of this private world, such as the size of yachts and the abundance of servants.<sup>364</sup>

Those who want to properly understand the underlying desires and pleasures—and the accompanying restlessness and competitiveness—of the top 1% are in addition advised by Becket to read the magazine ‘How to Spend It’. Becket explains that this magazine—and an accompanying website—present “*an elegant luxury environment for readers and advertisers,*” as the promotional material of the Financial Times (which initiated the magazine) puts it. Through “*How to Spend It,*” “*the world’s most coveted audience, with the greatest buying power and highest net worth,*” is judiciously steered by expert FT journalists toward the right buying decisions. A copy of the magazine typically runs between 80 and 100 pages. About half of these consist of advertisements, especially then for the world’s biggest luxury brands, in addition to more unusual goods, such as art and real estate. The other pages are generally a glossy parade of articles—not always easily distinguishable from the ads, still according to Becket—on the most expensive fashion, travel, food, interior design, and other consumer goods imaginable. Becket also gives some examples of themes covered in the magazine:<sup>365</sup>

A long recent feature suggests “a sumptuous gastronomic tour of Spain by private jet,” three days long “from £6,995 per person.” An artfully casual page of recommended “knick-knackery” includes a “Chaumet Liens Lumière Watch in gold with diamonds and mother-of-pearl on alligator strap”, costing £12,870. A 2012 article on home furnishings with an aeronautical theme included a decommissioned Sky Flash *air-to-air missile*, polished to a perfect sheen and mounted on a pedestal: “This could be sitting in your drawing room for a mere £29,500.” To read *How to Spend It*, depending on your income level and attitude to extravagance, is to enter a world that is seductive or ridiculous, escapist or intimidating, a voyeuristic thrill or utterly enraging - and possibly all at the same time. Sometimes, *How to Spend It* is almost comically refined - a French restaurateur describes her “perfect weekend,” featuring “brioche flavoured with orange blossom” and a visit to a favorite hat maker; and sometimes it is crassly ostentatious - a regularly themed issue called *Boats That Rock*. According to the FT, 61% of *How to Spend It* readers are men, and the average age of this

---

<sup>363</sup> Becket (2018).

<sup>364</sup> Becket (2018).

<sup>365</sup> Becket (2018).

readership is 47. The same trophy products for the middle-aged alpha male appear again and again: vintage motorcycles, fast cars, private aircraft. Alongside these paeans to old-fashioned masculine luxury - appropriate to our age's Edwardian levels of inequality - are pages and pages of ads for the most delicate and rarefied women's jewelry.<sup>366</sup>

Even more troubling is that these consumption habits of the top 1% elite have become increasingly important to the global economy; in doing so, the spending decisions of the rich have become socio-economic forces with enormous impact, especially since 1980. "*As the rich have become richer*," a 2005 analysis by the U.S. investment bank Citigroup, to which Becket refers, found, "*they have begun to save less and spend more*." Unlike other consumers, the report mentions, the rich find many products, such as branded clothing, more desirable the more expensive they become. Countries where the rich are massively abundant, such as the United Kingdom, Canada, and the United States of America, have thus been radically altered because of this spending frenzy: they have become 'plutonomies', economies driven by the rich.<sup>367</sup>

However, recently, because of the increasingly severe problems into which economic-neoliberal axed capitalism has plunged the world, there has been some reversal in the policy of the magazine. In late May 2022, the FT announced that the magazine's name *How To Spend It* no longer reflected the "*changing times and priorities*" in a world of financial and socio-economic inequality. The magazine was therefore renamed, simply, HTSI, with the FT inviting readers to interpret the 'S' for themselves, "*in accordance with their own deeper interests*." In doing so, the FT itself suggested that possible definitions of HTSI could be: "*how to style it, how to save it, or how to steer, surf or savour it*." The magazine's editors themselves commented that it was uncomfortable to run a magazine called 'How To Spend It' in a world dealing with the aftermath of a pandemic, where Russia is invading a neighboring country, and where the cost-of-living crisis (e.g., energy and food; cf. in Sect. 3.3.2.2) was beginning to hit hard. Despite this *pro forma* rebranding, the magazine announced that it would continue to focus on "*optimism, fun and beauty*" and remain "*a bit hedonistic*."<sup>368</sup>

### 3.3.2.5 Inflation in 2022

In the first half of 2022, mainly because of the before mentioned rising energy and food prices, the doomsday image of inflation started to rear its head again (even though the entire economic-neoliberal policy aims to avoid too high inflation, but on the contrary, to make it 'gradual', e.g., as far as the EU is concerned, within a 2% per year range).

---

<sup>366</sup> Becket (2018).

<sup>367</sup> Cf. Becket (2018).

<sup>368</sup> Cf. Waterson (2022) and Bowler (2022).

When the COVID-19 pandemic began, global inflation was generally subdued. According to Barrett, this trend even persisted during the first few months of the COVID-19 crisis. But the rise in prices since the late 2020s steadily pushed up inflation. In the 18 months following the start of 2021, the average cost of living, globally, rose more than in the previous 5 years combined. Food and energy prices were the main drivers of this inflation. As of early 2021, the average contribution of food alone exceeded the overall average inflation from 2016 to 2020. In other words, food inflation alone was said to erode global living standards as fast as the inflation of all consumption in the 5 years immediately before the COVID-19 pandemic. A similar observation applies to energy costs. However, this does not imply that the prices of other items did not also increase in that period. For example, in the United States of America and the euro area, inflation in the service sector had also risen sharply by mid-2022. In addition, the relative impact of prices for food, energy and other products on inflation varied significantly from country to country.<sup>369</sup>

At the end of May 2022, Eurostat thus reported that inflation, annualized, in the euro area in May 2022, was expected to reach 8.1%, up from 7.4% in April 2022.<sup>370</sup>

Figure 3.7 gives an overview of the inflation on the euro zone as of May 2022.

In terms of the main components of euro area inflation, energy was reported to have the highest annual rate in May 2022 (39.2%, up from 37.5% in April 2022), followed by food and beverages (7.5%, up from 6.3% in April 2022), non-energy industrial products (4.2%, up from 3.8% in April 2022), and services (3.5%, up from 3.3% in April 2022).<sup>371</sup> This is shown schematically in Fig. 3.8.

According to the Financial Times, this rise in euro zone prices, coming from 7.4% in April 2022, was much higher than predicted by economists, who had expected a 7.7% increase for May 2022. Moreover, the core rate—which does not include the more volatile energy and food prices—rose, also above expectations, from 3.5% to 3.8%. The higher-than-expected core rise, which indicated faster price increases in most categories of goods and services, soon raised expectations that the ECB would revise its policy toward higher interest rates.<sup>372</sup>

Inflation continued to rise until August 2022. According to an estimate by the EU statistical body, annual inflation in the euro area for August 2022 was as high as 9.1%. According to this August 2022 estimate, prices for food, alcohol and tobacco, non-energy industrial goods and services in particular had increased compared to July 2022, when annual inflation in the euro area was estimated at 8.9%. According to this August Eurostat estimate, energy inflation itself was 38.3%, up from 39.6% in July 2022.<sup>373</sup>

According to CNN, inflation in the United Kingdom rose above 10% in July 2022 for the first time in 40 years, due to the skyrocketing cost of energy, food, and

---

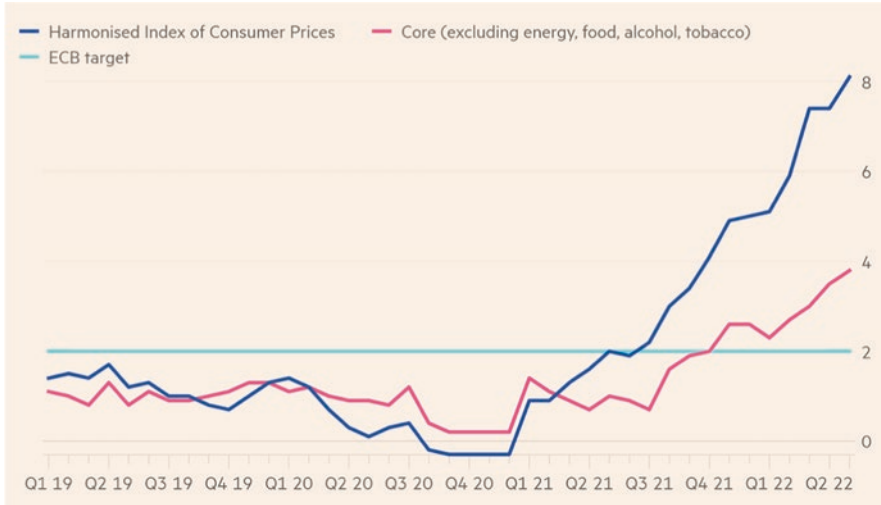
<sup>369</sup> Barrett (2022).

<sup>370</sup> Eurostat (2022a).

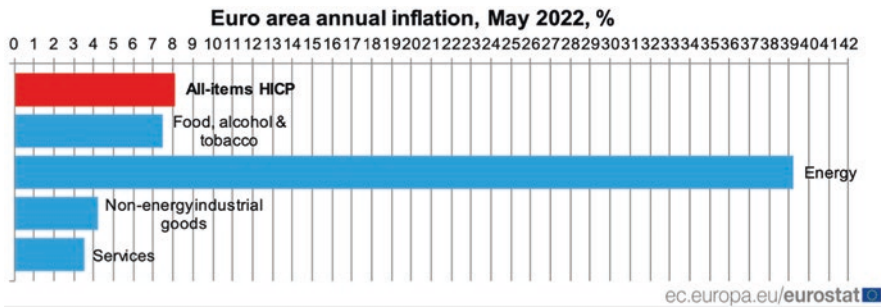
<sup>371</sup> Eurostat (2022a).

<sup>372</sup> Arnold et al. (2022).

<sup>373</sup> Hurst (2022).



**Fig. 3.7** Euro zone inflation, May 2022 [Source: Arnold et al. (2022) Eurozone inflation hits record 8.1%, *Financial Times*, May 31, 2022]



**Fig. 3.8** Eurozone annual inflation rate, May 2022, % [Source: Eurostat (2022a) Euro Indicators 61/2022—31 May 2022]

fuel. The Bank of England predicted that inflation would reach 13% by the end of 2022. Analysts feared even higher inflation in early 2023.<sup>374</sup>

Measured in September 2022, annual inflation in the European Union stood at 9.1%, while inflation in the United States of America had remained at 8.3%. Inflation in the United Kingdom reached a 40-year high in 2022 before falling slightly to 9.9% in August 2022. Price increases also occurred in parts of Asia.<sup>375</sup>

The euro area annual inflation rate amounted to 10.6% in October 2022, up from 9.9% in September 2022. A year before, the inflation rate was 4.1%. European

<sup>374</sup> Fox (2022).

<sup>375</sup> Toh (2022).

Union annual inflation amounted to 11.5% in October 2022, up from 10.9% in September 2022. A year before, the European Union inflation rate was at 4.4%. In October 2022, the lowest annual rates were registered in France (7.1%), Spain (7.3%) and Malta (7.4%). The highest annual inflation rates were recorded in Estonia (22.5%), Lithuania (22.1%) and Hungary (21.9%). Compared with September 2022, annual inflation had fallen in eleven Member States, remained stable in three, and risen in thirteen.<sup>376</sup>

Belgian inflation reached its highest level since 1975, at 12.3%, in October 2022.<sup>377</sup>

According to data provided by the OECD, “Year-on-year inflation in the OECD as measured by the Consumer Price Index (CPI) fell to 10.3% in November 2022, back to the level recorded in August 2022, from 10.7% in October 2022. Declines in inflation between October and November 2022 were recorded in 25 of 38 OECD countries. Nevertheless, inflation increased by at least 0.5 percentage point in Chile, the Czech Republic, Finland, Hungary, the Slovak Republic and Sweden. The highest year-on-year inflation rates were recorded in Estonia, Hungary, Latvia, Lithuania and Türkiye (all above 20%).”<sup>378</sup>

As regards the Euro area, annual inflation was expected to be 9.2% in December 2022, down from 10.1% in November 2022.<sup>379</sup>

The question is the root cause of this inflation is. According to Robert Reich, the answer to this question is simple.<sup>380</sup>

Corporations are pushing up inflation. The biggest single unique source of inflation in the United States is the pricing power of corporations.

In that approach, the inflation wave of 2021–2022 was mainly due to the producers’ own pricing of goods and services (which then, to the extent that it deals with essential goods, such as energy and food exerted a further cascading effect). (Cf. already in Sect. 3.3.2.2.) In other words, it is the principles and working methods of capitalism itself, including above all the profit-seeking of the entrepreneurial sector, that caused this wave of inflation.

Robert Reich (in another opinion piece) also coined an appropriate term for this corporate behavior and its consequences, namely ‘profit-price inflation’.<sup>381</sup>

Following its counterparts elsewhere in the world,<sup>382</sup> on July 21, 2022, in response to these waves of inflation, the European Central Bank, for the first time in 11 years, raised interest rates by half a percentage point, a higher amount than initially expected.<sup>383</sup> The measure announced on July 21, 2022, however, raised as new concern

---

<sup>376</sup> Eurostat (2022b).

<sup>377</sup> Rosseel (2022).

<sup>378</sup> OECD (2022).

<sup>379</sup> Eurostat (2022d).

<sup>380</sup> Reich (2022a).

<sup>381</sup> Reich (2022b).

<sup>382</sup> Cf., in general, Toh (2022).

<sup>383</sup> On July 21, 2022, the Governing Council of the ECB took the decision to increase the three main ECB interest rates by 50 basis points. Accordingly, the interest rates on the main refinancing

whether the rush to make credit more expensive would plunge large economies into recession, at the expense of prices people spend on food, fuel, and everything in between.<sup>384</sup> A second ECB rate hike of 0.75 percentage points (or 75 basis points) followed on September 8, 2022. This increase applied to all three base interest rates.<sup>385</sup>

The ECB's interest rates still remained far from a level capable of bringing inflation to 2%, despite the sharp interventions. The ECB, therefore, soon announced that it would continue to raise interest rates further in the coming period to address far too high inflation.<sup>386</sup>

---

operations and the interest rates on the marginal lending facility and the deposit facility were increased to 0.50%, 0.75% and 0.00%, respectively, effective July 27, 2022. Also, the ECB Governing Council announced further normalization of interest rates at its upcoming meetings. It was also announced that the Governing Council's future policy path would continue to depend on the data and contribute to achieving the inflation target of 2% over the medium term. (Cf. European Central Bank (2022a).)

<sup>384</sup> De Morgen Redactie and Belga (2022).

<sup>385</sup> The ECB Governing Council took the decision on September 8, 2022, to raise the ECB's three key interest rates by 75 basis points. This implied that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility were raised to 1.25%, 1.50% and 0.75%, respectively, effective September 14, 2022. As a result of the increase in the interest rate on the deposit facility to above zero, the two-tier system for reimbursement of excess reserves was no longer deemed necessary. For this reason, on September 8, 2022, the Governing Council also took the decision to suspend the two-tier system by setting the multiplier to zero. (Cf. European Central Bank (2022b). Cf. also De Morgen Redactie and Belga (2022).)

The decisions of September 8, 2022, were, furthermore, justified as follows: "(a) The Governing Council took today's decision, and expects to raise interest rates further, because inflation remains far too high and is likely to stay above target for an extended period. According to Eurostat's flash estimate, inflation reached 9.1% in August. Soaring energy and food prices, demand pressures in some sectors due to the reopening of the economy, and supply bottlenecks are still driving up inflation. Price pressures have continued to strengthen and broaden across the economy and inflation may rise further in the near term. As the current drivers of inflation fade over time and the normalization of monetary policy works its way through to the economy and price-setting, inflation will come down. Looking ahead, ECB staff have significantly revised up their inflation projections and inflation is now expected to average 8.1% in 2022, 5.5% in 2023 and 2.3% in 2024. (b) After a rebound in the first half of 2022, recent data point to a substantial slowdown in euro area economic growth, with the economy expected to stagnate later in the year and in the first quarter of 2023. Very high energy prices are reducing the purchasing power of people's incomes and, although supply bottlenecks are easing, they are still constraining economic activity. In addition, the adverse geopolitical situation, especially Russia's unjustified aggression towards Ukraine, is weighing on the confidence of businesses and consumers. This outlook is reflected in the latest staff projections for economic growth, which have been revised down markedly for the remainder of the current year and throughout 2023. Staff now expect the economy to grow by 3.1% in 2022, 0.9% in 2023 and 1.9% in 2024. (c) The lasting vulnerabilities caused by the pandemic still pose a risk to the smooth transmission of monetary policy. The Governing Council will therefore continue applying flexibility in reinvesting redemptions coming due in the pandemic emergency purchase program portfolio, with a view to countering risks to the transmission mechanism related to the pandemic." (Cf. European Central Bank (2022c).)

<sup>386</sup> De Morgen Redactie and Belga (2022).

At a time when the British economy was formally in recession, the Bank of England also continued to raise its central interest rate. Specifically, on September 22, 2022, a majority of the Bank of England's nine-member monetary policy committee (MPC) decided to raise the base rate by 0.5 percentage point, to 2.25%—the highest level since 2008—on the grounds that the risks of entrenching inflationary pressures outweighed the short-term dangers to the economy. In doing so, the Bank of England considered that the energy price guarantee would prevent a higher spike in inflation, with the overall rate peaking just below 11% in the fall of 2022, according to the Bank's own expectations. By then, inflation in the United Kingdom had risen to 9.9%, the highest rate since the early 1980s, and nearly five times higher than the Bank's 2% target.<sup>387</sup>

### 3.3.2.6 The Big Dupe of All This: The Working and Poor Classes

#### 3.3.2.6.1 Impairment of Purchasing Power (in the West)

In the Western world, the inflation wave of 2022 (of course) has mainly had an adverse impact on the purchasing power of the general population, and then especially the members of the lower and middle classes.

For instance, figures from an ING-survey of some 1000 Belgians in early November 2022 showed that six in ten Belgians had started cutting back on daily expenses as a result of inflation and skyrocketing energy prices. Belgians were reported to start paying extra attention when buying fresh food and groceries. A slight majority of Belgians were also cutting their clothing budget. About half of Belgians were, furthermore, cutting back on spending on catering, travel and recreational activities. The crisis caused by the 2022 inflation was also strongly reflected in online spending. During the corona pandemic, Belgians had started ordering massively over the Internet, but according to ING, e-commerce has become under pressure since the corona easing. This decline was primarily due to a general deterioration in the economic climate, and not because consumers were once again finding their way to physical stores more readily. A further striking fact was that Belgians appeared to be cutting back more on online spending, and in all product categories, than, for example, the Dutch and Germans. In early November 2022, some 28% of Belgians were purchasing fewer clothes and shoes online, compared with only 14% in the Netherlands, and 23% in Germany. Finally, as many as nine in ten Belgians were taking extra measures to reduce their energy consumption. Some four out of ten were using electrical appliances more sparingly, and almost one out of ten switched energy suppliers. Due to the increasing energy prices, for 37% of Belgians, more than a tenth of their net household income was in early November 2022 spent on energy, and for 7% this even amounted to more than a quarter. Households with lower household incomes were hit relatively harder by rising

---

<sup>387</sup>Partington (2022).



energy prices. One of the reasons was that they were more likely to live in homes with poor energy efficiency, making energy costs more of a burden.<sup>388</sup>

Given the causes of the 2022 inflation wave, the question has been raised whether a hike in central interest rates, has constituted the most ideal response, especially as it mostly affects the modal consumer (e.g., in the form of more expensive mortgage and consumer credit).

According to Robert Reich, the answer to this question is quite simple: central banks (in addition to the ECB, for example, the Federal Reserve) raise central interest rates when prices rise. The explanation is, simply, that this is the only tool in the central banks' toolbox to respond to price increases. The problem with this policy, however, is that it particularly burdens working people and low incomes the most, putting the cost of inflation even more on their shoulders. Not only are they the ones who suffer most from the price increases themselves, they are also the first to lose their jobs and income when the economy slows down (because of higher interest rates). According to Reich, all of this would, perhaps, still be justifiable if enterprises invested their windfall profits in more productive capacity—adding factories, materials, warehouses, and jobs—which would allow them to better meet future demand and thus better guard against inflation. But, in 2022, that was something that has not been happening (anymore). Instead, enterprises used their higher profits primarily to buy back their shares (among other things, to combat downward pressure on stock prices and/or to distribute their acquired reserves among their shareholders).<sup>389</sup>

Incidentally, Reich is not alone in this position. A similar position was taken, around the same date, by Australian economist Greg Jericho. This author pointed out that Australia also experienced rising inflation in 2021–2022. There too, this was mainly due to price increases provoked by the entrepreneurial sector itself. Jericho pointed out that in the 2021–2022 period, non-mining sector profit margins were above 9%, only quietly returning to pre-COVID-19 pandemic levels after the summer of 2022—a level still above that of 2011–2016. A look at individual, Australian industries showed that, by September 2022, profit margins in manufacturing, construction, wholesale trade, and other services (including services such as auto repair and personal care such as hairdressing) were all above pre-pandemic levels. In other words, even in Australia, the wave of inflation was not caused by wage increases, but by rising corporate sector profit margins. Because average prices rose faster than wages for eight quarters in a row, the purchasing power of average people was naturally affected as well: the average ability of people to buy goods or services with their wages declined by 3.9% over the years 2021–2022 as a result. Jericho's conclusion, like Reich's, is that it has mainly been the working classes that had to pay the price for the inflation wave of 2021–2022.<sup>390</sup>

---

<sup>388</sup> Rosseel (2022).

<sup>389</sup> Reich (2022a).

<sup>390</sup> Jericho (2022).

For that matter, this insight also seems to be present (at least implicitly) in the lap of certain of the central banks themselves. For example, in its decision to raise the central interest rate *de dato* September 22, 2022, the Bank of England itself explicitly warned that the effect of the government's support measures could further increase inflationary pressures.<sup>391</sup>

What these critiques essentially boil down to is the following. Under neoliberal policies, the capitalist, economic growth model tolerates managed inflation, which in most Western countries, since the implementation of economic neoliberalism, has been set at 2% annually. This objective is the mirror side of the design of steady or controlled economic growth, as contained, for example, (implicitly) in the basic articles of the IMF Articles of Agreement.<sup>392</sup> In the context of such steady, or monetary institution-controlled economic growth, limited price increases may occur. When economic growth occurs (which is what all capitalist policy agencies strive for), the economy is doing well and employment, and therefore the purchasing power of the population, rises. The increased purchasing power then translates into an increase in demand (for goods and services), which will cause prices to rise (in accordance with the law of supply and demand).

If price increases become too high—in other words, if inflation starts to exceed 2% on an annual basis—central banks will begin to be wary. At some point, this will lead to monetary intervention, generally an increase in the central interest rate. In such a case, credit will be made more expensive (again), implying that economic growth will be slowed down. There will then be a decline in employment, and therefore a decline in the purchasing power of the population. When the prices of credit rise, people will moreover be less willing to enter into consumer (including mortgage) credit agreements. This in turn can then result in a decrease in demand (for goods and services), which will cause prices to fall (again in accordance with the law of supply and demand). In this way, inflation will be brought back under control (and, ideally, reduced to below 2% on an annual basis).

It is for this (theoretical, (neo)liberal economic) scenario that (neoliberal) monetary policy is conceived (and is also included in the objectives of various, central banks) via central interest rate steering.

---

<sup>391</sup> Partington (2022).

On the Bank of England's website (when consulted on September 22, 2022), the following explanation was given in this regard: "(a) Interest rates have been very low in the UK for some time but since December last year we have been gradually increasing them. (b) We know many people will find this hard because it makes borrowing money more expensive. (c) Increasing interest rates won't tackle the main causes of the high price rises we're seeing at the moment. But it will reduce the risks of the current high inflation lasting for longer which would inflict even greater pain on households over a number of years. (d) Our aim is to get inflation back towards [the 2% target set by Parliament](#) over the next couple of years. Doing this will help everyone in the UK." (Bank of England (2022).)

<sup>392</sup> Cf. article I.(ii). of the IMF-Articles of agreement, which states as one of its central objectives, "To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy."

However, the inflation wave of 2021–2022 did not correspond to this classical scenario. Indeed, the price increases of 2021–2022 were not the result of excessive economic growth (and/or of an increase in the population’s purchasing power that would have resulted) but were instead mainly the result of profit price speculation.

Indeed, as explained above, in the aftermath of the COVID-19 pandemic, producers belonging to various sectors—especially energy and food—had seen an opportunity, at their discretion, to dramatically increase their prices. The chaos in certain fossil fuel markets created by the Russian-Ukrainian war has added to this opportunism. For the enterprises involved, this implied making usurious profits (cf. supra, in Sect. 3.3.2.2), but for small consumers, this amounted to a drastic erosion of their purchasing power. Since energy and food are vital goods, it is difficult for a consumer to save (drastically) on them, especially when facing completely out-of-control price increases. The consumer can adjust his behavior a little (for example by using a little less energy, by looking for the cheapest distributor, by no longer buying certain luxury foods, respectively), but basically the average consumer’s room for maneuver is rather limited, which is all the more true the more energy and food expenditures make up a larger share of a consumer’s budget (which is generally the case for consumers belonging to the low(er) income bracket(s)). Thus, in the energy and food crisis of 2021–2022, we found that consumers from the lower classes were particularly hard hit, resulting in a drastic erosion of their purchasing power. This erosion—and therefore the underlying waves of inflation—resulted not so much from too high, economic growth, but from an excessively large share of spending on well-defined products (energy and food) in the spending budgets of the consumer population.

Incidentally, what is true for small consumers was also true in the case of energy prices for various categories of enterprises, including especially small and medium-sized enterprises that are highly dependent on energy and/or whose profit margins leave little room for large price shocks in essential commodities (including energy).<sup>393</sup>

---

<sup>393</sup>The newspaper De Morgen, for example, reported on September 25, 2022—basing itself on data from Trends Business Information—that, at that time, 34,513 Flemish commercial businesses had already thrown in the towel in 2022. That was already 8000 more than in the corona years 2020 and 2021. (Cf. De Morgen Redactie and Belga (2022).)

Incidentally, policymakers were also aware of the major impact of the energy crisis on small (self-employed) entrepreneurs, with the question of whether this is a good thing. For example, in good neoliberal tradition, a Dutch [decision memo](#) on the introduction of a price cap of September 2022, addressed to Minister Kaag, included a statement on the impact of energy price increases on various categories of market players. Thereby, as far as small and medium-sized enterprises (including independent bakers, butchers, small stores, cafes and restaurants ...) were concerned, the assessment was made that bankruptcies of such so-called “*energy-intensive SMEs*” “do not have a socially disruptive effect. Bankruptcies are part of healthy market dynamics. Healthy market dynamics reduce labor market tightness and drive sustainability and innovation.” (Cf. De Ondernemer Redactie (2022), own free translation.) (The abbreviation SME stands for small and medium-sized enterprises).

This goes a long way since Adam Smith formulated his own observations about these professions and argued that these professions benefit from (what would later become) capitalism (cf.

Under normal circumstances, free competition should take corrective action in such cases. Indeed, artificially inflated prices should allow new market players to enter the market, by selling goods or services at a price below that of existing producers. This should then, theoretically, translate into an increased supply of the goods or services in question (in this case, food and energy), which would then naturally reduce prices. However, the events of 2021–2022 demonstrated that such an expected correction did not occur, which is caused by several factors, most of which can themselves be traced to the neoliberal economic policies of the previous four decades. For example, the liberalization of the energy markets of the 1980s–1990s did not lead to more free competition, but rather to semi-monopolization on the part of certain market players (who, as a result, were given free rein in terms of price formation in various markets<sup>394</sup>). There have also been various manipulations of the supply of basic raw materials (e.g., fossil fuels such as oil and gas). Also in the food sector, during the same period, there has been a strong concentration, so that in many countries large segments of food markets are in the hands of only a limited number of market players.

In this way, the inflationary wave of 2021–2022 is one that had already strongly affected the purchasing power of consumers, especially the lower classes. If we then unleash the classic, monetary instrument of raising the central interest rate on this, a cascade effect can occur. Economic growth may then be curbed, with a possible fall in employment and thus a decline in purchasing power, which will be felt, above all, by those sections of the population whose purchasing power is already strongly affected by the initial waves of inflation themselves. In these circumstances, monetary policy itself may contribute to the emergence of an economic recession.<sup>395</sup>

---

Sect. 1.1.3). At present, in good neoliberal tradition, it is bluntly proclaimed that these professions are, possibly, superfluous after all, and may therefore be perfectly purged from the market because of increased energy prices. Note that when large enterprises (including financial institutions) find themselves in financial trouble, neoliberal governments will rarely make such considerations, but are quick to come to the rescue with all sorts of non-market support measures to avoid this purging effect of the free market. (Cf. already Bytbeier (2015a), p. 213.)

<sup>394</sup> Reich (2022b) mentions regarding the situation in the United States of America: the industrial meat industry (“*Why are grocery prices through the roof? Because just four companies control 85% of meat and poultry processing. Just one corporation sets the price for most of the nation’s seed corn. And two giant firms dominate consumer staples.*”); the drug industry (“*Big pharma, comprising five giants, is causing drug prices to soar.*”); the airline industry (“*The airline industry has gone from 12 carriers in 1980 to just four today, all rapidly raising ticket prices.*”); the financial industry (“*Wall Street has consolidated into five giant banks, raking in record profits on the spreads between the interest they pay on deposits and what they charge on loans.*”); the cable industry (“*Broadband is dominated by three giant cable companies, all raising their prices.*”); the auto industry (“*Automobile dealers are enjoying record profits as they raise the retail prices of automobiles.*”); the gas industry (“*Gas prices have started to drop but big oil still has the power to raise prices at the pump far higher than the costs of crude.*”) ...

<sup>395</sup> Consequently, in late 2022/early 2023, the IMF sounded a warning that (at least) a third of the world would be heading for an economic recession by 2023. (Cf. The Guardian Staff and Agencies (2023).)

Put another way, the inflation experienced by numerous Western countries in 2021–2022 was not the result of wage increases due to excessive economic growth and employment rates. On the contrary, this inflation was due, in main order, to profit increases that are themselves the result of excessive power of certain enterprises. In other words, it is these profits, and not (through a classical monetary policy) wages, that must be controlled.<sup>396</sup>

This has raised questions, among several commentators, about the effectiveness of central bank action (of raising central interest rates).

According to Reich, the inflationary waves of 2021–2022 were, in part, an outgrowth of the COVID-19 pandemic, and for that reason they are similar to post-World War II inflation, when economists advocated temporary price controls to buy time to resolve supply bottlenecks and prevent excessive corporate profits. For Reich, limited price controls should therefore also have been considered anno 2022, for the same reasons.<sup>397</sup>

Thus, a better alternative to raising central interest rates might be for (national) governments to take direct action to combat (usurious) profit pricing. Reconnecting with a tradition of strong antitrust enforcement could be a good first step in the right direction, where even a sufficiently credible threat of antitrust enforcement could deter enterprises from raising prices so far above their costs. A so-called windfall profits tax<sup>398</sup> could also constitute a useful policy tool. Even temporary price controls could be considered.<sup>399</sup>

In addition to the erosion of purchasing power in the Western world discussed in Sect. 3.3.2.6.1, as with other crises, the disastrous impact of the 2021–2022 food and energy crises (and the inflation they caused) in non-Western countries has proven to be even greater. This will be further explained in the Sect. 3.3.2.6.2 below.

### 3.3.2.6.2 Increase in Hunger

Zero hunger by the year 2030 is one of the 17 sustainable development goals set by the UN in 2015.<sup>400</sup> The 2021–2022 food crisis has since compromised this goal. In mid-September 2022, the UN predicted that the number of people suffering from hunger will exceed 840 million by 2030. Instead of the situation improving, it is held that millions find themselves trapped in the worst hunger crisis in living memory.

---

<sup>396</sup> Reich (2022b).

<sup>397</sup> Cf. Reich (2022b).

<sup>398</sup> This term refers to a temporary tax on price increases that exceed the cost of the price index of consumer goods. (Cf. Reich (2022b).)

<sup>399</sup> Reich (2022b).

In this regard, mention can be made of the social tariff regime in force in Belgium which, at least for the poorest households, allows such a price correction. (Cf. Packman (2022).)

<sup>400</sup> On this, cf. Byttemier (2019), pp. 188–189.

Indeed, upon consulting the United Nations website on September 21, 2022, the following alarming message could be read:<sup>401</sup>

The world is not on track to achieve Zero Hunger by 2030. If recent trends continue, the number of people affected by hunger would surpass 840 million by 2030.

According to the World Food Programme, [135 million suffer from acute hunger](#) largely due to man-made conflicts, climate change and economic downturns. The COVID-19 pandemic could now double that number, putting an additional 130 million people at risk of suffering acute hunger by the end of 2020.

With more than [a quarter of a billion people potentially at the brink of starvation](#), swift action needs to be taken to provide food and humanitarian relief to the most at-risk regions.

According to information from the World Food Program, as many as 50 million people in 45 countries were balancing on the brink of famine by mid-September 2022. An open letter<sup>402</sup> signed by 238 NGOs and addressed to UN member states, which met in general session for the first time in 2 years during the week of September 19–25, 2022, called for the immediate funding to prevent suffering now and in the future for that reason. “*In a world of plenty, letting people starve is a policy choice,*” the letter rightly reads. “The lack of political will and institutional failure to act quickly before the worst happens means that people are sent from crisis to crisis. People are not starving; they are being starved.”<sup>403</sup>

As expressed in more detail in the open letter itself:<sup>404</sup>

From Somalia to Haiti, South Sudan to Yemen, Afghanistan to Nigeria, people’s lives in the most fragile contexts are being devastated by a global food crisis, fueled by a deadly mix of conflict, climate change, rising costs and economic crises, exacerbated by COVID-19 and the Ukraine conflict.

Fifty million people are now just one step away from starvation. Over 345 million more are bowing under the crushing weight of hunger, struggling to feed their families and at risk of death.

Behind these statistics are real people and lack of action has horrific, real life and death consequences. For the woman who fled her country to escape the violence of war and now has her food ration halved or suspended completely. For the hungry child forced to drop out of school to work so their family can eat. For the young girl forced into marriage, where she faces sexual exploitation and abuse. And for the caregiver who makes the long journey to seek treatment for a severely malnourished toddler only to find the health clinic is closed due to funding shortages.

---

<sup>401</sup> United Nations (2022b).

<sup>402</sup> Cf. Members of the Advocacy Compact on Famine Prevention and Mitigation, the ONE Campaign and the SDG2 Advocacy Hub (2022).

<sup>403</sup> Choat (2022).

<sup>404</sup> Cf. Members of the Advocacy Compact on Famine Prevention and Mitigation, the ONE Campaign and the SDG2 Advocacy Hub (2022).

The international community and national governments are failing to meet their duty and have prioritized political and economic interests over the wellbeing of the world's most vulnerable children, families and communities. While political leaders have made many promises, in the cities, towns, villages, and refugee and internal displacement camps where millions of lives hang in the balance, far too little has changed.

In a world of plenty, leaving people to starve is a policy choice. We call on you as world leaders to take urgent action to stem this crisis and prevent future ones. You must immediately deliver the funding needed to reach 50 million people on the edge of starvation to save lives NOW. You must also support vulnerable countries and communities to build resilience NOW. And you must take action to anticipate, prevent and prepare for subsequent crises to secure the future, including by delivering much needed climate finance, reallocated Special Drawing Rights, and meaningful debt relief.

According to information provided by UNICEF in mid-September 2022, global prices for RUTF (=ready-to-use therapeutic food) were expected to rise by another 16% over the 6 months to follow, the main reason for this being the fact that the prices of transportation and ingredients themselves also continued to rise. Meanwhile, worldwide, malnutrition underlies nearly half of all deaths among children under five. Most of these children die from infection because their immune systems are compromised by a lack of nutrients. As a result, measles, malaria, pneumonia, and diarrhea remain common causes of death in children suffering from malnutrition.<sup>405</sup>

But similar effects of the 2021–2022 energy and food crises have also been felt in more affluent countries.

According to a report by the U.S. National Energy Assistance Directors Association dated September 12, 2022,<sup>406</sup> the expectation played out that in the fall and winter period to come, heating costs would increase by 17%, affecting mostly lower-income families. Costs were expected to exceed USD 1200 in the winter of 2022–2023, up from USD 1025 in 2021–2022. Lower-income families were thereby at greater risk of falling behind on their energy bills and were even expected to be forced to make choices between heating, medicine, food, and rent.<sup>407</sup>

As for the United Kingdom, in August 2022, expectations rose that the average British household would see its annual energy bill rise to £3549 (about USD 4180), from October 2022 on. According to analysts, this constituted a crisis that should have been the government's policy prerogative. Instead, then-outgoing Prime Minister Boris Johnson was all but absent during that period (since he had taken two vacations in less than a month), dismissing all responsibility for his country's disastrous situation by citing the war in Ukraine, while his successor, Liz Truss, asserted herself primarily by promising traditionally tried-and-true neoliberal prescriptions—including tax cuts for business owners and the further removal of social benefits from the working classes.<sup>408</sup>

---

<sup>405</sup> Choat (2022).

<sup>406</sup> Cf. National Energy Assistance Directors Association (2022).

<sup>407</sup> Grant (2022).

<sup>408</sup> Fox (2022).

According to Kara Fox (of CNN)—relying on data from the Center for Ageing Better—there were an estimated two million retirees in the United Kingdom living in poverty even before the 2022 energy crisis. The 2022 annual report of the Center for Aging Better reported on this that there were more than 200,000 poor pensioners in 2021 than the previous year. Most pensioners in the United Kingdom must make do with a basic pension of 141.85 pounds a week (about USD 170), or about 7400 pounds (USD 8770) a year. This state pension increased by 3.1% in April 2022, a figure that was, however, well below the then inflation rate of 9%. The subsequent increase in the government pension was scheduled for April 2023, therefore after the winter period of 2022–2023. This information raised the expectation that, starting from the winter of 2022–2023, even more people would fall into poverty. It even was suggested that the poor in the United Kingdom, in the winter of 2022–2023, would be faced with the choice of starving or freezing to death,<sup>409</sup> which still did not prevent the Conservative party—which, after decades of neoliberal policies since the 1980s, is one of the main culprits for this state of affairs—from continuing to enjoy great political support among the poor (older) strata of the British population.<sup>410</sup> As the latter concern has been phrased by Aditya Chakraborty, “this is the UK’s horrific doom-loop, where voters are told the untenable is inevitable, while the *sensibles* keep mouthing stupidities and capitalists mirthlessly toast a cadaverous capitalism. Further downstream, surveys suggest over half (54%) of the 4 m households on universal credit have *gone without food* in the last month, sick people in Wales can *wait nearly two days* inside an ambulance before getting admitted to A&E, and *about 100,000 households* each month are rolling off their mortgages into financial disaster.”<sup>411</sup>

What the dismantling in the United Kingdom of the welfare state model—or in other words, the establishment of a neoliberal society—means practically for the life of the modal man is further aptly described in an opinion piece written by Denis Campbell of November 23, 2022. In it, Campbell elaborates on a cry of alarm raised by the head of the Royal College of GPs regarding the disastrous condition in which the most vulnerable within British society find themselves after decades of neoliberal policies.<sup>412</sup>

---

<sup>409</sup>In an article of August 26, 2022, based upon data provided by watchdog Ofgem, Aditya Chakraborty has pointed to the fact that “the sixth-richest country in the world faces a winter of humanitarian crisis. Unless the government acts now, millions of Britons will be unable to keep their homes warm. Some will die while, as the NHS warns, many more will fall seriously ill. Schools, hospitals and care homes across the country must choose between busting their budgets or freezing. Countless shops and businesses will close, never to open again. More than 70% of *pubs* are preparing for last orders, while any restaurant, cafe, chippy or kebab shop must now *face existential threat*, thanks to a quadrupling of their energy bills, surging food prices and a recession that will kill discretionary spending. As economic catastrophes go, this looks far bigger than the 2008 crash. It promises to reshape our everyday lives and social fabric.” (Cf. Chakraborty (2022c).)

<sup>410</sup>Fox (2022).

<sup>411</sup>Chakraborty (2022b).

<sup>412</sup>Cf. Campbell (2022).



In his opinion piece, Campbell starts by explaining that many people in the United Kingdom, increasingly, refuse sicknotes from their GP because they cannot afford time off work. Campbell, furthermore, points to an increase of patients who experience asthma attacks, or similar serious breathing problems, because they can no longer afford to heat their homes. Many GPs also report deteriorating mental health among the British people because of financial stress. Rising food costs are thereby leading to illnesses such as rise in fatigue, mouth ulcers and weak muscles, with many people being deficient in key vitamins—such as vitamins B—because they can no longer afford to eat anything else than a poor diet. In general, an alarmingly increasing number of British patients suffer from complex physical and psychological problems related to poverty, domestic violence, childhood abuse, or poor housing. The article also points out that GPs are becoming extremely distressed at seeing patients' health worsen because of long NHS [waiting lists](#). An example of this concerns the growth in the number of people with painful hips and knees who do not receive proper medical treatment anymore and who have to literally crawl up the stairs in their home, because they cannot walk up anymore, and their only toilet is on their upstairs floor. The combined effect of all these problems is that more and more GPs themselves are suffering psychologically because of their inability to take appropriate action to end all of this suffering.<sup>413</sup>

Also according to data through the second quarter of 2022, collected by the European statistics office Eurostat, more and more Europeans were struggling to make ends meet.<sup>414</sup>

Although the Eurostat figures were only made available for about a dozen countries and thus did not give a complete picture for the situation in the whole of Europe, the occurring trend was clear: almost everywhere, except for Finland where there was a slight improvement compared to the first quarter of 2022, more and more people were struggling to make ends meet.<sup>415</sup>

In Belgium, 16.3% of the population declared that they were struggling to make ends meet. The absolute leader in this trend was however Bulgaria, where the number of residents experiencing financial hardship hovered around 40% (39.8%). In Slovakia and Italy, it concerned more than a quarter of the population, and in France more than 20%.<sup>416</sup>

---

<sup>413</sup>Campbell (2022).

<sup>414</sup>Eurostat (2022c) and KVE (2022).

This information came from [data](#) on the impact of COVID-19 on living conditions and was the result of a newly designed data collection with the participation of 11 Member States. (Cf. Eurostat (2022c).)

<sup>415</sup>Eurostat (2022c) and KVE (2022). “The share decreased in comparison to the previous quarter in all the nine countries for which data are available, except for Italy (+0.3 [percentage points \(pp\)](#)). The highest decrease in the share of the population that could make ends meet easily or very easily in the second quarter of 2022 compared with the previous quarter was registered in Slovenia (-4.4 pp) and Austria (-4.0 pp).” (Cf. Eurostat (2022c).)

<sup>416</sup>Eurostat (2022c) and KVE (2022).

One of the biggest problems in Belgium was that energy prices in 2022 were rising much faster than general inflation. For instance, the price of natural gas was 64% higher in November 2022 than in November 2021, while electricity was up 42%. It has been remarked of little consolation that occasional purchases in the Belgian inflation basket, such as electrical devices and smartphones, have become cheaper, while the prices of energy and food have been rising to a much greater extent. As a result, 73% of Belgians considered automatic indexation as not enough to compensate for the rising prices, according to an [Ipsos poll for Le Soir](#) the results of which were made available on December 5, 2022. More than two-thirds of the people interrogated had said that their purchasing power had diminished in 2022, versus 26% who had indicated that it had remained stable, and 6% who had indicated that it had grown.<sup>417</sup>

Figure 3.9 gives an overview of people's ability to make ends meet, with great difficulty or with difficulty, in 11 EU Member States.

Even one of Europe's most prosperous welfare states, notably Sweden, has not escaped the issue. Indeed, according to a contribution that appeared in *The Guardian* on December 5, 2022, the erosion of purchasing power has increasingly made itself felt in that country as well. One of the underlying reasons indicated in this article is that similar to what has happened in other countries, Sweden's welfare system has been steadily eroded during recent years. This had attributed to a widening of the gap between rich and poor which has left an increasing number of people vulnerable to inflation that, in the autumn of 2022, amounted to 8% in Sweden. In addition, household incomes were severely hit by electricity bills that had in some cases doubled.<sup>418</sup> Petrol and food prices also soared during 2022. At early December 2022, the cost of butter was up by about 25%, meat by 24%, and cheese by about 22%.<sup>419</sup>

### 3.3.2.6.3 Rising Intergenerational Injustices

As we already explained in certain of our previous work,<sup>420</sup> one group of people who are increasingly victimized by the practices of capitalism is the group of young people, and this on a global scale.

This warning was since echoed by the OECD in a report published in May 2021. That report explained how the vulnerability of the generation of young people further increased because of the COVID-19 crisis. Because of this, unemployment among young people between the ages of 15 and 29 in the group of OECD countries at the end of 2020 was as high as 14%, accounting for 23.4 million young people.

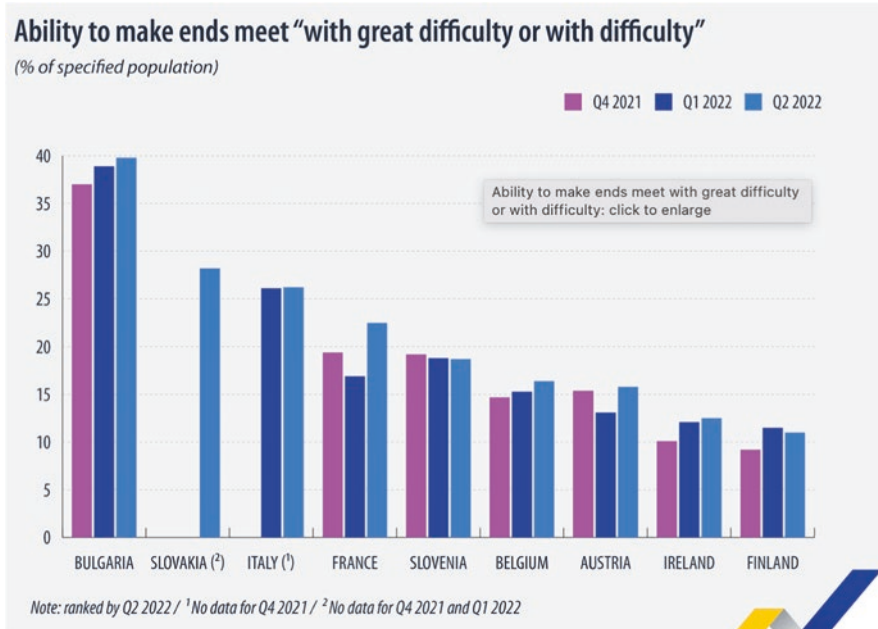
---

<sup>417</sup> Rankin (2022).

<sup>418</sup> Henley (2022). The article mentions that although more than 75% of Sweden's electricity comes from hydropower, nuclear and wind, the country has not escaped the global energy price impacts of the war in Ukraine. (Cf. Henley (2022).)

<sup>419</sup> Henley (2022).

<sup>420</sup> Cf. Bytтеbier (2015b), p. 125; Bytтеbier (2018a), pp. 145–146 and 159, Bytтеbier (2018b).



**Fig. 3.9** Ability to make ends meet “with great difficulty or with difficulty”, in 11 EU Member States (data of November 28, 2022) [Source: Eurostat (2022c) *Ability to make ends meet becoming harder*]

In addition, young people were also overrepresented among those in temporary or otherwise flexible jobs. Young people were also those most affected by the measures enacted under COVID-19 (such as lockdowns and physical distance measures), resulting in a decline in their income and an increase in mental problems.<sup>421</sup>

However, still according to the OECD-report, the COVID-19 crisis has mainly been in the nature of confirming pre-existing trends in the labor market. For example, the automation and flexibilization of labor markets, worldwide, have been shown to have had a strong polarizing effect that has excluded young people from many opportunities and life chances. A disturbing consequence of this is that in 2/3rds of OECD countries, highly educated young people are much more likely to be employed in low-paying jobs. It has also been shown that the flexibilization of the labor market has deprived young people of various forms of social security protection, job protection and even access to vocational training. Also, the opportunities of access to entrepreneurship for the current generation of young people are less than before, partly because of insufficient access to start-up capital or to a support network. Especially young people belonging to the lower social classes also face greatly reduced chances of ever becoming homeowners themselves, while their families are also increasingly unable to support them to do so. In addition, the report

<sup>421</sup> OECD (2021).

shows that the generation of young people increasingly feel abandoned by the policy world that pays insufficient attention to their interests and problems.<sup>422</sup>

Not surprisingly, this same group of young people have been hit hard by the waves of inflation that have begun to manifest themselves from 2021–2022. Because of this, people under-30 found their ambitions, once again, frustrated by worsening economic conditions, with the young generation, on a global scale, again experiencing extreme pressures in making ends meet, often while having to juggle work and studies.

In an article that appeared in *The Guardian* of December 19, 2022,<sup>423</sup> Oliver Haynes reported on the dire situation of the young generation in various European countries.<sup>424</sup>

For instance, said article highlights the miserable state of young people in Spain, which, with a youth unemployment rate of 32%, leads the ranks of youth unemployment in EU and OECD countries combined. As a result, an increasing proportion of young people must continue to live with their parents until an increasingly advanced age. Unemployment, combined with high rent costs, low wages and rising living costs, makes it increasingly difficult for this group of young people to live independently and making ends meet financially.<sup>425</sup>

A similar trend is occurring in France and England, especially in London as far as the latter is concerned, where rising rent and other living costs are also primarily affecting the younger generations. Here too, high inflation of (in early December 2022) 11% on average in Europe is taking its toll, leaving young people increasingly struggling with rising rent and living costs, even for essentials such as food. The article goes on to mention that young people in the Baltic states, where inflation reached 20% in early December 2022, were even more severely affected than average. One consequence is that many of the young people are leaving their countries, a phenomenon that has begun to occur in Lithuania in particular.<sup>426</sup>

As we ourselves have pointed out in our work since 2015,<sup>427</sup> all this is no accident, but the direct result of decades of sustained economic neoliberal policies. Indeed, today's generation of young people are those who enter the labor market—and, more broadly, reach the age of adulthood—without still being able to enjoy the systems of social and labor protection that had been put in place under the model of the welfare state. This is, in addition, also because the dismantling of the welfare state model in various countries has been gradual rather than sudden and abrupt, with the result that each succeeding generation increasingly has to contend with its negative consequences, a fate that increasingly falls upon younger generations.

---

<sup>422</sup> OECD (2021).

<sup>423</sup> Cf. Haynes (2022).

<sup>424</sup> Haynes (2022).

<sup>425</sup> Haynes (2022).

<sup>426</sup> Haynes (2022).

<sup>427</sup> Cf. Bytтеbier (2015b), p. 125; Bytтеbier (2018a), pp. 145–146 and 159, Bytтеbier (2018b).

All of this, of course, is even more of a case for advocating a fundamental change in the systems of socio-economic order, which will be the subject of Chaps. 4–7 of this book.

### 3.4 Conclusions

It is clear from the foregoing that capitalism in general and economic neoliberalism more specifically have recast (and is still recasting) the world into a world in which any kind of service is available only on payment of a price, which in addition must be borne entirely by the individual user of the service.

At the socio-economic level, this obviously contributes to the class division that already inherently results from capitalism itself, with numerous services, increasingly, available only to those rich enough to pay the price for them.

In the wake of this evolution, these factors drive both poor individuals and poor countries (even more) toward debt financing, of which we have known by now—since Classical Antiquity—that this is one of the many methods by which the rich continue to enrich themselves at the expense of others.<sup>428</sup>

It is therefore no surprise that, as the implementation of economic neoliberalism progresses, poverty and polarization between rich and poor continue to increase. In recent times, this is moreover becoming increasingly problematic for an increasing proportion of humanity, even in terms of access to essential goods and services (including medical care, education, energy, and food).

As also discussed at length in this chapter, the models of capitalism are also in question because of their disastrous impact on the Earth itself, with in recent times the increasingly devastating impact of climate mitigation.

This raises the question of how much further the model of capitalism can be pushed to its limits and whether it is not time to work for an alternative approach to socio-economic order, a question that we have already answered in the affirmative in our earlier work<sup>429</sup> and which we shall, again, address in more detail in the following chapters.

As Jason Hickel<sup>430</sup> aptly outlined this intent to push for a more equitable socio-economic order model, the reason why economic growth, as a rule, does not lead to a better distribution of wealth is that most of the wealth it creates disappears directly into the pockets of the wealthy classes.<sup>431</sup>

---

<sup>428</sup> Cf. Byttember (2015a), p. 115; Byttember (2017), pp. 115–116.

<sup>429</sup> Cf. especially Byttember (2015a, 2017).

<sup>430</sup> Hickel (2020).

<sup>431</sup> Hickel (2020).

In other words, the wealthy classes are the only, real beneficiaries of the (neoliberal) economic growth model.<sup>432</sup>

Bearing this in mind, it becomes clear that the economic growth model is little more than a (part of neoliberal) ideology that continues to benefit a limited few at the expense of the collective future of humanity and the Earth it inhabits. In this manner, economic neoliberalism mainly promotes and perpetuates a socio-economic model that has deadly consequences for our planet and much of its population, with the sole purpose of making a rich elite even richer.<sup>433</sup>

According to Hickel, the truth is that it does not take more economic growth to improve the lives of all people. On the contrary, it is possible to build a socially just world, without further economic growth, simply by distributing more fairly what is already there and by returning more attention to building out the public realm.<sup>434</sup>

Incidentally, as we have argued ourselves in our earlier work since 2015,<sup>435</sup> justice is the antidote to the persistent lie that continued, economic growth would be necessary—and thus the key to solving many of the problems caused by capitalism, including the climate crisis.<sup>436</sup>

What we think the prospects of a socio-economic ordering based on these starting premises might be, will be explained in more detail in the following Chaps. 4–7.

## References<sup>437</sup>

- Anguiano D (2022) Closed labs, cancelled classes: inside the largest strike to hit US higher education. The Guardian. <https://www.theguardian.com/us-news/2022/dec/02/closed-labs-cancelled-classes-inside-us-higher-education-largest-strike>
- Arnold M, Duguid K, Samson A (2022) Will eurozone inflation reach a new all-time high? Financial Times. <https://www.ft.com/content/9bd69366-bcf6-4ae3-a9e4-0dda1dd07249>
- Balla J (2022) Claims that capitalism is eradicating global poverty are wildly misleading. Jacobin. <https://jacobin.com/2022/09/capitalism-global-poverty-income-inequality-wealth-tax>
- Bank of England (2022) We have put up interest rates so that high inflation doesn't last for a long time. <https://www.bankofengland.co.uk/cost-of-living>
- Barrett P (2022) How food and energy are driving the global inflation surge. <https://blogs.imf.org/2022/09/09/how-food-and-energy-are-driving-the-global-inflation-surge>
- Becket A (2018) How to spend it: the shopping list for the 1%. The Guardian, 18 July 2018. <https://www.theguardian.com/news/2018/jul/19/how-to-spend-it-the-shopping-list-for-the-1-percent>

<sup>432</sup> Hickel (2020). In the United States of America alone, the income of the richest 1% has more than tripled since the 1970s, to an average of USD 1.4 million by 2020. Meanwhile, real wages of the working classes are lower than in the 1970s and (internal) poverty rates are much higher. (Cf. Hickel (2020).)

<sup>433</sup> Hickel (2020).

<sup>434</sup> Hickel (2020).

<sup>435</sup> Cf. Bytsebier (2015a, b, 2017, 2018a, 2019, 2021, 2022c).

<sup>436</sup> Hickel (2020).

<sup>437</sup> All links to the cited websites were operational as of December 24, 2022.

- Bergen P (2022) Opinion: The British Empire: a legacy of violence? CNN. <https://edition.cnn.com/2022/09/25/opinions/britain-empire-history-kenya-bergen/index.html>
- Bertling Enviro (2022) Sweden is facing an energy crisis. <https://www.bertlingenviro.com/news/sweden-is-facing-an-energy-crisis>
- Bloch M (1994) La société féodale. Bibliothèque de l'Évolution de l'Humanité. Éditions Albin, Paris
- Bowler H (2022) FT's how to spend it rebrands to 'reflect deeper sensitivities'. The Drum. <https://www.thedrum.com/news/2022/05/31/ft-s-how-spend-it-gets-rebrand-reflect-deeper-sensitivities>
- Beer S (2022) Econom Ad Broere: "Zolang we in geld geloven, houden we het in stand". De Andere Krant. <https://deanderekrant.nl/nieuws/stichting-voorzij-waarschuwt-pure-brainwashing-2022-12-09>
- Buelens G (2022) Wat we toen al wisten – De vergeten groene geschiedenis van 1972. Querido, Amsterdam
- Buxton A (2022) HSBC responsible investing head Stuart Kirk compares climate change to Y2K. <https://www.greenqueen.com.hk/hsbc-stuart-kirk-climate-comments/>
- Byttebier K (2015a) Nu het gouden kalf verdrongen is. Van hebzucht naar altruïsme als hoeksteen voor een Nieuwe Monetair Wereldorde. Maklu, Antwerp
- Byttebier K (2015b) De onvrije markt. Garant, Antwerp
- Byttebier K (2017) In: Byttebier K, Van der Borgh K (eds) Towards a new international monetary order, Economic and financial law & policy – shifting insights & values, vol I. Springer International Publishing, Cham
- Byttebier K (2018a) In: Byttebier K, Van der Borgh K (eds) The unfree market and the law. On the immortality of making capitalism unbridled again, Economic and financial law & policy – shifting insights & values, vol II. Springer International Publishing, Cham
- Byttebier K (2018b) De gevaren van studentenkrediet. Tijdschrift voor Onderwijsrecht en Onderwijsbeleid 2018–19(1-2):30–43
- Byttebier K (2019) In: Byttebier K, Van der Borgh K (eds) The tools of law that shape capitalism (and how altering their use could give form to a more just society), Economic and financial law & policy – shifting insights & values, vol IV. Springer International Publishing, Cham
- Byttebier K (2021) In: Byttebier K, Van der Borgh K (eds) How economics became the problem (An urgent call to legal action), Socio-economics & law – making a stance for changing values, vol I. VUBPress, Brussels
- Byttebier K (2022a) In: Byttebier K, Van der Borgh K (eds) Covid-19 and capitalism (Success and failure of the legal methods for dealing with a pandemic), Economic and financial law & policy – shifting insights & values, vol VI. Springer International Publishing, Cham
- Byttebier K (2022b) The insidious dangers of student credit. In: Law and sustainability. Reshaping the socio-economic order through economic and technological innovation. Springer International Publishing, Cham, pp 1–29
- Byttebier K (2022c) In: Byttebier K, Van der Borgh K (eds) Hoe economie het probleem werd. En wat eraan te doen valt, Socio-economics & law – making a stance for changing values, vol II. VUBPress, Brussels
- Campbell D (2022) Severely ill refusing sicknotes as they cannot afford time off, says GPs' head. The Guardian. <https://www.theguardian.com/business/2022/nov/22/severely-ill-refusing-sicknotes-as-they-cannot-afford-not-to-work-says-gps-head>
- Carrington D (2022) Big polluters given almost €100bn in free carbon permits by EU. The Guardian. <https://www.theguardian.com/environment/2022/nov/29/big-polluters-given-almost-100bn-in-free-carbon-permits-by-eu>
- Carty T, Walsh L (2022) Footing the bill. Fair finance for loss and damage in an era of escalating climate impacts. <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/621382/bp-fair-finance-loss-and-damage-070622-en.pdf;jsessionid=A4FE7BF6A4EF82F5D64E9B2A2A892F82?sequence=33>

- Castro G (2022) Mayor: cost of removing lead pipes will increase water rate by 70%. <https://evanstonroundtable.com/2022/09/15/mayor-cost-of-removing-lead-pipes-will-increase-water-rate-by-70/>
- Chakraborty A (2022a) Why is private health booming and the NHS in crisis? Because that's what ministers want. The Guardian. <https://www.theguardian.com/commentisfree/2022/oct/13/nhs-crisis-private-health-public-service-uk>.
- Chakraborty A (2022b) Welcome to the doom loop of Tory Britain: an austerity that kills, a democracy routed. The Guardian. <https://www.theguardian.com/commentisfree/2022/oct/19/uk-austerity-voters-brexite-cuts-chaos>
- Chakraborty A (2022c) These are energy bills many Britons simply can't afford. Some will pay with their lives. The Guardian. <https://www.theguardian.com/commentisfree/2022/aug/26/energy-bills-britons-afford-pay-price-hike-poor>
- Chancel, L, Piketty T, Saez E, Zucman G (2022) World Inequality Report 2022. [wir2022.wid.world](https://wir2022.wid.world)
- Chang R (2022) The countries with the most billionaires 2022
- Choat I (2022) 'There's a path towards death that people travel': how hunger destroys lives and communities. The Guardian. <https://www.theguardian.com/global-development/2022/sep/21/theres-a-path-towards-death-that-people-travel-how-hunger-destroys-lives-and-communities>
- Chzhen Y, Bruckauf Z, Toczydłowska E (2017) Sustainable development goal 1.2: multidimensional child poverty in the European Union. Innocenti Working Papers, no. 2017\_07, UNICEF Office of Research - Innocenti, Florence
- Ciucci M (2021) Interne energiemarkt. <https://www.europarl.europa.eu/factsheets/nl/sheet/45/interne-energiemarkt>
- Committee on Oversight and Reform of the Congress of the U.S. House of Representatives (2022) Memorandum of September 14, 2022. <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/2022.09.14%20FINAL%20COR%20Supplemental%20Memo.pdf>
- Crédit Suisse Research Institute (2022) Global Wealth Report 2022. Leading perspectives to navigate the future. <https://www.credit-suisse.com/about-us/en/reports-research/global-wealth-report.html>
- Cruddas J (2012) Britannia unchained: global lessons for growth and prosperity – review. A tract by Tory rising stars is extreme, unpatriotic and bodes ill for conservatism, argues Jon Cruddas. The Guardian. <https://www.theguardian.com/books/2012/sep/27/britannia-unchained-global-lessons-review>
- De Jager N (2022) VS: 'Enkele landen dwarsbomen de grens van 1,5 graad en dus het klimaatdoel'. De Morgen. [https://www.demorgen.be/snelnieuws/vs-enkele-landen-dwarsbomen-de-grens-van-1-5-graad-en-dus-het-klimaatdoel~b37b0ead/?utm\\_source=link&utm\\_medium=app&utm\\_campaign=shared%20content&utm\\_content=free](https://www.demorgen.be/snelnieuws/vs-enkele-landen-dwarsbomen-de-grens-van-1-5-graad-en-dus-het-klimaatdoel~b37b0ead/?utm_source=link&utm_medium=app&utm_campaign=shared%20content&utm_content=free)
- De Morgen Redactie and Belga (2022) Europese Centrale Bank zet zware middelen in: grootste renteverhoging in meer dan twintig jaar. De Morgen. <https://www.demorgen.be/snelnieuws/europese-centrale-bank-zet-zware-middelen-in-grootste-renteverhoging-in-meer-dan-twintig-jaar~b534b758/>
- De Ondernemer Redactie (2022) Advies aan minister Kaag: 'Laat bakkers, slagers en cafetaria's failliet gaan'. De Ondernemer. <https://www.deondernemer.nl/actueel/energie/prijzplafond-energie-faillissement-energie-intensieve-mkb-bedrijven-beslisnota-kaag~4146908?referrer=https%3A%2F%2Fwww.linkedin.com%2F>
- Dean M (2013) Margaret Thatcher's policies hit the poor hardest – and it's happening again. The Guardian. <https://www.theguardian.com/society/2013/apr/09/margaret-thatcher-policies-poor-society>
- Epstein S (2022) The 'retirement ideal' has been changing for years. Older people are increasingly unretiring, changing the shape of this life stage. BBC. <https://www.bbc.com/worklife/article/20220526-is-this-the-end-of-retirement-as-we-know-it>
- European Central Bank (2022a) Press release of 21 July 2022 - monetary policy decisions. <https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.mp220721~53e5bdd317.en.html>



- European Central Bank (2022b) Press release of 8 September 2022 - monetary policy decisions. <https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.mp220908~c1b6839378.en.html>
- European Central Bank (2022c) Combined monetary policy decisions and statement. <https://www.ecb.europa.eu/press/pressconf/shared/pdf/ecb.ds220908~1d17d49d04.nl.pdf>
- European Council (2022) Press release of 18 December 2022. ‘Fit for 55’: Council and Parliament reach provisional deal on EU emissions trading system and the Social Climate Fund. <https://www.consilium.europa.eu/en/press/press-releases/2022/12/18/fit-for-55-council-and-parliament-reach-provisional-deal-on-eu-emissions-trading-system-and-the-social-climate-fund/>
- Eurostat (2022a) Euro Indicators 61/2022 - 31 May 2022. <https://ec.europa.eu/eurostat/documents/2995521/14636256/2-31052022-AP-EN.pdf/3ba84e21-80e6-fc2f-6354-2b83b1ec5d35>
- Eurostat (2022b) Euro Indicators 30/2022 – 17 November 2022. <https://ec.europa.eu/eurostat/documents/2995521/15265521/2-17112022-AP-EN.pdf/b6953137-786e-ed9c-5ee2-6812c0f8f07f>
- Eurostat (2022c) Ability to make ends meet becoming harder. <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/DDN-20221128-2>
- Eurostat (2022d) Flash estimate - December 2022. Euro area annual inflation down to 9.2%. <https://ec.europa.eu/eurostat/documents/2995521/15725146/2-06012023-AP-EN.pdf/885ac2bb-b676-0f0d-b8b1-dc78f2b34735>
- Federaal Planbureau (2022) Daling van het onderwijsniveau: de verborgen kosten van de covid-19-pandemie. [https://www.plan.be/uploaded/documents/202206070754390.PUB\\_ART\\_012\\_EDUC\\_12646\\_N.pdf](https://www.plan.be/uploaded/documents/202206070754390.PUB_ART_012_EDUC_12646_N.pdf)
- Federal Student Aid (2022) The Biden-Harris administration’s student debt relief plan explained. <https://studentaid.gov/debt-relief-announcement/>
- FOD Economie (2019) De Belgische elektriciteitsmarkt en de liberalisering. <https://economie.fgov.be/nl/themas/energie/energiebronnen/elektriciteit/de-belgische>
- Forbes (2022) Forbes world’s billionaire list. the richest in 2022. Forbes. <https://www.forbes.com/billionaires/>
- Fox K (2022) ‘Starve or freeze to death’: millions of elderly Brits fear a grim choice this winter as costs spiral. CNN. <https://edition.cnn.com/2022/08/31/business/uk-cost-of-living-crisis-elderly-tory-leadership-intl-gbr-cmd/index.html>
- Fromm E (1962) Beyond the chains of illusion. My encounter with Marx & Freud. ABACUS (Sphere Books Ltd.), London
- Galbraith JK (1987) Economics in perspective – a critical history. Houghton Mifflin Company, Boston
- Galbraith JK (1992) The culture of contentment. Penguin Books, London
- George S (2022) Reports: HSBC suspends head of responsible investment for downplaying climate risk. <https://www.edie.net/reports-hsbc-suspends-head-of-responsible-investment-for-downplaying-climate-risk/>
- Goldman S (2022) How the Finnish education system came to be. Jerusalem Post. <https://www.jpost.com/special-content/how-the-finnish-education-system-came-to-be-710405>
- Gordts P (2022a) Lerarentekort dreigt straks nóg nijpender te worden: ‘We overwegen sommige richtingen stop te zetten’. De Morgen, 4 February 2022
- Gordts P (2022b) Kan bijles het onderwijs redden of vergroot het enkel de kloof tussen leerlingen? De Morgen, 30 August 2022
- Graeber D (2019) Bullshit jobs: the rise of pointless work, and what we can do about it. Penguin Books, London
- Grant T (2022) Heating bills to reach 10-year high this upcoming winter: NEADA report. This would be the second year there has been a big price increase. ABC News. <https://abcnews.go.com/US/heating-bills-reach-10-year-high-upcoming-winter/story?id=90289962>
- Greenfield P (2022) Cop15: what are the key targets for the biodiversity agreement? The Guardian. <https://www.theguardian.com/environment/2022/dec/10/cop15-what-are-the-key-targets-for-the-biodiversity-agreement>

- Greenfield P, Weston P (2022) Cop15: historic deal struck to halt biodiversity loss by 2030. *The Guardian*. <https://www.theguardian.com/environment/2022/dec/19/cop15-historic-deal-signed-to-halt-biodiversity-loss-by-2030-aoe>
- Guterres A (2022a) Secretary-General's opening remarks at the Transforming Education Summit. <https://www.un.org/sg/en/content/sg/statement/2022-09-19/secretary-generals-opening-remarks-the-transforming-education-summit-bilingual-delivered-follows-scroll-down-for-all-english-and-all-french-versions>
- Guterres A (2022b) Secretary-General's Address to the General Assembly. <https://www.un.org/sg/en/content/sg/statement/2022-09-20/secretary-generals-address-the-general-assembly-trilingual-delivered-follows-scroll-down-for-all-english-and-all-french>
- Guterres A (2022c) Secretary-General's remarks at the UN Biodiversity Conference — COP15. [https://www.un.org/sg/en/content/sg/statement/2022-12-06/secretary-generals-remarks-the-un-biodiversity-conference—cop15-bilingual-delivered-follows-scroll-down-for-all-english-and-all-french?\\_gl=1\\*\\_1rjt6y8\\*\\_ga\\*MTk2NDExODcwNy4xNjcwODM1MTA5\\*\\_ga\\_TK9BQL5X7Z\\*MTY3MDgzNTEwOS4xLjEuMTY3MDgzNjcwMC4wLjAuMA](https://www.un.org/sg/en/content/sg/statement/2022-12-06/secretary-generals-remarks-the-un-biodiversity-conference—cop15-bilingual-delivered-follows-scroll-down-for-all-english-and-all-french?_gl=1*_1rjt6y8*_ga*MTk2NDExODcwNy4xNjcwODM1MTA5*_ga_TK9BQL5X7Z*MTY3MDgzNTEwOS4xLjEuMTY3MDgzNjcwMC4wLjAuMA)
- Harari YN (2014) *Sapiens – a brief history of humankind*. Penguin Random House, London
- Harvey F (2022a) We cannot adapt our way out of climate crisis, warns leading scientist. *The Guardian*. <https://amp-theguardian-com.cdn.ampproject.org/c/s/amp.theguardian.com/environment/2022/jun/01/we-cannot-adapt-our-way-out-of-climate-crisis-warns-leading-scientist>
- Harvey F (2022b) Oil and gas greenhouse emissions 'three times higher' than producers claim. *The Guardian*. <https://www.theguardian.com/environment/2022/nov/09/oil-and-gas-greenhouse-emissions-three-times-higher-than-producers-claim>
- Harvey F (2022c) World still 'on brink of climate catastrophe' after Cop27 deal. *The Guardian*. <https://www.theguardian.com/environment/2022/nov/20/world-still-on-brink-of-climate-catastrophe-after-cop27-deal>
- Harvey F (2022d) What are the key outcomes of Cop27 climate summit? *The Guardian*. <https://www.theguardian.com/environment/2022/nov/20/cop27-climate-summit-egypt-key-outcomes>
- Harvey F (2022e) Fears over oil producers' influence with UAE as next host of Cop climate talks. *The Guardian*. <https://www.theguardian.com/world/2022/nov/22/fears-over-oil-producers-influence-with-uae-as-next-host-of-cop-climate-talks>
- Harvey F, Morton A, Greenfield P (2022) Cop27 talks continue over EU climate loss and damage fund proposal. *The Guardian*. <https://www.theguardian.com/environment/2022/nov/18/cop27-talks-continue-over-eu-climate-loss-and-damage-fund-proposal>
- Haynes O (2022) 'My balance is on zero': young Europeans on their first experience of inflation. *The Guardian*. <https://www.theguardian.com/world/2022/dec/19/my-balance-is-on-zero-young-europeans-on-their-first-experience-of-inflation>
- Helliwell JF, Layard R, Sachs JD, De Neve J-E, Aknin LB, Wang S (eds) (2022) *World Happiness Report 2022*. Sustainable Development Solutions Network, New York
- Henley J (2022) 'Sweden has a poverty problem': the social stores offering food at rock-bottom prices. *The Guardian*. <https://www.theguardian.com/world/2022/dec/05/sweden-has-a-poverty-problem-the-social-stores-offering-food-at-rock-bottom-prices>
- Henley J, Connolly K, Jones S, Giuffrida A (2022) A ticking time bomb': healthcare under threat across western Europe. *The Guardian*. <https://www.theguardian.com/society/2022/dec/14/a-ticking-time-bomb-healthcare-under-threat-across-western-europe>
- Hickel J (2018) How Britain stole \$45 trillion from India. And lied about it. *Al Jazeera*. <https://www.aljazeera.com/opinions/2018/12/19/how-britain-stole-45-trillion-from-india>
- Hickel J (2020) Outgrowing growth: why quality of life, not GDP, should be our measure of success. *The Correspondent*. <https://thecorrespondent.com/357/outgrowing-growth-why-quality-of-life-not-gdp-should-be-our-measure-of-success>
- Hightower (2017) Let's get it straight — poverty is not a character flaw. <https://spokesman-recorder.com/2017/08/24/lets-get-straight-poverty-not-character-flaw/>

- Horton H (2022) Europe's climate warming at twice rate of global average, says report. The Guardian. <https://www.theguardian.com/environment/2022/nov/02/europes-climate-warming-at-twice-rate-of-global-average-says-report>
- Hurst L (2022) Record inflation: which countries in Europe are being worst hit as energy and food prices soar? Euronews. <https://www.euronews.com/next/2022/08/31/record-inflation-which-country-in-europe-has-been-worst-hit-and-how-do-they-compare>
- Institute of International Finance (2022) Global debt monitor of 14 September 2022 - growing risks for emerging markets. <https://www.iif.com/publications/global-debt-monitor>
- Intergovernmental Panel on Climate Change (IPCC) (2022a) Climate change 2022. Impacts, adaptation and vulnerability. <https://www.ipcc.ch/report/ar6/wg2/>
- Intergovernmental Panel on Climate Change (IPCC) (2022b) Climate change 2022. Mitigation of climate change. [https://report.ipcc.ch/ar6wg3/pdf/IPCC\\_AR6\\_WGIII\\_FinalDraft\\_FullReport.pdf](https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf)
- Jericho G (2022) Workers did not cause Australia's inflation woes. But they will be the ones who sacrifice the most. The Guardian. <https://www.theguardian.com/business/grogonomics/2022/sep/22/workers-did-not-cause-australias-inflation-woes-but-they-will-be-the-ones-to-sacrifice>
- Kelepouris S (2022) Planbureau waarschuwt: leerachterstand bedreigt economie. De Morgen, 7 Juni 2022
- Khan Z (2018) Britain robbed \$45 trillion from India: Columbia University Study. <https://archive.siasat.com/news/britain-robbed-45-trillion-india-columbia-university-study-1446535/>
- Krishnamurti J (1986) Laatste toespraken in Saanen 1986. Mirananda, Den Haag
- Kruihof J (1986) Arbeid en lust (deel 2). EPO, Antwerpen
- Kuebler M (2022) How can 8 billion people sustainably share a planet? Deutsche Welle. <https://www.dw.com/en/how-can-8-billion-people-sustainably-share-a-planet/a-63729664>
- Kurmelovs R (2022) World's biggest carmakers to build 400m more vehicles than 1.5C climate target will allow. The Guardian. <https://www.theguardian.com/environment/2022/nov/10/worlds-biggest-carmakers-to-build-400m-more-vehicles-than-15c-climate-target-will-allow>
- KV (2022) Bijna 10 procent van zeeleven met uitsterven bedreigd. Het Laatste Nieuws. <https://www.hln.be/milieu/bijna-10-procent-van-zeeleven-met-uitsterven-bedreigd~ae1fa19a/>
- KVE (2022) Meer Europeanen hebben moeite om eindjes aan elkaar te knopen. Het Laatste Nieuws. <https://www.hln.be/economie/meer-europeanen-hebben-moeite-om-eindjes-aan-elkaar-te-knopen~a257ac23/>
- Kwarteng K, Patel P, Raab D, Skidmore C, Truss E (2012) Britannia unchained. Global lessons for growth and prosperity. Palgrave Macmillan, London
- Laville S (2022) Over 20,000 died in western Europe's summer heatwaves, figures show. The Guardian. <https://www.theguardian.com/environment/2022/nov/24/over-20000-died-western-europe-heatwaves-figures-climate-crisis>
- Laville S, van der Zee B (2022) Draft Cop27 agreement fails to call for 'phase-down' of all fossil fuels. The Guardian. <https://www.theguardian.com/environment/2022/nov/17/draft-cop27-agreement-fails-to-call-for-phase-down-of-all-fossil-fuels>
- Lyons K (2022) How to move a country: Fiji's radical plan to escape rising sea levels. The Guardian. <https://www.theguardian.com/environment/2022/nov/08/how-to-move-a-country-fiji-radical-plan-escape-rising-seas-climate-crisis>
- Maenhout K (2022) Een op drie beginnende leerkrachten haakt af: 'Niet realistisch wat er van één iemand wordt verwacht'. De Standaard. [https://m.standaard.be/cnt/dmf20220602\\_97749187?fbclid=IwAR3vqh5usta34dfld4vydrkqe6fndrriwj45jdvbe96idm2tdty5wvnpud4\\_aem\\_asd0gth-hstt8cw5ntlpbqw7rr0ot1tshy27g-1al-rtxevbsgd11c2cdltip8il237mxtzqjvirszsqmedpbeni-iq4qr64riw2gufj-\\_qfq-baz-kzc1ms3sugnxb9k1pm&utm\\_campaign=blauwecirkel&utm\\_medium=facebookads&utm\\_source=standaard](https://m.standaard.be/cnt/dmf20220602_97749187?fbclid=IwAR3vqh5usta34dfld4vydrkqe6fndrriwj45jdvbe96idm2tdty5wvnpud4_aem_asd0gth-hstt8cw5ntlpbqw7rr0ot1tshy27g-1al-rtxevbsgd11c2cdltip8il237mxtzqjvirszsqmedpbeni-iq4qr64riw2gufj-_qfq-baz-kzc1ms3sugnxb9k1pm&utm_campaign=blauwecirkel&utm_medium=facebookads&utm_source=standaard)
- Marcuse H (1974) One dimensional man. ABACUS (Sphere Books Ltd.), London
- Marx K, Engels F (2021) Het communistisch manifest. Boom Uitgevers, Amsterdam

- McCormick E, Uteuova A (2022) Profiting from poison: how the US lead industry knowingly created a water crisis. The Guardian. <https://www.theguardian.com/us-news/2022/sep/22/us-lead-industry-history-water-crisis>
- McGreal C (2022) Columbia whistleblower on exposing college rankings: 'They are worthless'. US News relegated Columbia to 18th from second place after it was revealed the college had misrepresented key statistics. The Guardian. [https://www.theguardian.com/us-news/2022/sep/16/columbia-whistleblower-us-news-rankings-michael-thaddeus?CMP=Share\\_iOSApp\\_Other&fbclid=IwAR00-u3x0I3vpo7OtyCmRr9JmApkP5rU5dBn-Gfsw1C1eXYFLc4mBJ1bPus](https://www.theguardian.com/us-news/2022/sep/16/columbia-whistleblower-us-news-rankings-michael-thaddeus?CMP=Share_iOSApp_Other&fbclid=IwAR00-u3x0I3vpo7OtyCmRr9JmApkP5rU5dBn-Gfsw1C1eXYFLc4mBJ1bPus)
- McGuire B (2022) The big takeaway from Cop27? These climate conferences just aren't working. The Guardian. <https://www.theguardian.com/commentisfree/2022/nov/20/big-takeaway-cop27-climate-conferences-arent-working>
- Meadows D, Meadows D, Randers J, Behrens W III (1972) The limits to growth. A report of the Club of Rome's project on the predicament of mankind. Potomac Associates
- Members of the Advocacy Compact on Famine Prevention and Mitigation, the ONE Campaign and the SDG2 Advocacy Hub (2022) Open letter and policy recommendations to United Nations' Member States on the global hunger crisis. <https://sdg2advocacyhub.org/news/open-letter-un-member-states-global-food-crisis>
- Meyer R (2021) De onmisbaren. Een ode aan mijn sociale klasse. Prometheus, Amsterdam
- Milman O (2022a) Criticism intensifies after big oil admits 'gaslighting' public over green aims. The Guardian. <https://www.theguardian.com/environment/2022/sep/17/oil-companies-exxonmobil-chevron-shell-bp-climate-crisis>
- Milman O (2022b) Indigenous leaders urge businesses and banks to stop supporting deforestation - Amazon ecosystem is on verge of collapse, leaders tell brands such as Apple and Tesla as UN gathers in New York. The Guardian. <https://www.theguardian.com/environment/2022/sep/21/indigenous-leaders-amazon-rainforest-businesses-banks>
- Milman O (2022c) US shamed as the 'colossal fossil' of Cop27 climate summit by campaigners. The Guardian. <https://www.theguardian.com/environment/2022/nov/18/us-shamed-as-the-colossal-fossil-of-cop27-climate-summit-by-campaigners>
- Monbiot G (2021) Capitalism is killing the planet – it's time to stop buying into our own destruction. The Guardian. <https://www.theguardian.com/environment/2021/oct/30/capitalism-is-killing-the-planet-its-time-to-stop-buying-into-our-own-destruction>
- Monbiot G (2022a) Trussonomics is a fanatical, fantastical creed, and the last thing Britain needs. The Guardian. <https://www.theguardian.com/commentisfree/2022/sep/17/trussonomics-britain-prime-minister-liz-truss-neoliberalism>
- Monbiot G (2022b) Our leaders had a final chance to halt climate breakdown. They failed each and every one of us. The Guardian. <https://www.theguardian.com/commentisfree/2022/nov/18/leaders-climate-breakdown-fail-power-cop27>
- National Energy Assistance Directors Association (2022) Home heating costs reach highest level in more than 10 years families will pay 17.2% more for home heating this winter. <https://neada.org/wp-content/uploads/2022/09/winter2022-23PR.pdf>
- Neate (2022) Number of global ultra high net worth individuals hits record high. Credit Suisse finds those with assets exceeding \$50m total 218,200 after post-pandemic 'explosion of wealth'. The Guardian. <https://www.theguardian.com/news/2022/sep/20/number-global-ultra-high-net-worth-individuals-record-high>
- OECD (2021) The updated OECD Youth Action Plan. <https://www.oecd.org/employment/youth/The-Updated-OECD-Youth-Action-Plan.pdf>
- OECD (2022) OECD inflation declines to 10.3% in November 2022 as energy prices slow in most countries. <https://www.oecd.org/newsroom/consumer-prices-oecd-updated-10-january-2023.htm>
- Onderwijsraad (2021a) Publiek karakter voorop. <https://www.onderwijsraad.nl/publicaties/adviezen/2021/12/07/publiek-karakter-voorop>

- Onderwijsraad (2021b) Persbericht: Overheid en scholen zet het publieke karakter van het onderwijs voorop. <https://www.onderwijsraad.nl/actueel/nieuws/2021/12/07/overheid-en-scholen-zet-het-publieke-karakter-van-het-onderwijs-voorop>
- Osho (1995) Als de schoen past. Over de leer verhalen van Tswang Tse. Osho Publicaties, Amsterdam
- Oxfam International (2022) Press release of 12 April 2022 - “Terrifying prospect” of over a quarter of a billion more people crashing into extreme levels of poverty and suffering this year. <https://www.oxfam.org/en/press-releases/terrifying-prospect-over-quarter-billion-more-people-crashing-extreme-levels-poverty>
- Oxfam Media Briefing (2022) First crisis than catastrophe. Unless G20 leaders, the IMF and the World Bank act immediately, crises of inflation, inequality and COVID-19 could push over a quarter of a billion more people into extreme poverty in 2022. [https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/2022-04/Oxfam%20briefing%20-%20First%20Crisis%20Then%20Catastrophe\\_0.pdf](https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/2022-04/Oxfam%20briefing%20-%20First%20Crisis%20Then%20Catastrophe_0.pdf)
- PA Media (2022) Global temperatures in 2023 set to be among hottest on record. The Guardian. <https://www.theguardian.com/uk-news/2022/dec/20/global-temperatures-in-2023-set-to-be-among-hottest-on-record>
- Packman C (2022) There is a way to stop British families freezing this winter – just look at Belgium. The Guardian. <https://www.theguardian.com/commentisfree/2022/sep/27/fairer-energy-tariff-liz-truss-belgium-fuel-poverty-poorest-bills>
- Partington (2022) UK in recession, says Bank of England as it raises interest rates to 2.25%. The Guardian. <https://www.theguardian.com/business/2022/sep/22/bank-of-england-interest-rate-rise-latest>
- Patnaik U, Patnaik P (2016) A theory of imperialism. Columbia University Press, New York
- Picchi A (2022) 10 richest billionaires doubled their wealth during pandemic, Oxfam says. PBS. <https://www.cbsnews.com/news/billionaires-double-wealth-covid-pandemic/>
- Plumer B, Zhong R (2022) Stopping climate change is doable, but time is short, U.N. panel warns. The New York Times. <https://www.nytimes.com/2022/04/04/climate/climate-change-ipcc-un.html>
- Polya G (2018) Britain robbed India of \$45 trillion & Thence 1.8 billion Indians died from deprivation. <https://mronline.org/2019/01/15/britain-robbed-india-of-45-trillion-thence-1-8-billion-indians-died-from-deprivation/>
- Ramadhani A (2020) The Enron scandal – a simple overview. [https://www.researchgate.net/publication/350107341\\_THE\\_ENRON\\_SCANDAL\\_-\\_A\\_Simple\\_Overview](https://www.researchgate.net/publication/350107341_THE_ENRON_SCANDAL_-_A_Simple_Overview)
- Ramirez R (2022) Climate crisis costs up over 800% as UN donor nations fail to keep pace, report says. CNN. <https://edition.cnn.com/2022/06/07/world/climate-emergencies-funds-un-report-intl-hnk/index.html>
- Rankin J (2022) ‘I’m in crisis every day’: prices outpace Belgians’ inflation-matched pay. The Guardian. <https://www.theguardian.com/world/2022/dec/06/im-in-crisis-every-day-prices-outpace-belgians-inflation-matched-pay>
- Reich R (2022a) The Fed keeps raising interest rates. Working people are getting hammered. The Guardian. <https://www.theguardian.com/business/2022/aug/28/the-fed-keeps-raising-interest-rates-working-people-are-getting-hammered-by-it>
- Reich R (2022b) Corporate greed, not wages, is behind inflation. It’s time for price controls. The Guardian. <https://www.theguardian.com/commentisfree/2022/sep/25/inflation-price-controls-robert-reich>
- Roseboom T (2022) Gelijk goed beginnen. Succesvol bouwen aan de basis voor gezonde generaties. De Tijdstroom medische uitgevers, Utrecht
- Rosseeel T (2022) 6 op de 10 Belgen besparen op uitgaven door energiecrisis: welke aankopen laten we het eerst links liggen? Het Laatste Nieuws. <https://www.hln.be/geld/6-op-de-10-belgen-besparen-op-uitgaven-door-energiecrisis-welke-aankopen-laten-we-het-eerst-links-liggen-acec9e3c/>

- Rott N, Copley M, Sommer L, Herscher R (2022) Did the world make progress on climate change? Here's what was decided at global talks. <https://www.npr.org/2022/11/20/1137349916/did-the-world-make-progress-on-climate-change-heres-what-was-decided-at-global-t>
- Sainato M (2022) University of California workers continue strike amid threat of arrests. The Guardian. <https://www.theguardian.com/us-news/2022/dec/10/university-of-california-strike>
- Secretariat of the Convention on Biological Diversity (2020) Global Diversity Outlook 5. <https://www.cbd.int/gbo/gbo5/publication/gbo-5-en.pdf>
- Sharma M (2018) How much money did Britain take away from India? About \$45 trillion in 173 years, says top economist. <https://www.businesstoday.in/latest/economy-politics/story/this-economist-says-britain-took-away-usd-45-trillion-from-india-in-173-years-111689-2018-11-19>
- Soenens D (2022) Koen Byttebier: 'Neoliberaal beleid maakte de pandemie erger'. Apache. <https://www.apache.be/paywall/10682?destination=/2022/06/03/koen-byttebier-neoliberaal-beleid-maakte-pandemie-erger>
- Sreevatsan A (2018) British Raj siphoned out \$45 trillion from India: Utsa Patnaik. Mint. <https://www.livemint.com/Companies/HNZA71LNVNNVXQ1eaKu6M/British-Raj-siphoned-out-45-trillion-from-India-Utsa-Patna.html>
- Taylor (2022) The alleged \$45 trillion theft. <https://owlcation.com/humanities/The-Alleged-45-Trillion-Theft>
- Teske S, Bratzel S, Tellermann R, Stephan B, Vargas M (2022) The Internal combustion engine bubble. Current auto industry planning is not aligned with a 1.5°C compatible carbon budget and might result in millions of vehicles manufacturers can't sell. [https://www.greenpeace.de/publikationen/internal-combustion-engine-bubble?utm\\_campaign=verkehr&utm\\_source=www.greenpeace.de&utm\\_medium=referral&utm\\_content=press-release&utm\\_term=car-industry-carbon-budget](https://www.greenpeace.de/publikationen/internal-combustion-engine-bubble?utm_campaign=verkehr&utm_source=www.greenpeace.de&utm_medium=referral&utm_content=press-release&utm_term=car-industry-carbon-budget)
- The Associated Press (2022) China promotes coal in setback for efforts to cut emissions. NPR. <https://www.npr.org/2022/04/25/1094586702/china-promotes-coal-in-setback-for-efforts-to-cut-emissions>
- The Guardian Editorial (2022) The Guardian view on the global food crisis: this is just the beginning. The Guardian. <https://www.theguardian.com/commentisfree/2022/sep/07/the-guardian-view-on-the-global-food-crisis-this-is-just-the-beginning>
- The Guardian Staff and Agencies (2023) Third of world economy to hit recession in 2023, IMF head warns. The Guardian. <https://www.theguardian.com/business/2023/jan/02/third-of-world-economy-to-hit-recession-in-2023-imf-head-warns>
- The Wall Street Journal Editorial Board (2022) China's Coal Power Boom. Beijing is building more coal-fired capacity than the rest of the world combined, U.S. climate lectures notwithstanding. The Wall Street Journal. <https://www.wsj.com/articles/chinas-coal-power-boom-beijing-xi-jinping-climate-energy-biden-administration-11650480857>
- Toh M (2022) Inflation is stubbornly high. Here's what this bank exec suggests you do. CNN. <https://edition.cnn.com/2022/09/20/investing/hbnc-wealth-ceo-global-inflation-strategy-intl-hnk/index.html>
- Toynbee P (2022) Who's to blame for 12 years' desecration of our NHS? Doctors, says Thérèse Coffey. The Guardian. <https://www.theguardian.com/commentisfree/2022/sep/22/blame-12-years-desecration-nhs-doctors-therese-coffey-health-secretary>
- UN Environment Programme (2022) UN Biodiversity Conference (COP 15). <https://www.unep.org/un-biodiversity-conference-cop-15>
- UNEP (2022a) COP27 ends with announcement of historic loss and damage fund. <https://www.unep.org/news-and-stories/story/cop27-ends-announcement-historic-loss-and-damage-fund>
- UNEP (2022b) Emissions Gap Report 2022. <https://www.unep.org/resources/emissions-gap-report-2022>
- UNESCO (2021) Reimagining our futures together — a new social contract for education. <https://unesdoc.unesco.org/ark:/48223/pf0000379707>

- UNFCCC (2022) COP27 reaches breakthrough agreement on new “loss and damage” fund for vulnerable countries. <https://unfccc.int/news/cop27-reaches-breakthrough-agreement-on-new-loss-and-damage-fund-for-vulnerable-countries>
- UNICEF (2022a) Press release. Over-consumption in the world’s richest countries is destroying children’s environments globally, new report says. <https://www.unicef.org/press-releases/over-consumption-worlds-richest-countries-destroying-childrens-environments-globally>
- UNICEF (2022b) Innocenti Report Card 17. Innocenti Report Card 17. Places and spaces. Environments and children’s well-being. [https://www.unicef-irc.org/publications/pdf/RC17-EN\\_Places-and-Spaces\\_Environments-and-childrens-well-being\\_Report-Card-17.pdf](https://www.unicef-irc.org/publications/pdf/RC17-EN_Places-and-Spaces_Environments-and-childrens-well-being_Report-Card-17.pdf)
- United Nations (2022a) Education transformation needed for ‘inclusive, just and peaceful world’ – UN chief. <https://news.un.org/en/story/2022/09/1127011>
- United Nations (2022b) Sustainable development goals. Goal 2: zero hunger. <https://www.un.org/sustainabledevelopment/hunger/>
- United Nations (2022c) ‘Without nature, we have nothing’: UN chief sounds alarm at key UN biodiversity event. <https://news.un.org/en/story/2022/12/1131422>
- United Nations Climate Change (2022) External press release - united in science: we are heading in the wrong direction. <https://unfccc.int/news/united-in-science-we-are-heading-in-the-wrong-direction>
- van der Tuuk L (2021) Handelaren en ambachtslieden. Een economische geschiedenis van de vroege middeleeuwen. Uitgeverij Omniboek, Utrecht
- Vancaeneghem J (2022) Private bijlessen boomen, en leerkrachten werken er zelf actief aan mee: wie meer uitleg wil, wordt doorverwezen. Het Belang Van Limburg. [https://www.hbvl.be/cnt/dmf20220329\\_92231554](https://www.hbvl.be/cnt/dmf20220329_92231554)
- Vandepitte M (2021) Lerarentekort is tikkende tijdbom onder onderwijs. De Wereld Morgen. <https://www.dewereldmorgen.be/artikel/2021/12/07/lerarentekort-is-tikkende-tijdbom-onder-onderwijs/>
- Vermeersch M (2014) Het ontstaan van landbouw en veeteelt in Zuidwest-Azië. Geschiedenis van de mens. Deel II. Landbouw en veeteelt. Schaubroeck, Nazareth
- Volcovic V, Evans D, James W (2022) COP27 delivers climate fund breakthrough at cost of progress on emissions. Reuters. <https://www.reuters.com/business/cop/countries-agree-loss-damage-fund-final-cop27-deal-elusive-2022-11-20/>
- Waterson J (2022) FT’s how to spend it magazine rebrands as big spenders go out of style. The Guardian, 30 May 2022. <https://www.theguardian.com/media/2022/may/30/fts-how-to-spend-it-magazine-rebrands-newspaper-htsi>
- Weston P (2022a) Humans v nature: our long and destructive journey to the age of extinction. The Guardian. <https://www.theguardian.com/environment/2022/nov/25/cop15-humans-v-nature-our-long-and-destructive-journey-to-the-age-of-extinction-aoe>
- Weston P (2022b) Cop15 in Montreal: did the summit deliver for the natural world? The Guardian. <https://www.theguardian.com/environment/2022/dec/20/cop15-montreal-did-it-deliver-for-natural-world-aoe>
- Williams Z (2022) They love the super-rich and want to slash the welfare state: meet the new team at no 10. The Guardian. <https://www.theguardian.com/commentisfree/2022/sep/19/they-love-the-super-rich-and-want-to-slash-the-welfare-state-meet-the-new-team-at-no-10>
- World Health Organization (2018) 9 out of 10 people worldwide breathe polluted air, but more countries are taking action. <https://www.who.int/news/item/02-05-2018-9-out-of-10-people-worldwide-breathe-polluted-air-but-more-countries-are-taking-action>
- World Health Organization (2022) Billions of people still breathe unhealthy air: new WHO data. <https://www.who.int/news/item/04-04-2022-billions-of-people-still-breathe-unhealthy-air-new-who-data>
- World Health Organization. Regional Office for Europe (2022) Health and care workforce in Europe: time to act. World Health Organization. Regional Office for Europe. <https://apps.who.int/iris/handle/10665/362379>. License: CC BY-NC-SA 3.0 IGO

World Meteorological Organization (2021) Climate change increases threats in South West Pacific. <https://public.wmo.int/en/media/press-release/climate-change-increases-threats-south-west-pacific>

World Meteorological Organization (2022a) United in Science 2022 - a multi-organization high-level compilation of the most recent science related to climate change, impacts and responses. [https://public.wmo.int/en/resources/united\\_in\\_science](https://public.wmo.int/en/resources/united_in_science)

World Meteorological Organization (2022b) WMO provisional state of the global climate 2022. [https://library.wmo.int/doc\\_num.php?explnum\\_id=11359](https://library.wmo.int/doc_num.php?explnum_id=11359)

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution 4.0 International License (<http://creativecommons.org/licenses/by/4.0/>), which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.





# Chapter 4

## Revisiting an Alternative Method of Money Creation for the Benefit of States and Certain, International, and Supranational Institutions as a Possible Way Out of Capitalism



### 4.1 The Social Engineering of Money Revisited

#### 4.1.1 *Historical Overview of Money Creation Systems in a Nutshell*

##### 4.1.1.1 Origin and General Functions of Money

In what precedes (especially in Sect. 2.2), one of the basic principles of monetary economics and monetary law has already been expressed, namely that money is socially engineerable.

This insight can be found in the writings of leading economists, in addition to academics in law, including the authoritative economist John Maynard Keynes.<sup>1</sup>

The renowned historian Harari, in a comparable manner, indicated money as “*a product of the collective, human imagination.*”<sup>2</sup>

Ad Broere has described this insight as follows: “*As long as we believe in money, we maintain it.*”<sup>3</sup>

As we ourselves have already explained in more detail in our earlier writings<sup>4</sup> and, in addition, in Sects. 2.2.5 and 2.2.6, briefly touched upon again, money, from

---

<sup>1</sup> Keynes (1930), pp. 4–5.

<sup>2</sup> Cf. Harari as follows:

Money was created many times in many places. Its development required no technological breakthroughs - it was a purely mental revolution. It involved the creation of a new inter-subjective reality that exists solely in people’s shared imagination.—(Harari (2014), p. 197.)

<sup>3</sup> Beer (2022).

<sup>4</sup> Cf. Byttebier (2001), and, more recently, Byttebier (2015a), and Byttebier (2017).

a historical point of view, came into being when direct exchange economies evolved into indirect exchange economies. Such indirect exchange economies were characterized by the fact that goods and services were not exchanged (in main order) directly against each other, but through the enlistment of a third good, against which all other goods and services could be exchanged, yielding the general definition of money.<sup>5</sup> This also immediately implies that money essentially came into being to fulfill a payment function, and that the other functions of money—such as, for example, the savings function—arose from this later in time.<sup>6</sup>

With the introduction of money, one of the greatest social upheavals in the history of mankind took place. In practical terms, money (initially) allowed a much smoother exchange traffic, since providers of goods and services no longer had to undertake the laborious search for a perfectly suited buyer for the goods and services they wanted to sell (who, in return, had to be willing to offer goods and services that the first mentioned provider was looking for himself).

With the introduction of money, this search became henceforth much easier, in that a provider of goods and services only had to look for a buyer willing to pay a sum of money for it (and, conversely, a demander for goods or services to look for a seller willing to receive a sum of money for it). As the use of money became, increasingly, generally accepted among the members of a (in modern terms) given people's household, indirect barter itself also could be organized in an increasingly smooth manner.

However, this practice not only allowed a much smoother organization of barter, it opened, as aforementioned (cf. Sect. 2.1), also the way to an ever-increasing degree of labor specialization, which led to a further, additional peculiarity of indirect barter economies, in particular that the participants in such indirect barter could, henceforth, devote themselves to the manufacture of goods and services that were labor-intensive and/or did not generate high demand (which in turn opened the door to an evolution towards an economic system that increasingly started to focus on the production and consumption of all kinds of—intrinsically useless—luxury goods).

#### 4.1.1.2 Certain Essential Characteristics of Money

Money did not only provide these practical benefits. At the same time, money paved the way to the abstraction—and thus greater possibilities of accumulation—of wealth (which, as a result, started to provide a breeding ground for greed and selfishness).

To understand the latter, one should be willing to take a closer look at some (early) historical forms of money.

---

<sup>5</sup> Cf., in more detail, Bytтеbier (2001), pp. 6–8.

<sup>6</sup> For an overview of the functions of money, cf. Bytтеbier (2001), pp. 9–17.

From this, it quickly becomes clear that in the fledgling, indirect barter economies, as good as any good could be declared money, such as shells, salt, animal skins, teeth of (rare) animals, ...

This in itself leads to the understanding that the (physical) form of money did not essentially matter much (which in theory is still the case), but that what matters, is the societal consensus—one might refer to a social contract—that within a given society, everyone will regard the same kind of good as money, and that everyone will be willing to adopt this good as money in their indirect exchange transactions.

This, in turn, leads to the still-valid understanding that money is what people agree upon—and therefore think—what money is.<sup>7</sup> The essential characteristic of money, in other words, is that it is a conventional instrument.<sup>8</sup>

However, already early on in history, societies relying on an early use of money came to an additional insight (which, in a way, still provides one of the basic principles of present-day monetary systems), namely that in order for money to (continue to) fulfill its soci(et)al function as paying instrument for all other goods and services, the chosen form of money must be sufficiently rare.

It may have appeared that, for example, in a society that lived by the sea, shells will not have provided a useful form of money, since within such societies it became far too easy to acquire money, particularly by going shell collecting, rather than through the production of goods or services, which would have provided a recipe for economic inertia.

In more abstract terms, this implies that such a form of money that is (too) easily available to everyone cannot function as the basis for a sound economy, an understanding that still underlies most monetary systems, and translates into the intent to keep the accretion of the money supply within reasonable parameters (although it seems that, in modern times, monetary institutions sometimes dare to lose sight of this basic principle).<sup>9</sup>

With this insight came a search<sup>10</sup> for ever more suitable forms of money, in which, gradually, a preference for sufficiently durable forms of money began to play a key role (since forms of money such as shells, for example, that were too brittle, could break too easily, entailing too great a risk of loss of value).

It should be clear from the foregoing that there was no requirement that the chosen form of money exhibit any (or much) intrinsic value, often quite the contrary. This observation also brings us back to an already before mentioned, basic insight in regard to money (and the use of money): what is important is not the nature of the

---

<sup>7</sup>This explains the abovementioned quote from Harari.

<sup>8</sup>In fact, the requirement that money must rely on a sufficient degree of acceptance among the members of a society's population has remained crucial even in today's societies (and therefore in mainstream, monetary systems).

<sup>9</sup>Any introduction of a universal income will have to take adequate account of this basic, monetary principle. (Cf. Sect. 5.2.3.)

<sup>10</sup>We should imagine this 'quest' or 'search' not as a conscious reflection on what an ideal money system might yield, but rather as a path of trial and error that has continued to yield one of the determinants of money creation throughout further history.

chosen form of money—including the intrinsic value of the materials used to make money—, but rather the social consensus that that single, well-defined good is the chosen form of money, against which all other goods and services can be traded in a given economy.

Considering all these factors, it should come as no surprise that quite early in monetary history, a quasi-universal preference for (precious) metals as the chosen form of money arose. The criterion of durability played a leading role in this choice, in addition to, certainly with regard to precious metals (e.g., gold and silver), their relatively scarce nature.

Another fact that played in favor of metals and precious metals was the fact that it was possible to melt and cool such metals and precious metals, allowing them to be transformed into little pieces of a standard quantity. This, in turn, allowed for money coinage, which would become the dominant form of money, in numerous societies, for many centuries to follow.

This time it turned out that the chosen form of money also had an intrinsic utility and/or value (for example, in the case of iron and bronze because weapons—among other utensils – could be manufactured from them, and in the case of silver and gold, because they lent themselves to the creation of ornamental goods or decorative materials).

Nevertheless, in the resulting, fledgling coin-based monetary systems, the (nominal) money value of coins would often exceed their intrinsic value, so that money that took the form of coins in precious metals was in most cases worth more, nominally speaking, than the materials used to make them. The latter implied, in other words, that even this coinage continued to conform to the basic principle that money is what people within a given society—or within a given economic system—agree, and therefore think, what money is.

Money creation based upon the coinage of precious metals soon in history got monopolized by governments for a long time. This implied that such ‘governments’—whatever form these could take—reserved to themselves the right to melt precious metals into coinage (and prohibited this to other individuals). This found its symbolic expression in the fact that, throughout history, coins in (precious) metals were invariably inscribed with the effigy of the sovereign under whose auspices the coins were issued. Such government monopolies also explain why the nominal value of coins was often set higher than the intrinsic value of the (precious) metals used to make them, so that with a limited amount of (precious) metals, a much higher amount of coinage could be created.

In more recent times, the conventional nature of money would return to the fore, first with the advent of representative (private) paper money (which corresponded to a proportionate underlying quantity of coins or precious metals), then with the advent of fiduciary (private) paper money (which consisted of a multiple of the underlying quantity of precious metals) and, finally, with wholly conventional paper money (which no longer corresponded to a defined underlying quantity of precious metals).

In modern times, this conventional character of money started to provide the breeding ground not only for paper money, but eventually also for scriptural money

(and its modern variant, electronic money), and, even more recently, bitcoin or NFT money (with the question, however, of whether the latter has already evolved into a fully-fledged form of money, or whether it does not rather constitute a mere—highly speculative—investment product).

### 4.1.2 Overview of the Current Systems of Money Creation

As money use came to dominate increasingly of the economy, the question of who is authorized to create money also became increasingly important.

In this regard, throughout history, we see a constant tension between private initiative and public authority. It appears that with the rise of strong public authorities, money creation also increasingly ended up in public hands, although since the rise of capitalism there has been an important setback, as a result of which money creation has from then on, increasingly, ended up in the hands of private institutions (as a result of which, in today's capitalist societies, scriptural money created by private banks has become the dominant form of money).

As a function of who is authorized to create money (or believes himself to be authorized), money takes several distinct forms in the present age.

There is primarily (still) paper and coin money, which in most jurisdictions can only be issued by monetary institutions and/or governments (and which is generally, at least in Dutch, referred to as '*chartaal geld*', and in English, as 'cash money' or as 'chartalist money').<sup>11</sup>

In the words of Keynes<sup>12</sup>:

---

<sup>11</sup>The word '*charta*' is a Latin word that could freely be translated as 'government decision'. Although in Dutch, legal parlance, the term '*chartaal geld*'—or in English, 'chartalist money'—might suggest that it (always) refers to money issued by the government, this can no longer currently be stated in an absolute sense. Certainly, the medieval currency issued in the Western regions, as a rule by either secular or ecclesiastical authorities, usually of a regional character, was 'chartalist money' in the strict sense of the word. In addition, the regional character of this (early) coinage explains why different coins were in circulation in different regions (often bearing the effigy of the local, issuing authority), and why there was a great need for the (re)minting of such coins. However, the first paper money in the Western regions was privately issued money, so it did not conform to the notion of 'chartalist money'. When, due to numerous problems, in most jurisdictions, paper money creation got entrusted to one central bank, the qualification discussion became somewhat more difficult, since these central banks did not necessarily have to be public institutions (but could be either purely public, purely private, or mixed in nature). As a result, the paper money issued by such private banks was not necessarily government or chartalist money in the strict sense of the word. What is clear, however, is that the subsequently developing bank or scriptural money creation was itself of a purely private nature. For these reasons, we prefer to no longer define 'chartalist money' as government-issued money, but rather as the money created by monetary institutions (as opposed to private bankers), which, as a rule, in most cases still takes a material form (either paper money or coin money), although in recent times there is talk of issuing a digital chartalist money form, more precisely the digital euro. (Cf., regarding the latter, European Central Bank (2022).)

<sup>12</sup>Cf. Keynes (1930), pp. 4–5.

The State, therefore, comes in first of all as the authority of law which enforces the payment of the thing which corresponds to the name or description in the contract. But it comes in doubly when, in addition, it claims the right to determine and declare what thing corresponds to the name, and to vary its declaration from time to time - when, that is to say, it claims the right to re-edit the dictionary. This right is claimed by all modern States and has been so claimed for some four thousand years at least. It is when this stage in the evolution of Money has been reached that Knapp's Chartalism - the doctrine that money is peculiarly a creation of the State - is fully realized.

(...)

And the Age of Chartalist or State Money was reached when the State claimed the right to declare what thing should answer as money to the current money-of-account - when it claimed the right not only to enforce the dictionary but also to write the dictionary. To-day all civilized money is, beyond the possibility of dispute, chartalist.

In recent times, some governments are thinking about giving chartalist money a different, especially digital form. A prime example in this regard concerns the project to issue a digital euro.<sup>13</sup>

In addition—and in the second instance –, there are so-called private forms of money that owe their origins to conventional instruments that have become prevalent in private legal relations and, from there, have evolved into a socially accepted form of money (which, incidentally, in today's societies not only governs legal transactions between private individuals, but is also widely used by governments themselves).

For example, so-called book or scriptural money takes the form of a (book-entry) claim by a private legal person or a government(al institution) on a private credit institution (or other book-entry institution) and, consequently, is evidenced by a balance recorded in an account held by such individual or government with such credit institution.<sup>14</sup> In other words, a person who has such a claim on a credit institution, evidenced by a bank account, owns a sum of scriptural (or book-entry) money corresponding to the amount of such claim.

In all this, it is useful to keep in mind how such a sum of money can end up in an account held with a credit institution. This can be accomplished through one of the following three variants<sup>15</sup>:

---

<sup>13</sup>On this, cf. European Central Bank (2022).

<sup>14</sup>However, electronic money forms have also emerged that are not (or no longer) evidenced by an account balance, but by an electronic record on some medium, for example even a debit or credit card on which—beside the more classical payment or credit functions of such cards—an amount of money could be stored electronically as well (and where such sum of money is not—or no longer—evidenced by an entry in an account held at a credit institution). An example of such (rather exceptional) use of debit and credit cards involved the Proton feature known as an 'electronic purse', which operated for a time in Belgium.

As a result, such money stored on a material medium is more akin to paper money or coins, albeit that the material manifestation is no longer paper or metal, but a number of digital bits. Private bitcoin or NFT money also shows similarities, since here too there is no question of a balance booked on an account at a credit institution, but rather of digital bits stored on a central server located somewhere.

<sup>15</sup>Cf. already at Byttemier (1995), pp. 194–240.

- A classic deposit. This takes place, as a rule, when a holder of a chartalist sum of money transfers that sum—consisting of a quantity of banknotes and/or coins—to a private credit institution, under the latter’s agreement to book that sum to an account in the name of the depositor. The latter will be able to arrange for it in the agreed manner, including through the possibility of requesting that sum in currency form, in addition to the possibility of arranging for the money to be transferred to another player in the economic traffic, but also, for example, for it to be converted into private, digital money on a physical medium (e.g., bitcoins on a central server).
- The receipt of a non-cash payment by another player in the economy. It has indeed become a common payment method to pay debts by non-cash payment methods (e.g., by wiring a sum of money, by use of a debit card, ...). When a debtor pays his creditor through such a non-cash method, the latter’s claim against his credit institution grows (or, put differently, the balance in the latter’s bank account increases).
- A credit. It is especially in this third method that the magic of human imagination is most evident. In particular, our monetary systems all rely on the social consensus that a credit institution is permitted to grant credit ‘out of thin air’, specifically by booking the amount of credit into an account of the borrower, who thereby comes to derive the same rights from such a booking as the economic agents whose balance in a bank account is created because of methods (1) and (2) above, leading to the basic insight that, in our modern societies, money can see the light of day because a private credit institution grants credit to another economic actor.
- It should be kept in mind, however, that when using this third method of money creation, the lending credit institution will make a second set of book entries, in particular the entry of the borrower’s debt to repay the credit, increased with the agreed upon interest. A crucial difference between these two entries stems from the time factor. The entry of the credit balance in the borrower’s account—which in the bank’s accounts will take the form of a credit entry, with which the bank therefore admits a debt to the borrower—will immediately follow the granting of credit itself, while the recoveries, in accordance with what is agreed upon in the credit agreement, will be spread over time (which will result, from an accounting point of view, in the bank first debiting the amount to a long-term account, and then periodically transferring it from there to accounts evidencing a short-term repayment claim that is due).

This brings us to the insight that, in modern societies, money is enacted in two ways.

The first method involves the creation of currency or chartalist money (i.e., bills and coins and, since recent times, the idea of launching a public, digital currency, more precisely the digital euro<sup>16</sup>) by monetary institutions. The second method

---

<sup>16</sup>Cf. European Central Bank (2022).

involves the creation of (private) scriptural money by private, lending credit institutions.

This insight immediately also makes it possible to define the money supply *sensu stricto* as the sum of the book balances at credit institutions (i.e., the claims of private and public account holders to use the balances in their accounts, either for cash withdrawals or for cash payments to third parties) and of the cash or chartalist money in circulation, or in other words the bills and coins other than those in the coffers of a credit or monetary institution.<sup>17</sup> In the near future, one will have to take into account the amounts of public, digital currency—such as the digital euro—as well.

The legal system itself (which in modern societies manifests itself in a multitude of legal instruments, including laws in the material sense of the word and customs, in addition to conventional techniques) accepts both forms of money, which, in other words, implies that there is social consensus that there are two groups of institutions that can create new money, specifically the monetary institutions that can create currency—i.e., banknotes and coins, besides, in the near future, public, digital currency—and the private credit institutions that can create, out of thin air, new scriptural money by extending credit.

The question of whether money manifested in privately established digital bits relies on a power to create money is less straightforward to answer, to the extent that such bits are rather a tradable good acquired by someone who is willing to pay a sum of money for it—as a rule by a transfer of scriptural money.

From then on, the question becomes somewhat more nuanced. Old digital forms of money, such as the Belgian electronic purse money named ‘Proton’, generally arose from a transfer of a sum of scriptural money from a bank account to a material medium (e.g., a plastic card<sup>18</sup>), with the purchaser of such digital money paying a sum of (scriptural) money for this, in exchange for bits with which he could then, within limited circuits (e.g., merchants participating in the Proton-system), make payments. The recent bitcoin or NFT forms of money differ from this, in that there is an original creator who creates the digital bits out of thin air, in order to then transfer them over the Internet (either for free, or for a payment in an existing form of money, e.g., Euros or USD), after which a secondary market of these NFT bits can then be established (relying on a price formation, based on market mechanisms). However, such bitcoin or NFT forms of money, in most jurisdictions,<sup>19</sup> may not

---

<sup>17</sup> Cf. Byttember and Adamos (2022). To our knowledge, most private digital bitcoin or NFT money forms are not (yet) counted as part of the money supply. However, the scriptural sum of money that a transferor of such digital bitcoin or NFT money form, received for this purpose (last), will be included in the total money supply. This will not be the case with the value of what the current holder of such a digital bitcoin or NFT money form holds (any more than this is the case for the value of a portfolio of financial instruments). Cf. Byttember and Adamos (2022).

<sup>18</sup> The Proton feature thus amounted to an atypical use of the plastic payment and credit cards, where, in addition to the regular payment of credit functions, an additional feature was provided on which the electronic ‘Proton money’ could be stored.

<sup>19</sup> It should be noted that there are limited exceptions to this: to our knowledge, Bitcoin is accepted as legal tender in El Salvador (Bitcoin Law 2021, Ch. 1 Art. 1), and in the Central African Republic



(yet) be considered as a fully-fledged form of money, to the extent that—in contrast to the classical, chartalist and scriptural forms of money—they do not count as a commodity against which all possible other goods or services can be exchanged, in other words as a fully-fledged payment instrument. This means that the original (private) creator of a given bitcoin or NFT form of money, in essence, does not create money, but digital bits, for which a market may then emerge that is rather reminiscent of a market for investment products, albeit in this case consisting of investment products that intrinsically do not have much to them, except for some digital bits and the growing belief among a segment of the population that these are worth something and/or even that their value will increase.<sup>20</sup>

In all this, in capitalism, the biggest kindlers of new money<sup>21</sup> remain the private lending institutions, as most of the new money that comes into circulation is created because of the lending activity of the private banking sector. Just to give an idea of the gigantic sums involved: at the end of H1 2021, the total, global indebtedness was no less than USD 296 trillion<sup>22</sup>, and at the end of Q1 2022, more than USD 305 trillion.<sup>23</sup>

### 4.1.3 Assessment of the Prevailing Systems of Private Money Creation

Far from being socially neutral, the rise and decisive role of private money creation is indicative of the extreme degree to which the capitalist monetary system relies on the dominance of a small niche of private market players, particularly the private credit institution sector.

The reason for this is, very simply put, that because of the agreement(s) underlying it, bank credit (based on which new (scriptural) money is created and put into circulation) must be paid back (implying that it will only be provided to a third party after the lending institution will be satisfied that the borrower will effectively be able to repay the credit granted).

This implies that borrowers—at the end of H1 2021, for an amount of outstanding debt of no less than USD 296 trillion, and at the end of Q1 2022, of no less than USD 305 trillion—all are required to accumulate a sufficient income to enable them to repay the credit they have taken out (enhanced with the agreed upon interest

---

(Law Governing Cryptocurrency in the Central African Republic). (Cf. Rédaction Africanews with ATP (2022).) (Cf. Byttebier and Adamos (2022).)

<sup>20</sup>During a June 14, 2022, TechCrunch talk on climate change, billionaire and Microsoft co-founder Bill Gates described the cryptocurrency phenomenon as “*something that is 100% based on the greater fool theory*”, referring to the idea that overvalued assets will only rise in price if there are enough (subsequent) investors willing to pay more for them. (Cf. Browne (2022))

<sup>21</sup>As mentioned, the creators of such (private) bitcoin or NFT money should not be included here.

<sup>22</sup>Cf. Institute of International Finance (2021).

<sup>23</sup>Cf. Institute of International Finance (2021).

charges) (and in addition to have sufficient income left for themselves), all this taking into account the factor ‘time’ (*i.e.*, the deadlines agreed upon in these credit agreements for such repayments, whereby in practice it appears that lenders in general, and lending credit institutions in particular, will often be willing to grant deferrals of payment, in other words, to agree on new repayment deadlines, a practice which is also referred to as refinancing of credit positions).

What is truly incredible about this story is that—already for several centuries—a social consensus keeps prevailing within capitalist societies in the framework of which it is considered normal that private credit institutions can grant such credit out of nothing (which is then, by definition, accepted as scriptural money), while all other economic actors and governments who take out such credit do not themselves have this ability and thus, due to the fact that, by definition, they themselves are not endowed with the power to create new money, will all have to make efforts to draw an income from these that will enable them to repay their (bank) credit.

To put it even more bluntly, it is mainly private credit institutions (or, phrased differently, private banks) that, through the granting of credit, pump new money into the economy and, with it, oblige all other economic players to work hard to repay that credit (enhanced with the agreed upon interest charges).

Given the extremely high frequency with which lending by private credit institutions occurs and the large sums involved, a further consequence of this observation is that, within capitalist societies, private credit institutions pull the strings to a much greater extent than the governments and parliaments brought to power by supposedly democratic means.<sup>24</sup>

As a result, ‘capitalist feudalism’ is one in which, increasingly, global societies have become subject to the greed of the banking sector—and by extension, the financial sector—that, with this model, has assured itself an extremely easy model of big fortune accumulation on the hood of the rest of humanity.

#### ***4.1.4 Plea for a New System of Money Creation***

The observations outlined in the previous Sects. 4.1.1–4.1.3 have a further downside that brings us back to the basic insight already formulated at the beginning of this Sect. 4.1, namely that money is no more than the product of the collective,

---

<sup>24</sup>This finds its expression in the popular wisdom that money equals power.

In this respect, private crypto currencies may, if possible, even be worse than scriptural money, to the extent that their creation also occurs out of nothing, without even being framed in a credit relationship (*ergo* in an obligation of repayment), which implies that the creation of (private) crypto currency, as far as this aspect is concerned, is similar to the issuance of currency by a monetary institution (with the understanding that the latter will still have to take into account the composition of its balance sheet). Partly for this reason, it is to be hoped that (private) crypto currencies will, as a general rule, not acquire the status of full money.

human imagination, or, put another way, to the insight that money is entirely malleable.

In other words, it is the collectivity of humanity (that is part of a given people's economy) that decides what money is.

This social engineering of money implies, by definition, its mutability, which on its own turn implies that there is no reason to stick to the prevailing, capitalist models of new money creation. John Maynard Keynes himself expressed this realization by stating that the dictionary of money can be rewritten (= "*the right to re-edit the dictionary*").<sup>25</sup>

This immediately leads to a further insight, specifically that the collectivity of humanity (still) could make money in a different way, or to make other money, or however one wishes to verbally express this insight. And if the past four to five decades have taught us anything, it is that there is an urgent need to begin to make use of this possibility, a theme that we ourselves have already explored in previous of our earlier writings,<sup>26</sup> and to which we shall return below, in Sect. 4.2, from the perspective of how such an alternative system of money creation might function for the benefit of nations (and their governments).

## 4.2 Views on a New Model of Money Creation for the Benefit of Countries

### 4.2.1 Main Objectives of Current Monetary Policy

#### 4.2.1.1 Historically

It is striking that, although the prevailing capitalist system of money creation, based on the one hand on credit granted by private bankers, and on the other on legal currency created by monetary institutions, has been in place for some three or four centuries already, this system has never been the subject of any real societal debate.

This is even more surprising to the extent that money and money use, globally, count among the most fundamental building blocks of societies.

Instead, the systems of money creation and use grew out of the practice of late medieval banking, in which it was private bankers themselves who gradually usurped the power to create new money and, in doing so, ascertained an extraordinary impact on (the at the time emerging) capitalist economies.

In this, the intervention of governments has mainly been one of crisis management.

---

<sup>25</sup> Cf. Keynes (1930), pp. 4–5.

<sup>26</sup> Cf. Byttemier (2015a), particularly Chap. 3 (pp. 265–326) and this chapter (pp. 327–361), and Byttemier (2017), particularly in this chapter (pp. 353–437) and Chap. 5 (pp. 443–485).

For example, the first central banks emerged at the end of the seventeenth century,<sup>27</sup> as a (government) response to excessive private paper money creation that had caused severe financial crises in various jurisdictions. In many cases, this government intervention led to the establishment of central banks with a legal monopoly on paper money creation,<sup>28</sup> after which the private banking sector itself took up the initiative of money creation through the system of money lending through bookings on accounts (or, in other words, through the system of scriptural money creation that is still in force today).

The subsequent monetary history has been one in which the central banking system has tried, with varying degrees of success, to control the process of non-cash money creation, including through subjecting access to currency (or, put differently, to chartalist money)—which the private banking sector itself continued to need to meet its commitments to pay out deposit positions in cash—to interest charging.

Whereas in the more distant past, the central interest rate policy of such central banks that, in various jurisdictions, grew out of these practices, more or less succeeded in steering money creation in the right direction, under twentieth and twenty-first-century, neoliberal monetarism, this set of instruments of monetary rigor has also gradually been eroded completely, with the result that in present times central banks no longer have the ability (or even attempt) to steer the process of scriptural money creation in any substantial manner.

#### 4.2.1.2 Impact of the COVID-19 Pandemic

Considering the principles and working methods of capitalism, it should come as little surprise that the COVID-19 pandemic has not been of a nature to do much good to the further course of capitalist money creation. Hence, the events (particularly at the monetary and fiscal policy levels) that occurred during the COVID-19 pandemic are a perfect illustration of the problematic nature of the prevailing capitalist money creation for countries.<sup>29</sup>

---

<sup>27</sup>The history of central banking (in the Western world) goes back, at least, to the seventeenth century, with the establishment of the first institution that can be referred to as a central bank, namely the Swedish Riksbank. Founded in 1668 as a joint-stock company, this bank was charged with issuing public money and acting as a clearing house. A few decades later (namely in 1694), the most famous central bank of the time, the Bank of England, was established as a joint stock company. Later, throughout Europe, other central banks were established for similar purposes, although some were also created to deal with monetary disorder. The Banque de France, for example, was created by Napoleon in 1800 to stabilize the currency after a wave of hyperinflation of paper money during the French Revolution, as well as to manage public finances. Early central banks issued private bills that served as currency, often acquiring a monopoly on the issuance of such bills. (Cf. Bordo (2007); cf., furthermore, Byttemier (2001), pp. 371–379.)

<sup>28</sup>As mentioned above, these should not necessarily be public, central banks. It was in the past not unusual to grant a paper money issuance privilege to one well-defined private bank, partly as a result of which also (partly) private, central banks came into existence.

<sup>29</sup>Cf., in general, Byttemier (2022), Chap. 3.

In an Oxfam report released on April 12, 2022 under the title ‘First Crisis, Then Catastrophe’,<sup>30</sup> it is said that the COVID-19 pandemic has forced entire nations into poverty, which Oxfam itself explicitly (and quite rightly) attributes to “*a broken economic system*”—in other words, to capitalism—that has left entire nations extremely vulnerable to crises.<sup>31</sup>

According to Oxfam, COVID-19 has stretched the finances of governments around the world to the limit. The cost of the recession caused by the pandemic has been immense, while the measures taken by many national governments to keep the effects of this pandemic manageable for their people required a lot of public money, and as a consequence increased the already very high public debts even more.<sup>32</sup>

For developing countries in particular, the COVID-19 crisis has come on top of historically already very high debt burdens that have long caused many developing countries to struggle with the high cost of their debt burdens (so that, as a result, they had already before in recent history been forced to restructure their public debt, usually under assistance of the IMF and/or the World Bank). Lamentably, COVID-19 has dramatically magnified this problem, first because of the initial economic impact of the pandemic and the unprecedented global recession it caused as early as 2020 itself, and then because of low economic growth due to continued inequality in access to COVID-19 vaccines.<sup>33</sup>

According to data cited by Oxfam, debt increased by 17% of GDP between 2019 and 2021 across the developing world, reaching an average of 63% of GDP for emerging and developing countries by early 2022. The debt burden for all the world’s poorest countries was estimated at USD 43 billion in 2022. According to Oxfam’s findings, that figure was for this group of countries, roughly, equivalent to almost half of their food import bills and public health spending combined.<sup>34</sup>

In the opinion of Oxfam, such debt financing drains a lot of money from crucial spending in the social sectors (especially education and health and social protection) needed to meet the UN Sustainable Development Goals (and also to protect countries from future pandemics). As a result, for low-income countries, debt represented, in 2021, as much as 171% of all such social spending combined, and for least developed countries 125%. In more detail, this implies that as far as African countries are concerned, the debt burden was 2.2 times higher than their spending on education, 8.6 times higher than their spending on health care, and 20.7 times higher than their spending on social protection.<sup>35</sup>

---

<sup>30</sup> Cf. Oxfam Media Briefing (2022).

<sup>31</sup> Oxfam Media Briefing (2022), p. 8.

<sup>32</sup> Oxfam Media Briefing (2022), p. 8. Similarly, Byttebier (2022), pp. 348–359.

Incidentally, this was no different for the 2007–2008 financial crisis which, thus, also demonstrated the problematic nature of prevailing capitalist money creation systems.

<sup>33</sup> Cf. Oxfam Media Briefing (2022), p. 8.

<sup>34</sup> Cf. Oxfam Media Briefing (2022), p. 8.

<sup>35</sup> Cf. Oxfam Media Briefing (2022), p. 8.

These findings have been confirmed by the World Bank's most recent report on the matter, entitled 'International Debt Report 2022'.<sup>36</sup>

This report highlighted that the poorest countries eligible to borrow from the World Bank's International Development Association (IDA), also referred to as IDA countries, at the end of 2021, spent over 10% of their export revenues on funding their long-term public and publicly guaranteed external debt. This concerned the highest proportion since 2000.<sup>37</sup>

The report, in addition, highlighted rising debt-related risks for all developing economies (i.e., both low- and middle-income economies). At the end of 2021, the external debt of these economies amounted to USD 9 trillion, which was more than double the amount of a decade before. During the preceding decade, the total external debt of IDA countries themselves, nearly tripled to USD 1 trillion. This implied that rising interest rates and decreasing global economic growth risked tipping many of these countries into veritable debt crises. By the end of 2021, about 60% of the poorest countries were already at substantial risk of debt distress, or already in debt distress.<sup>38</sup>

The report, furthermore, indicated that during the decade 2011–2021, the composition of debt owed by IDA countries had changed significantly. A remarkable trend was that the share of external debt owed to private creditors had increased sharply. As a result, at the end of 2021, low- and middle-income economies owed 61% of their public and publicly guaranteed debt to private creditors. Moreover, the share of debt owed to public creditors that are not part of the Paris Club had soared. New credit granting countries included China, India, Saudi Arabia, United Arab Emirates, besides others.<sup>39</sup> As a further result, at the end of 2021, China had become the largest bilateral lender to IDA countries, good for 49% of their bilateral debt stock (up from merely 18% in 2010).<sup>40</sup>

<sup>36</sup> Cf. The World Bank (2022b). Cf. also The World Bank (2022a).

<sup>37</sup> Cf. The World Bank (2022a); The World Bank (2022b), p. ix.

According to the report, at the end of 2021, IDA-eligible countries' debt-service payments regarding long-term public and publicly guaranteed external debt totaled USD 46.2 billion. This equaled 10.3% of these countries' exports of goods and services, and 1.8% of their gross national income (GNI). (Cf. The World Bank (2022a).)

<sup>38</sup> The World Bank (2022a); The World Bank (2022b), p. ix.

<sup>39</sup> According to the report,

the proportion owed to Paris Club creditors fell to 32 percent at the end of 2021 (US\$64.2 billion), down from 58 percent (US\$48.9 billion) at the end of 2010. Meanwhile, the amount owed to non-Paris Club creditors (China, India, Saudi Arabia, the United Arab Emirates, and others) increased to 68 percent (US\$138.3 billion) in 2021 from 42 percent (US\$35.3 billion) in 2010. Among the non-Paris Club creditors, China's share of official bilateral debt stock grew from 18 percent in 2010 to 49 percent in 2021. This growth is also reflected in the increase of debt service flows to China, estimated at US\$17 billion in 2022 and accounting for 66 percent of official bilateral debt service. (Cf. The World Bank (2022b), p. ix.)

<sup>40</sup> The World Bank (2022a); The World Bank (2022b), pp. ix–x.

In this way, the COVID-19 pandemic offers yet another illustration of the fact that the capitalist money creation model (and by extension, the monetary systems of which it is a part) are very ill-equipped to manage crises. This, in turn, provides yet another argument in support of the case for replacing this money creation system with a modern, contemporary money creation system.<sup>41</sup>

### 4.2.1.3 Preliminary Conclusions

#### 4.2.1.3.1 Predominant and Problematic Nature of Private Money Creation

Already earlier in history—especially then in the nineteenth century—, it has been held by prominent statesmen and economists that entrusting money creation in capital order to private bankers, rather than to the government, was a mistake that would start endangering societies.<sup>42</sup>

Since then, however, these observations have largely remained unaddressed, with no significant initiatives ever taken in most capitalist jurisdictions to alter this, because of which, over the past three to four centuries, one of the most important instruments for shaping and directing the economy and, by extension, societies, namely money creation, has remained largely in private hands.

The fact that, in most jurisdictions, central banks have remained competent for the issuance of banknotes and coins (and, in the near future, public, digital currency)—together also known as ‘currency’ or ‘chartalist money’—does not detract from this observation, insofar as even this public money creation serves, above all, the interests of the private banking sector, in particular by ensuring its (exclusive) access to the central banks for the purpose of obtaining credit to enable private banks to meet the exchange requests made by their holders of deposits. At the same time, the latter models of monetary credit to the benefit of the private banking sector are one of the main methods of supplying the economy with chartalist money through the intermediary services of the private banking system.

A further consequence of all this is that the (purportedly public) cash money supply itself has become primarily a function of the (private) book money supply—that is, of the mass of credits brought into the legal system by the collectivity of private banks—, in addition to the preference of the economic system for book money transactions.

However, as scriptural money use (and especially scriptural payment transactions) keeps gaining ever more importance, which in recent times is partly due to government measures to combat black money and criminal money, even this (already quite limited) role of the central banks had to recede even more into the background.

---

<sup>41</sup>The World Bank (2022a); The World Bank (2022b), p. ix–x.

<sup>42</sup>Cf. the references in Byttemier (2015a), pp. 311–313, and in Byttemier (2017), pp. 370–374.

#### 4.2.1.3.2 SDRs as Inspiration for an Alternative Money Creation System

The foregoing requires some nuance.

There also exists—especially then conceptually, to the extent that this technique is little used in practice—a system, conceived under the influence of Keynesian theorizing, of direct, monetary creation of new money by and for the government. Alluded to are the so-called special drawing rights that the IMF can create.

On the IMF's website, these special drawing rights (or SDRs) are described as an international reserve asset created by the IMF in 1969 to supplement the official reserves of its member countries. The IMF Articles of Agreement provide in this regard that the IMF may, under certain conditions, allocate such SDRs to members participating in the IMF's SDR system (which currently covers all IMF members).<sup>43</sup>

A further distinction is made between general and special SDR allocations.

A general allocation of SDRs aims to meet a global need for monetary reserves. One of the largest general SDR allocations of the foreseeable past occurred on August 2, 2021, when the IMF Board of Governors approved a general SDR allocation in the amount of USD 650 billion (about SDR 456 billion) to boost global liquidity in times of COVID-19. This was at the same time the largest SDR allocation in IMF history up to that time.<sup>44</sup>

To date, there has also been one special allocation of SDRs, notably in 2009, aimed at enabling countries that joined the IMF after 1981 to participate in the SDR system on an equitable basis.<sup>45</sup>

The modest role played by the system—notwithstanding its very great potential to help establish, on a global scale, a fair distribution of money—is particularly evident when we contrast this 650 billion USD with the global debt burden of all the countries of the world, on December 7, 2021, amounting to over 81.558 trillion USD.

### 4.2.2 *Our Own Thought Experiment for a New System of Money Creation*

#### 4.2.2.1 Justification for our Own Thought Experiment

##### 4.2.2.1.1 General

The attractiveness of the discussed system of SDR allocations not so much concerns the effective use made so far of the possibility granted by the IMF-Articles of agreement, but in the incredible potentiality that this system holds for establishing a new global system of money creation.

---

<sup>43</sup> Cf. Article XVIII of the Articles of agreement of the IMF. For further analysis of this, cf. already Byttemier (2001), pp. 163–166.

<sup>44</sup> International Monetary Fund (2021).

<sup>45</sup> International Monetary Fund (2021).



Hence, in our previous work,<sup>46</sup> we already formulated the proposal to make such a system of money creation for the benefit of countries (but also other certain other international and supranational entities) the general norm—rather than using the system purely by way of exceptional interventions only brought to the surface in case of very severe crises.

This proposal is part of a comprehensive set of proposals formulated in our previous work for a new international monetary system that aims to entrust money creation power back to public authority (rather than leaving it in the hands of the private banking sector), and thereby enable countries to return to fulfilling their missions of general interest, while at the same time enabling the private sectors to work towards building truly sustainable economies.

This Sect. 4.2.2 will discuss, in main order, the role that such a new system of money creation could play for the benefit of countries (in addition to certain international or supranational entities). What this system might entail for the private sector will be addressed in Chap. 6 of this book.

#### 4.2.2.1.2 Arguments *Pro* the Newly Proposed System of Public Money Creation for the Benefit of Countries

In assessing the newly proposed system of money creation for the benefit of states in our earlier work, it is necessary to keep in mind the—intrinsically idiotic—way in which states (and by extension, existing international and supranational institutions) currently finance themselves, an issue that demonstrates pre-eminently the supremacy (but also the destructive power) of (neo)liberal-economic thinking, and of the primacy of the free market over the common good.

As already cited in Chap. 1, under the prevailing capitalist system, taxes—in addition to, more broadly, (from an economic point of view) similar systems of levies imposed by virtue of state authority on the residents of states (such as, for example, social security contributions)—are the primary source of state revenue.

Little need be said here that together these systems constitute a very brutal system of public financing that essentially amounts to an application of the mechanism of expropriation.

Moreover, this is a system that has been used for centuries by the political elites of societies to keep the rest of the population under the thumb.<sup>47</sup>

---

<sup>46</sup>Cf. especially Byttember (2017), p. 389; Cf. beforehand Byttember (2015a).

<sup>47</sup>An illustration of this insight can even be found in the New Testament, specifically in Mt. 17:25b, which cites how Jesus responded to a question about whether He and His disciples should pay some form of taxes, specifically as follows:

What thinkest thou, Simon? of whom do the kings of the earth take custom or tribute? of their own children, or of strangers? Peter saith unto him, Of strangers. Jesus saith unto him, Then are the children free. (Mt. 17:25–26 – KJV).

Although—varying from legal system to legal system—the bases for levying taxes may be conceptually diverse, it appears in the present day that, in most capitalist countries, income from the provision of labor is primarily targeted (to a relatively much greater extent than, for instance, wealth or income derived from capital). Practically, this implies that the tax policy of most capitalist countries is aimed at collecting taxes from the hands of the working population, rather than from the hands of the entrepreneurial sector or other wealthy strata of the population.<sup>48</sup>

Systems of (public) social security financing are unfortunately not much better. What these have in common with taxes is that, in most countries, they are imposed by the government. The main difference between such systems of social security levies and taxes concerns their finality: whereas taxes serve to finance general government operations, including public services financed or organized by the government (such as, in most capitalist countries—to a lesser or greater extent—the military, police, justice and (public) education), social security levies, as a rule, serve to finance specific social security mechanisms. *De facto*, however, the difference is not always as substantial, to the extent that social security contributions are also, in most countries, primarily linked to income from labor, so that (what remains of) social security systems after decades of neoliberal policies, amount to government-enforced systems of solidarity among the poorer strata of the population.

The fundamental injustice<sup>49</sup> of the tax and social security mechanisms prevailing in capitalist countries has already been addressed by numerous prominent authors in the past, albeit with little to no impact on public policy in this regard.

However, not only are these mechanisms of public financing through fiscal charges and social security contributions intrinsically inequitable, on top of that, they also turn out to be extremely inefficient (which is presumably due, in large part, to the fact that these systems leave the entrepreneurial sector and the wealthy within societies too unburdened, and are therefore hardly related to the growth of wealth generated by the capitalist economies), as a result of which numerous countries around the world have, in recent decades, increasingly experienced public deficits. Such financing deficits reflect the fact that the taxes and other levies collected in respect of a given working year—which, as mentioned above, in most countries primarily affect the lower and middle classes of the population—do not suffice to bear the public expenditures of the corresponding year, with the result that the

---

<sup>48</sup> It has already been explained in our earlier writings that this finds its explanation in various factors, including the so-called trickle-down economics theory (leading to the idea that the rich in society, as much as possible, should be exempted from taxation, so that they may reinvest their wealth undisturbed in new entrepreneurial projects that, by definition (at least according to neoliberal thinking), benefit the whole society), in addition to systems of corporatocracy (referring to the systems by which the corporate world and its capital providers manage to control the political world).

<sup>49</sup> The injustice is one in the classical Aristotelian sense of the word, where something that is intrinsically detrimental to an individual—specifically, a portion of his income taken away by the government—affects members of the working classes to a (relatively) much greater extent than members of the wealthier classes.

government of a country confronted with such deficits must obtain additional financing elsewhere.

The only way out that the capitalist system offers to such countries with financial deficits is—apart from the aforementioned system of SDR allocations by the IMF, which, as said, is in practice extremely rarely used—borrowing (in a broad sense of the word).<sup>50</sup> Although many intermediary market players may play a role in this process, such borrowing amounts to a situation where, to the extent that countries need to access new money creation to finance their deficits, they do (and can) not turn to the monetary institutions (e.g., their central bank) themselves, but instead have to bow to the private banking sector (and, by extension, the private financial sector), which in turn can turn to the monetary institutions to finance its own deficits.

Moreover, under the current, neoliberal, monetary and public finance policies, this observation has become increasingly fundamental, as evidenced, on the one hand, by the ever-increasing size of the global country debt burden, and, on the other hand, by the fact that a growing number of developed countries have in the recent past had to cope with debt repayment problems themselves (whereas, previously, these problems mainly affected developing countries). The further, neoliberal response to this problem so far has been that the problem is not so much seen as a problem of a system-inherent nature, but that the countries in question are overspending. The further (neoliberal) solution for this problem has therefore, over the past decades, amounted to cutting government spending (in recent years commonly referred to by the term ‘austerity’).

Thus, under neoliberal monetary and public finance policies, the public finances of a growing group of countries have become increasingly problematic over the past few years, with the main symptom that these countries are increasingly burdened with a heavy public debt burden and with the main consequence that, due to the need for continued cuts in public spending, these countries are left with less and less financial leeway to properly fulfill their public interest missions.

With this, neoliberal monetary and public financing even constitutes one of the many methods by which economic neoliberalism seeks to realize its wet dream of dismantling the welfare states.

Obviously, the victim of all this is the ordinary man. Not only is he, as a result, burdened with a heavy tax burden, but in addition he must endure how access to public services and to systems of social security themselves has increasingly become problematic (apart from the various other problems that neoliberal societies manage to place on their populations, as discussed elsewhere in this book).

---

<sup>50</sup> It should be added, for the sake of completeness, that under certain regional monetary systems—such as EMU—systems of mutual solidarity apply, allowing countries to have access to systems of collective assistance (which, however, as a rule also rely on credit mechanisms, albeit between public authorities rather than from the hands of private market players).

### 4.2.2.2 Technical Headlines of Our Earlier Thought Experiment for a New System of Money Creation for the Benefit of Governments

#### 4.2.2.2.1 Theoretical Argumentation

##### 4.2.2.2.1.1 General View of the Newly Proposed Model of Money Creation for the Benefit of Countries

The foregoing inherently raises the question of whether the (capitalist/neoliberal) madness has not lasted long enough, and whether a more rational and efficient system of public financing (and, by extension, a more rational and efficient monetary system) should not be pursued.<sup>51</sup>

In one of our previous books, specifically the book ‘Nu het gouden kalf verdrongen is’,<sup>52</sup> an alternative to the prevailing, capitalist systems of money creation—including a new system of financing countries—has already been proposed, notably in the Chaps. 3 and 4 of this book. Further work on this was subsequently done in Chaps. 4 and 5 of our book ‘Towards a New International Monetary Order’.<sup>53</sup>

One of the tenets of this newly proposed system is to bring all money creation back into public hands by, concretely, entrusting money creation, in its various dimensions, to a central (public) New World Monetary Institute, abbreviated NMWI—which, of course, constitutes but an entirely provisional name.<sup>54</sup>

Indeed, as the many crises (financial and otherwise) that capitalism continually produces, including in the recent past: (1) the severe, financial crisis of 2007–2008; (2) the COVID-19 crisis, and, (3) the recession resulting from the Russian-Ukrainian war of 2022, have learned one thing, it is that the processes of private, money creation occur in an excessively undisciplined and inequitable manner, with one of the symptoms being a quasi-unbridled growth of the total money supply, which is itself one of the reasons why the world seems condemned to continuous economic growth (with all the pernicious consequences that this entails).<sup>55</sup>

The conclusion that can be drawn from this is that the unbridled pursuit of profit that drives the behavior of private market players, including private banking, is completely incompatible with a disciplined expansion of the money supply, which

<sup>51</sup> Cf., furthermore, Monbiot (2022): “We need real, inspiring alternatives, positive visions of a better world, rather than competing modifications of the disastrous ideology that got us into this mess. We need hope.”

<sup>52</sup> Cf. Byttebier (2015a). Cf. also Byttebier (2015b); Byttebier (2017); Byttebier (2018a); Byttebier (2018b); Byttebier (2019); Byttebier (2021).

<sup>53</sup> Cf. Byttebier (2017), particularly in Chap. 5.

<sup>54</sup> In principle, this newly created NMWI could be the continuation of the current International Monetary Fund (IMF), provided that the necessary (major) adjustments (would) take place first.

<sup>55</sup> It is no coincidence, as mentioned above (cf. Sect. 3.1.4.2), that the report of the Club of Rome published in 1972, which was one of the first to express a well-founded, scientific critique of the capitalist, economic growth model, was entitled ‘The Limits of Growth’. (Cf. Meadows, et al. (1972). On this, cf. also Buelens (2022).)

in turn is necessary to redefine economic growth itself in a manner that would respect the capacity of the planet and its people.

Partly for this reason, our previously formulated proposal for a New World Monetary Order (abbreviated as ‘NMWO’),<sup>56</sup> is based on the idea that private market players would, henceforth, be excluded entirely from participation in the money creation process, a process that would, henceforth, be assigned, in its entirety, to the monetary authority(ies) itself. As regards the latter, reference is made to the newly to-be-created New World Monetary Institute (NMWI) (and its branches within the countries participating in the NMWO).

Of course, so far, this remains a mere proposal, without any serious attempts to put such—or a similar—proposal into practice. The fact that, to date, no such attempts have been made to introduce an international, monetary system based on entirely public money creation (and that hardly any real dialogue can be held on the subject) is, moreover, extremely revealing of the power of (big) capital, in general, and of private banking, in particular.

Nevertheless, we are not (no longer) alone with these proposals; similar ideas can be found in the writings of several other authors. For example, Vilhauer, in general terms, has pointed out the fundamental importance of a “*permanent self-reflection of the economic and financial policy of the EU.*”<sup>57</sup>

Similar views can be found with Acocella,<sup>58</sup> Janich,<sup>59</sup> Harvey,<sup>60</sup> and Taylor,<sup>61</sup> with the latter author even vaunting a turning point in history “*with respect to both the international monetary system and the monetary policy of each country that forms the system.*”

Or, as aptly expressed by Ole Bjerg of the Copenhagen Business School, there is “*a need to counter the prevailing Seinsvergessenheit in monetary matters and insist on posing the question of the Being of money as a political question.*”<sup>62</sup>

This idea also resonates, increasingly, at the policy level, including on the part of the United Nations General Secretariat, for which reference can be made, for example, to Secretary-General Guterres’ nomination to the UN General Assembly dated September 20, 2022.<sup>63</sup>

---

<sup>56</sup> Cf. already the discussion in Chap. 5.

<sup>57</sup> Villhauer (2021), p. 15.

<sup>58</sup> Acocella (2020), p. 265.

<sup>59</sup> Janich (2019), p. 55.

<sup>60</sup> Harvey (2020), p. 38.

<sup>61</sup> Taylor (2019), p. 107.

<sup>62</sup> Bjerg (2014), p. 259. Compare, furthermore, with Hodson (2021) and Turner (2016), p. 230.

<sup>63</sup> In this nomination, Secretary General Guterres stated, among other things, the following (cf. Guterres (2022):

I urge the International Monetary Fund and major central banks to expand their liquidity facilities and currency lines immediately and significantly.

Special Drawing Rights play an important role in enabling developing countries to invest in recovery and the SDGs.

#### 4.2.2.2.1.2 *How the Newly Proposed System of Money Creation Could Remedy the Problems Caused by the Prevailing System of Money Creation*

Under the prevailing systems of money creation, as explained above (cf. Sect. 4.1.2), it is mainly private (deposit) banks—next to, differing from country to country, comparable financial institutions—that meet society’s credit needs. In doing so, private banks decide (1) who can be considered creditworthy enough to qualify for a credit award (and thus for access to new scriptural money); (2) under what conditions—in particular the terms and modalities of repayment—such credit can actually be taken up (and, therefore: under what conditions private money creation takes place), and (3) for what purposes such credit is granted, *ergo* access to newly created money can take place.

This system of private money creation has, in addition, evolved into an important source of income for the private banking sector itself, a fact that, especially during the last few centuries—particularly since the dismantling of the medieval, ecclesiastical interest prohibition in Western countries—, has attributed to the deep gaps between and poor and rich that characterize capitalism.<sup>64</sup>

Contrary to what liberal and neoliberal economic thinking (and before in history, the Protestant currents within Christianity) would have us believe, this private money creation system, which is one of the foundations of capitalism, has not led to a proportional increase in the wealth of all humanity. On the contrary, this system allowed for a worldwide increase in the wealth of a small elite, at the expense of, on the one hand, great poverty for (a large part of) the rest of the world’s population, and, on the other hand, a modest level of prosperity for a (small) part of this rest of the world’s population (especially people living in the Western world), who is thereby caught up in a status of contemporary serfdom and is doomed to lead a life that is entirely focused on the provision of labor that serves primarily to make big business ever richer (with this rest of humanity itself, to paraphrase Galbraith, barely having time to do anything else than provide labor).<sup>65</sup> (Cf. already in Sect. 3.3)

---

But they were distributed according to existing quotas, benefitting those who need them least. We have been waiting for reallocation for 19 months; the amounts we hear about are minimal.

A new allocation of Special Drawing Rights must be handled differently based on justice and solidarity with developing countries.

<sup>64</sup>As can be witnessed from all that precedes, such wealth accumulation relies on various sources, such as:

- Lending at interest (which in our societies is pre-eminently a method by which private banks (and their shareholders), among other usurers, get rich on the hood of credit needy people).
- Shareholding in companies/corporations. These may include, in addition to private banks themselves, various other types of companies/corporations.
- Miscellaneous financial investments (which may include stocks, or other types of financial instruments).

<sup>65</sup>One of renowned economists to have recognized the perverse effects of the prevailing system of private money creation and its effects on society has indeed been John Kenneth Galbraith. (Cf. Galbraith (1974), first published in 1958.)

In addition, as explained in more detail in our earlier work,<sup>66</sup> in recent years all banking discipline, including and especially in the area of private money creation, has been virtually eliminated, a situation that has been exacerbated since the end of the 1980s both by the liberalization and deregulation of credit and finance, and by new financial techniques, such as, for example, the securitization of receivables that has allowed banks to place their loan portfolios in separate vehicles, whose financing is left to third-party savers and/or investors (allowing that the assessment of the solvency of the borrowers has become less important for banks themselves, as the credit risk involved is subsequently passed on to third parties anyway).

As such, the systems of private money creation are primarily a method of unbridled monetary gain for the private banking system (and its underlying shareholders, in addition to its (managerial) staff), in which the associated risks are, without much hesitation, passed on to the rest of society (especially the poorer strata of the population), without any concern for the common good.

Indeed, when things go wrong—as, for example, during the severe financial crisis of 2007–2008—, and the excessively heavy risks that are inherent to the mechanisms created (and deliberately orchestrated) by the private banking sector actually manifest themselves, eventually even in the form of a loss of confidence on the part of the rest of the population, this same banking sector, without much shame, will knock on the door of (national) governments in order—in a manner that other, private market players can only dream of—to be endowed with government support, so that the banking sector does not go under. Such support is then usually amply granted under the argument that the private money creation role of the private banking sector, as well as its role of gathering deposits, may not be endangered.

In such cases, the banking sector will be kept afloat by state aids—that is, with financing derived from taxpayers' money—, which implies that the population of a country in which such events occur, will suffer at various levels from the private money creation mechanism set up by the private banking sector:

- (1) A first time: through the pricing of privately created money (especially interest on credit).
- (2) A second time: by being saddled, as part of securitization and similar operations, with some of the main risks associated with private money creation (after the banks themselves have first skimmed off the profits).
- (3) A third time: because bailout operations require taxpayer funds (i.e., revenues skimmed off the rest of the economy), to be spent to help maintain this essentially unjust mechanism.
- (4) And even a fourth time due to the interests earned by the private banking system on the ever-increasing (and ever-growing) debt burden of numerous countries, which were formed in the past partly because of such bailout operations.

---

<sup>66</sup>Bytтеbier (2015a), pp. 308–309, and Bytтеbier (2017), pp. 365–368.

Some literature has indicated that this inherently ambiguous role of private banking amounts to a privatization of gains and a socialization of losses.<sup>67</sup>

Paraphrasing late Jaap Kruithof,<sup>68</sup> this raises the question of how much longer humanity wants to cling to the capitalist model of socio-economic organization, including its monetary and financial system, in which all values (have) to give way to the short-term financial interests of a few (more specifically, the class of entrepreneurs and bankers).

Put another way: How much longer will the prevailing monetary and financial system be tolerated, given the fact that is not only intrinsically completely unjust, but in addition, in the short term, regularly disrupts the functioning of the economy and, in the long term, promotes a system in which no respect is shown for the carrying capacity of the Earth and the (general) well-being of the world's population, also considered from an intergenerational perspective, and which, on the contrary, is mainly aimed at making a limited, financial elite ever richer, at the cost of great poverty (and much suffering) for the rest of the world's population.

These are just some of the reasons why, in our view, a new monetary order, including a new system of money creation, is urgently needed. We have been advocating this in our work since 2015, the main thrust of which we shall recall in the following sections.

#### *4.2.2.2.1.3 Further Details Regarding the Design of Our Newly Proposed System of Money Creation for the Benefit of Countries*

In our proposed new system of money creation, the task of providing countries with access to newly created money would, for the aforementioned reasons, henceforth be entrusted to a new global body that would consist of a single central, global institution, the New World Monetary Institute (or, in short, the NMWI), surrounded by a network of national, central banks of the countries participating in the new monetary arrangement (which together would form a 'New Global System of Central Banks', abbreviated 'NGSCB'). Together, these institutions would become responsible for money creation at various levels, notably:

- (1) Money creation for the benefit of the national governments of the countries participating in the New Monetary World Order (or, abbreviated, NMWO) (as well as the NGSCB itself, in addition to, as appropriate, certain other public, international and supranational bodies).
- (2) Money creation for the benefit of the private sector, with the sublevels being:
  - a. Money creation for the benefit of individuals and families for basic life needs.
  - b. Money creation for the benefit of individuals for starting a professional life.
  - c. Money creation for the benefit of the nonprofit sector.

---

<sup>67</sup>This designation purportedly goes back to a statement by Joseph Stiglitz. (Cf. CNBC (2010).) On its application in the context of finance, cf. Bytbeier (2017), p. 245.

<sup>68</sup>Cf. Kruithof (1985), p. 84.



d. Money creation for the benefit of established businesses.

In the context of the NMWO, the NMWI would be the only institution having the power to create new money (albeit with the assistance of the national, central banks of the countries participating in this NMWO, together forming the NMCSB).

This would, henceforth, completely exclude the private banking sector itself from any participation in the money creation processes.

With a view to smoothing the processes of money creation, one could furthermore consider the establishment of two main NMWI departments of money creation, each divided into further sub departments, namely:

1. A department for public money creation, for example, consisting of:
  - A sub-department for money creation for the purpose of the NMWI's own operation (including this of the global NGSCB).
  - A sub-department for money creation to the benefit of the (national) governments of the participating countries.
  - Possibly: a sub-department for money creation for the benefit of certain, other international or supranational, public bodies (such as the United Nations in its various branches, among possible others).
2. A money creation department for the benefit of individuals, consisting of, for example:
  - A sub-department for money creation, for the benefit of the private sector, for purposes of general welfare (including the needs of the nonprofit sector);
  - A money creation subdepartment, for the benefit of the private sector, for financing the established business community (in the broad sense of the word).

Each of these departments (and within them: sub-departments) would, as the tentatively proposed designations already make clear, within the NMWO, become responsible for a particular segment of global money creation.

In terms of working method, the operation of these two main departments would be characterized by an important distinction.

The intention would be for the department of public money creation to proceed to new money creation through the (periodic) allocation of allocations to (1) its own departments (including the broader network of national, central banks which, together with the NMWI itself, will form the NGSCB), (2) the national governments of the countries participating in the NMWO, as well as, (3) where appropriate, certain other, international and/or supranational public bodies.

Such allocations would have the further characteristic that, once granted, they are definitively acquired as operating funds by the receiving entities. In other words, they will not be credit—implying that no repayment obligation will come into play –, but, on the contrary, permanently vested (newly created) money.

Such a new system of money creation to the benefit of the public sector, in the broad sense of the word, will obviously have to rely on appropriate methods of controlling the money supply. This will require, among other things, that the countries participating in the NMWO agree, by treaty, upon the parameters for such new

money creation for the benefit of the countries based on allocations. These parameters will have to be sufficiently strict and strike the right balance between providing adequate financing to the participating countries and avoiding excessive money creation, with the latter objective also aligned with the development of an economy that is both realistic and sustainable.

Once such allocations are deposited in the accounts of participating countries, the further intention is for the newly created money to be put into circulation to pay for various government expenditures (including the salaries of those in government service). Since a second money circuit will also operate in the form of monetary credits issued to the private sector (cf., furthermore, in Chap. 6.), it will then be possible to further adjust the money supply based on taxes, which, however, will no longer be aimed at financing states—since this will be the role of the aforementioned allocations – but, on the contrary, at preventing excessive wealth accumulation by both enterprises and individuals. The latter will imply that income and wealth above a certain level will continue to be taxed, with the proceeds of these taxes becoming the object of monetary destruction, with the dual purpose of preventing extreme polarization between rich and poor within societies, while also adequately controlling money growth.

In contrast, the operation of the department for money creation for the benefit of the private sector would be based on a different premise. In order to prevent the world's population from falling into inactivity (which would be counterproductive both economically and socially in general), it is proposed that the department for money creation for the benefit of the private sector should not itself grant—or, at least, not by way of a general rule—non-refundable allocations to private persons, but should proceed to money creation on the basis of the granting of various types of credits that will have to be repaid in accordance with principles (and regulations) to be further determined.<sup>69</sup>

These methods of money creation for the benefit of individuals will be discussed further in the Chap. 6.

#### 4.2.2.2.2 Societal Benefits of the Newly Proposed System of Money Creation for the Benefit of Countries

In what precedes, it has been explained that, within the proposed NMWO, the provisioning of countries with new money would henceforth be accomplished through so-called allocations.

---

<sup>69</sup>It goes without saying here that the processes that will be required to shape such a monetary policy in the area of credit/money creation for the benefit of the private sector, in a transparent and legally certain manner, will need to be laid down in a sound legal framework, ranging from: (1) an enshrinement of the basic principles in treaty agreements, over (2) a sound set of basic guidelines at the level of the NMWI itself, and complemented by (3) a set of (sufficiently detailed) implementation guidelines at the level (of the national, central banks) of the countries participating in the NMWO.

Such a system would, in other words, amount to a drastic extrapolation of the current IMF system of SDR allocations (not necessarily retaining this designation), which would thereby become the main, if not only, source of government funding on a global scale.

It needs little further argument that such an approach would entail a profound change in the prevailing capitalist monetary order, with as most important, possible benefits and consequences for the operation of government:

- (1) Money creation would return to government hands, at an international level.
- (2) Reinstating public authority with the exclusive power to create new money would, moreover, enable a more planned economy than has ever been possible under the prevailing capitalist monetary systems. This would also make it easier to establish sustainable (and scaled down) economies.
- (3) States will no longer have to be debt and tax states.

Instead, states will obtain their financial resources from the annual allocations of the international monetary institution (i.e., the abovementioned NMWI) empowered to do so. This feature of the newly proposed monetary system alone will enable states to devote themselves (again) entirely to the pursuit of the common good, rather than merely creating an environment in which free markets can flourish.

- (4) The monetary system itself will become one of the basic instruments to serve the general interest, rather than, primarily, the interests of the classes of bankers and entrepreneurs. This will involve both public services and social security systems, which, in addition, will be able to be set up equally in all participating countries.

Public services may include such things as education, justice, but also, for example, access to culture.

The social security systems financed through the allocations will in turn be able to lead, worldwide, to completely free and equal access to things such as youth and elderly care, medical care, replacement income in case of illness, a universal basic income... All these services will, moreover, be able to be made available to all their users completely free of charge (to the extent that the allocation model itself will fully provide for their financing).

We shall return to this in more detail in Chap. 5 of this book.

- (5) The fact that monetary policy would, once again, become a central policy instrument of government will (at least) in an initial phase (of implementation of such a new money creation system for the benefit of countries) prove vital in addressing the main societal problems caused by capitalism, that have remained unsolved for decades<sup>70</sup> (e.g., climate change; the lack of global management of the planet's natural resources; poverty, and, generally speaking, unjust and unfair societies).

---

<sup>70</sup>Cf. Buelens (2022).

It is obvious that such a new system of money creation for the benefit of countries (in addition to certain supranational and/or international institutions) will have to be international in character and include all the countries of the world—or at least as many as possible. Its ultimate design will be to ensure the fundability of all countries in terms of their missions of general interest.

The foregoing obviously implies that this new money creation system will have to include developing countries, so that the long-standing demand for a just international economic order on their behalf, which has been going on for decades, will finally be met.<sup>71</sup>

### 4.3 Proof of Response to the Monetary Financing Taboo

In many jurisdictions, the introduction of our proposed system of money creation for the benefit of countries (and of other, international, and supranational authorities) will involve abandoning objections to so-called monetary financing.<sup>72</sup>

In the context of the European Union, this prohibition of monetary financing, is contained in the Article 123 of the Consolidated Version of the Treaty on the Functioning of the European Union,<sup>73</sup> the text of which reads as follows:

1. Overdraft facilities or any other type of credit facility with the European Central Bank or with the central banks of the Member States (hereinafter referred to as ‘national central banks’) in favour of Union institutions, bodies, offices or agencies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States shall be

---

<sup>71</sup>Reference can, for instance, be made to the papal encyclical ‘Pacem in terris’ by Pope John XXIII, who himself refers therein to a 1942 papal Christmas message from one of his predecessors, namely Pope Pius XII, who had preached the following:

A new order founded on moral principles is the surest bulwark against the violation of the freedom, integrity and security of other nations, no matter what may be their territorial extension or their capacity for defense. For although it is almost inevitable that the larger States, in view of their greater power and vaster resources, will themselves decide on the norms governing their economic associations with small States, nevertheless these smaller States cannot be denied their right, in keeping with the common good, to political freedom, and to the adoption of a position of neutrality in the conflicts between nations. No State can be denied this right, for it is a postulate of the natural law itself, as also of international law. These smaller States have also the right of assuring their own economic development. It is only with the effective guaranteeing of these rights that smaller nations can fittingly promote the common good of all mankind, as well as the material welfare and the cultural and spiritual progress of their own people. (Cf. John XXIII (1963), margin no. 124.)

<sup>72</sup>In any case, the enforcement of this prohibition amounts to the preservation of the prevailing system of private money creation, which is essentially a medieval invention and the expression of a deliberate policy choice to give private banks the right to continue issuing money.

<sup>73</sup>European Union (2016).

prohibited, as shall the purchase directly from them by the European Central Bank or national central banks of debt instruments.

2. Paragraph 1 shall not apply to publicly owned credit institutions which, in the context of the supply of reserves by central banks, shall be given the same treatment by national central banks and the European Central Bank as private credit institutions.

However, regarding the financing of states (and other public entities) at the level of the EU (but also, for example, of the United States of America, where a similar prohibition of monetary financing is in play), there is, in practice, an ever-increasing economic need to resort to methods of (indirect) financing of states through efforts on the part of central banks.

A prime example of this are the systems of quantitative easing (QE), to which several central banks, including the ECB and the U.S. Federal Reserve, have begun to resort in the wake of the 2007–2008 financial crisis (and which involve purchasing, by the central banks concerned, financial instruments issued by governments—but also by private enterprises –, making the techniques amount to indirect forms of government and corporate financing by the central banks in question).

This raises the question of whether such recourse to what could be called, at least as far as the financing of states is concerned, indirect monetary financing, would not be better replaced by a system of direct monetary financing.

In this regard, reference can be made to Stiglitz’s assessment that the ECB’s alleged compliance with the prohibition on monetary financing during recent years has become a charade anyway<sup>74</sup>:

While, as in Europe, there is a charade that the central bank does not lend money directly to the government, it is clear that that is precisely what has been happening.

From this, there are arguments that the prohibition of monetary financing could indeed be abandoned in favor of the establishment of the system of money creation, proposed above, for the benefit of states (in addition to certain other supranational and international institutions) on the basis of allocations, which would be more in line both with societal needs (in particular, the need to restore the ability of states to serve the common good), and economic realities (in particular, the fact that several states have come to rely on financial resources provided by central banks anyway).

Such an approach would then, of course, require that other safeguards be built into the NMWO to ensure the policy objectives that are residually cited in defense of the prohibition on monetary financing.

This will essentially amount to the insertion of systems to protect the stability of the monetary system by:

- (1) The insertion of mechanisms to ensure price stability, in addition to,
- (2) Ensuring that the proposed method of money creation for the benefit of governments will be done in a sufficiently independent manner.

---

<sup>74</sup>Cf. Stiglitz (2020), p. 17. Incidentally, this author has raised similar concerns about the monetary policy of the United States of America in recent years.

#### **4.4 Mechanisms to Protect Monetary Stability when Using an Allocation Model of Money Creation for the Benefit of Countries (and Other Governments)**

The observations formulated at the end of Sect. 4.3 lead us to the question of the outlook of the mechanisms that will be necessary to ensure the security and success of the proposed system of money creation for the benefit of countries (and certain other supranational and international institutions).

This concerns the following policy questions:

- (1) How can it be ensured that the money creation that would take place in the framework of the newly proposed system of direct money creation by the NMWI, for the benefit of countries/governments (and certain other international and supranational institutions) will remain within sufficiently reasonable limits that correspond to the needs of the underlying economy itself?

and,

- (2) How can it be ensured that such a system of direct money creation by a central monetary institution (such as the proposed NMWI) will be sufficiently independent from the governments of the participating countries?

The first of these questions concerns the parameters for measuring the money supply(s) circulating in a given economy.

While money supply measurement was still a central concern of economic policy in the more distant past, this hardly seems to be the case in the last two (or even more) decades. Instead, under the rule of neoliberal monetarism, both public and private debt is piling up around the world, with private money creation by private banks (and therefore public and private debt) hardly seeming to be contained by central banks, or other monetary institutions, at all.

In the new money creation system proposed above, this monetary policy issue will, once again, become of vital importance, in line with the goal of establishing a sustainable economic model, that would no longer be driven by economic growth as an end in itself (and would therefore no longer be characterized by production for the sake of production and consumption for the sake of consumption), but by the goal of satisfying, in a fair manner, everyone's basic life needs.

As regards the models of money creation for the benefit of the participating countries, the foregoing will imply that there will have to be an efficient system for calculating the needs of the countries by means of detailed budgets, and that the central monetary institution (to be newly established) will have to decide, on the basis of these budgets, on the size of the annual allocations that will be disbursed to each of the participating countries.

The effective implementation of this proposed NMWO will, furthermore, require a proper balance between the role of technocratic expertise needed to determine the financial needs of states in advance, and the way democratic societies should be governed. It can already be pointed out that, for example, the E(M)U already has

considerable expertise in this area (cf. the already existing debt and expenditure monitoring systems of EU member states). The same is, moreover, true about the IMF (e.g., in the context of the multitude of monetary assistance systems the IMF has developed over the years<sup>75</sup>).

In the context of the newly proposed system of money creation (i.e., the NMWO), this dependence on technocratic expertise is expected to remain the same.

The answer to the dilemma how to reconcile this dependence on technocratic expertise with the principles of democracy, will have to be found in clear conventional agreements on the functioning of the newly proposed system of money creation in general, and of the annual allocation model in particular.

Regarding the content for which annual allocations will be granted to participating countries, the treaty establishing the new monetary model should thereto be based on a sufficiently detailed understanding of the tasks of general interest for which participating countries will receive their annual allocations. Chapter 5 below will already outline some ideas in this regard.

The additional concern that the final decisions on allocations should be sufficiently democratic in nature could be addressed by relying on an elaborated procedure for making the actual allocation decisions, where the idea could be to involve (representatives) from participating countries in panels deciding on each other's allocations. To the extent that this has already been addressed in detail in our previous work, it suffices here to refer to it.<sup>76</sup>

## 4.5 Conclusions

As already argued in our previous work,<sup>77</sup> the conception of a new model of money creation is a viable one.

Where already in our previous work, we have argued for the need for a drastic change in the money creation system—and by extension the monetary system—, this plea is being increasingly joined by certain policy bodies, including at the level of the United Nations.

For instance, in a January 21, 2022, lecture addressed to the United Nations General Assembly by Secretary General Guterres, the prevailing capitalist, monetary and financial system was strongly criticized, for reasons similar as the ones explained in our own previous work.

---

<sup>75</sup>For a recent overview, cf. Byttebier (2022), pp. 299–331.

<sup>76</sup>Cf. Byttebier (2015a), pp. 284–286, and Byttebier (2017), pp. 395–398.

<sup>77</sup>Cf. especially Byttebier (2015a), and Byttebier (2017).

According to Guterres, the COVID-19 pandemic revealed the failure of the global financial system, with Guterres speaking out in similar terms as we ourselves have been doing in our writings since 2015<sup>78</sup>:

Let's tell it like it is: the global financial system is morally bankrupt. It favors the rich and punishes the poor. We need a new architecture that delivers for all, and closes the gap between the financial and the real economies once and for all.

According to Guterres, a monetary system should provide stability by supporting economies during financial shocks, such as a pandemic, which is not the case with the prevailing capitalist money creation model and monetary system. As a result, poorer countries experience their slowest growth in a generation, while middle-income countries receive no debt relief, despite increasing poverty. A further consequence is that it is the world's poor who pay a high price for this failing monetary and financial system, in the form of lost health care, education, and jobs.<sup>79</sup>

The new model proposed in our earlier work—the outlines of which we have readdressed in this Chap. 4—would basically meet these concerns by allowing the power to create new money to be (re)vested in government hands (and no longer rest in chief with a limited club of private market players).

In the following Chap. 5, we shall examine in more detail the extent to which such a newly proposed money creation system would allow countries to regain sufficient financial leeway to properly perform their public interest tasks.

## References<sup>80</sup>

- Acocella N (2020) *The European monetary union. Europe at the crossroads*. Cambridge University Press, Cambridge
- Byjerg O (2014) *Making money. The philosophy of crisis capitalism*. Verso, New York
- Bordo M (2007) *A Brief History of Central Banks*. <https://www.clevelandfed.org/en/newsroom-and-events/publications/economic-commentary/economic-commentary-archives/2007-economic-commentaries/ec-20071201-a-brief-history-of-central-banks.aspx>
- Beer S (2022) *Econoom Ad Broere: "Zolang we in geld geloven, houden we het in stand"*. *De Andere Krant*. <https://deanderekrant.nl/nieuws/stichting-voorzij-waarschuw-pure-brainwashing-2022-12-09>
- Browne R (2022) *Bill Gates says crypto and NFTs are '100% based on greater fool theory'*. *CNBC*. <https://www.cnn.com/2022/06/15/bill-gates-says-crypto-and-nfts-are-based-on-greater-fool-theory.html>
- Buelens G (2022) *Wat we toen al wisten – De vergeten groene geschiedenis van 1972*. Querido, Amsterdam
- Byttebier K (1995) *Handboek financieel recht*. Kluwer, Antwerpen
- Byttebier K (2001) *Handboek financieel recht*. Kluwer, Antwerpen

<sup>78</sup>Cf. United Nations (2022); Department of Economic and Social Affairs of the United Nations (2022).

<sup>79</sup>Cf. United Nations (2022); Department of Economic and Social Affairs of the United Nations (2022).

<sup>80</sup>*All links to the cited websites were operational as of December 24, 2022.*



- Byttebier K (2015a) Nu het gouden kalf verdrongen is. Van hebzucht naar altruïsme als hoeksteen voor een Nieuwe Monetaire Wereldorde. Maklu, Antwerp
- Byttebier K (2015b) De onvrije markt. Garant, Antwerp
- Byttebier K (2017) Towards a new international monetary order. In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol I. Springer International Publishing, Cham
- Byttebier K (2018a) The unfree market and the law. On the immortality of making capitalism unbridled again. In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol II. Springer International Publishing, Cham
- Byttebier K (2018b) De gevaren van studentenkrediet. Tijdschrift voor Onderwijsrecht en Onderwijsbeleid 2018–19(1–2):30–43
- Byttebier K (2019) The tools of law that shape capitalism (and how altering their use could give form to a more just society). In: Byttebier K, Van der Borgh K (eds) Economic and Financial law & policy – shifting insights & values, vol IV. Springer International Publishing, Cham
- Byttebier K (2021) How economics became the problem (an urgent call to legal action). In: Byttebier K, Van der Borgh K (eds) Socioeconomics & law – making a stance for changing values, vol I. VUB Press, Brussels
- Byttebier K (2022) Covid-19 and capitalism (success and failure of the legal methods for dealing with a pandemic). In: Byttebier K, Van der Borgh K (eds) Economic and Financial law & policy – shifting insights & values, vol VI. Springer International Publishing, Cham
- Byttebier K, Adamos K (2022) Cryptoassets – a new frontier for money laundering and terrorist financing: legal changes to address the increasing AML risk. J Financ Crime 2022:1–12. <https://doi.org/10.1108/JFC-10-2022-0262>
- CNBC (2010) US Does Not Have Capitalism Now: Stiglitz. CNBC. <https://www.cnb.com/id/34921639>
- Department of Economic and Social Affairs of the United Nations (2022) UN chief calls for action to put out ‘5-alarm global fire’. <https://www.un.org/en/desa/un-chief-calls-action-put-out-5-alarm-global-fire>
- European Central Bank (2022) Digital euro. [https://www.ecb.europa.eu/paym/digital\\_euro/html/index.en.html](https://www.ecb.europa.eu/paym/digital_euro/html/index.en.html)
- European Union (2016) Consolidated version of the Treaty on the Functioning of the European Union, OJ C 202, 7.6.2016, pp 47–201
- Galbraith JK (1974) The affluent society. Penguin Books, Middlesex
- Guterres (2022) Secretary-General’s Address to the General Assembly. <https://www.un.org/sg/en/content/sg/statement/2022-09-20/secretary-generals-address-the-general-assembly-trilingual-delivered-follows-scroll-further-down-for-all-english-and-all-french>
- Harari YN (2014) Sapiens – a brief history of humankind. Penguin Random House, London
- Harvey D (2020) The anti-capitalist chronicles. Pluto Press, London
- Hodson D (2021) EMU and political union revisited: what we learnt from the euro’s second decade. In: Howarth D, Verdun A (eds) Economic and monetary union at twenty. A stocktaking of a tumultuous second decade. Routledge, Oxfordshire, pp 9–24
- Institute of International Finance (2021) Global Debt Monitor Confronting Climate Change and Policy Normalization. <https://www.iif.com/publications/global-debt-monitor>
- International Monetary Fund (2021) Special Drawing Rights (SDR). <https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/14/51/Special-Drawing-Right-SDR>
- Janich O (2019) Das kapitalismus komplott. Die geheimen zirkel der macht und ihre methoden. FinanzBuch Verlag, Munich
- John XXIII (1963) Pacem in terris. [https://www.vatican.va/content/john-xxiii/en/encyclicals/documents/hf\\_j-xxiii\\_enc\\_11041963\\_pacem.html](https://www.vatican.va/content/john-xxiii/en/encyclicals/documents/hf_j-xxiii_enc_11041963_pacem.html)
- Keynes JMK (1930) A treatise on money – in two volumes. Volume I. The pure theory of money. Macmillan and Co., Limited, London
- Kruihof J (1985) De mens aan de grens. Over religiositeit, godsdienst en antropocentrisme. EPO, Antwerp

- Meadows D, Rensers J, Behrens III, W (1972) The limits to growth. A report of the Club Of Rome's project on the predicament of Mankind. Potomac Associates
- Monbiot G (2022) Trussonomics is a fanatical, fantastical creed, and the last thing Britain needs. The Guardian.. <https://www.theguardian.com/commentisfree/2022/sep/17/trussonomics-britain-prime-minister-liz-truss-neoliberalism>
- Rédaction Africanews with ATP (2022) Central African Republic adopts bitcoin as legal tender. Africanews. <https://www.africanews.com/2022/04/27/central-african-republic-adopts-bitcoin-as-legal-tender/>
- Stiglitz J (2020) Recovering from the pandemic: an appraisal of lessons learned. FEPS Foundation for European progressive studies, FEDS COVID response Papers, October 2020, #10
- Taylor B (2019) Reform of the international monetary system. Why and how? The MIT Press, Cambridge
- Turner A (2016) Between debt and the devil. Money, credit and fixing global finance. Princeton University Press, Princeton
- United Nations (2022) UN News - UN chief calls for action to put out '5-alarm global fire'. <https://news.un.org/en/story/2022/01/1110292>
- Villhauer B (2021) Ethical standards beyond monetary policy: approaches to a philosophical foundation. In: Bolsinger H, Hoffmann J, Villhauer B (eds) The European Central Bank as a sustainability role model. Philosophical, ethical and economic perspectives. Springer, Cham, pp 11–18
- World Bank (2022a) Debt-Service Payments Put Biggest Squeeze on Poor Countries Since 2000. <https://www.worldbank.org/en/news/press-release/2022/12/06/debt-service-payments-put-biggest-squeeze-on-poor-countries-since-2000>
- World Bank (2022b) International Debt Report 2022. Updated International Debt Statistics. <https://openknowledge.worldbank.org/bitstream/handle/10986/38045/9781464819025.pdf?sequence=5&isAllowed=y>

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution 4.0 International License (<http://creativecommons.org/licenses/by/4.0/>), which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.



# Chapter 5

## From Neoliberal Punitive States to Care States



### 5.1 General

#### 5.1.1 *Economic Neoliberalism's Reshaping of the State Model*

As has already been made clear in Chaps. 1 to 3, under the impetus of economic neoliberal ideology in the past four to five decades, there has been a global push for strengthening the free market forces, at the expense of the role of states and governments.

Ironically, it has been states themselves—in addition to certain international and supranational entities to which nation states have ceded part of their competence and which, so approached, can still be considered an emanation of state authority—that have been the most vocal about in this transition.

Indeed, whereas economic neoliberalism has its roots in a number of academic, economic schools that gradually emerged in various Western countries in the post-World War II period—in many cases thanks to a major involvement of industrial interests (and financial resources provided by these)—, it still owes its unparalleled success mainly to the fact that, particularly since the 1980s, it got implemented in practice through the efforts of some national governments, including those of the United States of America and the United Kingdom. (Cf. already in Sect. 1.5.3.)

The economic crisis of the 1970s—which was essentially one of the first severe energy crises of the capitalist economies—in addition to, as far as the United States of America was concerned, the heavy cost of successive wars overseas, undoubtedly played a catalytic role in this, since because of this crisis, several (Western) countries started to experience difficulties in keeping their own finances healthy.

Economic neoliberalism was found to be particularly attractive because it offered several, *prima facie*, simple recipes to remedy these problems, however, without taking into consideration the medium- and long-term effects of the implementation

of its ideas (which have manifested, especially in recent years, in ever-increasing manners and numbers).

With this, the political dimension of the economic-neoliberal ideology also readdressed the liberal “*laissez-faire, laissez-passer*” principle—rather than continuing a previously imposed Keynesian policy (based, among other things, on government spending)—, except in terms of resorting to measures aimed at dismantling the welfare state model itself, for which neoliberal governments themselves began to advocate strongly.

### ***5.1.2 Deconstruction of the Welfare State Model and Monetarism***

As already mentioned in Sect. 1.5.3, within economic neoliberalism, the idea was pervasive that the welfare state model, the expansion of which had begun in the post-World War II period, implied that states had begun to get involved in too many domains that were of no concern to them, and that all of this was far too expensive.<sup>1</sup>

Neoliberal thinking therefore focused on the deconstruction of all kinds of public services and social security mechanisms that make up the ingredients of the welfare state, with the underlying idea that savings in their related expenditures would automatically—as if directed by an invisible hand (?)—result in healthy public finances.<sup>2</sup>

In parallel, in the monetary domain, monetarism took hold, which is itself an umbrella term for a range of monetary theories that hold that the main task of monetary institutions is, through influencing the supply of (newly created) money, to steer the economy in the direction of ever more growth, and of ever more profit-making to the benefit of the entrepreneurial class.

---

<sup>1</sup>Cf. e.g., Friedman (1993).

<sup>2</sup>One of the figureheads of the political thrust of economic neoliberalism was the late Margaret Thatcher, whose political policies were moreover inspired by a grocery mentality of extreme frugality instilled by her upbringing, questioning the extent to which this helped shape the implementation of neoliberal theorizing and helped give rise to a contemporary component of economic neoliberalism, specifically the renowned austerity principle. (Cf. Smallwood (2015), from which the following, remarkable quote:

Her father’s mentality of “never wasting a minute” (a favorite saying of his) and not spending money unnecessarily, evidently stuck with Thatcher throughout her adult life, which led to her clashing with her more affluent peers in politics on a number of occasions. For example, Thatcher did most of her work in a single chair in her office; over the years, her heels wore noticeable holes in the carpet, which she refused to have replaced. It was only after her peers implored her to consider how bad the leader of the UK having such a shabby carpet may have looked to other heads of state and officials that she relented and patched the hole with another piece of carpet.

Whereas one of the main objectives of monetary policy had traditionally been to fuse the purchasing power of money—or, put another way, to avoid inflation—the application of monetarism would itself usher in an era of abundant, additional money creation. The rationalization of this was that the increase in money creation is a requirement for economic growth—itself one of the basic dictates of unbridled capitalism.

In recent times, the question has been raised whether, through monetarism, a semblance of economic prosperity was not rather created. Although this has admittedly benefited the interests of the corporate sector and its underlying capital providers in the short run (which made the latter become ever richer at the expense of the rest of society; cf. Sect. 3.3), it also has greatly compromised the (Western) welfare state model (which in recent times has even begun to erode the purchasing power of money).

### ***5.1.3 General Implications of the Implementation of Neoliberalism***

#### **5.1.3.1 General**

It is in all this becoming increasingly clear that the implementation of neoliberal ideology has been anything but a good thing for the average citizen who has, to an ever-increasing extent, less access to public services and to social security mechanisms, and instead finds himself referred to substitute services offered, at high cost (read: at ever higher prices), on the free market.

Indeed, as explained before (cf. Sect. 1.5), one of the basic premises of economic neoliberalism is that it advocates a transfer of former public services and social security systems to the private markets, with the result, however, that, increasingly, such services—even some which in the more distant past were still described as human rights—are no longer (readily) accessible to the poorer sections of the population because the latter, quite simply, can no longer afford them anymore.

A textbook example concerns the problematic nature of access to (certain forms of) medical care, which in traditionally prosperous countries such as the United States of America and the United Kingdom, is barely still accessible to the poorer sections of the population. Many forms of education risk going (or have already gone) down the same path. (Cf., already, in Sect. 3.2.3.4.2.)

#### **5.1.3.2 Impact of Economic Neoliberalism on Public Finances in Particular**

Without prejudice to the foregoing, it has become apparent that the neoliberal austerity frenzy that has begun to determine the policies of various countries since the 1980s, has not even managed to get public finances healthy, notwithstanding the fact

that achieving healthy public finances has from the start of the implementation of economic neoliberalism, always been considered as one of its main goals.

On the contrary, under neoliberal rule, the public finances of numerous countries have become extremely problematic, with ever-growing mountains of public debt that continue to expand from year to year, without economic neoliberalism being able to provide any adequate response to it (or even trying to do so).

On the contrary, it seems that the problematic nature of public finances, is greatly enhanced by another segment of neoliberal policies, notably unjust taxation policies.

Going back to the ideas of Adam Smith himself, within neoliberal reasoning, the idea prevails that enterprises—and their capital providers—should be as much as possible exempt from taxes (and similar charges). This is an expression of the so-called trickle-down economics doctrine (cf. Sect. 3.2.1.1), that relies on the assumption that enterprises (and their wealthy capital providers and other dominating stakeholders, such as CEOs) reinvest their wealth in economic projects, and that society benefits from this. It has thereby even been suggested that the wealthy entrepreneurial class are the only ones who contribute substantially to economic prosperity. Hence, this wealthy entrepreneurial class should be exempted from taxation as much as possible, so that they can continue to work undisturbed to optimize societies.

In modern times, this classical-liberal approach to entrepreneurial taxation (in the broad sense of the word) has been further reinforced by systems of corporatocracy, in which the corporate sector, through all sorts of mechanisms (e.g., the financing of political parties; lobbying . . .), exerts a strong influence on government policy, including the content of tax legislation.<sup>3</sup>

However, safeguarding corporate interests from taxation has had some significant, perverse side effects (which we shall look at in more detail in this Chapter).

As it became less evident to tax enterprises (and, by extension, the wealthy classes within society), governments had instead to turn to the lower and middle classes, which explains why, in most countries of the world, under neoliberal rule, the latter are hit relatively much harder by taxation than the wealthy classes.<sup>4</sup> Proverbial in this regard is the statement by one of the world's richest people, Warren Buffet, dating back to 2013 (or even before), that he (at the time) paid less taxes than his own secretary.<sup>5</sup>

A second effect of this, from an equity perspective, reverse taxation is that countries that have adopted neoliberal, fiscal policies, during the past decades, increasingly, faced severe revenue shortfalls to sustain their current expenditures. This in

---

<sup>3</sup>This large impact of the corporate sector on public policy has also been strongly evidenced in recent years in the context of climate conferences, which have as a result been characterized by a large presence of representatives of polluting industries. It has even been argued that one of the main reasons that the climate talks of recent years have barely been successful is due to the lobbying activities of these polluting industries. (Cf. Sect. 3.1.4.2.10, on the failure of Cop27.)

<sup>4</sup>Cf. the research conducted by Oxfam, in particular Oxfam (2014).

<sup>5</sup>Isidore (2013). Cf., furthermore, in Byttebier (2018), p. 151, and Byttebier (2019), p. 54, citing various further research on the subject.

turn provided a further argument to justify already before initiated austerity policies. In addition, this led to the search for additional financing in the form of massive borrowing on the financial markets.

The latter factor has pushed numerous countries even further into a neoliberal logic, as a result of which public policy is increasingly steered by the financial markets themselves, thus completing the inversion of democracy: it is increasingly the institutional lenders that determine the content of public policy, with even the underlying question of whether achieving this effect has not from the outset been one of the intended designs of economic neoliberalism.

### ***5.1.4 Implications for the Extent to Which States Still Manage to Serve the General Interest***

The latter observations bring us to the current ‘*status questionis*’ of numerous countries in the world.

Burdened by ever-increasing public debts, states are in many cases no longer able to fulfill their role properly, which is evidenced, on the one hand, by the underfunding of many forms of public services, such as education, police, justice, and infrastructure and, on the other hand, by the systematic dismantling of previously established systems of social security.

This obviously also affects the modal citizen who, on the one hand, is increasingly burdened by heavy taxation, and, on the other, can rely less and less on public services and social security support.

The neoliberal society that is thus taking shape is one in which citizens must fend for themselves in all areas (and, if they belong to the lower or middle classes of the population, especially also pay their share of taxes).

Meanwhile, in numerous neoliberal(ized) countries, the retirement age is being systematically raised, the hiring of labor for the corporate sector is being made ever more flexible—or, put another way, labor and social protection for the benefit of the working classes, is being systematically dismantled—and the opportunities to withdraw from the labor market early in life, either in whole or in part, are being systematically withdrawn at.

The neoliberally designed lifeworld has in this manner even come to run counter to the famous prediction once made by John Maynard Keynes, that because of technological developments, future societies could start relying on 15 h/week workweeks, with people increasingly having time to do other things in their lives besides work (and pay taxes).<sup>6</sup>

All this leads us to the question of whether and how, based on our proposed, new money creation model for the benefit of governments, the tide could still be turned

---

<sup>6</sup>Cf. Keynes (1930).

to some extent, a question that will be addressed in more detail in the following Sect. 5.2.

## 5.2 Ideas About Shaping a Fair Society

### 5.2.1 *General*

In this Sect. 5.2, we shall discuss how the application of the system of money creation newly proposed in Chap. 4 for the benefit of countries might allow governments to again start serving the general interest, instead of merely providing the ideal set up for the establishment of free markets.

The discussion in this Sect. 5.2 will take the form of an anthology of themes, without intending to outline a comprehensive overview of what the outlook of the new NMWO-based states might be. In this sense, the discussion of this Sect. 5.2 is primarily intended to illustrate the possibilities offered by the NMWO by means of some concrete, contemporary examples.

In the more distant past—say, the period after World War II until the 1970s –, the evolutions were rather the opposite of those outlined in the Sect. 5.1. In that period, as already mentioned, work was still done on the development of welfare states, with various forms of public services and social security as the main ingredients, resulting in a distribution of wealth that was much fairer than in the current economic-neoliberal era. (Cf., already, in Sect. 1.3.)

Our newly proposed system of money creation to the benefit of countries could allow for a return to such a fairer distribution of wealth, with the main difference being that, in our proposals, the financing of the newly emerging states will be based on annual allocations that they will receive from the central monetary institution (referred to above, in Chap. 4, as the NMWI), rather than from taxation, levy of social security contributions and debt financing on the financial markets.

Below, we shall take a closer look at some possible building blocks of the ideal (care) states that could emerge out of the newly proposed system of money creation to the benefit of countries.

It goes without saying that the various building blocks of such care states will constitute coherent ingredients for the realization of the welfare state model, which should be read together with the intention to no longer maintain an economic model based on ever more economic growth—and ever more pointless production and consumption –, but rather to strive for a reasonable economy that takes into account the carrying capacity of the Earth (and its natural resources).<sup>7</sup>

---

<sup>7</sup> Compare Oxfam Media Briefing (2022), p. 20.



### 5.2.2 *Overview*

Central concerns for the newly proposed care state model include:

1. The installation of a universal basic income.
2. The establishment of a universal, free education.
3. The establishment of a universal system of care (for all relevant sections of society).
4. Rethinking infrastructure and energy.
5. A different view of justice, police, and military.

We shall briefly discuss each of these elements below.

### 5.2.3 *Universal Basic Income Versus the Organization of Labor*

In recent years, the introduction of a universal basic income has already been advocated from various quarters, both at an academic and policy level.

Such a system is, of course, at odds with economic neoliberal thinking itself, since under economic neoliberalism the creed is that the average human being exists only to provide labor for the benefit of enriching the entrepreneurial sector and its capital providers—even though, within neoliberal thinking, this credo is neatly wrapped under the sustained lie of trickle-down economics—, which also raises the expectation that anyone subjected to that system, especially just about any human being who does not belong to the wealthy elite(s), should be especially very grateful for it.<sup>8</sup>

Adding to this, economic neoliberalism at the same holds that systems that supposedly encourage laziness, including systems of social security and public service, should be out of the question anyway.

With this, economic neoliberalism adheres to an extremely materialistic and utilitarian image of man, in which (the modal) people (other than those who belong to the class of entrepreneurs and bankers, in addition to those fulfilling certain top positions in government service) are reduced to radars in an economic radar work

---

<sup>8</sup>Cf. Monbiot (2021) who aptly expressed the huge belief that modal people have come to attach to capitalism as follows:

Most people struggle to define the system that dominates our lives. But if you press them, they're likely to mumble something about hard work and enterprise, buying and selling. This is how the beneficiaries of the system want it to be understood. In reality, the great fortunes amassed under capitalism are not obtained this way, but through looting, monopoly and rent grabbing, followed by inheritance. (Cf. Monbiot (2021).)

that exist only in this economic dimension.<sup>9</sup> This has already been addressed in the past by eminent thinkers, e.g., Erich Fromm and Herbert Marcuse, who on top of that have also demonstrated the heavily problematic nature of such a view on man and his life purpose.<sup>10</sup>

The hope plays that an era will ever return in which the pernicious view on life propagated by economic neoliberalism could be abandoned in favor of an approach that addresses dimensions of human life other than that of slavery to an economic system.

The universal basic income is most probably one of the most appropriate formulas for this purpose, in which—simply put—a fixed basic amount of money would be granted to each person, periodically, to (help) provide for their livelihood.

Under the public financing model proposed above—cf. Chap. 4—, such a system should become perfectly feasible, since the financing of such a universal basic income will be made possible from the allocations granted to the participating states, with the *caveat*, however, of finding a right balance between the amount of such a basic income and the need to keep the economy going (however bearing in mind that this will have to be a more austere economy than the capitalist growth model itself envisions, and that the elimination of so-called bullshit jobs<sup>11</sup> alone would save a gigantic amount of collective time and energy).

This would, of course, involve a change in mentality in which (massive) financial support by states would no longer be the absolute prerogative of the class of rich entrepreneurs and bankers, but would instead be conceived as a well-thought-out system that benefits the entire population.

One idea (to be explored further) could be to tailor the amount of such a basic income to people's stages of life, whereby the amount would be lowest during the period in a person's life in which people are most energetically active (albeit after completion of their vocational training), say, between the ages of 25 and 50, and higher during periods when a person is not yet professionally active (particularly for studies), as well as of the age when a person would like to gradually withdraw from performing labor (for example, from the age of 50, until a time when a person wishes to leave the labor market altogether).<sup>12</sup>

Such a basic income would obviously provide numerous additional benefits.

For example, its universal application—on a global scale—could allow to finally put an end to poverty (and all phenomena derived from it, such as exploitation, child labor, economic migration, etc.; cf. in Chap. 3).

Such a basic income could also accompany the transition to a negative economic growth model, in which the average working week of people, worldwide, could evolve toward the 15 h/week ideal that Keynes once envisioned (and which, in a resumption of Keynesian economic thinking on which the proposal for establishing

---

<sup>9</sup> Cf. Pinxten (2014).

<sup>10</sup> We shall return to the ideas of both these authors in more detail in Chap. 7. (Cf. Sect. 7.1.3.2.2.)

<sup>11</sup> Cf. Graeber (2019).

<sup>12</sup> Cf., furthermore, Byttemier (2019), pp. 227–230.

a universal, basic income is based, could again become an achievable goal of economic policy).

A further measure to redefine the content of jobs could, as aforementioned, take the form of eliminating so-called bullshit jobs,<sup>13</sup> so that employment would again be refocused on useful production and services.

Finally, such a universal basic income could also allow to take account of technological evolutions, including the automation of production processes,<sup>14</sup> so that the loss of jobs in certain sectors should not necessarily result in a growth of poverty among common people.<sup>15</sup>

## 5.2.4 Care

### 5.2.4.1 Theoretical Background of the Neoliberal Reforms of the Health Care Sector from the 1980s Onwards

In Sects. 1.5 and 3.1.2.2, it has already been explained how, under the impetus of economic neoliberalism, in recent decades, there has been a strong push throughout the Western world to dismantle various systems of social security, under the classic neoliberal argument that these systems are no longer financeable. In other (developing) countries, moreover, there have hardly ever been such systems of social security put in place.

In parallel, in a similar vein, there has also been a strong push in recent years to phase out various forms of public service in the health care sectors in the broad sense of the word.

---

<sup>13</sup>Cf. Graeber (2019).

<sup>14</sup>A report released in February 2016 by Citibank, in collaboration with Oxford University, indicated that 47% of jobs in the United States of America were at risk of automation. In the United Kingdom, the figure amounted to 35%. In China, this figure was as high as 77%, while in the whole OECD, it averaged 57%. (Cf. Williams-Grut (2016).)

<sup>15</sup>In this regard, reference can be made, for example, to a warning formulated in the recent past by Stephen Hawking regarding certain ongoing socioeconomic evolutions, including the impact of technological progress on employment. (Cf. Hawking (2016).)

As Hawking wrote in a column published in *The Guardian*,

(t)he concerns underlying these votes about the economic consequences of globalization and accelerating technological change are absolutely understandable. The automation of factories has already decimated jobs in traditional manufacturing, and the rise of artificial intelligence is likely to extend this job destruction deep into the middle classes, with only the most caring, creative or supervisory roles remaining. This in turn will accelerate the already widening economic inequality around the world. (...) With resources increasingly concentrated in the hands of a few, we are going to have to learn to share far more than at present. With not only jobs but entire industries disappearing, we must help people to retrain for a new world and support them financially while they do so. (Cf. Hawking (2016).)

The ideal image of economic neoliberalism, as mentioned several times above, is that each person should fend for themselves in life, with no room for government-organized forms of solidarity. Those who, in such an ideal neoliberal world, wish to cover themselves against the consequences of unexpected things such as illness and disability, or foreseeable things such as having children or growing old, should, on the contrary, preferably do so by appealing to private insurance techniques offered on the free market.

Those who wish to know more about the theoretical underpinnings (and the problematic nature of these) that economic neoliberalism has provided to justify the dismantling of the social security apparatus and public services in the care sectors in the broad sense of the word can turn, for example, to the work, entitled ‘Family Values Between Neoliberalism and the New Social Conservatism’, by Melinda Cooper.<sup>16</sup>

In this work, Cooper explains in detail how the traditional American welfare state model of the 1960s and 1970s in general, and the sector of health care institutions in the broad sense of the word more specifically, were dismantled to a great extent from the late 1970s onwards, as a result of a combination of three major schools of thought: (1) Left-liberals from the 1960s onwards started to become critical of the welfare state model, not out of principle, but because they believed it worked too patronizingly, as well as to formulate proposals of far-reaching (albeit often unrealistic) alternatives; (2) Neoliberal thinking itself gained more and more ground, especially after the economic crisis of the 1970s set in, and Keynesian remedies to prop up the economy seemed to fail; and (3) Neoliberals entered into an ‘ideational’ coalition with (neo)conservatives, with their combined discourse, over time, becoming dominant in the public policies of numerous Western countries (in addition to much of public opinion).

As far as health care in the broad sense of the word is concerned, a typical illustration of this coalition between the emerging, neoliberal, and long-standing, conservative ideas on socioeconomic issues has been the approach proposed to combat the AIDS epidemic that struck in the early 1980s, especially among drug users and homosexual men. AIDS was hereby stigmatized—entirely incorrectly—as a limited societal problem relevant only to the most immoral degenerates within society, including drug users and homosexuals. Drug use and unsafe (homosexual) sex were thereby stigmatized as lifestyle choices, with the argument going that the risks associated with such immoral lifestyle choices, including AIDS itself, should be borne entirely by those who had made such wrong lifestyle choices.<sup>17</sup>

As a result of this symbiosis between the ideas of neoliberal economists and the conservative right, the AIDS crisis started to take on moral connotations: If people abstained from sex before or outside marriage and did not use drugs—in other

---

<sup>16</sup>Cooper (2017).

<sup>17</sup>Obviously, in this approach, AIDS was considered a different disease from other infectious diseases, such as whooping cough, measles or polio.

This theme is nicely addressed in the British miniseries ‘It’s a sin’. (Cf. <https://www.imdb.com/title/tt9140342/>.)

words, made healthy life choices—, they would never contract the disease. This attitude inspired, for example, Nancy Reagan’s slogan-like appeal to America’s youth: “*Just say no (to sex and drugs).*”<sup>18</sup>

As a result, the AIDS issue became an ingredient of neoliberal rhetoric in the United States of America that argued against further expansion of public health care, in which it was no longer considered acceptable that decent American taxpayers should have to pay for other people’s risky lifestyle choices.<sup>19</sup>

The consequence of this type of argumentation was that, in the late 1970s and early 1980s, an ethic of moral hazard, blame and accountability—which had, until then, not yet been addressed in the critique of the welfare state conceived by academic neoliberalism itself—took on a more pronounced expression in the form of a new public health rhetoric that began to focus increasingly on the link between irresponsible lifestyle choices and the rising cost of public health care. This gradually recognized the overriding importance of individual behavior and lifestyle as a major factor in the country’s unsatisfactory health status and the ever-rising cost of health care. What was worse is that this rhetoric would soon become one of the guiding principles of American—and later European—public health policy.<sup>20</sup>

Under Ronald Reagan’s presidency of the 1980s, this diabolical combination of theoretical arguments advocating a thorough reorganization of the welfare state model, advanced by, on the one hand, left-wing intellectuals and, on the other hand, neoliberal economists and neoconservatives, began to shape U.S. public policy in a large number of socioeconomic areas, for example, in the following areas: poverty reduction and social security, inheritance and property taxes, student loans, and especially health care policies (the latter, as explained, strongly influenced by the AIDS epidemic itself).<sup>21</sup>

A similar fusion of the ideas of leftist critics, neoliberal economists and neoconservatives would, shortly thereafter, start to take shape in Western Europe. The result here was that, as early as the 1980s, an alliance of neoliberal, conservative, and communitarian ideas began to shape the reform of the Western European model of the welfare state. In the formulation of the neoliberal policies based on this, classical and left-wing economic schools—and on a practical level: the political parties corresponding to them—were taken on board, insofar as they could help provide ideas to reorient the model of the welfare state in accordance with the doctrines of economic neoliberalism itself.<sup>22</sup>

One of the most practically relevant consequences of this evolution has been that throughout the Western world—and taking into account differences from country to country—an increasing number of social security systems was transferred (in whole

---

<sup>18</sup>Cf. Bytтеbier (2022), p. 475.

<sup>19</sup>Cf. Bytтеbier (2022), p. 475, with further references.

<sup>20</sup>Cf. Bytтеbier (2022), pp. 475–476, with further references.

<sup>21</sup>Cf. Bytтеbier (2022), p. 475, with further references.

<sup>22</sup>Cf. Bytтеbier (2022), pp. 476–478, with further references.

or in part) to private insurers and, in addition, an increasing number of forms of public services became privatized, or otherwise subject to free market principles.

Influenced by this neoliberal thinking, policymakers in various countries began to assume that traditional, public health care systems—including public social security systems—, offered insufficient incentives for sound policy, which was attributed to the absence of market mechanisms and the separation of financing and planning. This view would, in turn, trigger new regulatory changes, as a result of which, throughout the Western world, public health insurance systems themselves would be made subject to mechanisms originally developed for the private insurance sector. The result was that both private, and public health insurance, began to rely more and more on the logic of the free market, rather than on the provision of care based on an idea of mutual solidarity. Eventually, in several Western European countries, this evolution would culminate in a streamlining of the packages of compulsory systems of social security. The aim of this was to guarantee every citizen a minimum basic package, to be supplemented by supplementary private health insurance. A further consequence of this evolution has been that (private) health insurance packages became an increasingly important part of the compensation systems by which (large) enterprises began to remunerate their staff.<sup>23</sup>

Of course, these new models soon led to even greater inequality, since highly profitable enterprises with a large workforce generally had the resources to offer attractive private insurance packages, while employees of small(er) enterprises and the self-employed were largely left out in the cold. In this way, private health insurance systems themselves became a system that contributed to ever-increasing social inequality. In countries such as the United Kingdom and the United States of America, this would gradually lead to distressing situations in which the lower classes hardly had access to, for example, dental care or (specialized) medical care. Thus, health insurance systems themselves increasingly became a playing field of inequality in health care opportunities.<sup>24</sup>

This inequality has—of course—also been an important relevant factor during the COVID-19 pandemic<sup>25</sup> (as we ourselves have already explained in more detail in our book *Covid-19 and capitalism*).<sup>26</sup>

#### 5.2.4.2 Practical Impact of Economic-Neoliberal Policies on Health Care

Needless to say, during the past few decades, care for the sick and disabled has suffered greatly from the implementation of the neoliberal ideas discussed under the previous Sect. 5.2.4.1.

<sup>23</sup> Cf. Bytтеbier (2022), pp. 478–479, with further references.

<sup>24</sup> Cf. Bytтеbier (2022), p. 479, with further references.

<sup>25</sup> Cf., furthermore, Chancel et al. (2022), pp. 46–48.

<sup>26</sup> Bytтеbier (2022), Chapter 10.

The constant in public policy on care related matters has since been that care for one's fellow human being (in their capacity of patient or disabled person), increasingly, has had to give way to a financial logic.

Hereafter follow some (extreme) examples to illustrate this.

One neoliberal method that has hit the health care sector in general very hard is the method of austerity.

Such austerity, on the one hand, in social security and, on the other hand, in sectors relying on (semi-)public institutions (for example, hospitals and nursing homes), already started to occur, throughout the Western world, since the 1980s.

As part of further austerity measures imposed on various countries in the wake of the 2007–2008 financial crisis, savings in these sectors would be pushed even further up the agenda.

Although these savings have manifested themselves in various domains of both social security and the design and financing of public health care institutions, one of the levels at which this savings behavior has reached worrisome proportions has been that of the numbers of health care providers.

This issue has already been extensively discussed in (this Chapter and Chap. 6 of) our previous book *Covid-19 and capitalism*, in which it has also been explained how this problem of austerity, particularly in terms of personnel, seriously undermined the resilience of (Western) hospitals and nursing homes to respond adequately to the COVID-19 pandemic.<sup>27</sup>

However, the implementation of neoliberal thinking in the medical and nursing sectors has taken numerous other forms.

One of the other methods of 'neoliberalizing' the healthcare sector, stemming from the so-called Washington consensus model, consists in privatizing former public institutions, in addition to, more generally, increasingly subjecting them to the logic and working methods of the free market.

In recent years in particular, the question has arisen as to whether the privatization—in addition to subjecting to the logic and working methods of the free market—of health care institutions, in the broad sense of the word, has proved to be as successful a formula as the adherents of economic neoliberal thinking would have us believe. Indeed, numerous studies have shown that the resulting 'neoliberalization' of the care sector has been negatively impacting both access to (medical and other) care, as well as the quality of such care, especially for the poorer sections of the population. For example, it has been observed that private care institutions tend to focus on services that are sufficiently profitable and divest other forms of services—including, for example, ICU beds—as much as possible, to leave them to the remaining public care institutions.<sup>28</sup>

Other research has pointed to the fact that private care facilities suffer to a much greater extent from understaffing of caregiving staff, which finds its explanation in

<sup>27</sup> Cf. Byttembier (2022), pp. 577–580 and pp. 655–658, with further references.

<sup>28</sup> This issue has also already been discussed at length in (this Chapter and Chap. 6 of) our previous book 'Covid-19 and capitalism', to which reference is therefore again made here. (Cf. Byttembier (2022), pp. 471–583 and pp. 589–658, with further references.)

the profitability model applicable to private legal entities. This has been another fact that proved to be very problematic in the context of the COVID-19 pandemic. Still other research has addressed the impact of privatization and marketing efforts on the quality of services, generally pointing to a negative quality impact.<sup>29</sup>

As Stiglitz has pointed out in general terms, the privatization story, especially regarding the health care sector, is not as rosy as the supporters of neoliberal ideologies would have us believe, quite the contrary.<sup>30</sup>

In addition to these classic neoliberal prescriptions of austerity and of privatizing, or otherwise subjecting institutions to the logic and working methods of the free market, the negative impact of the implementation of economic neoliberalism on the health care sector has taken perhaps even more worrisome forms.

Em. Prof. Dr. Walter Foulon—who was in the past the head of the Department of Obstetrics UZ Brussels (Belgium), then to become a board member of the Masereel Fund Vilvoorde—, has pointed to another, important effect of applying neoliberal logic to the health sector.<sup>31</sup> In addition to market deregulation and the dismantling of public health institutions, a key objective of neoliberal policies has been the reduction of social security expenditure. For instance, to make rational savings in healthcare and not give the impression that cost cuts would come at the expense of quality, the American Registration System was introduced to map the sector. To this end, the DRG (diagnosis related groups) classification system was installed, not surprisingly on the initiative of the Reagan administration.<sup>32</sup> A code was thereby

<sup>29</sup> See the research cited in Byttebier (2022), p. 577.

<sup>30</sup> Stiglitz (2008), p. xii.

<sup>31</sup> Foulon (2021).

<sup>32</sup> Cf. Millenson (2010); Ginsberg (1987), p. 64.

In 1982–1983, President Ronald Reagan and a U.S. Congress that at the time was reported to be split between Republican and Democratic control, reached an agreement on a radical new payment scheme for Medicare. According to Ginsberg, it concerned the most far-reaching and critical legislative action in healthcare policy undertaken by the Reagan administration, or any other administration, since the days of Lyndon Johnson. (Cf. Ginsberg (1987), p. 64.)

A first resulting legislation of this reform action concerned the Tax Equity and Fiscal Responsibility act (or, in short, TEFRA) of 1982 (Public Law 97-248, 96 Stat 324). TEFRA may be considered as the forerunner of the DRG's. As reported upon by Kenton and Berry-Johnson, TEFRA was developed to reduce the growing federal deficit in various domains, by closing loopholes in the tax system, introducing stricter compliance and tax-collection measures, such as increasing excise taxes on cigarettes and telephone services, as well as increasing corporate taxes. TEFRA also rescinded some of ERTA's—by which reference is made to the Economic Recovery Tax Act of 1981—reductions in personal income-tax rates that at the time had not yet gone into effect. TEFRA in addition removed some of the tax breaks businesses received under ERTA, such as accelerated depreciation. According to Kenton and Berry-Johnson, TEFRA, furthermore, instituted a 10% withholding tax on dividends and interest paid to individuals who had no certified tax identification numbers. TEFRA at the same time affected a broad range of taxpayers an tax systems, as it modified the rules governing pension plans, life insurances, corporate mergers and acquisitions, the redemption of corporate stock, and safe harbour leases. (Cf. Kenton and Berry-Johnson (2020).)

Shortly after, in February 1983, President Reagan submitted his long-awaited Health Incentives Reform Program (or, in short, HIRP) to the American Congress, which consisted of a multipronged



assigned to each disease treated in a hospital, which initially was intended to make it easier to find out which pathologies ended up for treatment in hospitals. However, soon this system allowed to deduce how long a hospital stay was needed for a particular treatment of a well-defined pathology. One could, e.g., also start calculating how many staff members were to be involved for treating a particular pathology, how much the medication was to cost, how long the average surgery time would be for an operation, etc. Foulon notes that although such information can on itself be useful and not necessarily needs to be intrinsically harmful or dangerous, the system soon became harmful when it started to get used to propagate further savings in healthcare. As a result, hospital physicians were soon confronted with the concepts of ‘a responsible duration of stay’ (in a hospital) and of ‘responsible hospital expenditure’. Hospitals were even financially rewarded for shorter hospitalizations and penalized for an excessively long hospitalization for a particular pathology. In this manner, the hospitalization duration gradually got shortened for all conditions.

---

strategy for reducing health costs. One of the components of HIRP that became law was a prospective payment system (PPS) for inpatient hospital services based on 468 diagnosis-related groups (referred to as so-called Diagnosis-Related Groups, or DRGs). On April 20, 1983, after what has been referred to as “*a whirlwind passage through Congress*”, the Social Security Amendments Act of 1983 (H.R. 1900, PL 98–21), putting the DRG system into effect, became law (cf. Preston et al. (1997), p. 147.) Under the DRG system, which was by and large following the approach of TEFRA of 1982, the American federal government would still only pay a flat rate for each DRG. (Cf. Ginsberg (1987), p. 66.) Before, from 1966 on, when Medicare had begun, until 1982, US hospitals had been reimbursed retrospectively and based on real costs; that is to say that hospitals were reimbursed in full for necessary and reasonable costs expended in service provision. These costs were, furthermore, calculated on a per diem basis. The PPS model was meant for replacing this costing regime. PPS was more precisely based upon a set of 467 product lines called Diagnosis-Related Groups (or DRGs), which classified and grouped together patients with similar principal diagnoses, the assumption being that these diagnoses required similar treatment protocols and, hence, similar amounts of resources. (Cf. Preston et al. (1997), p. 147.) The purpose of this new system was to guarantee the quality of Medicare services and to save money for the government by eliminating unnecessary hospital admissions and by encouraging greater utilization of outpatient services. (Cf. Ginsberg (1987), p. 68.) The DRG system was thus aimed at trimming billions of dollars from the federal budget and at plummeting medical inflation to plummet, while (purportedly) still guaranteeing quality of care. (Cf. Millenson (2010).)

The DRG system led to a permanent change in how both the public and private sector pay for healthcare in the United States of America, and has, since then, gone curiously unmentioned during health reform debates to follow, to the extent that some have suggested that the topic simply raises too many squirm-inducing questions, inciting political discretion instead of debate. The 1983 DRG system was reported to be conceptually simple: Medicare was more precisely told to pull the plug on paying hospitals whatever they billed the government as their costs, plus an additional profit margin piled on. Instead, Medicare would still only be committed to paying a fixed price linked to each patient’s clinical condition, or diagnosis-related group (DRG). That price might vary due to adjustments such as regional wage levels, but it was in essence a price set in advance; hence the term PPS, or prospective payment system, for describing the underlying methodology. The effect of this system of prospective payment was believed to be felt immediately: Soon after the introduction of the law, the growth in Medicare hospital payments plunged from 16.2 percent per year from 1980 through 1983, to just 6.5 percent per year from 1987 through 1990. Between 1982 and 1988, Medicare hospital days plummeted a further 20 percent. (Cf. Millenson (2010).)

Shortening the average length of hospitalization, in its own turn, justified the reduction of the number of redundant hospital beds. E.g., In Belgium, there were in 1990 56,327 hospital beds, a number which was progressively reduced to 52,565 by 2019. This amounted to a reduction of 8% (considering the population growth).<sup>33</sup>

Based upon this calculation method for every aspect of treating any disease, savings were also accomplished in the staffing of hospitals. At the beginning of 2021, the nursing supervision in Belgium was 1 per 9.4 patients, while it is generally assumed that a safe level of supervision requires minimum one nurse per eight patients. Raising the number of nurses has since then become increasingly difficult, moreover given the relatively low salaries and heavy workload.<sup>34</sup>

Because of such approaches (such as austerity on a macro-level) and DRG-reporting systems (or similar systems) on a micro-level, neoliberal health policy has mainly been about reducing costs. As a result, staffing must be kept as small as possible in all hospital services. According to Foulon, in many hospital departments throughout the EU, there is already a problem when a staff member is unexpectedly absent. According to the same author, one does, of course, not necessarily build out a healthcare system with the assumption that a pandemic (such as the COVID-19 pandemic of 2020–2022) is permanently at hand, but neoliberal policy of extreme downsizing the entire healthcare sector, has still made the European healthcare systems extremely vulnerable to the slightest overload. For Foulon, the inadequacy of the healthcare systems of the Western world to deal with a pandemic such COVID-19, has hence as one of its most important causes, the neoliberal health policy of recent years.<sup>35</sup>

Further examples of the impact of neoliberal policies of recent decades on the (health) care sector are legion. One can think, for example, of the advance of home care systems and voucher systems, which have begun to find increasing application (instead of hospitalization and reimbursement of actual necessary expenses, respectively).

The common thread throughout all of this is that, driven by economic-neoliberal ideology, savings should be made at all levels of healthcare spending. Although in some cases attempts are made to justify this from the standpoint of concern for better service, this latter argumentation is, as a rule, far from convincing, for which, by way of illustration, reference may be made to the various abuses revealed in the context of the COVID-19 pandemic.<sup>36</sup>

---

<sup>33</sup>Foulon (2021).

<sup>34</sup>Foulon (2021).

<sup>35</sup>Foulon (2021).

<sup>36</sup>Cf. again Byttebier (2022), especially in this Chapter and Chap. 6.

### 5.2.4.3 Remedies for a Way Out

To get out of the impasse created by economic neoliberalism with regard to the healthcare sector, a radical reversal of the policy-based approach presupposed by this ideology is advocated here.

Health care is, in our opinion, not a sector that can be subjected to so-called austerity. Nor is it a sector that should lend itself to unbridled monetary gain (and, therefore, not to privatization and/or marketization).

On the contrary, from the awareness that every human life is equally precious, a policy insight should gradually prevail again that, when necessary, every human being has the right to full and equal medical care. There should no longer be inequalities in this area based on class, soci(et)al status, race, age, wealth, or any other distinguishing criterion.

In other words, to establish a globally equal health system, a complete reappraisal of the sector is imperative. Accomplishing this intent will, at the very least, require the following:

- Healthcare should be completely removed from any market and profitability logic. The idea that medical (or other forms of) health care provision can be a method of money-making for the corporate sector is plainly perverse. Such thinking should end.
- Health care should become universally accessible, without its users having to pay for it. Adequate health care rather constitutes one of the services that modern health states should provide to their subjects, entirely free of charge.
- Of course, the foregoing implies that the (public) health sector must have the necessary financial resources to fulfill its mission.

The latter assumes that, under the financing model proposed above, under which states would, henceforth, obtain their operating funds from allocations provided by the monetary institutions (cf. Chap. 4), sufficient budgets will need to be released to reestablish a full-fledged, public health sector.

An important aspect in all this concerns the provision of adequate staffing. Rather than the chronic understaffing that has been caused under the impulse of neoliberal ideology, it would be better to have a surplus of personnel in the health care sector, so that there is room again for humane treatment of everyone who depends on their care, while the health care personnel itself would then no longer be overloaded with work, at the risk of burn outs or similar mental diseases.<sup>37</sup>

---

<sup>37</sup>That this might imply that physician-specialists will no longer be able to amass fortunes by charging extremely high fees cannot provide a convincing counterargument to justify the need for a revision of health care operating costs. This does not, of course, prevent the budget margins from being based on reasonable compensation for all health care personnel (and not just specialist physicians).

## 5.2.5 *Children and Youth*

### 5.2.5.1 General

Besides the sick and disabled, there are, worldwide, two other main groups of people who, by definition, rely on care provision by others, namely, on the one hand, children and young people (who are still too young to stand on their own feet) and, on the other hand, the elderly (from the moment when, for whatever reasons, they are no longer able to care for themselves).

Obviously, this is a subject matter that lends itself to a comprehensive discussion on its own accord, which is however not the intent of this book itself. On the contrary, we shall limit ourselves in this Sect. 5.2.5 to several selected topics of youth care, with the intention of illustrating how the proposed allocation model, discussed in Chap. 4, could allow for the return to a full and universal system of child and youth care. In a further Sect. 5.2.6 we shall devote a similar discussion to elderly care.

The topics we shall discuss in this Sect. 5.2.5 are the following:

1. The problem of child poverty at a global level, where the focus will rest on the situation in developing countries, that also in this matter continue to suffer the most from capitalism.
2. Point (1) does not imply that there are no problems of child poverty in Western (prosperous) countries. Since the latter is usually underemphasized in literature, we shall, based on empirical data provided by UNICEF, elaborate on this as well.
3. Finally, we shall elaborate on a few specific problems that have manifested themselves in the Western world in the recent past and that are mainly the result of the implementation of economic-neoliberal ideology, in particular the problem of inadequate models of infant care in general, and of the so-called baby formula crisis.

### 5.2.5.2 Child Poverty

#### 5.2.5.2.1 General

The care needs of children are obviously high and, therefore, need little further argument. Nevertheless, over the past decades, ensuring adequate care for (all) children has far from been a policy priority of neoliberal governments and international policy agencies.

Let us look first at the situation of children and young people living in poverty, from which it will appear that, on a global scale, there is still much work to be undertaken.<sup>38</sup>

---

<sup>38</sup>Cf., generally, Oxfam International (2022).

It is nevertheless, by adherents of capitalism and/or neoliberal ideologies, often argued that capitalism has eliminated poverty altogether. Such a faulty statement often relies on manipulations

It has long been known that in most developing countries, children cannot count on the care that, for reasons of human dignity, is due to them.

According to the UNICEF website, although in recent years the world has made progress in development, in 2022, more than 700 million people still lived in so-called extreme poverty. Moreover, within this group of extreme poor people, children were disproportionately represented. Although children make up (only) one-third of the world's population, they represent half of those who must make ends meet on less than USD 1.90 per day (i.e., the extreme poverty threshold). Children growing up so impoverished often lack food, sanitation, shelter, health care, and education to survive and thrive. In addition, according to the UNICEF website, by early 2022, around 1 billion children around the world were multidimensionally poor, implying that they lack basic needs such as food or clean water.<sup>39</sup>

The consequences of this are extremely serious. For instance, worldwide, the poorest children are twice as likely to die during childhood than their wealthier peers. Wherever they live, children who grow up impoverished suffer poor living standards, develop fewer workforce skills, and earn lower wages as adults.<sup>40</sup>

Notwithstanding these disturbing data, only a limited number of national governments have so far committed to making child poverty eradication a national priority.<sup>41</sup>

#### 5.2.5.2.2 Information Provided by the World Bank Group

The disturbing data mentioned in Sect. 5.2.5.2.1, moreover, find confirmation in a paper from the World Bank Group, which builds on previous collaboration between the World Bank Group and UNICEF, aimed at mapping the global extent of child poverty.<sup>42</sup>

As this paper contains a great deal of detailed information that embraces numerous sub-aspects of the subject matter, it is discussed in a little more detail below, albeit with the caveat that these 2018 data did not yet reflect the negative impact of the situation since the COVID-19 pandemic.

The World Bank Group note estimated that, in 2017, 17.5% of the world's children (or +/- 356 million children) under the age of 18 lived on less than PPP 1.90 USD per day, compared to 7.9% of adults aged 18 and older. The poverty rate of children who had to live on a daily amount of USD 3.20 and USD 5.50 was 41.5 and

---

of numerical data, as well as on an inherent tendency to set poverty lines extremely low (so that almost everyone falls above them). (Cf., furthermore, in Sect. 3.3.1, the discussion of an opinion piece by Balla.)

<sup>39</sup><https://www.unicef.org/social-policy/child-poverty> (consulted June 10, 2022).

About 100 million additional children have been additionally plunged into multidimensional poverty as a result of the COVID-19 pandemic.

<sup>40</sup><https://www.unicef.org/social-policy/child-poverty> (consulted June 10, 2022).

<sup>41</sup><https://www.unicef.org/social-policy/child-poverty> (consulted June 10, 2022).

<sup>42</sup>Cf. The World Bank (2022); Silwal, et al. (2020).

66.7%, respectively. In 2017, sub-Saharan Africa accounted for two-thirds of extremely poor children, and South Asia for another 18%.<sup>43</sup>

The number of children living in extreme poverty (i.e., having less than 1.90 USD/day at their disposal) had decreased by about 29 million from 2013 to 2017, according to this source. However, since these estimates refer to 2017, they did not yet consider the negative economic impact of the COVID-19 pandemic and its subsequent socioeconomic developments.<sup>44</sup>

Be as it may, the findings of this analysis conducted by UNICEF and the World Bank Group show that children are disproportionately affected by extreme poverty.

In 2017, children were twice as likely (amounting to 17.5% of all children) to be part of households living below USD 1.90 PPP per day, compared to 7.9% of adults. While this implied an improvement compared to 2013, extreme poverty among children, relatively speaking, nevertheless did not appear to have decreased as much from 2013 to 2017 (from 19.5 to 17.5%) as among adults (from 9.2 to 7.9%). Moreover, this analysis showed that the youngest children were the worst off—nearly 20% of all children under age 5 in developing countries lived in extremely poor families. These estimates also indicated that the concentration of child poverty increased between 2013 and 2017. In other words, in 2017, a higher proportion of the world's poor were children, compared to the situation in 2013. One possible explanation is that the average poverty gap at the USD 1.90 PPP line of children (i.e., 5.8%) under 18 is larger than that of adults (i.e., 2.5%). In other words, children live further from the poverty line than adults. This makes sense because larger households are also more likely to be poorer.<sup>45</sup>

The geographic distribution of children who, in 2017, lived in extremely poor households is also striking. Sub-Saharan Africa had both the highest percentage of children living in extreme poverty (just under 45.8%) and the largest share of all extremely poor children in the world (65.8%). Two out of every three extremely poor children in the world, in 2017, lived in sub-Saharan Africa.<sup>46</sup> Among all geographic regions, South Asia, at 10.2%, had the second highest percentage of children living in extreme poverty and 18.1% of all extremely poor children in the world. This implies that, in 2017, 84% of the world's extremely poor children lived

---

<sup>43</sup>These estimates were based on the Global Monitoring Database (GMD) of household surveys compiled in spring 2020, which reported data from surveys from 149 countries also used for the World Bank's official poverty estimates.

<sup>44</sup>The World Bank (2022); Silwal et al. (2020).

The paper itself stated that it was likely that the estimates of child poverty presented in the note had subsequently worsened due to the negative impact of COVID-19 on income generation and food security. According to the paper, preliminary projections by UNICEF and Save the Children suggested in this regard that the number of children living in poor households (as defined by national poverty lines) would have increased by +/- 117 million by the end of 2020. (Cf. Silwal et al. (2020), p. 4.)

<sup>45</sup>Silwal et al. (2020), p. 2.

<sup>46</sup>However, the World Bank Group paper, furthermore, noted that since countries without data, such as Somalia and Eritrea, were not included in the analysis, the actual share could be even higher. (Cf. Silwal et al. (2020), p. 3.)

in sub-Saharan Africa or South Asia. These findings kept holding true even when higher poverty lines of USD 3.20 and USD 5.50 PPP per day were used. The poverty rate among children at the USD 3.20 limit was 41.5% and at the USD 5.50 limit was 66.7%.<sup>47</sup>

Tables 5.1 and 5.2 provides more detail of these percentages considered by country (Tables 5.1 and 5.2).

### 5.2.5.2.3 Child Poverty in Developed Countries

What is less known is that child poverty is also problematic for part of the population in supposedly rich countries. Indeed, according to data provided by UNICEF, even in the world's richest countries, one in seven children still lived in poverty in 2022. In June 2022, as many as one in four children in the European Union was at risk of poverty.<sup>48</sup>

By means of a further illustration of child poverty in supposedly rich countries, let us cite some data from a UNICEF report, issued on May 23, 2022, and entitled 'Innocenti Report Card 16. Worlds of Influence. Understanding What Shapes Child Well-being in Rich Countries',<sup>49</sup> which examined in more detail the living situation of children in 41 OECD and EU rich countries.

Innocenti Report Card 16 showed in general terms that a strikingly large number of children in wealthy countries do not exhibit good mental well-being. For example, the report found that in 12 of the 41 examined countries, less than 75% of children up to age 15 showed high life satisfaction. In the surveyed group of rich countries, suicide was mentioned as one of the most common causes of death for adolescents between the ages of 15 and 19.<sup>50</sup>

Physical health indicators raised similar concerns. For example, it appeared that 1 in 15 babies in rich countries are born underweight—a significant risk for survival. In 10 of the group of rich countries, more than one in three children was reported to be overweight or obese.<sup>51</sup>

In the group of the surveyed, affluent OECD and EU countries, many children were, in addition, reported to lack basic academic and social skills by age 15. For example, it appeared that, in the group of countries surveyed, two in five children (on average) had not yet acquired basic reading and math skills by age 15. In seven countries, this number was even less than one in two.<sup>52</sup> According to the report, in nearly half of rich countries, more than one in five children lived in poverty. In many

---

<sup>47</sup> Silwal et al. (2020), pp. 2–3.

<sup>48</sup> <https://www.unicef.org/social-policy/child-poverty> (consulted June 10, 2022).

<sup>49</sup> UNICEF (2022).

<sup>50</sup> UNICEF (2022), p. 3.

<sup>51</sup> UNICEF (2022), p. 3. Innocenti Report Card 16, furthermore, pointed to the fact that the number of obese children (ages 5–19), worldwide, is expected to grow from 158 million to 250 million by 2030. (Cf. UNICEF (2022), p. 3.)

<sup>52</sup> UNICEF (2022), p. 3.

**Table 5.1** Percentage of children in financial poverty in 2017 (data in English)

Country	Poverty line in 2011 \$ PPP			Country	Poverty line in 2011 \$ PPP		
	\$1.90	\$3.20	\$5.50		\$1.90	\$3.20	\$5.50
Angola	50.2	73.0	89.7	Iraq	2.2	18.5	59.7
Albania	3.1	15.3	49.4	Jordan	0.4	4.4	31.8
Argentina	1.8	6.0	16.8	Kazakhstan	0.1	0.7	12.4
Armenia	3.2	20.2	62.5	Kenya	41.5	72.9	92.2
Azerbaijan	0.0	0.0	0.0	Kyrgyz Republic	1.4	20.7	71.4
Burundi	81.2	94.2	98.6	Kiribati	12.5	34.4	68.9
Benin	52.1	78.2	92.7	Lao PDR	12.7	45.3	80.2
Burkina Faso	42.1	77.7	93.8	Lebanon	0.0	0.2	2.9
Bangladesh	12.5	51.0	84.5	Liberia	45.5	77.6	94.9
Bulgaria	3.3	7.3	16.1	Sri Lanka	1.1	12.4	45.6
Bosnia and Herzegovina	0.1	0.6	4.2	Lesotho	31.8	56.1	79.7
Belarus	0.0	0.0	1.0	Morocco	1.0	7.9	33.2
Belize	16.6	33.8	61.0	Moldova	0.0	2.5	25.7
Bolivia	7.0	15.2	31.5	Madagascar	82.9	93.9	98.5
Brazil	8.1	16.7	34.8	Maldives	0.0	0.7	7.8
Bhutan	1.9	13.8	42.8	Mexico	2.7	10.1	33.3
Botswana	19.9	47.3	71.1	North Macedonia	7.2	15.9	30.7
Central African Republic	76.7	89.6	95.8	Mali	45.3	77.8	94.8
China	5.9	20.6	46.9	Myanmar	6.4	30.3	68.7
Cote d'Ivoire	29.8	61.9	86.9	Montenegro	1.9	10.9	26.3
Cameroon	27.2	50.5	74.8	Mongolia	0.7	8.8	38.8
Congo, Dem Rep.	76.6	91.9	98.2	Mozambique	66.0	84.7	93.9
Congo, Rep.	45.8	70.3	87.3	Mauritania	7.5	29.3	66.5
Colombia	6.7	17.3	40.9	Malawi	74.9	92.2	98.0
Comoros	22.1	44.8	68.9	Malaysia	0.0	0.2	3.4
Cabo Verde	4.1	17.3	45.0	Namibia	18.7	38.4	61.4
Costa Rica	3.0	7.1	20.3	Niger	47.5	78.9	94.8
Djibouti	21.9	46.7	78.1	Nigeria	45.9	78.3	95.5
Dominican Republic	1.0	5.6	25.7	Nicaragua	2.2	10.8	36.6
Ecuador	4.9	14.7	34.5	Nepal	8.7	43.8	79.7
Egypt, Arab Rep	5.8	39.4	84.0	Pakistan	2.4	31.5	75.1
Ethiopia	26.1	64.9	91.9	Peru	4.5	13.3	31.8
Fiji	0.9	11.1	46.9	Philippines	7.3	30.8	63.2
Micronesia, Fed Sts	16.8	42.5	72.8	Papua New Guinea	28.2	52.8	79.9
Gabon	4.6	14.9	40.5	Paraguay	2.7	9.5	25.0
Georgia	7.9	24.6	55.6	West Bank and Gaza	1.4	7.4	29.8
Ghana	15.4	34.3	62.7	Russian Federation	0.1	0.5	4.3
Guinea	26.6	62.1	89.3	Rwanda	59.9	83.7	94.0

(continued)



**Table 5.1** (continued)

Country	Poverty line in 2011 \$ PPP			Country	Poverty line in 2011 \$ PPP		
	\$1.90	\$3.20	\$5.50		\$1.90	\$3.20	\$5.50
Gambia, The	11.8	41.9	77.0	Sudan	9.9	32.1	66.3
Guinea-Bissau	65.1	84.0	92.9	Senegal	34.1	64.6	87.9
Guatemala	9.2	27.0	53.6	Solomon Islands	28.7	64.1	88.0
Honduras	21.6	38.1	60.6	Sierra Leone	46.1	79.9	95.1
Haiti	30.7	58.8	85.0	El Salvador	2.3	11.9	36.8
Indonesia	6.7	33.8	66.5	Serbia	0.1	1.8	11.3
India	11.7	49.9	84.1	South Sudan	86.3	95.9	99.4
Iran, Islamic Rep.	0.6	4.7	18.7	Sao Tome and Principe	37.8	68.5	89.4

**Table 5.2** Percentage of children in financial poverty in 2017 (data in English)

Country	Poverty line in 2011 \$ PPP			Country	Poverty line in 2011 \$ PPP		
	\$1.90	\$3.20	\$5.50		\$1.90	\$3.20	\$5.50
Eswatini	34.5	60.4	79.3	Tanzania	57.5	83.3	95.2
Syrian Arab Republic	1.6	15.5	50.8	Uganda	47.6	76.4	92.1
Chad	43.3	71.0	89.5	Uzbekistan	68.6	90.4	97.7
Togo	52.4	77.4	92.8	Venezuela, RB	11.7	22.3	44.9
Thailand	0.1	0.9	12.2	Vietnam	2.8	11.0	32.5
Tajikistan	3.7	17.4	50.0	Vanuatu	17.3	46.8	78.9
Timor-Leste	28.0	74.7	95.3	Samoa	0.8	10.3	39.7
Tonga	1.0	9.8	34.6	Kosovo	0.3	4.4	28.1
Tunisia	0.5	4.9	23.5	Yemen, Rep.	56.6	84.2	95.3
Turkey	0.2	2.8	16.0	South Africa	26.2	49.0	68.9
Tuvalu	0.5	11.7	39.3	Zambia	62.3	78.8	90.3

Source: Silwal et al. (2020). *Poverty & Equity. Global Estimate of Children in Monetary Poverty: An Update*. pp. 10–11

of these countries, the poorest children were at greater risk of depression, obesity and poor performance.<sup>53</sup>

Figure 5.1 provides an overview of the percentages of the number of 15-year-old children with adequate basic learning skills in reading and mathematics (in the countries surveyed in ‘Innocenti Report Card 16’).

Innocenti Report Card 16 defines children (belonging to the group of 41 wealthy OECD and EU countries examined in the report) who belong to families with incomes below 60% of the national median income, as living in poverty. In doing so, it found that, in 2018, in the group of 41 countries surveyed, as many as 20% of children lived in such a state of poverty, with the understanding that there were large

<sup>53</sup>UNICEF (2022), p. 4.

differences between the countries surveyed (for example, a rate of 10% in Iceland vs. a rate of 30% in Turkey).<sup>54</sup>

Figure 5.2 provides an overview of the percentage of children belonging to families with incomes below 60% of the national median income in the years 2008, 2014 and 2018.

#### 5.2.5.2.4 Summary and Conclusions

The Global coalition to End Child poverty has tried to summarize these figures on their website. When consulting this website on September 15, 2022, it appeared that:<sup>55</sup>

- There were, worldwide, 355.5 million children living in extreme poverty (as of 2017). These are children struggling to survive on less than USD 1.90 PPP per day.<sup>56</sup>
- 841 million children were living under the higher limit of USD 3.20 PPP, and as many as 1.35 billion under the USD 5.50 PPP limit.
- An estimated 1.2 billion children were multidimensionally poor.<sup>57</sup>
- Child poverty was not only a phenomenon in lower- and middle-income countries. In the EU, 22.5% of children were at risk of poverty and social exclusion (as of 2020).
- In all OECD countries, nearly 1 in 7 children is income poor (as of 2018).

The question even arises of how large these numbers of poor to extreme poor children would be if a system of measuring poverty were used that met Balla's criticisms mentioned above (cf. in Sect. 3.3.2.3.2) (to the effect that the limits used to measure poverty since the 1990s<sup>58</sup> are ridiculously low, which does not allow for the painting of an accurate picture of global poverty).

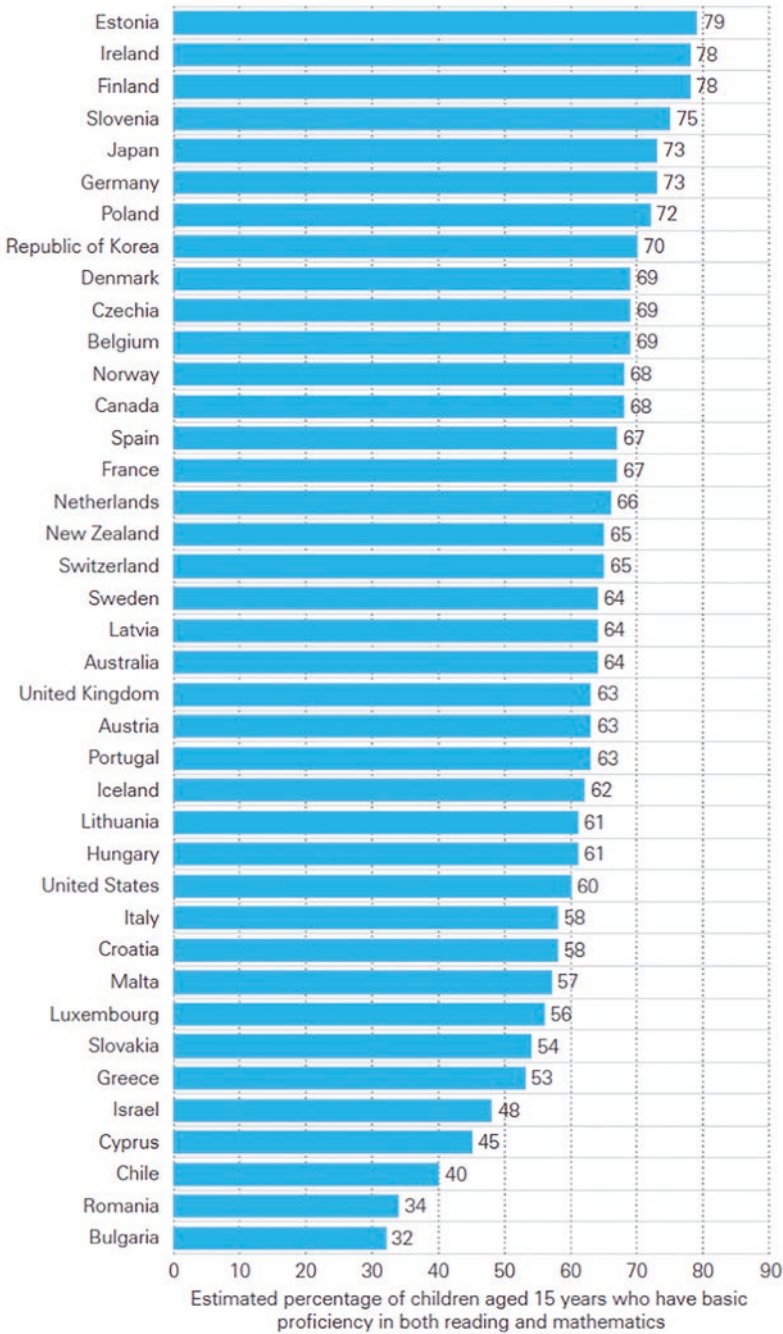
<sup>54</sup> UNICEF (2022), p. 37.

<sup>55</sup> Global Coalition to End Child Poverty (2022).

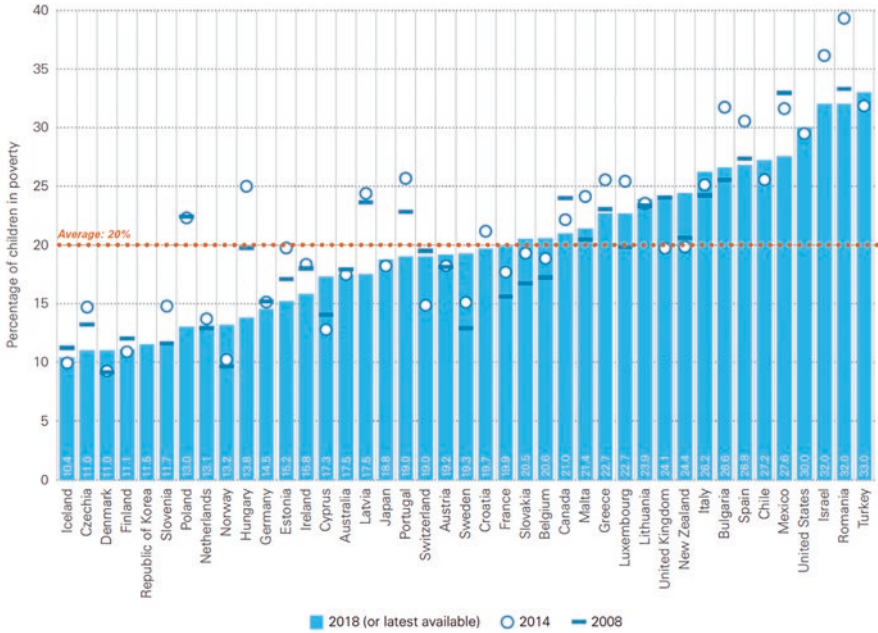
<sup>56</sup> The international poverty line has been conceived to be an absolute poverty line (usually defined as having to survive on USD 1.90, or less, per day), set by the World Bank. For determining this absolute poverty line, the World Bank relied on the national poverty lines of some of the poorest countries. The purpose of the line is to measure the proportion of the global population living in extreme poverty. As differences in the cost of living around the world increase, this global poverty line should be updated periodically to reflect these changes. The value has been updated since 1990. (Cf. <http://www.endchildhoodpoverty.org/facts-on-child-poverty>.)

<sup>57</sup> Multidimensional poverty implies that poverty is reflected not only in income, but also in the lack of access to basic services, such as clean drinking water and nutrition, next to basic education and health care. There are several prominent approaches to measuring multidimensional poverty, including the multidimensional poverty index (MPI) and the multidimensional overlapping deprivation analysis (MODA), which are anchored in an absolute approach (via absolute deprivation and multidimensional poverty thresholds, in addition to the so-called Bristol approach). (Cf. <http://www.endchildhoodpoverty.org/facts-on-child-poverty>.)

<sup>58</sup> Not coincidentally, this is the period during which the ideology of economic neoliberalism made its impact increasingly felt at the level of international institutions, such as the World Bank and the IMF.



**Fig. 5.1** Percentages of the number of 15-year-old children with adequate basic learning skills in reading and mathematics (in the countries surveyed in Innocenti Report Card 16). *Source:* UNICEF (2022). *Innocenti Report Card 16*, p. 18, Figure 10



**Fig. 5.2** Percentage of children belonging to families with incomes below 60% of the national median income in the years 2008, 2014 and 2018. *Source:* UNICEF (2022). *Innocenti Report Card 16*, p. 36, Figure 25

At any rate, it is questionable that after more than four centuries of capitalism and more than four decades of economic-neoliberal policies, the condition of many of the world’s children is of great concern and the classical, (neo)liberal concepts to remedy this—including, in particular, the trickle-down economics approach—keep failing to bring any hope for relief.<sup>59</sup>

### 5.2.5.3 Some Specific Problems (in the Western World)

#### 5.2.5.3.1 Opportunity Inequality

The mythological view of life propagated by economic neoliberalism generally holds that Western societies offer everyone, richly, equal opportunities. This allows the adherents of neoliberal ideas to argue that poverty is rather the result of personal failure than of objective, socioeconomic factors. An argument often heard is that the Western education system is both readily accessible to all people and of high quality.

<sup>59</sup>Cf., at greater length, in Sect. 3.3.

We have already elaborated extensively on this matter in our work ‘The unfree market’,<sup>60</sup> to which we therefore refer.<sup>61</sup>

For those who need further convincing of the importance of the impact of one’s socioeconomic background during their childhood, reference can additionally be made to the book on this subject by Tessa Roseboom, titled ‘Gelijk goed beginnen’, in which the author explains how the quality of life during the first 1000 days of a person’s life (and even before that, in the womb) determines the later course of life, including how successful or unsuccessful someone will be their later life.<sup>62</sup>

Since this work can be considered one of the most important in this field, we draw from it the following (introductory) quote<sup>63</sup>:

As it becomes increasingly clear that people’s health, behavior and life chances are determined by their own early environment, and even that of generations before them, it becomes clear that we need to change our view of health and behavior. When poverty has been passed down from generation to generation, it gets under the skin, and becomes ingrained in the brain. Then it turns out that addiction is not a character weakness but the result of a series of events that began long before the first cigarette was lit, even before you were born. So then the susceptibility to addiction is actually a vulnerability passed down from our ancestors, an echo from the past. Then it becomes clear that free choice is only limited and very dependent on the environment in which you and your ancestors grew up. That not only which genes were passed on to you, but also in which environment those genes were expressed is important. Whether there were enough building blocks to build the organs. Whether it was safe enough to build trust in the world around you and start exploring it. Whether you learned that you are loved and worthy of love. A lot is determined by your fate in the birth lottery. This offers a vastly different view of health, choice and opportunity. It also calls for a different approach, and new policies.—(Own free translation.)

Particularly in the neoliberal world that began to take shape from the 1980s, the problem of inequality of opportunity from the cradle has begun to display a number of additional characteristics, some of which will be highlighted below by way of further illustration, including: (1) the problem of organization of infant care (including unequal access to maternity leave), and (2) the Baby Formula Crisis occurring in 2022, in the United States of America.<sup>64</sup>

---

<sup>60</sup>Cf. Byttebier (2015b), and Byttebier (2018).

<sup>61</sup>Cf. Byttebier (2015b), pp. 54–56, and Byttebier (2018), pp. 54–56. Cf. also Byttebier (2021).

<sup>62</sup>Cf. Roseboom (2022).

<sup>63</sup>Roseboom (2022), pp. 16–17.

<sup>64</sup>A similar problem is that of unequal opportunities in the professional context, which we shall return to in more detail in Chap. 7.

### 5.2.5.3.2 Organization of Infant Care

#### 5.2.5.3.2.1 *Organization of Childcare in Capitalist Countries in General*

When considering the situation in industrialized, capitalist countries (recognizing that, over the past few decades, more and more countries have begun to fit that profile), one cannot ignore the fact that over the past two (or even more) centuries, the role of women has increasingly changed, with the constant being that women, too, were made to become involved, increasingly, in socioeconomic processes.

The modern, neoliberal world boasts that women are equal to men, which is reflected in the idea that both genders—in addition to those who do not agree with such a purely biological division of people into two genders—should be employed equally in the capitalist machinery.

Regardless of whether the welfare of anyone is best served by such a worldview, in which everyone must constantly, and as much as possible, be put to work to help maintain the capitalist model of economic growth and to maximize the profits of the wealthy entrepreneurial classes, a consequence of this has been that caring for young children has become a problem in itself.

Where systems of maternity leave exist in several Western countries, these tend to be time-limited, with the result that young children (infants, toddlers, or preschoolers) need somewhere to stay and be looked after when their parents, or parent, are (is) at work. Moreover, very wide variations apply between countries.

Mindful of the essential feature of exploitation that characterizes capitalist employment, within countries with a pronounced capitalist profile, everyone should be at work as constantly as possible. For members of the working classes, periods of interruption—for whatever reason—should be avoided as much as possible.<sup>65</sup> Moreover, this attitude of capitalism affects the lower classes of the population much more than the upper and middle classes, on the understanding that, under the impetus of economic neoliberalism, strong efforts have been made in recent decades, in many countries, to set the (social protection) bar as low as possible for everyone—except the rich.

One consequence of this is that, worldwide, new mothers from low population groups must, in most cases, return to work as soon as possible after giving birth.

In Western countries, this issue is dealt with in a twofold way, the constant being that in many cases (and a few exceptions notwithstanding) the fulfillment of this soci(et)al need is increasingly left to the domain of the free market—how could it be otherwise?

A first model is that in which the enterprises employing parents organize the care of such young children themselves, implicitly making this form of childcare part of

---

<sup>65</sup> Cf. Marx and Engels (2021), p. 33.

This has also been, for example, one of the hallmarks of neoliberal policies in the context of the COVID-19 pandemic, where neoliberal administrators could not tolerate prolonged lockdown periods to combat the pandemic, but on the contrary, everyone had to be put back to work as soon as possible. This issue has been described in detail in our previous work 'Covid-19 and capitalism'. (Cf. Bytbeier (2022), pp. 701–714.)

the compensation package of such parents. However, it appears that this model is only available to sufficiently large and wealthy employers, to the extent that such a model must boast the appropriate hiring of staff members who are made responsible for the operation of such in-house daycares.

Those employed in enterprises (or by other types of employers) that do not have the resources to set up such in-house daycares are in turn more likely to rely on private market players who provide such early childhood care, in most cases small-scale enterprises. It moreover appears that the quality of such small-scale infant and toddler care enterprises is variable, with much depending on the person of the furnisher of such a small-scale enterprise—often constituting of a sole proprietorship—themselves. This is, in addition, especially a fate that befalls those belonging to the lower social classes, to the extent that these people are mostly employed by less attractive employers.

In such cases, the parent(s) who have to rely on such childcare offered on the market (because their employer does not offer this service itself) must—of course—pay a market price for it. This implies that the parents who must use such free market services of childcare are often doubly disadvantaged, on the one hand because they do not have access to a service organized by their employer and, on the other hand, because they must pay extra for this service at the free market.

In this way, the way childcare is provided in a free-market environment accentuates the class inequalities that characterize neoliberal societies even more.

#### 5.2.5.3.2.2 *Illustration: Some Recent Problems of Infant Care in Belgium*

By way of illustration, in Belgium, the infant care sector is because of the foregoing evolving in a very alarming way. In a newspaper article that appeared in the newspaper *De Morgen* of September 14, 2022, (based on an interview with Professor of Family Pedagogy, Prof. Dr. Vandenbroeck of the University of Ghent, Belgium),<sup>66</sup> it has been held that the entire Belgian system of childcare is on the verge of collapse.<sup>67</sup>

According to the newspaper article (and its interview with Prof. Vandenbroeck), one of the major problems facing the Belgian childcare sector is that, for years, there has been an acute shortage of places, especially in Flanders and Brussels. It is, for instance, mentioned that in Brussels alone, one demand out of two for Dutch-speaking childcare cannot be met. This goes hand in hand with—and/or is caused by—a second problem, which is growing by the day, namely a complete lack of qualified personnel. Because of this, numerous vacancies in the sector remain unfilled, with moreover many existing employees dropping out because of bad working conditions.<sup>68</sup>

Although the newspaper article does not mention so in so many words, its content suggests that the severe problems facing the sector may have resulted from the

---

<sup>66</sup>Cf. De Boeck (2022).

<sup>67</sup>Cf. De Boeck (2022).

<sup>68</sup>Cf. De Boeck (2022).

neoliberal policies implemented from the 1990s onward (which, moreover, caused similar effects, including large staff shortages, as in the comparable education and health care sectors; cf. already in Sect. 3.2.3.4). As concerns the childcare sector specifically, the main aim of past neoliberal policies has been to eliminate the place deficit as cheaply as possible (cf. the so-called, neoliberal austerity policy that started affecting all public sectors from the 1990s onward). It is precisely this policy that is, increasingly, beginning to take its revenge. As a result, between 1990 and 2000, although many new places were created in the sector, their social status has been so abominable that by 2022, young people have become completely uninterested in working in this sector,<sup>69</sup> while the older guard of caregivers who still put up with the severe levels of exploitation are starting to retire massively. Between 2000 and 2010, the government especially mainly supported small, independent caregiving enterprises, that required fewer subsidies. By 2022, this group of small, independent caregivers has gradually disappeared, with no interest of current young people to replace them, given the abominable working conditions (especially low pay). But also for the large, licensed childcare enterprises that used to receive more subsidies, the situation has gotten worse (in keeping with the neoliberal principle of getting more done with less staff): for example, these childcare initiatives have been forced to admit eight to nine children per attendant since 2014, whereas before only about six was deemed justified.<sup>70</sup>

Of course, even worse is the situation in poor(er) countries—at least for parts of the population of such countries—that do not even have access to such services, where their absence often goes hand in hand with great disadvantage to women and, in extreme cases, real poverty.

### 5.2.5.3.3 Baby Formula Crisis

In the recent past, in what counts as one of the most capitalist and prosperous countries in the world, particularly the United States of America, an unexpected, harrowing problem has further demonstrated the great importance of dealing with infant care differently than the laws of capitalism dictate.

Indeed, in early 2022, the issue of childcare—and especially the absence of social safety nets to adequately deal with it—would assert itself in the United States of America in a most surprising way, specifically through a crisis that came to be known as the Baby Formula Crisis.

The background to this crisis was that, due to a concurrence of circumstances, a major shortage of the powder needed to prepare infant formula had begun to emerge

---

<sup>69</sup>The newspaper article mentions that, for example, it is not unusual to be offered a gross salary of 1400 to 1500 euros per month as a starter. This is completely disproportionate to the efforts to be made, which explains why the younger generations are no longer interested in working in the sector on such terms. (Cf. De Boeck (2022).)

<sup>70</sup>De Boeck (2022).



on the American market from early 2022.<sup>71</sup> As a result, throughout the United States of America, young mothers were no longer able to purchase the necessary supplies of this product.

Although the underlying causes of this scarcity were, of course, themselves related to the peculiarities of the free market—including the fact that the U.S. market for formula powders was/is highly concentrated in the hands of a limited number of market players,<sup>72</sup> the fact that a number of them had to stop or reduce their production because of problems with the FDA,<sup>73</sup> and problems with the supply of raw materials for the production of the formula powders –, what interests us here are

---

<sup>71</sup> According to Rosenberg, there had been a shortage of baby powder formula in the United States of America since the early days of the COVID-19 pandemic. This was due, in part, to the fact that, during that period, customers who could afford so, started to stock it up to limit their trips away from home. An average production and delivery cycle that takes 12 to 16 weeks from start to finish could not keep pace with these increases in demand. On top of that, freight delays held up the delivery of crucial ingredients. Like many other businesses, formula manufacturers also faced labor shortages because of the COVID-19 pandemic. And as they transitioned from 2021 to 2022, severe winter storms delayed the delivery of products to store shelves in large parts of the country. According to Rosenberg, however, the hardest hit came in February 2022, when manufacturer Abbott Nutrition was forced to recall infant formula produced at its plant in Sturgis, Michigan. The trigger was that two babies who had been drinking powdered formula from the plant had died from bacterial infections, while several others had to be hospitalized. (Cf. Rosenberg (2022).) The prolonged closure of that plant, combined with general problems in the supply chain for infant formula ingredients and packaging, subsequently led to the rapid drying up of remaining supplies of infant formula. Across the country, on April 24, 2022, about 40% of the most popular brands of baby formula were out of stock, far more than the 10% average during normal times, according to a certain source. In parts of the country, such as the San Antonio metropolitan area, more than half of the normal stock was out of stock, requiring restrictions on per-customer purchases in several stores. (Cf. Scott (2022).)

<sup>72</sup> According to Leonhardt, what the American baby formula industry has in common with many other industries in the United States of America is that it is highly concentrated. It is held here that (in 2022) three enterprises—namely Abbott, Gerber and Reckitt—produced almost all of the infant formula that Americans use. Abbott was the largest of these three, holding about 40 percent of the market. According to Leonhardt, this type of corporate concentration has become increasingly common within the U.S. economy in recent decades, benefiting mostly the entrepreneurial sector itself, but less so consumers and workers. For example, American enterprises operating in a highly concentrated market experience less competition, allowing them to keep their prices higher and their wages lower. For this, Leonhardt refers to the book by Thomas Philippon, an economist affiliated with N.Y.U., titled ‘The Great Reversal - How America Gave Up on Free Markets’. (Cf. Philippon (2019).) The May 2022 shortage of baby formulae constitutes one of many examples of this peculiarity of contemporary capitalism. (Cf. Leonhardt (2022).)

<sup>73</sup> Leonhardt has pointed out in that regard that even though the U.S. baby food industry may be underregulated in some crucial respects, it is highly overregulated in other, rather superficial respects. It is held here that numerous baby food formulas sold in Europe exceed U.S. FDA nutrition standards, but nevertheless are not allowed to be sold in the United States of America, in many cases for technical reasons, such as labeling. According to Leonhardt, Donald Trump’s presidency has exacerbated this situation through trade policies that have made it more difficult to import infant formula from Canada, for example. This policy has very much benefited American formula manufacturers, at the expense of the families who need the product. According to Leonhardt, this inflexibility of U.S. regulatory and trade policies, may well have been the main reason for the Baby Formula Crisis of 2022. (Cf. Leonhardt (2022).)

mainly the socioeconomic factors, as a result of which poor population groups were much more severely affected by this scarcity than the rich and middle classes.

The latter has been due to two (related) factors, specifically: (1) the virtual absence of social safety nets in the infant care sector, and (2) the virtual absence of maternity leave rights for young women from poor population groups.

In a column that appeared on May 13, 2022, in the *New York Times* under the title ‘The Baby Formula Crisis’, columnist David Leonhardt expounded on this point that in terms of Social Security, the United States of America has given a much higher priority to the care of the elderly, than to the care of young families, over the past few decades. The columnist, for instance, points out that Americans over 65 have access to universal health insurance (specifically Medicare),<sup>74</sup> and that most American seniors also receive regular government benefits (from Social Security). In contrast, many young families and children in the United States of America live in poverty. According to Leonhardt, compared to other prosperous countries, the United States of America spends a remarkably small portion of its budget on children (albeit President Biden’s ‘Build Back Better’ plan aimed to change this).<sup>75</sup>

According to Alyssa Rosenberg, a columnist with the *Washington Post*, the shortage of powders to prepare infant formula is part of this story. According to Rosenberg, babies and their well-being have never been a priority in the United States of America, albeit the admittedly very alarming shortage of infant formula—and the lack of any kind of national mobilization to keep babies fed—points to a new measure of how deep that (policy) indifference runs.<sup>76</sup>

A second socioeconomic factor that had a major impact on the Baby Formula Crisis concerned the uneven impact of the crisis on distinct population classes.

According to columnist Dylan Scott, the Baby Formula Crisis provided a textbook example of how the shortcomings of the U.S. health care system, consistently, hit hardest on those with complex medical conditions and those who are socioeconomically disadvantaged. The latter is related, among other things, to the strong, unequal regulation of maternity leave. Bearing in mind the principles of the capitalist organization of employment, it turns out that the lower classes of the population have, on average, less entitlement to maternity leave, so that women from these classes must return to work much more quickly after giving birth, with the result that they must give up breastfeeding more quickly, and thus switch to bottle feeding more quickly as well. On top of this, there is the additional observation that women from the lower population classes have fewer opportunities to pump milk at work.<sup>77</sup>

According to Scott, nearly one in five babies in the United States of America is already bottle-fed within the first 2 days of birth. After 3 months, less than half of mothers exclusively breastfeed their babies, implying that their babies are at least

---

<sup>74</sup>On this, cf. Bytbeier (2022), pp. 527–530.

<sup>75</sup>Leonhardt (2022).

<sup>76</sup>Rosenberg (2022). Cf. also Leonhardt (2022).

By way of solution, Rosenberg suggests creating a national stockpile, as exists for some other crucial products, to prevent future shortages. (Cf. Rosenberg (2022).)

<sup>77</sup>Scott (2022).

receiving formula as a supplement. According to data from the CDC (as quoted by Scott), people living in poverty are most likely to need to use formula as early as the first 3 months of their baby's life. Especially Black, Hispanic, Asian, and American Indian parents are much more likely to use formula within 3 months of their baby's birth than white parents.<sup>78</sup>

Still according to Scott, the weak social support that the United States of America provides for new parents and babies has been one of the major obstacles to coping with the baby formula shortage created because of the Baby Formula crisis. A stronger social safety net would have better armed the United States of America to respond to this shortage. The lack of paid maternity leave for many new parents is one of the biggest problems in this regard, as it is one of the main reasons why many new mothers must return to work very soon after giving birth to ensure they have sufficient income to help provide for their families, making breastfeeding virtually impossible.<sup>79</sup>

#### 5.2.5.4 Remediation

##### 5.2.5.4.1 Towards a New Model of Financing Childcare

Considering the foregoing, the case is made here for achieving a sufficiently level playing field in childcare, both between countries and, within countries, between population groups.

The basic idea here would be that, under validation of the systems of public financing discussed in Chap. 4, the national governments of all countries in the world (which will participate in the NMWO), would receive a sufficient budget for the establishment of a full-fledged children's health care system.

##### 5.2.5.4.2 Ideas About a New Model of Infant Care

Regarding infant care in particular, the budgets referred to in Sect. 5.2.5.4.1 should serve both to finance adequately paid maternity leave for each new parent and to establish high-performance infant and toddler care centers, so that these services would become completely free of charge for all members of the population.

Since infant policy in many capitalist countries leaves much to be desired, this Sect. 5.2.5.4.2 will consider this issue a little more closely.

A prerequisite of the establishment of adequate childcare concerns the establishment of a universally equal system of paternal leave, where the bar should be set sufficiently high.

---

<sup>78</sup> Scott (2022).

<sup>79</sup> Scott (2022).

Whereas the automatic reflex of economic neoliberalism is to keep such social safety nets as limited as possible, and even more so for the members of the lower social classes of the population, the new monetary financing model to be set up for the benefit of countries would, henceforth, allow a reverse approach.

An inspiration for such improved models of paternal leave may be found in Germany.

Indeed, it appears that Germany has one of the most far-reaching regulations in the world in this regard. In Germany, parental leave is regulated by law, in a dual way, in the form of parental leave and parental benefits. For women, parental leave is also called maternity leave, and for men paternity leave. In Germany, this maternity and/or paternity leave takes the form of state-subsidized work leave that can be requested from the employer. During the duration of the leave, a parental allowance is paid, instead of salary. This allows working women or men to stay home for a sufficient period after the birth of their child. Interestingly, both parents are entitled to such parental leave. Indeed, each parent is legally entitled to 3 years of parental leave per child and enjoys protection against dismissal during this period. The periods of leave may, moreover, be taken alternately by the two parents, or jointly. In addition, the total of the 3 years of maternity or paternity leave can be taken up to the child's third birthday, but parts of it (for a maximum of 24 months) can be accumulated to be taken between the child's third and eighth birthday. How long each of the two parents takes maternity or paternity leave during each of these periods is at their own discretion. The result of this arrangement is that more and more families in Germany can make work of a partnership-based division of work and family time.<sup>80</sup>

In addition to the need for such a universal parental leave system, there is also a need to establish effective infant and toddler care centers, so that young parents have a real choice between returning to work shortly after giving birth and exercising their full rights to parental leave. The latter should include a real choice between fully-fledged, alternative models (rather than a neoliberal compulsion to fall back on expensive and/or low-quality free market solutions).

In terms of the establishment of such infant and toddler care centers, efforts should above all be made to ensure adequate staffing, both in terms of quantity and quality, within such centers, so that parents will be able to entrust their children to this form of care with full peace of mind in the future.

#### 5.2.5.4.3 Attention to Further Levels of Childcare, Including Education

*Mutatis mutandis*, the concern mentioned in the previous Sections also applies regarding several other dimensions of child and youth care, until adulthood.

Obviously, in large parts of the world, schools and, for slightly older youth, colleges and universities, play a key role in this regard, even to the extent that there is

---

<sup>80</sup> Cf. Die Bundesregierung (2020); Pampers (2021).

a perception that caring for children and youth is synonymous with assuring them a sound education and appropriate training (with the side question, however, of the extent to which the systems of schooling thus set up, in the current context, serve to do much other than prepare them for entry into the capitalist machinery itself).<sup>81</sup>

In less fortunate parts of the world, even the establishment and/or attendance of such schools is often not evident.<sup>82</sup>

If we consider this issue from the perspective of a child itself, especially the extreme degree of (opportunity) lottery that characterizes the global system of design of and access to schools (in the broad sense of the word) becomes apparent. Here, one child will have access to the most expensive, elite (generally private) education, while another will not even be assured of any form of quality education.

In addition, children themselves have no impact on this, since whether they have access to education and to education of what quality is determined purely by factors beyond their control, such as: country of birth, class to which they belong, wealth (or not) of the parent or parents, and so on.<sup>83</sup>

As a result, access to education is itself characterized by all the disadvantages that characterize capitalism itself, including especially then an extremely high degree of inequality and injustice (or, put another way, by a so-called lottery of life chances).

Ever since Plato, it has been understood that more can be expected of a civilized society.<sup>84</sup> The goal should be that every child, worldwide, should have access to education of an equivalent level of quality (possibly taking cultural specificities into account).

One of the few countries that have succeeded in achieving these goals is Finland, whose education system is one of the best—if not the best—in the world and does not suffer from the many ills found in countries where education has been heavily ‘neoliberalized’.<sup>85</sup> Although Finland does not spend more on education than other high-income countries, yet Finnish students are among the best in PISA tests (= the Program for International Student Assessment). The secret of the success of the Finnish education system lies in the high quality of teacher training and in humble principles of governance that are completely averse to the usual, neoliberal grandstanding.<sup>86</sup> Goldman summarized these principles as follows: (1) No one pays school fees. Finnish education is completely free—in other words, entirely financed

---

<sup>81</sup>In the EU context, for example, the latter is admitted quite bluntly in the renowned Bologna Declaration on higher and university education.

<sup>82</sup>Cf. generally UNESCO (2021).

<sup>83</sup>Here, abstraction is made from philosophical and religious systems within which belief in reincarnation is held, and within which an assumption might come into play that a low birth is due to bad karma accumulated in a past life.

<sup>84</sup>Cf., e.g., Dillon (2004). Here a rereading of Plato’s ‘Politeia’ (or: ‘The Ideal State’) may be appropriate. (Cf. Plato (2010).)

<sup>85</sup>Cf. Goldman (2022).

<sup>86</sup>Hickel attributes the success of the Finnish education model to the fact that the country is much more committed to public service and social security, rather than economic growth:

from public funds—from early childhood to university education. (2) There are no standardized, mandatory tests. Students in Finland are not ranked, compared, or forced to compete in any way. (3) All Finnish schools are fully publicly funded. Students from every economic background are mixed and there are no elite schools. On the contrary, wealthy parents are encouraged to invest in all schools and in the general education system. (4) Every school has the same national goals. (5) The difference between weak and strong students is minimal and everyone has the same opportunity for higher education. Therefore 93% of Finns have a university degree.<sup>87</sup>

The reason why, thousands of years later, this Platonic ideal has still not been achieved in most other countries of the world is, of course, related to the issue of financing in terms of the provision of such education, the common thread being that the wealthier a child's parent(s) is, the greater the likelihood of access to high quality education, and therefore the higher the life chances such a child will enjoy.<sup>88</sup>

That sound, global financing of education is a crucial requirement in this regard needs little explanation and, in fact, was explicitly stated in a nomination by UN Secretary General António Guterres on September 19, 2022, in which Guterres explicitly pointed out that improving the dire situation of education is impossible “*without a sharp increase in education financing and global solidarity.*”<sup>89</sup>

According to Guterres, improving education financing should be a top priority for governments and, in fact, may be considered the most important investment a country can make in its people and future. In doing so, spending and policy advice should be geared toward providing quality education for all. Still according to Guterres, these goals can only be achieved by mobilizing “*a global movement.*”<sup>90</sup>

As Guterres himself put it<sup>91</sup>:

None of this will be possible without a surge in education financing and global solidarity.

During these difficult times, I urge all countries to protect education budgets and ensure that education spending translates into progressive increases in resources per student and better learning outcomes.

Education financing must be the number one priority for Governments. It is the single most important investment any country can make in its people and its future.

The international community has a critically important role to play.

---

We can see the same pattern playing out when it comes to education. Finland has one of the best education systems in the world, despite having a GDP per capita that's 23% less than the United States. Estonia ranks highly too, with 66% less GDP per capita. Poland outperforms the United States with 77% less. What explains these astonishing results? It's simple: they've all invested in high-quality universal healthcare and education.—(Cf. Hickel (2020).)

<sup>87</sup> Goldman (2022).

<sup>88</sup> Cf. expressly at Guterres (2022). Cf. also United Nations (2022).

<sup>89</sup> Cf. Guterres (2022). Cf. also United Nations (2022).

<sup>90</sup> Cf. Guterres (2022). Cf. also United Nations (2022).

<sup>91</sup> Guterres (2022).

I urge development partners to reverse cuts and to dedicate at least 15 percent of official development assistance to education.

International financial institutions should make resources and fiscal space available for developing countries to invest.

Their spending and policy advice should be aligned with delivering quality education for all.

I also urge IFIs to draw upon the International Finance Facility for Education.

This facility is a new tool that aims to mobilize \$10 billion to help 700 million children in lower-middle-income countries to access quality education.

The model of public financing we ourselves have proposed in our earlier work,<sup>92</sup> as well as in Chap. 4 of this book, could help overcome these problems. In the allocations (discussed in Chap. 4) that each country would receive out of monetary money creation, a sufficient budget item could be provided for the establishment of high-quality, public education, with the aim of guaranteeing that, worldwide, all children (and young people) would have access to an equivalent quality education. The Finnish model discussed above could provide an important inspiration in this regard.

In doing so, sufficient attention should be paid not only to the interests of the children and young people themselves, but additionally to those of the staff employed in the education sector, with, for example, adequate attention to issues such as: a sound statute; a full salary; addressing the issue of understaffing and overdemanding of teaching staff, etc.<sup>93</sup>

In a similar vein, state-of-the-art infrastructure should be provided to all schools, so that schools throughout the world may become centers of learning where it is not only pleasant to spend time, but where all teachers and children and young people themselves have access to everything that a quality learning and living environment requires.

School curricula should, moreover, be filled out in a contemporary way, so that in addition to school education, things like culture, sports and—more generally—a full preparation for adult life will become at least as important as the mere transfer of knowledge itself.

Notwithstanding the foregoing, care for children and youth should, of course, extend far beyond the provision of education, however high quality.

Civilized societies should make maximum efforts to make the youth of every human being on earth as meaningful and pleasant as possible. Those who are better

---

<sup>92</sup>Cf. Byttebier (2015), and Byttebier (2017).

<sup>93</sup>A major reason for this, as already discussed before (cf. Sect. 3.2.3.4.2.), is the very heavy degree to which the education workforce, throughout the Western world, has suffered in recent years from the neoliberal policies of the past four decades.

As Guterres himself expressed this endeavor (cf. Guterres (2022)),

We also need to tackle the global shortage of teachers, and look at increasing their quality, by raising their status and ensuring they have decent working conditions and continuous training and learning opportunities and receive adequate salaries.

versed in the matter of youth care will be able to indicate much better than is possible here what all this will imply in more concrete terms.

In any case, if the system of money creation for governments—or a sufficiently similar system—explained in Chap. 4 were ever to come about, the allocations to be paid out to the various countries should include a sufficient budget item to make all this possible, with a sufficient sense of reality regarding the ultimate parameters of the newly proposed new money creation system (including taking sufficient account of the limitations of the planet).<sup>94</sup>

In any case, the Finnish example appears very hopeful, to the extent that it indicates that the establishment of the best system of (public) education in the world need not be more expensive than elsewhere.

## 5.2.6 *Elderly Care*

### 5.2.6.1 **General**

It has become almost a witticism to state that, throughout the Western world, the COVID-19 pandemic has revealed serious problems in the elderly care sector. We ourselves have already elaborated on this matter extensively in (the Chap. 6 of) our book *Covid-19 and capitalism*.<sup>95</sup> More specifically, the latter outlined how in numerous Western countries, during the COVID-19 epidemic, extremely alarming deficiencies in especially private care facilities for the elderly were revealed. It is also explained in the aforementioned book how, throughout the West, before the era of economic neoliberalism, elderly care was to a much greater extent in the hands of either public institutions or non-profit organizations (often in the religious sphere), but that this model, from the 1980s onwards, has largely come to an end due to massive privatization and marketization operations, to which many Western countries began to resort.<sup>96</sup>

The COVID-19 pandemic has demonstrated how pernicious this has been for the elderly throughout the Western world. In particular, the COVID-19 pandemic has

---

<sup>94</sup>If even in the absence of such a new system of money creation, just the financial resources currently spent on setting up armies, financing armaments and destroying things in times of war (at best to rebuild them afterwards) could, henceforth, be spent on caring for the vulnerable groups within global societies, we might already be a big step further in the establishment of a truly civilized world.

<sup>95</sup>Cf. Bytтеbier (2022), pp. 589–661.

<sup>96</sup>As a result, elderly care in the Western world has increasingly become a commercial service, with the elderly having to pay for it themselves. Such fees must often be paid on the basis of a pension income, which in many cases, however, is insufficient to pay the price charged by a private, for-profit nursing home. A further consequence of this is that elderly people who are admitted to such for-profit, private retirement homes, generally, also have to spend their savings in order to pay the bills (with their children, or other relatives, often in addition being required to provide additional collateral).



poignantly exposed how, considered from the perspective of elderly people that are admitted to a nursing home—in present days even referred to as ‘the clientele’ of a private nursing home—, private for-profit institutions are unfit to take on such task of elderly care.

Factors that (have) play(ed) a role in this (and have, as a consequence, been partly responsible for thousands of deaths in nursing homes for the elderly throughout the West) have been: (1) understaffing; (2) lack of sufficiently qualified staff; (3) absence of prevention plans; (4) absence of protective equipment; (5) dependence on staff working in multiple nursing homes at the same time,..., all characteristics that mainly characterize private for-profit care institutions.

Further negative characteristics of the nursing home sector reported during the COVID-19 pandemic include: (6) poor housing; (7) inadequate nutrition; (8) dehydration; (9) medication overdose; (10) excessive use of physical restraints; (11) failure to provide prescribed therapies; (12) neglect of psychosocial needs, among many other concerns.<sup>97</sup>

Perceived as particularly problematic in private nursing homes was, in addition, the downward pressure on ratios of staff per resident, on the number and qualifications of staff members, on the wages of staff members and, more generally, on their other conditions of employment,<sup>98</sup> all motivated by neoliberal logic holding that (staff) costs should be reduced in order to maximize corporate profits.

In a more general sense, the market-dictated necessity for private, profit-driven nursing homes to make between 25 to 35% of their turnover available as profit to shareholders (which, of course, implies that the associated revenues cannot be spent on their actual core mission, namely the provision of care to the nursing home residents themselves), is impossible to ignore in evaluating the ability of such private, for-profit care homes to have been able to respond adequately to the COVID-19 pandemic and, more generally, to provide appropriate care to the residents of such care homes.<sup>99</sup>

### 5.2.6.2 Remediation

The COVID-19 pandemic has shown that, throughout the Western world, substandard elderly care and, more generally, the low quality of life in nursing home facilities, remain serious concerns.

In our opinion, the key, rhetorical question is even whether retirement homes and similar care institutions lend themselves at all to being organized by private market players.

As the COVID-19 pandemic has amply demonstrated, there are numerous arguments pleading against this, including, on the one hand (after a lifetime of being

---

<sup>97</sup>Cf. already Hawes and Phillips (1986).

<sup>98</sup>Corporate Europe Observatory (2021), p. 13. Cf., furthermore, Bytтеbier (2022), p. 617.

<sup>99</sup>Corporate Europe Observatory (2021), p. 13. Cf., furthermore, Bytтеbier (2022), p. 617.

exploited by the capitalist machinery), the limited financial capacity of most of the elderly who are taken into rest and nursing homes, and, on the other hand, the fact that certain things, such as care for the elderly, simply should not be considered as yet another method of gross monetary gain for private market players.

In our opinion, the elderly have a fundamental right to adequate care and it is up to society to provide it. This is not a task that can simply be outsourced to the private corporate sector that is only interested in profit maximization for the benefit of its shareholders.

As is the case with the hospital sector, it is therefore preferable to leave the nursing home sector entirely in public hands—or at the very least in the hands of non-profit entities—as well.

This sector should, moreover, remain safeguarded from any neoliberal austerity policies referred to above. The COVID-19 pandemic itself has hereby sufficiently proven that neoliberal austerity and the outbreak of a pandemic—and, by extension, providing adequate care to the elderly population—are, anything but, a beneficial combination.

Again, the key to running a strong and civilized public sector for elderly care (and by extension, the care of other people in need of institutional care, including, e.g., people with severe disabilities), lies in having sufficient financial resources, which, in our opinion, requires abandoning the currently prevailing, capitalist money creation model.

Under appliance of the alternative system of money creation proposed above (in Chap. 4), therefore, in addition to health care in general, elderly care should also be borne by the allocations that will periodically be granted to governments from monetary money creation. It would, in addition, be recommended that the establishment of such institutions for elderly care be brought back, in the main order, within the public domain (or, in other words, that the privatization and marketization of this sector of the past decades would be scaled back again).

## ***5.2.7 Infrastructure and Energy Supply***

### **5.2.7.1 General**

Since Classical Antiquity already, it is obvious that a civilized society requires an adequate infrastructure. Moreover, having a sound infrastructure is something that concerns everyone, which is why infrastructure is pre-eminently a matter of public interest.

What is true of infrastructure is in contemporary societies equally true of energy, to the extent that, on the one hand, everyone needs access to energy and, on the other, the technological advances that have occurred over the past century and a half have even made (much of) humanity addicted to energy.

With the rise of capitalism, these domains of infrastructure and energy supply have, increasingly, fallen into private hands, with all the distortions that this entails.

This has happened even more so in the past 4–5 decades, where, as a result of the implementation of the ideology of economic neoliberalism, virtually all energy and resource exploitation and trading has been placed entirely in the hands of private individuals.

This, of course completely, contrasts with the fact that, in a better world, the Earth (including all its resources and supplies) belongs, or should belong, to everyone, whereby there are no meaningful arguments to be made for the current situation whereby the entire exploitation and trading of resources and energy is exclusively for the benefit of a few, to the detriment of the common good and with great risks to the security of the Earth (and all that lives) itself.

In this matter, we ourselves remain, in any case, of Rousseau’s opinion, particularly that there are certain economic sectors that (should not have) lent themselves to private appropriation—and by extension: private exploitation—including infrastructure and energy.<sup>100</sup> Under capitalism, especially this fact has been all too misunderstood, with all the dire consequences this has entailed.

### 5.2.7.2 Consumption of Energy and (Other) Resources

As far as energy—and, by extension, consumption of natural resources in general—is concerned, one may observe that, on the one hand, its production completely relies on the natural resources of the Earth itself (which, in an ideal world, should belong either to no one, or to everyone equally), and, on the other hand, during the past centuries, the economic growth model on which capitalism relies has resulted in a completely irrational consumption of energy (and, by extension, natural resources in general) which, in the current era, has taken on both unmanageable proportions and dramatic consequences.

At the same time, the realization that the rate of energy consumption (and, by extension, the consumption of other natural resources) on which capitalism relies is unsustainable in the long run, has already been present for several decades.

Regarding the latter, reference can be made, for example, to the work of the Club of Rome of the 1970s, including its 1972 report ‘Limits to growth’, which (among other things) reached the following conclusion<sup>101</sup>:

If the present growth trends in world population, industrialization, pollution, food production, and resource depletion continue unchanged, the limits to growth on this planet will be reached sometime within the next one hundred years. The most probable result will be a rather sudden and uncontrollable decline in both population and industrial capacity.

This implied the prediction that unless humanity began to change course in terms of energy and resource spending, human society would collapse in the twenty-first century due to the overexploitation of Earth’s resources.<sup>102</sup>

<sup>100</sup> Cf. the reference in footnote 4 of Chap. 7.

<sup>101</sup> Meadows et al. (1972), p. 23.

<sup>102</sup> Meadows et al. (1972), pp. 127–128.

However, since then, these research findings have been largely ignored (not to say downplayed) during the decades to follow,<sup>103</sup> until it appeared from a 2020 empirical study that the research findings of the time had indeed been correct.

The author of the 2020 study is Gaya Herrington, (at the time) head of the Sustainability and Dynamic Systems Analysis Department at KPMG in the United States of America, who wanted to know to what extent the research findings of the Club of Rome and MIT of the 1970s still held value (and, in doing so, conducted her research in a personal capacity, i.e., not in her capacity as employee of KPMG).

Herrington's research findings were then published in the *Yale Journal of Industrial Ecology* and also made available on KPMG's website.<sup>104</sup> The conclusion Herrington reached in her 2020 study was quasi identical to the one from the aforementioned 1972 report of the Club of Rome itself: if humanity continues on its current path, and in particular sticks to the economic growth model of the capitalist system, within the decade it will be heading for a definitive decline in economic growth, which in the worst case scenario could result in the collapse of civilization by about 2040—the timeframe on which the Club of Rome had also arrived in 1972.<sup>105</sup>

In essence, Herrington's findings suggest that the model of continuous economic growth cannot be maintained. By way of alternatives, a better use of technological capabilities, combined with societies that rely more on public services rather than free market forces, could avoid the risk of civilization's collapse and even lead to a new, stable, and prosperous model of civilization that considers Earth's limits.<sup>106</sup>

---

<sup>103</sup>This trivialization came mainly from the corner of highly polluting industries, including the oil industry. (Cf. already in Sect. 3.1.4.2.8.)

This does not prevent the occurrence of various conferences devoted to environmental issues (and, since recent, the threat of climate impact) from the 1970s onward, albeit all of them have achieved little to no success. (Cf. already in Byttemier (2015a), pp. 172–174.) The first UN conference to make the environment a major topic was the one held in Stockholm (1972), which addressed diverse issues as Native American reservations, Concorde emissions, and the beginning of the end of DDT. The Earth Summit, held in Rio (1992), on the 20th anniversary of the Stockholm conference, was the moment in history when the term global warming became a household word. At this conference, largely the same themes were dealt with as those that still dominate the debate in 2022. Even in these early days, the West's proposed horse-trading was noticeably clear: by means of a compensation for losses and damages the world had suffered because of decades of carbon-driven economic growth that especially Western powers had enjoyed, the developing world would get both technology and money from the West. Thirty years later, even such a transfer of technology and money has far from been accomplished. (Cf. Nelsson and Rice-Oxley (2021).) Since that time, there have been numerous other climate conferences, generally under great press interest, albeit none of these have yet managed to provide a satisfactory answer to the problem of climate change or, by extension, to other forms of damage to the environment. (For a detailed overview, cf. Nelsson and Rice-Oxley (2021).)

<sup>104</sup>Herrington (2020); Ahmed (2021).

<sup>105</sup>Herrington (2020); Ahmed (2021).

<sup>106</sup>This is the exact same argument we ourselves have also advanced in various of our previous work. (Cf. Byttemier (2015a, b, 2017, 2018, 2019, 2021).)

According to Herrington, however, this would require a very urgent change of course—particularly within the decade from the date of her study.<sup>107</sup> Herrington hence concluded her study with the message that a deliberate change of trajectory, brought about by a model of society that focuses on a goal other than economic growth, is still possible. However, the window of opportunity is getting smaller by the day.<sup>108</sup>

The foregoing underlines the fact that, notwithstanding the insights about the extremely harmful impact of the capitalist, economic growth model on the environment were already (at least) available in the 1970s, a short time later, an ideology emerged that took an entirely opposite course to these insights, namely the ideology of economic neoliberalism. For example, from this ideology, especially in the 1980s, so-called consumerism would be advocated as a way out of the economic recession that had begun to occur at that time. This theory (initiated by the Reagan administration) boiled down to encouraging consumption, so that the demand for goods and services would increase.

The flip side of the coin, of course, has been that such an increase in consumption has also presupposed an increase in production—in other words, not a more prudent use of energy and raw materials, but an even more thoughtless approach than the one in which industrial capitalism had beforehand ended up.

As a result, the production-for the sake of production and consumption-for the sake of production approach that was already an inherent feature of capitalism anyway, under the impetus of economic neoliberalism itself, would begin to assume even greater proportions.

Moreover, this approach was part of an increasing degree of globalization of the world economy, pushing some former agricultural and/or developing countries themselves, increasingly, towards industrialization, including several South American and Asian countries. It is against the background of this economic policy approach that, starting in the 1990s, the emergence as a new economic superpower of China occurred, with the result in current times that China itself has become one of the biggest polluters and consumers of energy and raw materials in the world.

As if the ongoing increases of energy and resource consumption have as such not caused enough harm, in recent decades economic neoliberalism has also brought about a significant turnaround in the energy market in the narrow sense of the word—i.e., the market of production, transmission and distribution of energy—, in particular through a systematic ousting of the public sector, as a result of which the energy market is, today, in many areas of the world, largely in private hands.

Globally, a major cause of this has been the fall of communism in the former Soviet Union and its then vassal states, as a result of which numerous formerly

---

<sup>107</sup> At the date of finishing this book (and in the absence of any, drastic turnaround in policy), this implied that nearly 2 years of time had already been lost.

<sup>108</sup> Herrington (2020): “A deliberate trajectory change brought about by society turning toward another goal than growth is still possible. That window of opportunity is closing fast.” (Cf. also Ahmed (2021).)

state-owned companies were transferred to private hands.<sup>109</sup> However, such a systematic transfer of the energy market into private hands has also occurred within other regions of the world, which in the EU has been the result of a series of (neo) liberalization measures that have taken place since the 1990s, while in the United States of America the sector has benefited from far-reaching deregulation measures that have significantly reduced previous government intervention (for example, in the form of supervisory mechanisms on the operation of energy markets).

As a result of all this, the current energy market has taken shape, in which a limited number of large market players call the shots and which is further characterized by the fact that nothing has come of the great promises under which its neoliberalization was announced at the time—in particular that the (neo)liberalization of the market would lead to more competition and that the consumer would benefit greatly from this—, on the contrary.<sup>110</sup>

### 5.2.7.3 (Other) Infrastructure

Infrastructure has fared somewhat less badly in the Western world, even though this sector has also suffered greatly from neoliberal theorizing, as evidenced by the outsourcing of infrastructure construction, management and/or exploitation to the private sector through so-called PPP techniques.

As a first result, such infrastructures entrusted to the private sector are no longer freely accessible to all, but only at a certain price (for example, tolls to use a highway, waterway, bridge or tunnel) that is itself function of the revenue model of the private partner to whom such infrastructure is entrusted.

In other areas of the Earth, particularly in developing countries, the infrastructure needed to keep a basic economy going is, if possible, in even worse shape, generally because these countries do not have sufficient financial resources to set up such a basic infrastructure (and, furthermore, their population itself is not sufficiently wealthy to support a revenue model for any PPP approach).

On the margins of all this plays the classic argument to exempt the world's rich classes from taxation as much as possible, based upon the trickle-down economics argument that, by leaving the rich as untaxed as possible, they will reinvest their wealth in new economic projects, from which the entire society will benefit. The latter helps explain why numerous countries are facing budgetary problems, which in turn, on the one hand, helps explain why privatization and similar operations of transferring former public sectors to the private markets had to take place, and, on the other hand, why, as a result, the rich have been able to set up new earning models, such as PPP structures.

The result of all this is that the rich classes, on the one hand, are themselves the main beneficiaries of many forms of infrastructure and the main culprits for its rapid

---

<sup>109</sup> Regarding this transition, cf. Belykh (2023).

<sup>110</sup> Cf. already supra, Sect. 3.2.3.2.

wear and tear (e.g., roads that suffer greatly under freight traffic), and, on the other hand, the least willing to contribute financially to its maintenance (but, on the contrary, are eager to make such maintenance themselves a new method of monetary gain).

#### 5.2.7.4 Remedies

The question arises of how to remedy the quagmire created by capitalism of inefficient energy markets and irrational resource consumption, in addition to unbalanced infrastructure design policies.

Hopeful is that there is a growing awareness that things cannot go on like this, especially among young people.<sup>111</sup>

At present, this awareness especially translates, among other things, into a push for a transition to so-called more sustainable economic models, including in energy production and supply.

However, it is questionable whether these initiatives will have enough impact to turn the tide sufficiently, especially given the high degree of regional diversity of dealing with the problems. It is, moreover, to be feared that, as has previously been the case with the so-called corporate governance movement, the debate on the transition to a sustainable economy will end up producing little to no concrete results.

The latter even raises the fear that the notions ‘sustainable’ and ‘sustainability’ are increasingly becoming marketing labels, and therefore being accommodated by the mainstream economy itself (without leading to fundamentally different working methods than those of capitalism itself).

Hence, we ourselves keep arguing for a much more fundamental approach, on a global scale.

For example, in the area of energy supply, it could be agreed upon by treaty (e.g., a treaty in line with the treaties establishing the New International Monetary Order discussed in Chap. 4) that, as part of the allocations that will be paid annually to the countries participating in the NMWO, a budget item will be provided to proceed, in each of these countries, to the establishment of a new governmental institution having as task of achieving, within each country, the conversion to a completely green energy, within a clear framework of time.

The budgets that could be made available for this end could safely be very substantial, given the importance of this issue to the restoration and preservation of the planet (including for future generations of people).

---

<sup>111</sup> This awareness, as aforementioned, was already present in the 1970s, but was subsequently nipped in the bud by the combined forces of the fossil fuel industry (cf. Sect. 3.1.4.2.8) and the ideas of economic neoliberalism. Let us hope that 50 years after the date of the famous Club of Rome report ‘Limits to growth’ (cf. Meadows et al. (1972)), the now renewed awareness that things cannot go on like this will this time succeed in bringing about the necessary, societal changes.

This public institution could (and should) make such a transition in the manner most appropriate for each country (which will depend on the natural resources available for this purpose in each country, including, for example, the presence or absence of rivers with large flows, the possibility or not of building dams, the amount of sunlight, the amount of wind, etc.).

After their establishment, each of these government institutions could then draw up a drastic plan of action, including a realistic timeframe for achieving the said transition and the legal methods needed to do so (e.g., expropriations, where necessary).

The future world could thus become one in which energy production and supply, in each country, would be accomplished in such a green/sustainable manner, including through the construction of gigantic wind farms, dams, solar panel zones, systems for recovering otherwise wasted energy (e.g., hot water from industry to be recycled for domestic heating, geothermal energy production, etc.), and in which there would be ample room for subsidized private energy production as well (e.g., through solar panels and heat pumps in private homes).<sup>112</sup>

This is obviously an issue that should be addressed in a sufficiently grand manner, where all taboos against government initiative raised by neoliberal theorizing, including lobbyism from the part of the polluting industries, should be, decisively, jettisoned.

The provision of a sufficient budget—as mentioned above, to be financed from the government allocations that will be granted to the countries participating in the NMWO referred to in Chap. 4—should thereby guarantee a sufficiently planned and large-scale approach, as well as a clear and realistic timeframe within which all this is to be realized.

---

<sup>112</sup> Compare, Intergovernmental Panel on Climate Change (IPCC) (2022). On this, cf., furthermore, Plumer and Zhong (2022). According to this report, as a first recommendation, countries, worldwide, should rehabilitate all power plants that generate electricity for homes and factories. That implies an increased use of wind, solar, nuclear, geothermal, and/or hydropower. A corollary to this is that most of the world's coal and natural gas power plants should be shut down, or at least a carbon capture technology that captures emissions and buries them underground should be put into operation, be it that the development of such a technology has been slow because of the high costs involved. (Cf. Plumer and Zhong (2022).)

For the sake of completeness, we ourselves wish to further note in this regard that we are not in favor of nuclear energy because of the (still) insoluble nuclear waste problem. (Cf. Tillyaev (2022).) Last mentioned author commented on this (in our opinion, correctly), “(...) *as more countries consider the widespread adoption of nuclear power as a solution to the current energy crisis, a major hurdle is managing and disposing waste from nuclear reactors.* “Currently, nuclear residual waste is stored in dry repositories on/under the ground at nuclear power plants. However, this does not provide a permanent solution, implying that current nuclear waste storage options do not allow nuclear energy to be classified as safe, *ergo* sustainable. Ground storage sites pose especially high risks in case of accidents, terrorist attacks or armed conflicts. Moreover, it is unclear what the effects of such storage in the long run will entail. (Cf. Tillyaev (2022).) It should be added that new and better methods of dealing with nuclear waste are being diligently sought, for example, through systems of recycling. (Cf. Tillyaev (2022).)



In addition, the following lessons should be drawn from the past: (1) The relevant public institutions to be set up will need to retain their full public character at all times, without ever allowing private parties to become stakeholders (this in view of the natural tendency of the latter to milk consumers and personnel, to walk away with the profits, and to leave the costs and risks in public hands); and (2) The purpose of the relevant public institutions should always remain purely focused on the production and supply of the country's own green/sustainable energy, with the explicit exclusion of all energy produced by other means (such as energy from fossil fuels or nuclear energy).

There will, of course, also be a need for sound governance of such public institutions, whereby it will be necessary to ensure that the appointment of the leading managers stays removed from the game of political appointments, in such a way that the quality of the people to be recruited for this purpose will always prevail over political affiliations (in addition to all other possible forms of nepotism). To this end, work could be done, for example, on anonymous forms of recruitment, which could include a sufficient degree of rotation, in addition to systems of adequate oversight.

There will also be a need for a sound pricing policy geared to the nature of the customers, where, for example, different rates could apply to individuals than to businesses, and where within these two categories a sufficient degree of diversification would play a role as a function of sufficiently objective criteria.

In an analogous way, work could also be done on a renewed approach to infrastructure, but in conjunction with other policy dimensions, including policies aimed at reducing mobility problems.

If the COVID-19 pandemic has brought anything good, it is the realization that numerous jobs do lend themselves to being performed by digital/electronic means, which is the case for almost every job, except for those that require moving goods or providing physical labor elsewhere. Recently, this has also been referred to as striving toward a 'digital-first' world.<sup>113</sup>

For everything that concerns meetings, discussions, and talks, but also matters such as teaching, presentations, lectures, pleadings before a court, contract negotiations, and so on, it is perfectly conceivable to have these henceforth run entirely, or at least for the most part, by digital/electronic means. The argument that social interaction suffers as a result does not outweigh the need for a resolute approach to the underlying problem itself, namely the reduction of the energy- and infrastructure-consuming (and heavily polluting) traffic problems, whereby the social dimension of the professional practice can surely be assured in other ways, such as rationed, physical meetings (to which, if necessary, a festive touch could be added, on occasion).<sup>114</sup>

---

<sup>113</sup> Cf. NGK Insulators (2022).

<sup>114</sup> It goes without saying that the last word in this matter has not yet been said, and that further (both scientific and policy) research is needed on the subject. Regarding the results of digital teaching/learning, for example, such research is in full swing, with varying results depending on the angle of the research. (For an example of distinctly positive results of such research, cf. Mulenga

With regard to the actual design of infrastructure itself, taking into account the above-mentioned parameters, a more planned approach than has ever been possible under capitalism, has been long overdue on a global scale. Such a planned approach would, preferably, be based on international planning and agreements, with at least thorough consultation between neighboring countries. This should result in infrastructure planning that strikes the right balance between the need to create a healthy economy and sustainability, *i.e.*, a sufficient degree of respect for the planet and its limitations.

It is obvious that the requirement for a more mature approach to the issue of mobility will play a vital role in all this, including the question of which forms of passenger and freight transport can still be found to be sufficiently compatible with the objective of using transport—and, by extension, travel—more economically.

Obviously, the issue of how to make healthy use of the planet's resources should in no way remain limited to the transport sector, but rather concerns various other (large) infrastructures as well, such as sports facilities, leisure centers, in short, everything necessary for the establishment of a mature, civilized society that finds itself ready to do away with the excesses that capitalism has been guilty of over the past centuries (albeit that there have also been earlier models of civilization that have indulged in such excesses detrimental to the planet in the past).

Perhaps most delicate in all of this is the issue of resource management, with the underlying questions of how long the world can continue to afford the current capitalist approach of a model based on ownership of resources in private hands (or in the hands of corrupt governments), and whether a model should not be promoted in which the resource management of the planet, as well as its consumption, is organized and managed on an international basis (for example, by a special institution operating within the framework of the United Nations), so that the interests of not only resource and energy consumers (*ergo* mainly the capitalist producers), but also the Earth and all other living beings, will henceforth be taken into account.

---

and Marbán (2020).) In any case, what is clear is that society has every interest in striving for good equilibria in this context, and that in any case, the positive learning experience imparted by the COVID-19 pandemic would be effectively utilized as a pathway to new modes of functioning that could help answer pollution problems as well.

### 5.2.8 *From States Based on Repression, Bickering, and Warfare, to States Providing Civic Care*

#### 5.2.8.1 General

Traditionally, the domains of security in the broad sense of the word—here further divided here into three main categories, specifically justice, police, and militia<sup>115</sup>—are domains of government operation that neoliberal thought is still most inclined to favor.

The main explanation for this seems to be that even the wealthy classes still attach a sufficient importance to the orderly organization of society, if only to secure their own personal wealth, alongside the unjust models of society that have grown out of capitalism (to the extent that the referred to systems of societal organization, among other things, put the protection of private property central).

In addition, there is (apparently) not yet a sufficient private alternative available to replace these services for the benefit of an entire society of a given country, which does not prevent recourse to private alternatives in certain niche segments of society (e.g., the establishment of prisons through private initiative, private security services within certain large enterprises, gated communities, ...).

Hence, within the internal framework of state structure, sectors such as the judiciary and the police primarily fulfill the task of securing the interests of the established order against deviant behavior. In the 19th–20th century liberal societies and the contemporary neoliberal societies, this implies that these services mainly secure the interests of the rich classes, because of which a strong emphasis has come to be placed on the security of property, in addition to curbing possible forms of protest from the poor classes within society.<sup>116</sup>

In the relationship between states, the focus is on the establishment of sufficiently strong armies (including a sufficient arsenal of weapons), in part to keep the arms industry, at public expense, sufficiently sustained and profitable.<sup>117</sup>

If (or when) humanity will ever reach a higher degree of enlightenment, presumably the many periods in history in which imperialism and warmongering reigned supreme and, as far as the post-World War II era is concerned, what twists and turns ideologies and political movements have wriggled into to rationalize and justify this behavior, will be probably looked back on with great amazement.

It should, furthermore, be clear that the injustices and inequalities that characterize capitalism have also proven to be recipes for social unrest, both nationally and internationally. This observation is true even to the extent that one might wonder

---

<sup>115</sup>On the clear understanding that further refinements may be possible.

<sup>116</sup>In addition, it is worth noting that in former liberal and contemporary neoliberal societies, great attention has also always been paid to the protection of individuals (especially than those who are wealthy enough to secure legal assistance to effectively live up to this protection in court).

<sup>117</sup>For an overview of the wars since 1900, cf. The Polynational War Memorial (2022).

whether the pursuit of greater socioeconomic justice is not *a sine qua non* for creating a more secure and conflict-free world.

Viewed through the lenses of enlightened philosophers and enlightened spiritual minds, at least the observation holds that it is the ongoing task of people (of good will) to work for a conflict-free world. By way of example, it may be recalled here once again the attitude to life without conflict embodied in the concept of Ahimsa, which, during the 20th century, has repeatedly proved to be a breeding ground for important, societal changes—albeit far from enough. (Cf. Sect. 1.2.4)

In any case, this is a matter that has already enjoyed considerable attention in various academic disciplines other than law itself. It is not the purpose hereafter to reproduce *in extenso* the state of the sciences within all these other disciplines (which would be beyond both the intent of this treatise, as well as the capabilities of its author).

On the contrary, it is only aspired below to indicate how the new system of money creation cited in Chap. 4 might result in a redrawing of the public services that were once conceived to watch over the orderly running of societ(y)(ies).

### 5.2.8.2 Justice

Obviously, the term justice is a broad flag that covers many connotations.

Where we shall address justice in this Sect. 5.2.8.2, we mean mainly that part of justice that watches over the ordering of society, *ergo* mainly the criminal and repressive part of justice.

In the new societal order that will be made possible when, thanks to the new system of money creation explained in Chap. 4, countries will again have enough financial possibilities to adequately take care of the common good, the expectation is that this function of justice will become less necessary than under the current ‘neoliberal penal/punitive states’.<sup>118</sup> Indeed, research has indicated that the advance of economic neoliberalism has gone hand in hand with an increase in the penalization of all kinds of petty crimes, implying that justice in its penal dimension mainly affects the low social classes in a negative manner. Moreover, this observation applies on a global scale, with the large representation of the poor strata of the Black population in American prisons as a telling illustration (albeit the situation is not fundamentally better in other countries).

A second phenomenon is that the lower classes of the population of most capitalist countries, hardly have an outlet to express their dissatisfaction with the numerous injustices and inequalities brought about by capitalism. In some cases, this has given rise to appropriate forms of deviant behavior, for example, the flight into drug use and/or the associated trafficking of drugs. Neoliberal governments, in a similar vein, pursue repressive policies toward various expressions of protest (e.g.,

---

<sup>118</sup>The term was coined by Lleshi (2014).

demonstrations).<sup>119</sup> In even more extreme cases, dissatisfaction of marginalized population groups has even degenerated into acts of terrorism.

What characterizes neoliberal (penal) states above all is that they remain primarily committed to curbing these various kinds of crimes against the neoliberal order and do not pay significant attention to combating their causes. This should come as no surprise, to the extent that many of these so-called crimes have their exact origins in the various forms of socioeconomic injustice and exploitation that characterize capitalism (and the (neo)liberal state structure associated with it).

This implies that, to remedy these problems, work must be accomplished on more equitable socioeconomic models (and on the abandonment of existing, capitalist forms of socioeconomic organization), which, based on the new system of money creation proposed in Chap. 4, could become a realizable objective.

Even a simple societal intervention such as the establishment of a universal living wage—and this on a global scale—could have immediate and greatly beneficial consequences in the fight against one of the greatest soci(et)al injustices that capitalism (as well as certain of its predecessors, such as feudalism from the Middle Ages and slavery from Classical Antiquity) has generated, namely poverty.

And in a world that, finally, would do away with poverty—at the very least would start to show a willingness to do so—the reason for numerous crimes that find their breeding ground in poverty will gradually disappear.

This implies that if countries around the world were to start working again for more just societies, including more just socioeconomic order models (and more just legislation framing them), a substantial proportion of crimes might, of their own accord, gradually disappear. That this will not happen overnight and that not all of humanity will suddenly become completely crime-free seems obvious, although it cannot be seriously disputed that a greater degree of societal justice, especially regarding the systems of socioeconomic ordering, would already represent a major step forward.

Immediately, this will also allow the role of justice within society to be diminished and/or altered.

---

<sup>119</sup> In her work, the leading African economist Dambisa Moyo has reviewed various forms of global unrest over the past decade and a half—including, among others, the Arab Spring, which began in Tunisia in 2010 and continues today in what some have called a modern-day Thirty Years' War; mass protests, such as those in Bangkok in 2013-'14, and in Brazil during the 2014 World Cup; the riots in the streets of Brussels in 2014 over EU-sanctioned austerity measures; the 2016 rally in Germany against the Transatlantic Trade and Investment Partnership, among several others. The author concluded from this that dissatisfaction with the socioeconomic order is growing. She argues that these movements are characterized by a common thread, specifically that the average citizen is expressing anger at the impotence and corruption of the ruling political elites. This implies a rejection of political policies that focus only on free trade and internationalism, policies that, contrary to promise, have not lifted everyone to a higher level of prosperity, but have essentially damaged the livelihoods of many. (Cf. Moyo (2018), p. xiii. Cf. also Ilo (2018).)

Even afterwards, worldwide, various forms of socioeconomic unrest have manifested themselves, striking examples being the French yellow jacket movement, the American Black Lives Matter movement, the recent riots in Brussels during the world Championship football (2022), among numerous others.

Whereas in neoliberal (penal/punitive) states the latter role mainly focuses on the curbing and punishment of what their legal systems label as crimes, within the new societies that will become possible based on the new system of money creation explained in Chap. 4, this role could gradually be reduced to that of prevention and even life coaching.

Why indeed not, at least for those who wish to do so, make work of a social and public system of life coaching that would be established under the auspices of the new care states that, under the newly proposed system of money creation, will take shape.

As already suggested in some of our earlier work,<sup>120</sup> this could be accompanied by a new remit of the civil service, which within the prevailing (neo)liberal (penal) states is mainly deployed for all sorts of forms of repression in the broad sense of the word—including, for example, taxation, in addition to all sorts of pointless administration that mainly benefit the ruling classes of neoliberal societies –, but which, in the future, could be deployed for shaping just societies.

It is to be expected that, as societies gradually take on a fairer (and even more people-friendly) outlook, thanks to the money creation system proposed in Chap. 4, the need for such systems of (public) life coaching itself will eventually diminish, even to a level where it will only still be needed for people affected by an accident, disability, old age, or similar objective circumstance that creates a greater need for support and guidance. For these latter groups of people, moreover, life coaching itself could go much further from the outset, taking the form, for example, of the assignment of a personal caregiver, with the justice system itself playing a moderating role of assignment of such life coaches and/or caregivers.

### 5.2.8.3 From Police to Citizen Coaching

In a more distant past, (Western) police forces campaigned in schools to come and explain that they are our friends. Whereas in the former, traditional welfare states, police forces may indeed have been on the way to mainly function in the service of citizens, with the rise of economic neoliberalism, this role has receded into the background, in favor of the repressive role and the role of curbing all kinds of (petty) crimes.

Anyone who has ever seen images of how police forces break up demonstrations of the lower social classes, or of minority groups, will probably have great questions about the role of friendship that police forces believe they play in this regard. Those who belong to racial minorities in the United States of America will probably ask themselves such questions even more. Those who live in Belgium will, at best, see the police force as unavoidable and, above all, experience how police services seem to be primarily concerned with curbing traffic offenses (thus providing the public

---

<sup>120</sup>Cf. Bytтеbier (2015a), pp. 344–345. Cf., furthermore, Bytтеbier (2017), pp. 465–466.

purse with a lucrative, additional source of income at the expense of the average citizen in their capacity of road user).

In any case, it cannot be ignored that, with the rise of neoliberal penal/punitive states, the repressive role of police forces has also returned.

Still, it remains possible to envision societies in which this repressive role of police forces would again be reduced.

In the societies that could be established based on the alternative system of money creation described in Chap. 4, it would not be inconceivable, for example, that a service of life coaches that are daily present in the streets would be established. The policy mission of such a service would not consist, in main order, in the detection and curbing of crimes, but in providing (first line) help and assistance for those who have an immediate need for it.

Although one could argue, at least in theory, that such service is already included in the scope of police duties today, few citizens would probably perceive this as such.

Under the new societies that might take shape on the basis of the newly proposed system of money creation, such front-line service could be pushed forward as the main remit of police forces, while the traditional functions of detection and curbing crime would be relegated to a secondary place, and this all the more so as, worldwide, societies emerge in which poverty is eliminated in favor of a truly level playing field of equal opportunities and possibilities for all citizens.

#### 5.2.8.4 From Militias to Civilian Protection Services

On the role of armies and armaments, we can be even briefer, if possible.

In a new world where the international community will be based on mutual global solidarity, it is hard to see why states—or anyone else for that matter—should still have armies and weapons.

Hence, it could be a principle of the monetary order referred to in Chap. 4, and of the system of money creation contained therein, that no room be provided for budget items that would imply the formation and/or maintenance of (national) armies and armaments.

At most, provision could be made for budgeting for an international military force in case there were countries unwilling to participate in the new international, monetary order (and in the socioeconomic order established on its basis), *a fortiori* in case such countries would be hostile to the efforts of the rest of the international community to conceive such a just system of international, monetary, and economic order.

It is hoped, however, that all countries in the world will be willing to recognize the importance of working towards such a new international monetary and economic system and show a sufficient willingness to cooperate with it.

It is hereby expected that, to the extent that a just, global economy will result from this, one of the main reasons for (most) international political—and in further

stages, military—tensions will disappear. As a result, in such a new international order, there will no longer be any need for such things as armies and armaments.

Instead, states, on the one hand, and the international community, on the other, could work on optimally functioning civil protection services, with the task of protecting their countries, respectively the international community, from all kinds of calamities, such as, for example, the consequences of natural disasters, assistance in situations of food or water scarcity, etc. (not coincidentally all issues to which the world, driven by the economic policies of the past half century and the consequent worsening of climate change, has become increasingly vulnerable).

If the past few decades have taught us anything, it is the great need for such high-performance civil protection services, which can, for instance, be witnessed in the fight against major forest fires and floods that have occurred in recent years on almost every continent, or in the fight against a pandemic (as the world has experienced in recent years), but which can also be seen in the fact that some countries, such as Belgium, have had to call on the military several times in recent years for civil protection purposes anyhow (mainly due to the fact that, under the rule of economic neoliberalism, the police forces themselves lack the means to adequately fulfill its role, especially in emergencies).

In the allocations that each country will periodically receive from the system of new money creation already discussed in Chap. 4, a budget item could thus be provided to each country to enable the establishment of such national, high-performance, civilian protection services, both in terms of personnel and logistics.

In addition, work could also be done on an international, civil protection service that would have a similar task for the cases of cross-border disaster situations and/or serve as a reserve for the cases when the civil protection service of a given country would not be able to cope with a disaster scenario that would occur within said country's borders.

How much more civilized would not be the outlook of a world in which the billions of dollars currently spent annually on armaments and on the establishment of armies, in addition to the reconstruction of countries or territories in which armed conflicts have occurred,<sup>121</sup> would instead be spent on the establishment of such civil protection services, whose primordial task would be to aid people in need.

In full awareness that all of this may seem utopian, however, it can be pointed out that all this is at the very least conceptually possible, starting with a willingness to work on an alternative money creation model in which attention to the common good would once again take precedence over the role of free markets (read: over the interests of the rich).

---

<sup>121</sup> According to an estimate dated July 5, 2022, the reconstruction of Ukraine alone in terms of the damage created by Russia at that time would require at least USD 750 billion. (Cf. Euractiv (2022).)



### 5.3 Conclusions

It is obvious that the ideas expressed in this Chapter for improving the socioeconomic order possible thanks to the new money creation model proposed in Chap. 4 of this book do not aspire to completeness, nor do they pretend to have the last word in this, from a soci(et)al point of view, crucial debate.

Instead, the main intent of this Chapter has been to demonstrate how an alternative money creation model—and therefore an alternative monetary system based on it—could allow for a restoration of the domain of the common good, which itself has suffered all too much in recent decades from the implementation of economic-neoliberal thought.

In all this, it cannot be emphasized enough to what extent the prevailing, capitalist money creation model is, in part, responsible for the capitalist, economic growth model, with all its adverse consequences, not least of which are the serious environmental problems that are plaguing the world, and which, among other things, manifest themselves in the form of the ongoing climate change.

In a similar vein, it cannot be emphasized enough how much the prevailing, capitalist money creation model—and by extension, the capitalist, monetary system based on it—is a crucial part of the free-market model itself and, as a result, is also a central tool in the strategy of economic neoliberalism to ever further expand free market forces at the expense of the realm of the common good.

A further consequence of this is that the current money creation model is also partly responsible for the current economic system that only functions in the interest of the rich (= the top 1% or, at best, the top 10% or 15%), and thus helps shape a socio-economic order that is unjust in its foundations.

We ourselves remain convinced that, to get out of the mess of over four centuries of capitalism and over four decades of economic-neoliberal policies, it will be necessary to start with a new system of money creation—and, by extension, a new monetary system building upon it.

With reference to our previous work, this has been the central thesis of the previous Chap. 4, which was supplemented in the current Chapter by a description of the outlook of an imaginable, new socioeconomic order that could be advocated on that basis.

### References<sup>122</sup>

- Ahmed N (2021) Als we zo door blijven groeien stort binnenkort onze beschaving in. Vice. <https://www.vice.com/nl/article/z3xw3x/de-beschaving-stort-in-als-we-zo-doorgaan>
- Belykh V (2023) Entrepreneurial law in Russia: some controversial issues. In: Byttebier K, Van der Borgh K (eds) Socioeconomics & law – making a stance for changing values, vol III, Brussels. VUBPress (ter perse)

---

<sup>122</sup>All links to the cited websites were operational as of December 24, 2022.

- Byttebier K (2015a) Nu het gouden kalf verdrongen is. Van hebzucht naar altruïsme als hoeksteen voor een Nieuwe Monetaire Wereldorde. Maklu, Antwerp
- Byttebier K (2015b) De onvrije markt. Garant, Antwerp
- Byttebier K (2017) Towards a new international monetary order. In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol I. Springer International Publishing, Cham
- Byttebier K (2018) The unfree market and the law. On the immortality of making capitalism unbridled again. In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol II. Springer International Publishing, Cham
- Byttebier K (2019) The tools of law that shape capitalism (and how altering their use could give form to a more just society). In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol IV. Springer International Publishing, Cham
- Byttebier K (2021) How economics became the problem (An urgent call to legal action). In: Byttebier K, Van der Borgh K (eds) Socioeconomics & law – making a stance for changing values, vol I. VUBPress, Brussels
- Byttebier K (2022) Covid-19 and capitalism (success and failure of the legal methods for dealing with a pandemic). In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol VI. Springer International Publishing, Cham
- Chancel L, Piketty T, Saez E, Zucman G (2022) World inequality report 2022. [wir2022.wid.world](https://wir2022.wid.world)
- Cooper M (2017) Family values. Between neoliberalism and the new social conservatism. Zone Books - Near Futures, New York
- Corporate Europe Observatory (2021) When the market becomes deadly - How pressures towards privatization of health and long-term care put Europe on a poor footing for a pandemic. <https://corporateeurope.org/sites/default/files/2021-01/healthcare-privatization-final.pdf>
- De Boeck A (2022) Interview Michel Vandenbroeck - Professor Vandenbroeck (UGent): 'Als we niet ingrijpen, stort de kinderopvang in'. De Morgen. [https://www.demorgen.be/snelnieuws/professor-vandenbroeck-ugent-als-we-niet-ingrijpen-stort-de-kinderopvang-in~bb6d5d7c/?utm\\_source=link&utm\\_medium=app&utm\\_campaign=shared%20content&utm\\_content=free](https://www.demorgen.be/snelnieuws/professor-vandenbroeck-ugent-als-we-niet-ingrijpen-stort-de-kinderopvang-in~bb6d5d7c/?utm_source=link&utm_medium=app&utm_campaign=shared%20content&utm_content=free)
- Die Bundesregierung (2020) Fragen und Antworten zu Beruf und Familie Alles Wichtige zu Mutterschutz, Elterngeld und Elternzeit. <https://www.bundesregierung.de/breg-de/suche/faq-arbeit-und-familie-1779598>
- Dillon A (2004) Education in Plato's Republic. <https://www.scu.edu/character/resources/education-in-platos-republic/>
- Euractiv (2022) Ukraine estimates cost of reconstruction at \$750 billion. Euractiv. <https://www.euractiv.com/section/europe-s-east/news/ukraine-estimates-cost-of-reconstruction-at-750-billion/>
- Foulon W (2021) De coronapandemie en de Belgische gezondheidszorg. <https://www.masereel-fonds.be/walter-foulon-de-coronapandemie-en-de-belgische-gezondheidszorg/>
- Friedman M (1993) Why government is the problem. Stanford University, Hoover Institution on War, Revolution and Peace
- Ginsberg D (1987) Healthcare policy in the Reagan administration: rhetoric and reality. Public Adm Quart 11(1) (Spring, 1987), pp 59–70. <https://www.jstor.org/stable/40861335>
- Global Coalition to End Child Poverty (2022) Child poverty facts. <http://www.endchildhoodpoverty.org/facts-on-child-poverty>
- Goldman S (2022) How the Finnish education system came to be. Jerusalem Post. <https://www.jpost.com/special-content/how-the-finnish-education-system-came-to-be-710405>
- Graeber D (2019) Bullshit jobs: the rise of pointless work, and what we can do about it. Penguin Books Ltd, London
- Guterres A (2022) Secretary-General's opening remarks at the Transforming Education Summit. <https://www.un.org/sg/en/content/sg/statement/2022-09-19/secretary-generals-opening-remarks-the-transforming-education-summit-bilingual-delivered-follows-scroll-down-for-all-english-and-all-french-versions>

- Hawes C, Phillips D (1986) The changing structure of the nursing home industry and the impact of ownership on quality, cost, and access. National Academies Press, Washington DC <https://www.ncbi.nlm.nih.gov/books/NBK217907/>
- Hawking S (2016) This is the most dangerous time for our planet. The Guardian.. <https://www.theguardian.com/commentisfree/2016/dec/01/stephen-hawking-dangerous-time-planet-inequality>
- Herrington G (2020) Update to limits to growth: comparing the World3 model with empirical data. <https://advisory.kpmg.us/articles/2021/limits-to-growth.html>
- Hickel J (2020). Outgrowing growth: why quality of life, not GDP, should be our measure of success. The Correspondent.. <https://thecorrespondent.com/357/outgrowing-growth-why-quality-of-life-not-gdp-should-be-our-measure-of-success>
- Ilo S (2018) Poverty and economic Justice in Pope Francis. Int Bull Mission Res 43(1):38–56
- Intergovernmental Panel on Climate Change (IPCC) (2022) Climate change 2022. Impacts, Adaptation and Vulnerability. <https://www.ipcc.ch/report/ar6/wg2/>
- Isidore C (2013) Buffett says he’s still paying lower tax rate than his secretary. CNN <https://money.cnn.com/2013/03/04/news/economy/buffett-secretary-taxes/index.html>
- Kenton W, Berry-Johnson J (2020) Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). <https://www.investopedia.com/terms/t/tefra.asp>
- Keynes JMK (1930) Economic possibilities for our grandchildren. In: Keynes JMK (1963) Essays in persuasion. W.W. Norton and Company, New York, pp 358–373. Also at: <http://www.econ.yale.edu/smith/econ116a/keynes1.pdf>
- Leonhardt D (2022) The baby formula crisis. The New York Times. <https://www.nytimes.com/2022/05/13/briefing/baby-formula-shortage-us-economy.html>
- Lleshi B (2014) De neoliberale strafstaat. Antwerpen, EPO
- Marx K, Engels F (2021) Het communistisch manifest. Boom Uitgevers, Amsterdam
- Meadows D, Rendens J, Behrens III W (1972) The limits to growth. A Report of THE CLUB OF ROME’S Project on the Predicament of Mankind. A Potomac Associates Book
- Millenson M (2010) The Health Reform That Scars Both Parties. <https://khn.org/news/021610millenson/>
- Monbiot G (2021) Capitalism is killing the planet – it’s time to stop buying into our own destruction. The Guardian.. <https://www.theguardian.com/environment/2021/oct/30/capitalism-is-killing-the-planet-its-time-to-stop-buying-into-our-own-destruction>
- Moyo D (2018) Edge of chaos: why democracy is failing to deliver economic growth and how to fix it. Basic Books, New York
- Mulenga EM, Marbán JM (2020) Is COVID-19 the gateway for digital learning in mathematics education? Contemp Educ Technol 12(2):ep269. <https://doi.org/10.30935/cedtech/7949>
- Nelsson R, Rice-Oxley M (2021) 50 years, 25 Cops: the slow-motion movement to save the planet. The Guardian. <https://www.theguardian.com/environment/2021/oct/30/50-years-25-cops-the-slow-motion-movement-to-save-the-planet>
- NGK Insulators (2022) Sustainable, innovative, and resilient: how ceramics are shaping an ideal world. <https://sponsorcontent.cnn.com/int/ngk-2022/surprising-ceramics/>
- Oxfam (2014). Even it up. <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/333012/cr-even-it-up-extreme-inequality-291014-en.pdf;jsessionid=60F0DC4F872AC49463503780DBE23B5A?sequence=43>
- Oxfam International (2022) Press release of 12 April 2022 - “Terrifying prospect” of over a quarter of a billion more people crashing into extreme levels of poverty and suffering this year. <https://www.oxfam.org/en/press-releases/terrifying-prospect-over-quarter-billion-more-people-crashing-extreme-levels-poverty>
- Oxfam Media Briefing (2022) First crisis than catastrophe. Unless G20 leaders, the IMF and the World Bank act immediately, crises of inflation, inequality and COVID-19 could push over a quarter of a billion more people into extreme poverty in 2022. [https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/2022-04/Oxfam%20briefing%20-%20First%20Crisis%20Then%20Catastrophe\\_0.pdf](https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/2022-04/Oxfam%20briefing%20-%20First%20Crisis%20Then%20Catastrophe_0.pdf)

- Pampers (2021) Der Mutterschaftsurlaub. <https://www.pampers.de/neugeborenes/tipps/artikel/mutterschaftsurlaub>
- Philippon T (2019) The great reversal - how America gave up on free markets. The Belknap Press of Harvard University Press, Cambridge
- Pinxten R (2014) Schoon protest. Want er is wel een alternatief. Antwerpen, EPO
- Plato (2010) De ideale staat ("Politeia"). Athenaeum – Polak & Van Gennepe, Amsterdam
- Plumer B, Zhong R (2022) Stopping climate change is doable, but time is short, U.N. panel warns. New York Times. <https://www.nytimes.com/2022/04/04/climate/climate-change-ipcc-un.html>
- Preston A, Chua W, Neu D (1997) The diagnosis-related group-prospective payment system and the problem of the government of rationing healthcare to the elderly. *Account Org Soc* 22(2):147–164. [https://doi.org/10.1016/S0361-3682\(96\)00011-6](https://doi.org/10.1016/S0361-3682(96)00011-6)
- Roseboom T (2022) Gelijk goed beginnen. Succesvol bouwen aan de basis voor gezonde generaties. De Tijdstroom medische uitgevers, Utrecht
- Rosenberg A (2022). The baby formula shortage is an outrage. A sane country would fix it. The Washington Post. <https://www.washingtonpost.com/opinions/2022/05/10/abbott-baby-formula-shortage-needs-solutions/>
- Scott D (2022) Why baby formula is in short supply — and who is most at risk. America is enduring its worst baby formula shortage in decades. Vox. <https://www.vox.com/policy-and-politics/2022/5/12/23068472/baby-formula-shortage-2022-why>
- Silwal A, Engilbertsdottir S, Cuesta J, Newhouse D, Steward D (2020) Poverty & equity. global estimate of children in monetary poverty: an update. <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/966791603123453576/global-estimate-of-children-in-monetary-poverty-an-update>
- Smallwood K (2015) Margaret Thatcher and her frugal ways.. <http://www.todayifoundout.com/index.php/2015/08/margaret-thatcher-frugal-ways/>
- Stiglitz J (2008) Foreword. In: Roland G (ed) Privatization. Successes and failures. Columbia University Press, New York, pp ix–xvii
- The Polynational War Memorial (2022) Wars since 1900. [https://www.war-memorial.net/wars\\_all.asp](https://www.war-memorial.net/wars_all.asp)
- The World Bank (2022) Global Estimate of Children in Monetary Poverty: An Update (English). <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/966791603123453576/global-estimate-of-children-in-monetary-poverty-an-update>
- Tillyaev T (2022) Tackling nuclear waste is key to an energy transition.. <https://www.sustainability--times.com/low-carbon-energy/tackling-nuclear-waste-is-key-to-an-energy-transition/>
- UNESCO (2021) REIMAGINING OUR FUTURES TOGETHER — A new social contract for education. <https://unesdoc.unesco.org/ark:/48223/pf0000379707>
- UNICEF (2022) Innocenti Report Card 16. Worlds of Influence. Understanding What Shapes Child Well-being in Rich Countries. <https://www.unicef.org/press-releases/over-consumption-worlds-richest-countries-destroying-childrens-environments-globally>
- United Nations (2022) UN News - UN chief calls for action to put out '5-alarm global fire'. <https://news.un.org/en/story/2022/01/1110292>
- Williams-Grut O (2016) Robots will steal your job: how AI could increase unemployment and inequality. Business Insider.. <https://www.businessinsider.com/robots-will-steal-your-job-citi-ai-increase-unemployment-inequality-2016-2?r=US&IR=T>

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution 4.0 International License (<http://creativecommons.org/licenses/by/4.0/>), which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.



# Chapter 6

## Alternative Methods of Money Creation for the Benefit of the Private Sectors



### 6.1 General Outlook of Our Newly Proposed System of Money Creation for the Benefit of the Private Sectors

As already explained in more detail in Chap. 4, one of the principles of the new system of money creation—or, NMWO—proposed in our earlier work<sup>1</sup> is that there would be put an end to so-called private money creation, i.e. the (scriptural or book-entry) money creation to which a private (deposit) bank proceeds when it grants credit to third parties (for total amounts exceeding its cash reserve).

In accordance with our proposal, this model should be replaced by a system of pure public money creation that would be entrusted to a New World Monetary Institute (abbreviated, ‘NMWI’), which would become the central monetary institution within the framework by the to be established New World Monetary Order (abbreviated, ‘NMWO’).

The level of money creation for the benefit of (the central governments of) the countries participating in the NMWO has already been dealt with in detail in Chaps. 4 and 5 above.

Below, in a similar manner, we shall now elaborate on the outlook of the possible levels of money creation for the benefit of the private sector(s) that could take place in such a NMWO, specifically:

- (1) Money creation for the benefit of individuals (and families) to meet basic living needs.
- (2) Money creation for the benefit of individuals to help launch professional careers.
- (3) Private money creation for the benefit of the nonprofit sector (as long as it will continue to exist under validation of the NMWO).

---

<sup>1</sup>Cf. Bytтеbier (2015), and Bytтеbier (2017). Cf., furthermore, Bytтеbier (2021), and Bytтеbier (2022).

(4) Private money creation for the benefit of the entrepreneurial sector.

## 6.2 Money Creation for the Benefit of Individuals (and Families), for Basic Necessities of Life

The first sub-level of money creation for the benefit of the private sector, distinguished under our earlier proposals for a NMWO, would involve money creation for the benefit of individuals (and families), intended to meet their basic life needs.

Mindful of the intent of these proposals to establish a fair system of money creation, it should be pointed out that the notion of ‘basic necessities of life’, or ‘basic life needs’, should be interpreted sufficiently broadly as the totality of the needs of an individual or family, from the point of view of building a truly dignified existence (and thus not a mere survival on the current poverty limits used in various, capitalist countries, respectively in the international context<sup>2</sup>).

Here, as also noted earlier, a further underlying objective of the NMWO should be that the notion of a dignified existence be given the same minimum interpretation for every human being, wherever born or living in the world (be it that, of course, objective local—including cultural—factors may be taken into account).

The notion of basic life needs should thus certainly not remain limited to absolute necessities of life, such as food, drinkable water, medical care, and (decent) housing, but should be understood in a much broader sense, including, for example, on the one hand, the domain of a sufficient level of material comfort (including access to such things as transport, communication, recreation, etc.) and, on the other hand, also the domain of certain immaterial basic life needs, such as (obviously) education and training, the ability to participate in a community.

In the NMWO, the mechanisms of money creation for the benefit of individuals (and families) should ensure that everyone, worldwide, will be able to meet all of these basic life needs.

When establishing such a system of money creation on behalf of the private sector, the NMWO will, furthermore, have to consider the systems of collective care (and related services) already discussed in Chap. 5. that countries, participating in the NMWO, will be able to set up based on the allocation model discussed in more detail in Chap. 4.

The latter will themselves already meet various basic life needs to a substantial degree, including even a universal basic income. This implies that, where we shall below discuss the methods of financing basic necessities of life on behalf of individuals, we shall be referring to the remaining basic life needs (and their financing) that are not (in a sufficient manner) supported by the public, collective care systems discussed in Chap. 5.

---

<sup>2</sup>Cf., for further details, Sect. 3.3.2.3.

In order to fulfill the objective(s) of the NMWO that everyone should be able to secure a dignified existence (and that the methods of money creation should contribute to this objective), in our proposed NMWO, money creation for the benefit of individuals to meet basic life needs will rely on various techniques, including credits without interest charge, credits with a negative interest charge and, in exceptional cases, even non-refundable allocations to private persons.

At a minimum, no interest will be charged on loans for basic life needs, although repayment obligations may continue to play a role.

In this regard, the insight that interest levying constitutes a method of enrichment for the rich at the expense of the poor is already an old one, dating back to philosophers of Classical Antiquity (e.g., Aristotle), in addition to early Christian doctrinal systems.<sup>3</sup>

In modern times, interest levying has been justified, among other things, because it can provide an answer to the devaluation, over time, of the purchasing power of money (*ergo*, to the inflation risk).<sup>4</sup> The latter argument has, in our opinion, at best value in cases when existing money is lent out to a borrower, but has no place in a context in which the granting of credit is part of the creation of new money. In the latter case, at most, it could be argued that, in the context of money creation by the private banking system, a private bank may be forced to borrow money itself (on which it must pay interest), albeit even this last argument will no longer be relevant in the context of our proposed NMWO.

The aforementioned repayment arrangements will, furthermore, have to be tailored to the reasonable ability of the borrower in question to earn from his employment, or otherwise, a sufficient income to enable him to repay the credit and, increasingly, to provide for himself and his family, whereby it cannot be the intention that a chronic dependence on such NMWO credit for basic life needs should arise.

Such lending (but also the monitoring of a private borrower's credit file) will, additionally, have to be done on a sufficiently personal basis.

A file manager (working within the national central bank that grants the NMWO credits) will have to adequately assess the borrower's person, creditworthiness, and repayment capacity, in accordance with guidelines to be provided by the national central bank, itself part of the NGSCB. At the same time, the granting of credit to finance basic life needs will have to be sufficiently easy to access. The reason for this is that NMWO credit to finance basic life needs will have to be a true right of any human being, whereby such credit will be easily obtainable, provided several basic conditions are met, including:

<sup>3</sup>Cf., more thoroughly, Bytтеbier (2015), pp. 134–136, and Bytтеbier (2017), pp. 143–145.

<sup>4</sup>Even for that case, the historical sources of inspiration arguing for the abolition of interest levying stipulate that such interest levying cannot be justified. For example, in the words of Jesus Christ (on which the medieval, ecclesiastical prohibition of interest rested), it is said that whoever lends something should not hope to get it back, making the ethical exhortation being one of a willingness to share one's wealth (cf. in Sect. 2.2.3), rather than to exploit it as a method of getting even richer to the detriment of others (via credit at interest levying).



- A (simple) request, specifying the reasons for the credit (which should fall within the notion of (basic) necessities of life, as to be defined in the NGSCB regulations).
- A (sufficient) demonstration of the borrower's actual ability to repay the credit.

Credit to meet basic life needs will however still remain credit, hence essentially repayable. The potential borrower will have to be able to demonstrate, at the time of applying for the credit, that, at least in the medium term, he will be able to repay the credit and that he will make the necessary efforts to do so, in particular through his work in the production sphere.

The low-threshold nature of the mechanism of credit for basic necessities of life will, in other words, not constitute an excuse for avoiding the provision of labor altogether, on the understanding that, within the NMWO, the fruits of such labor should belong primarily to the person who provides it (and not, as is too much the case at present, in the first instance to the wealthy within society who, in accordance with the principles of capitalism, strive in chief to enrich themselves through an (often shameless) exploitation of other people's labor power).<sup>5</sup>

In other words, the underlying intention of the NMWO should be that the global economy should gradually evolve towards an economy in which everyone, on a global scale, can provide for their basic life needs through their own reasonable efforts (both in terms of minimum, as well as maximum) and in which, consequently, the NMWO mechanism of credit for basic necessities of life will serve mainly for the pre-financing of certain major expenditures, such as the purchase of a home (house or apartment).

Furthermore, not only the granting, but also the monitoring of such NMWO credit will have to be strongly personalized, whereby, for each borrower, an appropriate balance will have to be pursued between, on the one hand, the expectation that everyone, within reasonable limits, will keep participating in the production processes (in the broad sense of the word, therefore by no means to be limited to industrial or service productivity, but including, for example, productivity in so-called softer sectors such as art, education, and care provision), and, on the other hand, the personal aspect of the credit files concerned.

Finally, the possibility of providing (free) credit to meet basic life needs should also become the exclusive domain of national central banks within the NGSCB. Such lending could, preferably, be organized in a sufficiently automated manner, on the understanding that there will also be opportunities for in-person consultation between the lending central bank and the prospective borrower, when useful or necessary.

---

<sup>5</sup>How this objective might be achieved, will be considered in more detail in Chap. 7.

### 6.3 Money Creation for the Benefit of Individuals for the Start-Up of a (New) Professional Activity

A second sublevel of money creation for the benefit of the private sector, distinguished in the context of our earlier draft of a NMWO, concerns the one that should be set up to provide a fair opportunity for everyone to establish a basic professional activity.<sup>6</sup>

Indeed, one of the underlying principles of the NMWO should be that every human being, on an equal footing, should be given the opportunity to engage in a professional activity of their choice and, from it, earn a professional income sufficient to meet their basic life needs.<sup>7</sup>

In other words, we do not take the view provided by Ayn Rand (and the likes) that (unsuccessful) human beings are inherently lazy creatures, but rather that the organization of the socio-economic order should guarantee that every human being, through their labor, can flourish, provided that (1) this remains within reasonable limits (*ergo* not in accordance with the currently prevailing neoliberal models of coercion<sup>8</sup>), and (2) the labor-providing person themselves will enjoy a perspective of a reasonable income from their labor—which in turn presupposes the abandonment of the prevailing, capitalist models of exploitation, in favor of a socioeconomic model in which everyone will be able to reap the benefits of their own labor.

Whereas in the current, capitalist economic order, numerous people, in exchange for an agreed remuneration (which is often, be it with great differences from country to country, ridiculously low in relation to the gigantic profits flowing to the capital providers of the enterprises/employers) (cf., furthermore, in Sect. 7.1), place their labor at the disposal of another market player (e.g., a company which then becomes an employer), an economically equally valuable model is that in which a person conducts their own professional activity on an independent basis.

Whereas some people (especially in wealthier countries) are fortunate enough to take ownership and/or control of an existing business started by others (e.g., by inheriting it from a parent), a much larger group of people is usually not so fortunate. In addition, today's neoliberal societies are characterized by a multitude of other forms of nepotism, for example, the fact that those born into a wealthy class

---

<sup>6</sup>Cf. Bytтеbier (2015), p. 341, and Bytтеbier (2017), pp. 428–433.

<sup>7</sup>This is consistent with the Catholic Church's (historical) view of self-sufficiency through the provision of labor, an idea first introduced by St. Paul, which has since found strong resonance in various church positions regarding the ideal outlook of socioeconomic arrangement. (Cf., for example, Haak (2016).)

<sup>8</sup>This will have to manifest itself, in the first instance, in terms of the duration of labor supply, for which reference can be made to the opinions of (in a slightly more distant past) Keynes (cf. Keynes 1930), and (more recently) Hawking (cf. Hawking (2016)), in accordance with which technological progress should benefit everyone (and must therefore translate into shorter working hours), rather than, as under capitalism, translating only into the accumulation of more capital to the benefit of the rich. Second, the organization of labor should be more flexible for the benefit of those who provide labor (rather than for the mere benefit of the entrepreneurial sector).

will be able to rely on the networks of their wealthy parents (and other relatives) in their later careers, while this is not the case for children of poor classes who would already manage, without the support of such a network, to pass higher studies. In fact, recent research has even shown that such class inequality already originates in the womb, to the extent that professional success in later life depends primarily on the lottery of chances associated with conception and birth (and hardly on skills or talents).<sup>9</sup>

The capitalist system makes little to no effort to acknowledge this basic reality and the intrinsic soci(et)al inequality (and therefore injustice) that results from it, with the result that such more fortunate people who, in addition to having access to a much better education, inherit a successful business and/or extensive professional network from a parent (or other relative),<sup>10</sup> will be able to start out in professional life with a huge advantage over other people who are not born in such a fortunate circumstance.

Indeed, within today's society, worldwide, all levels of economic and social life are gradually permeated by such, yet intrinsically completely unjust nepotistic thinking and acting, if not only the business world, but also, e.g.: (1) the political world; (2) the cultural and leisure industries; (3) the academic world, etc.

In any case, it is extremely distressing and testimony to the low level of civilization achieved so far that, in the year 2022, one man, by birth, finds himself in a world in which he will be bathed in the greatest possible wealth and luxury for the rest of his life (without ever having to do anything, or much, for it), while the other human being, just as much by birth, and even if he struggles to his death, ends up in a world in which poverty, besides even hunger and disease, will be his portion (and this, if he reaches the age of maturity, for the rest of his life) (a phenomenon which in the past has been described by Oxfam as the condemned to stay poor syndrome).<sup>11</sup>

The economic system that will emerge based on the NWMO should, hence, recognize the intrinsic unfairness of the current societal models in terms of career possibilities and opportunities, and look for solutions to remedy this.

At the very least, a climate will have to be created in which everyone will be given a basic, fair opportunity of full professional development, which is why the pursuit of this objective should become a second (sub)level of money creation for the benefit of the private sector, namely the level of money creation/credit with a view to ensuring basic access to a sound professional life.

The notion of ensuring basic access to professional life will also need to be given a sufficiently broad interpretation, and may include things like financing specialized (professional) training, financing the costs associated with the start-up of a new activity, etc.

---

<sup>9</sup>Cf., for example, the already cited work by Tessa Roseboom (cf. Roseboom (2022)). Cf., furthermore, Monbiot (2021).

<sup>10</sup>Indeed, inheritance law also constitutes one of the important instruments of the capitalist, socio-economic order (cf. already in Sect. 2.7).

<sup>11</sup>Cf. Oxfam (2014).

For the remainder, this second subcategory of loans to individuals could be subject to the same principles and rules as loans to meet basic life needs (as discussed in Sect. 6.2).

In addition, for those who continue to hire out their labor to an enterprise, work should be undertaken on a more equitable organization of the enterprise system, characterized, among other things, by a fairer distribution of the capital gains created by such enterprises. We shall develop some further ideas on this in Section 7. (Cf. Sect. 7.2.)

## 6.4 Lending to/Money Creation for the Nonprofit Sector

The third sub-level of money creation for the benefit of the private sector within the NMWO proposed in our earlier work would have as its object the so-called nonprofit sector.

Indeed, in numerous countries (amongst which, certainly, Western and Western-inspired countries), there exists a (thriving) nonprofit sector.

In many countries, this sector includes, among other things, a rich (private) association and foundation life.

To finance their operations, such associations, foundations, and similar organizations that fall under the (broad) category ‘nonprofit sector’ (or the more common term, at least in Anglo-American areas, ‘NGO sector’, where NGO stands for ‘non-governmental organization’), often boast of various forms of government grants, in addition to contributions from members (besides other types of donations from individuals), which does not prevent such entities from also being in need of credit in some cases.

In addition, the nonprofit sector provides, in many countries, various tasks that are closely related to the public interest,<sup>12</sup> without seeking, at least in principle, a personal benefit for the stakeholders within such associations, foundations, and other organizations belonging to this sector.

Other (especially developing) countries, as a rule, enjoy far less the luxury of such an extensive nonprofit sector of their own, if only because the governments of such countries lack the resources to subsidize such associations, foundations, and other nonprofit organizations, and their populations themselves are often faced with much more basic needs than participating in such entities (albeit that in these poorer, in many cases developing countries, nonprofit organizations originating in rich(er) countries often do operate).

The proposal we formulated in our earlier work is that, within the framework of the NMWO, policy regarding the nonprofit sector, would itself henceforth be framed within the monetary policy of the global community itself.

---

<sup>12</sup>To some extent, the existence of such a sector could even be perceived as a manifestation of the failure of governments themselves to adequately represent those aspects of the public interest perceived by nonprofit institutions.

A preliminary question here will be to what extent there will still be room and need for government funding of such nonprofit associations.

Indeed, the establishment of the NMWO should lead to a new type of government that, worldwide, will work primarily for the common good of its entire population (while also respecting the limits of planetary carrying capacity). (Cf. above, Chaps. 4 and 5.)

In other words, a large part of the tasks that are currently fulfilled by the private nonprofit sector (think, for instance, of organizations such as Oxfam, Greenpeace, the Red Cross, 11.11.11., Doctors Without Borders, among many others), will under the NMWO gradually shift to, and thereby start sorting out under the responsibility of, the national governments themselves.

This implies that, ideally, a substantial proportion of these nonprofits will themselves become redundant, or at least start merging into the bosom of (fully NMWO funded) governmental institutions that will take over their functions.

To the extent that, in addition to these (henceforth) altruistically functioning (national) governments, there would still be a need for private organizations that would continue to help fulfill tasks of general interest, at least during a transition period, there will nevertheless continue to be a funding need for this type of non-profit organization.

Where appropriate, the financing of such non-profit organizations could continue to exhibit a mixed character, namely in addition to (1) government financing (which could then be considered as compensation for the outsourcing of tasks that in fact are government tasks), also (2) financing from the hands of private individuals (e.g., through membership fees and donations).

To the extent that such future non-profit organizations would (or could) continue to participate in carrying out the basic governmental task of establishing a global living environment in which the well-being of every human being is put first, their credit needs will also be able to be met by and from the NMWO monetary authorities.

This implies that such non-profit organizations could also be granted access to credit from the national, central bank of the countries within which they operate.

The lending policy to such non-profit organizations will also, preferably, have a regulatory basis, whereby (1) the basic governing principles (including the underlying objective that the non-profit sector—to the extent that it will be directed to tasks of general welfare—would gradually merge into the renewed government apparatus), would be laid down in the NMWO treaty; (2) the NMWO itself would be empowered to draw up a general framework of more specific guidelines on the organization and operation of the non-profit sector, in relation to the role of the (national) governments of the participating countries; and finally, (3) the national central banks of the countries participating in the NMWO would be empowered, with regard to their credit policy, to specify the aforementioned general guidelines in the form of national guidelines (applicable within their countries).<sup>13</sup>

---

<sup>13</sup>Cf. Byttemier (2015), pp. 345–347.

The latter type of credits could, like the other credits of general welfare to be provided by the NMWO, have a in principle ‘for free’ character, be it that there could be room for a differentiation depending on the extent to which a given non-profit organization effectively takes care of basic needs of general welfare, or of needs of a more luxurious character.

Incidentally, in exceptional cases there could even be made use of non-refundable allocations within this third sub-level of money creation for the benefit of the private sector.

## 6.5 Money Creation for the Benefit of Enterprises

Finally, the fourth sub-level of money creation for the benefit of the private sector within the context of the NMWO will involve the established business community.

The NMWO proposed in our earlier work will, of course, not be able to function in accordance with the premises proposed above without a new vision of the ethics of entrepreneurial life, particularly on the question of how to deal with the profit motive that now completely dominates entrepreneurial life.

Given the immense importance of this issue, which has not otherwise been addressed in detail in our earlier work, a separate Chap. 7 will be devoted to it.

## 6.6 Conclusions

The NMWO that we proposed earlier offers numerous perspectives for redesigning the socio-economic order, in which many of the injustices of capitalist models of organization could be remedied.

The thoughts expressed in this chapter on this subject aspire to offer, at most, a first reflection on this subject matter. If humanity should ever be prepared to implement a new monetary system such as the NMWO proposed in our work (or a variant of it), the task in working out the regulatory framework on this subject will be to strike the right balance between establishing a new monetary and economic system capable of satisfying the basic needs of all human beings and which will also bear witness to a far greater justice than the prevailing capitalism makes possible.

Relative to the historical precursors of capitalism—notably medieval feudalism (and in other countries or territories, similar caste systems) and pre-existing civilizations that relied on slavery—it can be witnessed that capitalism had the great advantage of providing a model for economic growth and progress (rather than stagnation). However, capitalism lost sight of the fact that in a world with limited opportunities, economic growth cannot continue unrestrained forever, which has been capitalism’s first Achilles’ heel. In addition, four centuries of experience with capitalism have demonstrated that its operating methods and models, inherently bring

about an inequitable distribution of the surplus values created by the economy, a characteristic that constitutes the second, main shortcoming of capitalism.

It is nevertheless urgent that both shortcomings be remedied. What this will further imply for the organization of the entrepreneurial sector will be discussed in Chap. 7 more thoroughly.

## References<sup>14</sup>

- Byttebier K (2015) Nu het gouden kalf verdrongen is. Van hebzucht naar altruïsme als hoeksteen voor een Nieuwe Monetaire Wereldorde. Maklu, Antwerp
- Byttebier K (2017) Towards a new international monetary order. In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol I. Springer International Publishing, Cham
- Byttebier K (2021) How economics became the problem (An urgent call to legal action). In: Byttebier K, Van der Borgh K (eds) Socioeconomics & law – making a stance for changing values, vol I. VUBPress, Brussels
- Byttebier K (2022) Hoe economie het probleem werd. En wat eraan te doen valt. In: Byttebier K, Van der Borgh K (eds) Socioeconomics & law – making a stance for changing values, vol I, II. VUBPress, Brussels
- Haak M (2016) Het geheim van de zelfredzame afhankelijkheidsmens. <https://jmhaak.com/2016/11/02/het-geheim-van-de-zelfredzame-afhankelijkheidsmens/>
- Hawking S (2016) This is the most dangerous time for our planet. The Guardian.. <https://www.theguardian.com/commentisfree/2016/dec/01/stephen-hawking-dangerous-time-planet-inequality>
- Keynes JMK (1930). Economic possibilities for our grandchildren. In: Keynes JMK (1963) Essays in persuasion. W.W. Norton and Company, New York, pp 358–373. Also at: <http://www.econ.yale.edu/smith/econ116a/keynes1.pdf>
- Monbiot, G. (2021). Capitalism is killing the planet – it’s time to stop buying into our own destruction. The Guardian.. <https://www.theguardian.com/environment/2021/oct/30/capitalism-is-killing-the-planet-its-time-to-stop-buying-into-our-own-destruction>
- Oxfam (2014) Even it up. <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/333012/cr-even-it-up-extreme-inequality-291014-en.pdf;jsessionid=60F0DC4F872AC49463503780DBE23B5A?sequence=43>
- Roseboom T (2022) Gelijk goed beginnen. Succesvol bouwen aan de basis voor gezonde generaties. De Tijdstroom medische uitgevers, Utrecht

---

<sup>14</sup>All links to the cited websites were operational as of December 24, 2022.

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution 4.0 International License (<http://creativecommons.org/licenses/by/4.0/>), which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.





# Chapter 7

## Conceptualization and Sense of Reality of Some New, Legal Models for Conducting an Enterprise



### 7.1 Further Analysis of the Capitalist Profit Motive and How It Is Achieved

#### 7.1.1 *Brief History of the Profit Motive*

##### 7.1.1.1 Emergence of the Capitalist Enterprise

Before discussing in the next Sect. 7.2 (amongst others, in light of the newly proposed NMWO that has been discussed in Chap. 6), possible alternative models of conducting an enterprise than those that prevail under capitalism, it is useful to first undertake a deeper analysis of the basic principles that govern capitalist business conduct.

Since only limited attention has been paid to this subject matter in the previous Chapters of this book—as, incidentally, also in our previous work, whose angle of approach has been mainly the one of monetary and financial law<sup>1</sup>—, this subject matter will, in this chapter, be dealt with in some more depth. In this process, certain of the themes of the previous chapters of this book will be restated from the perspective of what this implies for the conduct of an enterprise itself, as well as for the (capitalist) principles underlying such conduct of an enterprise.

In this context, it should be clear that, despite all the rhetoric to the contrary, within capitalist economies, there is only one essential expectation regarding enterprises, namely that they would make as much profit as possible.

This insight has already, in a slightly more distant past, been described as follows by none other than John Kenneth Galbraith:<sup>2</sup>

---

<sup>1</sup> Cf., among others, Bytbeier (2015a, b, 2017, 2018a, b, 2019, 2021, 2022b).

<sup>2</sup> Cf. Galbraith (1967), p. 109.

The market has only one message for the business firm. That is the promise of more money. (...) It must try to make money and, as a practical matter, it must try to make as much as possible. Others do. To fail to conform is to invite loss, failure and extrusion. Certainly, a decision to subordinate interest in earnings to an interest in a more contented life for workers, cows or customers would, in the absence of exceptional supplementary income, mean financial disaster. Given this need to maximize revenue, the firm is thus fully subject to the authority of the market.

This is not a mere statement.

On the contrary, this short paragraph captures one of capitalism's most essential characteristics.

It is this basic characteristic of capitalist economies that will be at the center of this chapter.

Before delving more deeply into the extent to which this basic principle has become the all-determining criterion for the operation of capitalist enterprises (including its legal methods of organization)—and, under the impetus of economic neoliberalism, even of global society—, let us first try to ascertain how this basic characteristic of capitalism has historically come about, and then to examine more closely the basic working methods for achieving that profit motive in the context of entrepreneurial activities.

### **7.1.1.2 Brief Historical Overview of Certain Religious and Philosophical Perceptions Regarding the Pursuit of Wealth**

#### 7.1.1.2.1 Emergence of Money (Use)

As already explained above (cf. Sect. 2.1), the importance that present-day societies put on the so-called unbridled pursuit of profit (to which virtually all other societal values have been sacrificed in the course of the past centuries<sup>3</sup>) has historically first begun to occur as a result of a number of evolutions in the modes of human coexistence, with important, early turning points being (1) the transition from nomadic to sedentary (especially agrarian) societies, and (2) the transition from direct exchange economies, to cash-based indirect exchange economies.

As already explained in Sect. 2.1, this transition from nomadic to sedentary/agricultural societies that began to occur roughly a dozen thousand years ago, was accompanied by an increasing degree of division of labor and labor specialization.

As long as the use of money was not yet in the picture, there is no doubt that various positive consequences were associated with this, with the question of when exactly the various, negative consequences of a sedentary way of life started to occur, including especially: the emergence of the notion of (private) property,<sup>4</sup> as well as a gradually established division of the people belonging to such fledgling,

<sup>3</sup>Cf. also Byttembier (2015a), pp. 163–175.

<sup>4</sup>On this subject, cf. the insights of Rousseau, in his work 'Discours sur l'origine et les fondements de l'inégalité parmi les hommes' (1754), in which Rousseau stated the following:

sedentary societies into separate castes, including the classes of rulers and religious leaders who became especially skilled in methods of appropriating the fruits of others' efforts.<sup>5</sup>

Indirect barter—and the accompanying emergence of money itself—would further accelerate these processes. As a result, labor specialization occurred to an even greater extent, and with it the increasing division of people into separate classes.

In addition, the use of money allowed societies to become increasingly large-scale, relying on such things as: (1) Intermediary trade<sup>6</sup> (which itself accompanied the rise of the class of merchants), (2) Administration (both to keep track of commercial transactions, and to organize taxation, which are still two important pillars of the administrative process—cf., in current times, the importance of entrepreneurial accounting and the service sectors engaged in it, respectively, the organization of tax services as central components of public administrations), and (3) The formation of specialized, paid militia and guard services (in modern times: army and police).

Partly as a result of these evolutions, small-scale, (tribal) communities would gradually grow into true empires,<sup>7</sup> with one of the first great examples in the history of the West, the empire of Alexander The Great and, sometime later, the Roman

---

The true founder of bourgeois society: that was the one who was the first to fence a piece of land and dared to say 'This is mine,' and struck gullible people who believed him. How many crimes, wars, massacres, misery and horrors would have been spared the human race, if someone had torn out the stakes or closed the ditch at that time and shouted to his fellow men "Don't listen to this impostor, you are lost if you forget that the fruits of the earth belong to everyone and the earth belongs to no one!" But apparently, by then, societal development had reached a point where things could no longer remain as they were. (Cf. Beaud (1994), pp. 72–73, for a Dutch version of this quote.)

In French, this passus reads as follows:

Le premier qui, ayant enclos un terrain, s'avisait de dire: « Ceci est à moi », et trouva des gens assez simples pour le croire, fut le vrai fondateur de la société civile. Que de crimes, de guerres, de meurtres, que de misères et d'horreurs n'eût point épargnés au genre humain celui qui, arrachant les pieux ou comblant le fossé, eût crié à ses semblables: « Gardez-vous d'écouter cet imposteur; vous êtes perdus, si vous oubliez que les fruits sont à tous, et que la terre n'est à personne. » Mais il y a grande apparence, qu'alors les choses en étaient déjà venues au point de ne pouvoir plus durer comme elles étaient. (Cf. Rousseau (1971), p. 205. Cf. also Rousseau (2012).)

<sup>5</sup>These would later in the history of the West become the ruling classes of nobility and clergy, until, especially then in the nineteenth century, they themselves would be replaced by a new ruling class, namely the one of entrepreneurs and bankers.

<sup>6</sup>What is meant is trade in which it is not a producer who sells his goods to a user, but where such sale is accomplished by intermediaries who are not themselves the producers or consumers of the products traded. It is with the breakthrough of this type of trade that the pursuit of profit started to become a central, societal value. As a result, the merchant sector was also among the first, parasitic groups within societies, whose importance has since then steadily increased.

<sup>7</sup>Cf., for example, the Biblical story of Abraham (Gen. 12–25), the (mythical) progenitor of the nation of Israel. This story offers an illustration – historically accurate or not – of how an entire nation grew out of one family/tribe.

empire (while in the Middle East and the far East, great empires had already emerged beforehand, such as the Chinese and Indian empires<sup>8</sup>).

This also set in motion an evolution in which the emphasis in economics shifted from satisfying everyone's basic life needs to accumulating wealth, and in which class societies started to replace societies in which everyone's (economic) needs had been addressed on a more or less equal footing.

#### 7.1.1.2.2 Plato

Notwithstanding the fact that the breakthrough of money-based, sedentary societies may seem to have been inevitable, it has not come about without a struggle in the realm of ideas.

Already in our previous work,<sup>9</sup> we have pointed out that this historical evolution, by prominent philosophers and religious leaders, was initially viewed with alarm.

One of the most famous philosophers of Classical Antiquity was undoubtedly Plato.

In works currently known by titles such as 'The Laws' ('*Nomoi*') and 'The Ideal State' ('*Politeia*'), Plato devoted attention to themes such as the ideal state and just legislation.

It is noteworthy how critical Plato was of the increasing importance attached in his time to the use of money, and especially to the striving of certain groups of people—especially the merchants—to earn ever more money (which in modern terminology may be referred to as profit-seeking).

Well known is the following passus from *The Laws*, which relates to the use of money<sup>10</sup>:

But the intention of our laws was that the citizens should be as happy as may be, and as friendly as possible to one another. And men who are always at law with one another, and amongst whom there are many wrongs done, can never be friends to one another, but only those among whom crimes and lawsuits are few and slight. Therefore we say that gold and silver ought not to be allowed in the city, nor much of the vulgar sort of trade which is carried on by lending money, or rearing the meaner kinds of livestock; but only the produce of agriculture, and only so much of this as will not compel us in pursuing it to neglect that for the sake of which riches exist – I mean, soul and body, which without gymnastics, and without education, will never be worth anything; and therefore, as we have said not once but many times, the care of riches should have the last place in our thoughts. For there are in all three things about which every man has an interest; and the interest about money, when rightly regarded, is the third and lowest of them.

---

<sup>8</sup>One of the classic masterpieces of global, religious literature, the Mahabaratha, recalls in its appellation the great past of India. Translated, the word means something along the lines of 'the great, Indian Empire'.

<sup>9</sup>Cf. Bytтеbier (2015a), pp. 98–100, and Bytтеbier (2017), pp. 91–94,

<sup>10</sup>Plato (2000).

With this statement, Plato very aptly catches the ethical question regarding the organization of socioeconomic systems, although it seems that, since then, humanity has mostly chosen the exact opposite path than that advocated by Plato at the time.

Even it seems that, as a result, centuries after Plato's writings, one of the doomsday images Plato had warned about, specifically a society characterized by extreme polarization between rich and other, has fully manifested itself.

Reference can in this regard be made to the warning formulated by Plato, in *The Ideal State*<sup>11</sup>:

The further they go in the process of accumulating wealth, the more they value it and the less they value goodness. For aren't wealth and goodness related like two objects in a balance, so that when one rises the other must fall. (...) So the higher the prestige of wealth and the wealthy, the lower that of goodness and good men will be. (...) And so there is a transition from the ambitious, competitive type of man to the money-loving businessman, honor and admiration and office are reserved for the rich, and the poor are despised.

The latter statement by Plato demonstrates a great understanding of the power of money, particularly how the excessive reliance on money use (and on wealth accumulation to which money use lends itself), is of a nature to create a dichotomy within societies between the (extremely) wealthy and the rest of the population, with all the problems that entails.

A few millennia later, it seems that these warnings were largely ignored. As a result, greed for money, throughout the Western world, continued to increase, the consequences of which, in our present times, the entire world suffers.<sup>12</sup>

#### 7.1.1.2.3 Jesus Christ

Plato has not been the only prominent sage in history who has spoken out in such an explicit manner against societies in which both money use and the pursuit of ever more money, are proclaimed to be central values.

Given the way in which, in certain—supposedly—Christian countries, including the United States of America,<sup>13</sup> Christianity is currently being interpreted, it may

---

<sup>11</sup> Plato (1987), p. 306.

<sup>12</sup> It should also surprise no one that fervent supporters of neoliberal thought, for example authors such as Yaron Brook and Don Watkins—who, in a study devoted to Ayn Rand's thought good, testify to the extreme degree of moral decay to which economic neoliberalism bears witness—have not shied away from completely reversing the scale of values on which Plato's aforementioned statement is based, where, in a completely opposite sense, they have stated:

In Plato's Republic, Socrates declares “the more men value moneymaking, the less they value virtue.” Rand's view is exactly the opposite. The value of virtues is its role in promoting your own welfare - including your economic welfare. The more men value money making, the more they value virtue. (Cf. Brook and Watkins (2012), p. 77.)

This at the same time echoes the message of Calvinism. (Cf. below, Sect. 7.1.1.2.6.)

<sup>13</sup> It is mainly right-wing America that likes to label the United States of America as a Christian country, even though right-wing thinking there is virtually completely opposite to the scale of values proclaimed in the Gospel of Jesus Christ.

come as a surprise that the Gospel of Jesus Christ, too, does not gratify the pursuit of money and, by extension, material wealth.

Indeed, when considering the ideas of especially American Republicans, for instance on themes of a socioeconomic nature, it is hard to believe that they claim to base their views on the doctrinal systems of Jesus Christ, as revealed in the New Testament, since, in proclaiming their hodgepodge of conservative and neoliberal doctrines, they usually take diametrically opposed positions.

Restricting ourselves to a few salient passages from the Gospels themselves that demonstrate the attitude of Jesus Christ against wealth accumulation, it concerns for example: (1) The Sermon on the Mount (cf. Mt. 5–7), with as central message that people are not supposed to pursue material wealth (articulated under the description “*not to pursue treasures on earth*”), but should aspire to spiritual wealth (Mt. 6: 19–21); (2) The answer to the rich young man’s question of what to do to earn the Kingdom of Heaven, specifically to sell his possessions and to distribute the proceeds to the poor, and then to follow Jesus (Mt. 19; 16–30); (3) The parable of Lazarus and the rich man, who, after their deaths, ended up in heaven and hell, respectively, where the rich man is told that, given his greedy and selfish behavior during his life time, there is nothing more to be done to remedy his fate (Lk. 16: 19–31); (4) Jesus’ statement about Himself, specifically that the Son of man possesses not even a stone to rest his head on (Mt. 8: 18–22); (5) The exhortation, when hosting a feast, not to invite one’s rich neighbors because they are able to do the same in return, but rather the poor, lame and blind (Lk. 14: 12–14); (6) The parable of the rich man who spends his life building ever larger barns in which to store his harvests, deluding himself that one day, the day will come when he will be able to enjoy his wealth, but then dies unexpectedly and must leave his wealth for others to enjoy (Lk. 12: 16–21), among many other similar text passages.

More in general, Jesus Christ preached a doctrine that put charity first in the relationship between people, and in which the pursuit of money may never be the highest goal of life.

According to Cuvelier, Christ’s teachings even bear witness of a completely anti-capitalist attitude to life, since every capitalist system inherently tends to enrich the rich and make the poor even poorer, which is, for example, pre-eminently the case for the interest mechanism. According to Cuvelier, Jesus Christ thus preached a complete equality between people that excludes any form of exploitation of one’s fellow man. This teaching of Jesus Christ is, by definition, incompatible with the (later in history developed) methods of capitalism itself, including the expectation of investment return characterizing both capitalist shareholders and lenders, to the extent that the latter want to see their investments yield an optimal return in order to get richer and richer themselves.<sup>14</sup>

In the vision of Jesus Christ, money may at best be a means—cf. in the parable of the Good Samaritan, in which Jesus gave an example of what charity means, under reference to the fact that the Good Samaritan starring in this parable, with his

---

<sup>14</sup>Cuvelier (1990), pp. 129–130.

own money, paid the bill for the care of a wounded man (without any expectation of ever being repaid, let alone repaid with profit)<sup>15</sup>—and with the ultimate message that in his life man is constantly faced with the choice of serving God (i.e., Love) or the Mammon (i.e., the pursuit of money), without it being possible to serve both at the same time.<sup>16</sup>

In a similar vein, this attitude to life also speaks from the book of Acts of the New Testament, which reports on the efforts of the disciples of Jesus Christ and their converts to organize fledgling Christian communities based on Christ's message.

#### 7.1.1.2.4 Influences of Christianity in the Middle Ages

In the further history of the West (and—to the extent that starting in the late Middle Ages, and certainly continuing in modern times, the Western world has asserted an unusually large impact on the rest of the world—, gradually also in the rest of the world), it is striking how much this ideal of Christianity has been wrestled with.

This probably finds its explanation in the profound influence that Christianity has exerted within Western societies, starting at the time when Christianity was declared the main religion of the Roman Empire. When (relatively) shortly thereafter, from the fifth century AD onward, the (Western) Roman Empire gradually began to disintegrate and the resulting void was filled in by Germanic empires, this ever-increasing role of Christianity, strangely enough, did not come to an end. On the contrary, Christianity succeeded in bringing ever larger parts of Europe under its influence, so that by the end of the Middle Ages, the entire European world could be called Christian.<sup>17</sup>

However, the question arises as to whether what could be described as the quantitative success of Christianity has not come at the expense of the quality of observance of the message of Jesus Christ itself, especially in the context of the subject matter studied here, namely the organization of socioeconomic order.

It even seems that the dichotomy within the Western societies of the time between, on the one hand, the (selfish) striving (of some) for ever more wealth accumulation and, on the other hand, the structuring of society on the basis of what was initially called Love (for one's neighbor)—with this striving itself being based on one of the most essential messages of Jesus Christ, as expressed for example in Mt. 22: 34–40—, but is currently rather described by terms such as Solidarity or Altruism, would increasingly come to define European societies.

---

<sup>15</sup>Lk., 10: 25–37.

<sup>16</sup>Mt., 6: 24; Lk., 16:13.

<sup>17</sup>This evolution is depicted in a very illustrative way (by means of a great multitude of detailed maps) in Freitag (1960).

Regarding the spread of Christianity from the middle of the third century, cf. also Fox (1988), pp. 267–335. Besides in Europe, Christianity in its early days would spread to other parts of the world as well, such as parts of Africa, the Middle East and Asia.

Initially, it even seemed—at least in the realm of ideas—that the battle would be settled in favor of the concept of love for one’s neighbor.

Put in general terms, it was argued by the most authoritative church fathers of early Christianity (including Saints Ambrose and Augustine) that it was morally unacceptable (and unchristian) for the wealthy to enrich themselves on the hood of their needy fellow human beings. Other expressions of Christian charity manifested themselves through the establishment of all manner of charitable institutions, including monasteries and fledgling hospitals, institutions that had not previously existed in the history of the Western world.

As already outlined above (cf. Sect. 2.2.4), the Church’s attention in the realm of ideas, moreover, soon started to focus, among other things, on a doctrine that came to be known as the ecclesiastical prohibition of interest, which, on the authority of various sources (including the Old and New Testaments, but also, for example, the philosophy of Aristotle), started to take shape in the early Middle Ages, and which for about a millennium would constrain the pursuit of profit (especially in the context of credit).<sup>18</sup>

However, notwithstanding the official Church teaching remained that the purpose of man’s life could not lie in the accumulation of wealth on earth, during the further Middle Ages, gradually, numerous reversals of this principle would begin to occur.

Imaginative were certain attitudes of duplicity that the Catholic Church itself began to display, in which certain church princes and other ecclesiastical officials themselves began to excel in treasure-gathering, without asking too many questions about the compatibility of such behavior with the teachings of Jesus Christ himself.<sup>19</sup>

---

<sup>18</sup>Cf. Bytтеbier (2015a), pp. 115–136, and Bytтеbier (2017), pp. 115–145.

Support for the interest prohibition could be found in certain text parts of the New Testament itself. (Cf. Cuvelier (1990), p. 129. Compare Mt. 5: 42; Lk. 6: 30–34.) Not only did Jesus Christ side against interest levying, but even against credit as such. Jesus Christ thereby expressed the expectation that whoever is rich would give away their money selflessly to the needy, without any expectation of repayment, or any other form of reciprocity, whatsoever.

It should also be borne in mind that this prohibition of interest was not promulgated by a central authority in the modern sense of the word. Rather, the ecclesiastical prohibition of interest took shape in lectures and writings of church fathers, in decisions of councils and, later in history, in edicts of worldly rulers, all of which in their own way were considered authoritative with respect to Christian believers. (Cf., for further details, Bytтеbier (2015a), pp. 115–136 and Bytтеbier (2017), pp. 115–145.)

<sup>19</sup>Indeed, anyone who has ever walked into the Vatican—alongside numerous cathedrals, churches and other impressive, ecclesiastical buildings—, and seen the immeasurable wealth of treasures on display there, can but wonder how this relates to Jesus Christ’s words from the Sermon on the Mount, namely, not to amass treasures on earth, whereby one can moreover only guess at the undoubtedly gigantic extent of the other forms of wealth and property (e.g., large land holdings all over the world), which the Catholic Church (among other Christian churches) has appropriated over the centuries. To this it may be added, for the sake of completeness, that, notwithstanding the success of the Catholic Church, thus considered, seems to have gone hand in hand with a loss of the most essential ideals of Jesus Christ Himself, nevertheless, within this Church, communities have emerged in which attempts have been made to give a more correct interpretation to the evangelical ideal of poverty, an aspiration that has very much characterized, for example, the attitude to



However, in the context of the subject matter addressed here—particularly the question of how the pursuit of money evolved into the central, societal value of the Western world—, it is of greater interest that, in practice, the demise of said Christian ideals got accompanied by an ever-increasing toleration of commercial practices that were no longer in accordance with Christian doctrine itself.

As a result, the revival of trade and industry in the second half of the Middle Ages was accompanied by all manner of mechanisms aimed at circumventing the ecclesiastical prohibition of interest (including loans based on collateral that had a greater value than the loan provided itself; the bill of exchange, in which discounting masked an economic interest charge; etc.).

Gradually, even such masking would be omitted, so that by the end of the Middle Ages, the forerunners of modern bankers overtly started to grant credit at interest.

#### 7.1.1.2.5 Evolutions from the 16th and 17th Centuries Onward

From the sixteenth century on, various pre-capitalist evolutions within which the pursuit of money and wealth accumulation became increasingly central would be further facilitated by the schism between the Catholic Church and the Protestant churches, during which it became apparent that the latter got increasingly tolerant of worldly, wealth accumulation.<sup>20</sup>

It is probably no coincidence that the rise of one of the great merchant and banking families of the time, in particular the House of Fugger, which operated out of Augsburg and managed to work its way up, during the fifteenth and sixteenth centuries, to become the largest European banking family of the time, even counting several of the Habsburg rulers among its clientele, went hand in hand with the breakthrough of Protestantism in the German territories of the time.

Over the course of the seventeenth century, the fences were completely put down, with various methods of organizing trade and credit—which to this day still determine the appearance of modern, capitalist economies—, starting to determine the appearance of the post-feudal, socioeconomic order.<sup>21</sup>

---

life of St. Francis of Assisi and his followers, the Franciscan monks—and shortly thereafter, the Clares Sisters.

<sup>20</sup>The importance of this is impossible to underestimate, even raising as a question whether capitalism does not owe its breakthrough much more to this ever-increasing tolerance of wealth accumulation in the realm of ideas—first in Protestantism, and later in rationalism—than to the advance of new technologies that have the industrial upheaval of the nineteenth century to their credit.

<sup>21</sup>Even within traditional, feudal societies, there had been artisans who provided certain forms of specialized production that could not be left to the average serfs (who were essentially peasants). It concerned professional artisans who focused on the manufacture of well-defined products (as opposed to the average serfs, who generally were peasants who also practiced certain forms of cottage industry). The former, professional artisans were generally dependent on the king, the church, or other large landowners. They usually also were employed on a domain, in a place that belonged to the feudal lord. Thus, an important feudal lord could employ various, specialized artisans, such as leather workers and gunsmiths, but also netmakers, wagon builders, shield mak-

Among the most important of these new breakthrough methods of organization of trade and credit were, without doubt: (1) The becoming socially acceptable of loans at interest; (2) The breakthrough of the company/corporate form, whose shareholders (and later directors) enjoyed the benefit of limited liability; and (3) Paper money creation by private bankers who began to emit paper money for larger amounts than their underlying cash reserves in coinage made out of precious metals (which itself had evolved into the only chartalist money form during the Middle Ages).

It may be added that, as feudalism continued to crumble, (4) Labor against remuneration (or, wages) also evolved into one of the central ingredients of the emerging, (pre-)capitalist order.<sup>22</sup>

According to Duplessis, the latter turnaround in which the employment model of feudalism was gradually abandoned by systems of paid employment, had already begun to occur from the fifteenth century onwards, both in cities and rural areas, as part of the economic revival that occurred during that period.<sup>23</sup>

A consequence of this was that, already in the late Middle Ages, (fledgling) European industries began to exhibit some of the characteristics of modern times, albeit still limited to a number of sectors (including, in main order, the textile sector, in addition to food production and construction).<sup>24</sup> More precisely, the bulk of production based on non-feudal models of employment in these sectors initially took place primarily in small, artisanal workshops, within which the role of raw materials and labor was much more significant than that of capital in the form of machinery and factories. Since there was hardly any technological progress, downward pressure on wages was the most common method of reducing production costs. At the same time, labor mobility was limited due to urban regulations and guild formation. In addition to these fledgling industries, the mining sector also became based on labor against payment, even to the extent that the establishment of mining sites was often conditional upon a sufficient presence of (cheap) labor.<sup>25</sup>

---

ers, fishermen, beekeepers, soap sifters, horse breeders, brewers, and millers. (Cf. van der Tuuk (2021), p. 26.) Certain abbeys themselves even grew into true centers of industry, where the craftsmen were employed in a central building, allowing great control over their work. (Cf. van der Tuuk (2021), p. 27.) Here the comparison with (later) capitalist factories was not far off.

<sup>22</sup>This implied, in other words, the breakthrough of another peculiarity of capitalism, namely that capitalism relies on a model of employment of large sections of the population by a small group of (what we can describe in modern terms as) entrepreneurs. Since Marx and Engels, it has been argued that this model of employment amounts to a model of exploitation (cf. Marx and Engels (2021), p. 33).

<sup>23</sup>Cf. Duplessis (1997), p. 14; Kruithof (1986), pp. 16–17. It is striking that inequality in terms of access to the labor market and compensation for labor performed by women compared to labor performed by men, already dates back to that period. (Cf. Duplessis (1997), pp. 19–20.)

<sup>24</sup>Duplessis (1997), p. 28.

<sup>25</sup>Duplessis (1997), p. 28.

For further details on the working conditions in these fledgling capitalist sectors, cf. Gimpel (1975), pp. 93–112.

In the course of the sixteenth century, the potential offered by this method of organizing the economy on the basis of labor for remuneration would be ever more exploited, leading to an ever-increasing generalization of (fledgling) capitalism,<sup>26</sup> albeit that classical, societal structures, at the same time, kept presenting obstacles to capital investment, mass consumption, labor mobility and, in general, entrepreneurial initiative.<sup>27</sup> In the seventeenth century, this breakthrough of capitalism would, furthermore, experience hindrance from various other factors, such as war, epidemics, changes in the legal organization of marriage, monetary turmoil, and climate change.<sup>28</sup> On a positive note, however, wages stabilized and even increased throughout the seventeenth century.<sup>29</sup>

The consequence of this evolution has been that, during the sixteenth–seventeenth centuries, more and more labor was made free for extra-agrarian activities, *ergo* for trade and fledgling industry.<sup>30</sup> This was accompanied by the shaping of a society that increasingly relied on labor against wages, which thus evolved into one of the main pillars of capitalism itself (and no longer on the previously prevailing system of serfdom, in exchange for protection).

Given the importance of this turnaround, we shall return to it further in Sect. 7.1.3.

#### 7.1.1.2.6 Validation of Early Capitalist Practices in Calvinism

All the previously mentioned (pre-capitalist) methods of organization of trade and credit had the common feature that they were, inherently, aimed at making (as much profit as possible) for the benefit of the class of (in modern terms) merchants and entrepreneurs. This in turn created a breeding ground for a socioeconomic model in which a fair and equal satisfaction of the basic of life needs of all people—for example, in terms of food supply and decent housing (cf., furthermore, in Chap. 5)—was no longer considered as a central objective of economics, but rather making (as much) profit as possible for the benefit of the entrepreneurial class.

With this, wealth accumulation gradually became the new societal goal, an approach that soon got validated in a newly emerging, ecclesiastical doctrinal system, namely Calvinism.

Calvinism took shape during the seventeenth century. In it, the pursuit of wealth was elevated to a Christian duty,<sup>31</sup> provided this wealth was spent sparingly and not used for deploying a decadent lifestyle.

---

<sup>26</sup>Duplessis (1997), p. 138.

<sup>27</sup>Duplessis (1997), p. 141.

<sup>28</sup>Duplessis (1997), p. 141.

<sup>29</sup>Duplessis (1997), p. 143.

<sup>30</sup>Kruithof (1986), pp. 35–36.

<sup>31</sup>How subtle Calvin's mode of reasoning has been, can be nicely illustrated by the following passus:

Nevertheless: (material) goods are desirable. By doing good works, they are obtained. No doubt this thought inflames the zeal to do good works. It is right, then, that Scripture holds out to

Calvinism would also contribute to an increasing individualism, in which, especially the pursuit of wealth by the ruling classes of merchants and bankers was rationalized as extending to a greater glory of God. According to Kruithof, the Calvinist idea also contained the seeds of the competitive model that started dominating capitalism: in the socioeconomic model propagated by the Calvinist, (only) the strongest survive, and the Calvinist finds this equitable (with charity as a corrective mechanism).<sup>32</sup>

In doing so, Calvinism placed a particular emphasis on a (for that time) new work ethic, insisting that man's task is to use their (God-given) abilities and talents as diligently and productively as possible. According to McGrath, work was hereby regarded "*as a deeply spiritual activity, a productive and socially blessed form of prayer;*" which made this author assume that this new view on the provision of labor contributed to the increasing importance of emerging capitalism.<sup>33</sup> At the very least, Calvin removed the religious and societal stigma attached to wealth gathering before in history.<sup>34</sup>

All this, in the words of Jaap Kruithof, makes the Calvinist a peculiar combination between a merchant and a pastor: as a merchant, the Calvinist thinks of nothing but profit and wealth gathering, serves his own self-interests fiercely, and does not

---

us these earthly goods, and piously encourages us to acquire them. It is only for the children of God to be allowed to receive these good gifts from the good God and Father, in the way the Scriptures promise. There is in these promises, moreover, the promise of eternal life, which is destined for the children of God. For them, these temporal benefits are also a proof that God has called them to eternal goods. How could the Father, who in His paternal lordship so generously makes these perishable goods available, (...) if not to bestow upon His children as their own, the eternal goods. (Own free translation of a text attributed to Calvin, as quoted by de Kroon (1991), p. 71.)

Or, put another way, in Calvinism, wealth acquisition started to be considered in the favor of God. (Cf. Sect. 7.1.1.2.3.)

What cannot be read in the passus, however, is how this relates to the gospel texts that exhort just the opposite behavior. (Cf. in Sect. 7.1.1.2.3.)

In any case, the unusually sharp contrast between this Calvinist approach and, for example, Franciscan thought, is striking. Indeed, in the order rules of the Franciscan monks, for example, one can read that

those brothers to whom the Lord has given the grace to labor, (...) must labor faithfully and devotedly for God, and in such a way that they exclude idleness, the enemy of the soul (...). As labor they may take for themselves, and their brethren, what is necessary for the body, except coins and money. (2 RegMB 5.)

And further,

The brethren may not appropriate anything, neither house nor abode, nor anything else. And as 'pilgrims and strangers' (1 Pet 2, 11) in this world, as people serving the Lord in poverty and humility, they may well go and ask for alms. They should not be ashamed, for the Lord has made Himself poor for us in this world. Therein precisely lies the loftiness of the supreme poverty. (2 RegMB 6). (Cf. these order rules, as quoted in Dutch by Blijlevens (2018), pp. 86–87, which we have here freely translated ourselves.)

<sup>32</sup> Kruithof (1986), p. 48.

<sup>33</sup> McGrath (1994), pp. 291–292.

<sup>34</sup> McGrath (1994), p. 300.

take kindly to the rules of fair play. As a pastor, the Calvinist likes to moralize, to pretend that there is a higher ethical reality at play in what he does, and to give sentimental sermons about how good what he does is for society.<sup>35</sup>

Kruithof has pointed out, in his book ‘Arbeid en lust’ (translated: ‘Labor and lust’), that Calvinism profoundly changed the way of thinking in the West. According to this author, the Calvinist system of thought soon took hold of the (Protestant) North of Europe and would, moreover, become increasingly decisive for the organization of the socioeconomic order in other European areas that had remained Catholic. According to the same author, this effect continues to play out in large parts of the world up to this very day (including North America, large parts of Europe and Australia, and New Zealand, i.e., the traditional western world).<sup>36</sup>

Kruithof does not go as far as to postulate that (merchant) capitalism was the result of Calvinism, but he does maintain that Calvinism was able to translate the mentality that had been shaping (merchant) capitalism in practice, in particular the pursuit of ever-increasing personal wealth by means of the methods of organization of commerce, crafts and credit cited in the previous Sect. 7.1.1.2.5. In this, Calvinism may even be considered the precursor of economic liberalism, and later in history economic neoliberalism.<sup>37</sup>

The industrial (r)evolutions of the seventeenth and eighteenth centuries, partly because of the above, would thus begin to take place against the background of pre-existing, societal structures, albeit some of these underwent qualitative and/or quantitative changes, to be then, increasingly, translated into new societal norms. The great progress that occurred during those centuries was, in other words, mainly the result of an ever more intensive exploitation of technological and organizational working methods that were already available beforehand, to become increasingly validated by newly emerging thoughts of school, first Calvinism and later to be followed by the emerging economic schools.<sup>38</sup>

During all this time, the turnaround caused by Calvinist thought would continue to assert itself.

For example, over the course of the nineteenth and twentieth centuries, this Calvinist view of wealth accumulation and work ethic would result, in certain societies (including strongly in the United States of America), in a view of life that came to regard wealth (and success in accumulating material wealth) as a sign of divine election, whereby both personal and national wealth were perceived as a special divine favor. In modern times, the inescapable result of this view of life, referred to by McGrath as a “*mutilated version of the Calvinist work ethic*,” has evolved into

---

<sup>35</sup> Kruithof (1986), p. 71. This same discord can be found among many an entrepreneur working in today’s neoliberal economies.

<sup>36</sup> Kruithof (1986), p. 33.

<sup>37</sup> Kruithof (1986), p. 34.

<sup>38</sup> Duplessis (1997), p. 190.

According to Kruithof, a new global socioeconomic system thus emerged, amounting to a structured set of pre-capitalist and capitalist modes of production, held together and ordered by a single international, capitalist market system. (Cf. Kruithof (1986), p. 36.)

the still-prevailing success theology (which then also exerted its validity on the neoliberal ideology taking shape in the second half of the twentieth century).<sup>39</sup>

### 7.1.1.3 Breakthrough of the Company/Corporation Form

Two of the in the Middle Ages newly emerging methods of organization of commerce, crafts, and credit, within which money (gathering) stood central, namely interest levying on credit and new, private (paper) money creation, have already been discussed at some length elsewhere in this book. (Cf. Sect. 2.2.)

Let us now briefly look at the organization of trade and craft activities (in modern terminology: entrepreneurial activities) through the lens of the company/corporate model, considering that it has been the latter model that, from the seventeenth century onwards, increasingly became the legal mechanism for conducting an enterprise (and, hence, of the purpose of wealth accumulation central to it), and in this manner became crucial in determining the outlook of capitalism as well.

Partnerships already existed in Classical Antiquity. They were, for instance, already mentioned in Roman law (albeit with no reported use of the company/corporate figure that would have been comparable to the major role these legal figures play within contemporary, capitalist societies).

During the (early) Middle Ages itself, the company/corporate figure had been somewhat forgotten. Instead, other systems of socioeconomic order had prevailed, such as: (1) (first) feudalism—which was essentially a system of strict hierarchy, in which all individuals in society, through a business bond (generally: land), in exchange for protection, were engaged in a system of servitude to a feudal lord, and in which there were no horizontal forms of cooperation between people, other than marriage and kinship, in addition to monastic orders—and, (2) parallel to the breakthrough of commerce and crafts, the (later) guild system,<sup>40</sup> which also did not aim at sustainable forms of cooperation between individual merchants and craftsmen, but mainly constituted a mechanism of market demarcation and protection.<sup>41</sup>

By the late Middle Ages, the company figure would, gradually, begin to break through in the search for more appropriate, legal (organizational) forms for modern enterprises, based, on the one hand, on the pursuit of profit and, on the other, on the accompanying exploitation of other people's labor.

<sup>39</sup> McGrath (1994), pp. 299–300.

A variant of this approach constitutes the late Margaret Thatcher's statement in which she labeled poverty as the result of a personality disorder. Specifically, in an interview with the Catholic Herald in December 1978, Margaret Thatcher stated

(...) there may be poverty because people don't know how to budget, don't know how to spend their earnings, but now you are left with the really hard fundamental character – personality defect.) (Cf. Hightower (2017).)

<sup>40</sup> Regarding the rise of the guild system from the tenth century onward, cf. Nicholas (1997), pp. 129–140.

<sup>41</sup> Kruithof (1986), p. 12.

This happened, in part, in the context of an increasing internationalization of trade (at least considered from a European perspective).

From the seventeenth century onward, commercial, and industrial enterprises, moreover, became increasingly large-scale, and therefore more expensive (in terms of start-up costs) and risky, while at the same time generating ever-increasing profits. Also because of this increasing large scale, the need for new forms of organization arose, especially then the need for a legal figure to bring together potential investors and willing (merchant) adventurers in common trade and industry projects.

The Old Roman legal figure of the partnership appeared to meet this need, albeit that to fulfill this function, it had to be equipped with a new essential feature, namely the limitation of liability, initially intended as a guarantee that the financiers of a new commercial project subjected to the company form would never have to risk more than their (initial, financial) contribution.

Thus the forerunner of what would gradually come to be known as the (capital) company form saw the light of day, in which the limitation of liability—*ergo* the delimitation of business risks—was regulated at the legal level, first through contractual agreements and systems of royal authorization to make use of the legal figure, and later in history through appropriate legislation, out of which today's company form has grown. Early examples of such companies were the East Indian Companies (whose dubious exploitation practices would give rise to a masterpiece of Dutch literature, notably Multatuli's 'Max Havelaar'), that took shape in various European countries/jurisdictions.<sup>42</sup>

Gradually, the systems of recruiting prospective shareholders also became more sophisticated, with even the emergence of stock exchanges for the emission of newly issued shares (= the so-called primary market), as well as for trading existing shares (= the so-called secondary market), as a further result of which the intent of profit maximization for the benefit of shareholders became even more prominent.

Notestein has pointed that, in England, the customary forms of company that helped determine England's breakthrough as a colonial superpower during the seventeenth century, date back to organizational forms for enterprises that had been developed in the bosom of medieval guilds, but that got gradually adapted to new needs, especially than meeting the needs of merchants active in overseas territories. From these precursors grew two types of companies, notably the regulated companies, and the joint stock companies.<sup>43</sup>

The prototype of the (English) regulated companies was the so-called Merchant Adventurers, a form of company recognized by the government as early as 1407 and being granted a charter in 1564.<sup>44</sup> At the beginning of the seventeenth century, the

---

<sup>42</sup> Compare also Utsa Patnaik's observations regarding the practices of the English East Indian Company in colonial India (Cf. Section 3.1.2.1.2.).

<sup>43</sup> Notestein (1954), p. 250.

<sup>44</sup> Notestein (1954), p. 250.

Merchant Adventures had between 3000 and 4000 members, while exhibiting characteristics of both a guild structure and a modern corporation.<sup>45</sup>

In the joint-stock companies, the characteristics of the guild system would be even further abandoned. Here shares ownership—and hence the intent of profit maximization for the benefit of the company's shareholders—became even more central, making the joint-stock company the legal form used primarily for high-risk enterprises, with a need for special arrangements with distant countries. A first, fledgling example of such a joint-stock company was the so-called Muscovy Company, established for trade with the Russian Tsar in 1553, with a total capital of £6000 that was represented by shares, having a nominal value of £25.<sup>46</sup>

Just like interest levying on credit and private money creation, the breakthrough of (these predecessors of) the modern capital company form would soon start to change the outlook of Western societies—and later in history, of global society—in a fundamental manner. In this, the new methods of conducting an enterprise in a company form helped to put an end to the earlier systems of socioeconomic organization, including (what remained of) feudalism and the guild system, even more quickly.

The basic idea of feudalism had been one of servitude in exchange for protection (albeit that this model had, in many cases, degenerated into appropriate forms of oppression, especially in the cases where the feudal lord who was supposed to protect his serfs turned out to be of ill will himself, which was all too often the case).

The basic idea of the guild system had been to establish professional associations of merchants and craftsmen, who worked for their common interests (including through obtaining privileges), without aiming at providing organized forms of cooperation between individual merchants and/or craftsmen. However, even this guild system would, over time, bring with it negative consequences, including the artificial shielding of professional sectors (and therefore the markets in which they operated) from new entrants.

Gradually, these traditional forms of organization of trade and crafts would give way to the new form of organization offered by the (capital) company form, the latter especially by allowing for the establishment of larger-scale business empires, within which the pursuit of profit (for the sake of shareholders) was elevated to be the central objective. With the later breakthrough of stock exchanges—in modern terms: financial markets—, this characteristic of profit maximization would become even more prominent, to the proportions it assumes in contemporary societies.

#### **7.1.1.4 Crystallization of the Capitalist, Socioeconomic Order**

It appears that in the eighteenth century, Europe had abandoned for good all attempts to establish an equitable socioeconomic system.

---

<sup>45</sup>Notestein (1954), p. 251.

<sup>46</sup>Notestein (1954), pp. 251–252.



Instead, the breakthrough of capitalism had a fundamental downside (which still constitutes the main downside of the capitalist, socioeconomic model in modern-day societies as well), namely the fact that the increasingly large-scale commercial and artisanal, later industrial enterprises, all needed to rely on more and more (cheap) labor, as well as on more and more raw materials, to make their projects successful.

This implied that the new breed of merchants and artisans, later entrepreneurs, who increasingly organized themselves under the form of (capital) companies, had an ever-increasing need for personnel to (help) perform the actual, material work (as well as an ever-increasing need for raw materials to keep up with economic production; cf. already in Sect. 3.1).

As the feudal system itself began to wind down, in addressing the need for ever more work forces, it was possible to look to the great masses, where it soon became apparent that the modal man, who no longer found a place in society as a serf, did not seem predisposed to take on a role of entrepreneur himself, but rather looked for opportunities to rent out his labor to the newly emerging entrepreneurs (who, as mentioned above, increasingly organized themselves in the company/corporate form).

And it is here that the drama of capitalism started to unfold fully.

Let us first take a brief look at the outlines of the crystallizing socioeconomic picture of the time:

- At one end of the spectrum, we had a fledgling, emerging entrepreneurial class that managed to make use of the new mechanisms of organization of commerce, crafts/industry, and credit, that evaded traditional Christian and/or feudal logic, including (1) credit at interest, (2) private paper money creation, and (3) the (capital) company form. This class of merchants, artisans, and entrepreneurs, moreover, discovered, in ever-increasing numbers, ever more new prospects for making profits, a phenomenon that was intensified by the discovery and exploration of overseas territories.
- On the other side of the spectrum, there were the great masses, who themselves also increasingly experienced the demise of the model of feudalism and who—initially mainly in urban areas, but gradually also in rural areas—had to look for (new) methods of earning an income themselves.

It should come as no surprise that the system of socioeconomic organization thus newly formed provided the breeding ground for the already above, additional basic mechanism of capitalism, namely labor against (fixed) wages.

Conceptually, this called for people who themselves were not cut out for conducting an enterprises (in the broad sense of the word), to rent out their labor to those who were.

However, a fundamental *caveat* applied here, namely that the group of employers was at the same time increasingly inspired by one underlying societal goal, namely the pursuit of profit (rather than, for example, the goal of establishing just models of society—as, for example, based on traditional, Christian doctrine, which, in theory, still held).

This in turn implied that the wages entrepreneurs were willing to pay to those who rented out their labor, had to be kept as low as possible (at the risk of otherwise unduly eroding company/corporate profits).

Thus, a new basic principle of capitalism became exposed, which held that the wages of the labor-supplying classes should be kept as low as possible in order to maximize company/corporate profits. This basic principle of capitalism would later in history be referred to as the Iron Law of the Wages.<sup>47</sup>

Soon, this principle would gradually be considered a premise for entrepreneurship itself.<sup>48</sup>

And with this a new, essential characteristic of capitalist logic got gradually established: the intent of wealth-gathering that underlies the various mechanisms of socioeconomic order that broke through in the sixteenth–seventeenth centuries, essentially requires a willingness to exploit one’s fellow human beings, especially those do not themselves engage in the use of said capitalist mechanisms, but who nevertheless look for a method of survival, in particular by making their labor available in exchange for a fixed remuneration.

Since then, this characteristic of capitalism has evolved into one of the most essential peculiarities of the new, socioeconomic thinking that began to take shape during this period.

Even further away from the ideals of Jesus Christ Himself, from whose ideas the Western world was, in this manner, increasingly evading, were certain mechanisms of exploitation that started to take shape shortly thereafter, including the reintroduction into Western societies of slavery, and the maintenance of feudalism as a method of (forced) employment in some (Eastern) European territories, in addition to an industrial organization of these new methods of exploitation of other people’s labor, that would take shape during the nineteenth and twentieth centuries.<sup>49</sup>

The logical outcome of this new method of organizing labor in the Western world itself, was the formation of a so-called ‘proletariat’, characterized by a large multitude of unskilled workers, who could be very cheaply enlisted in the economic production processes and who started to no longer being regarded as fully-fledged fellow human beings, but only as a cheap production factor.<sup>50</sup>

---

<sup>47</sup>Cf. Ricardo’s Iron Law of the Wages. (On this, cf. Galbraith (1987), p. 84.)

<sup>48</sup>For the sake of completeness, it may be added that, where in modern times this capitalist principle still prevails, it has been moderated somewhat by the realization that (at least in the Western world) the laboring classes must be left with a sufficient wage for the purchase of the products produced by the capitalist machinery—with the proviso, however, that these wages must not enable the laboring classes to engage in wealth accumulation of their own, as this would allow them to evade enlistment (as workers) in the capitalist machinery itself. In contrast, in developing countries, the Iron Law of the Wages, regrettably, still applies to its fullest extent. (Cf., already, the figures quoted in Sect. 3.3.)

<sup>49</sup>Kruithof (1986), p. 36.

<sup>50</sup>Kruithof (1986), pp. 36–37.

## ***7.1.2 Economic Rationalization and Its Translation to the Policy Level***

### **7.1.2.1 Genesis of Economic Theorizing**

#### 7.1.2.1.1 General

As a result of the evolutions dealt with in Sect. 7.1.1, in the period from the sixteenth to the eighteenth century, the appearance of the Western world was changed very profoundly.

At the socioeconomic level, feudalism had gradually been supplanted by an amalgam of organizational methods that together provided the building blocks for (mercantile) capitalism.

In the world of ideas, as already mentioned, an initial, if non-uniform validation of the newly emerging trading and financial practices started to occur in the Protestant thought good in the broad sense of the word.

Especially Calvinism began to demonstrate a very open attitude to wealth accumulation as a life goal, provided that the accumulated wealth was not accompanied by a wanton spending pattern. In addition, Calvin preached a pervasive work ethic, that continues to this day to resonate with the (labor) ethic of economic neoliberalism itself.<sup>51</sup> (Cf. Sect. 7.1.1.2.6)

Shortly thereafter, certain American, Christian movements would even start to justify the practice of slavery.<sup>52</sup>

Nevertheless, in the realm of ideas, the torch of defense of the new socioeconomic system, that gradually emerged based on the aforementioned practices, would soon be taken over by the secular mental movement of rationalism that, among other things, tried to recognize, by means of scientific methods, tendencies in human behavior, including at the level of the socioeconomic order.<sup>53</sup>

One of the most famous, early examples of this approach is, without a doubt, the work of the Scottish moral philosopher Adam Smith, first through his book ‘The Theory of Moral Sentiments’ (1759), and later through his even more famous book ‘An Inquiry into the Nature and Causes of the Wealth of Nations’ (1776). With these works, Smith at the same time profiled himself as one of the frontrunners of economics as an independent, academic discipline.

In addition to the works of Smith himself, during the second half of the eighteenth century and into the nineteenth century, numerous other tracts devoted to the theme of the socioeconomic order would see the light of day, to grow together into

---

<sup>51</sup> Cf., for example, Brook and Watkins (2012), p. 77.

<sup>52</sup> Cf., for example, Noel Ray’s research (Cf. Ray (2018).)

<sup>53</sup> Cf. Bytтеbier (2015a), p. 137.

the school of economic liberalism,<sup>54</sup> in which this qualification as an ‘economic school’ was made only afterwards.<sup>55</sup>

Without wishing here to subject Adam Smith’s writings to a full dissection—this has obviously already been undertaken in very voluminous literature—, the main point made here is that, in Smithian thought, wealth accumulation in general, and the conducting of an enterprise in particular, got strongly praised as building blocks of prosperous societies.

This even happened to the extent that one can speak of a true reversal of the value scale in relation to Christianity which, at least in the realm of ideas, had managed to dominate the subject matter for a millennium and a half before.<sup>56</sup>

#### 7.1.2.1.2 Roots of Two Basic Tenets of Economics: Trickle-Down Economics, and the Iron Law of the Wages

Let us illustrate the foregoing by reference to two of the most central ideals of the ideas of economic liberalism (which, incidentally, have, to a large extent, been resurrected in contemporary economic neoliberalism), notably the doctrine of trickle-down economics, *in* addition to the Iron Law of the Wages, where the emphasis will lie on how these doctrinal systems have been able to rationalize the pursuit of wealth, *ergo* the pursuit of profit (of the ruling classes within societies), into the most noble method of soci(et)al organization (to the proportions that it has assumed to this day, with this approach becoming the *Leitmotif* of business).

The works of economic-liberal authors generally show great sympathy for entrepreneurs, with Smith even calling their individual pursuit of wealth one of the most important forces for social progress. In particular, it is because someone who undertakes something wants to do better (*ergo*: richer) for himself that that person will do his utmost best to market quality products or services.<sup>57</sup>

---

<sup>54</sup>For an overview, cf. Bytbeier (2015a), pp. 137–156, and Bytbeier (2017), pp. 146–173.

<sup>55</sup>This school of economic liberalism differs from the later school of economic neoliberalism, which itself, from its inception, relied much more on collaborations between economists.

<sup>56</sup>Cf. Fromm (1952), p. 83.

<sup>57</sup>Cf. in Book I, Chapter II, Paragraph 2 of Adam Smith’s most famous work, *The Wealth of Nations*:

It is not from the benevolence of the butcher, the brewer or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow-citizens. Even a beggar does not depend on it entirely. The charity of well-disposed people, indeed, supplies him with all the necessaries of life which he has occasion for, it neither does nor can provide him with them as he has occasion for them. The greater part of his occasional wants are supplied in the same manner as those of other people, by treaty, by barter, and by purchase. With the money which one man gives him he purchases food. The old cloaths which another bestows upon him he exchanges for other old cloaths which suit him better, or for lodging, or for food, or for money, with which he can buy either food, cloaths, or lodging, as he has occasion. (Cf. Smith (1979), pp. 26–27.)

Although Smith did not himself promulgate the doctrine of trickle-down economics in such detail, his approach already included the idea, prevalent within contemporary global societies, that wealth accumulation by doing business is synonymous with socially valuable action.

A step further in this line of reasoning, it came to be said that society—ultimately through its systems of public organization—has every interest in facilitating and encouraging entrepreneurship as much as possible, which in present-day neoliberal societies has become the *Leitmotif* of practically all governmental action.

Soon the idea even started to take hold that (just about) all societal progress is due to the class of entrepreneurs, which justifies that these entrepreneurs should be bearing the fruit of their entrepreneurial projects the most, and that only a small part thereof may go to the rest of society.

The step in reasoning to arrive at the latter approach was provided through the rationalization of employing other people in enterprise projects (about which we have learned, in the previous sections, that from the fifteenth–sixteenth century onward, these had become an increasingly important method of employment; cf. Sect. 7.1.1.2.5).

It is hereby argued that, through entrepreneurial projects, numerous other people find employment in exchange for appropriate remuneration. It was soon also considered entirely normal that the bulk of the profits generated by such entrepreneurial projects accrue to the entrepreneurial classes themselves (in various legal capacities, ranging from capital providers/shareholders to those of directors and managers), while those who are ‘merely’ employed in such enterprises should be content with a—low—fixed remuneration.

Incidentally, it is to this logic that the trickle-down economics theory owes its name, implying that the bulk of the entrepreneurial profits should accrue to the entrepreneurs themselves, while a small fraction of the added value thus generated, in the form of wages, trickle down to the class of employed people and, through mechanisms of taxation and the levying of social security contributions, to the rest of society as well.

However, the tragedy of this doctrinal system lies primarily in the far-reaching degree of rationalization of the entrepreneurs’ pursuit of profit in accordance with this theorization, as a result of which, in order to keep their profits as high as possible, it was considered normal—not to say: elevated to an appropriate, basic economic principle—that the wages paid to those employed were to be kept as low as possible.

Here, the ethical views from earlier, historical periods, in the context of which models of justice (cf. with Aristotle), living together in friendship (cf. with Plato), or love for one’s neighbor (cf. in Christianity) had been advocated, were resolutely abandoned in favor of a (supposedly) more rational approach that began to look at establishing the socio-economic order purely on the basis of numbers and figures.

In this, it was quickly assumed that, in order to be sufficiently profitable and competitive, enterprises had to be purely concerned with their numbers and profit

margins, averse to any consideration of justice or equity.<sup>58</sup> For this reason, it can rightly be said that the ideology of economic liberalism resulted into a sacrifice of all other (societal) values to the principle of the pursuit of profit (of the entrepreneurial class),<sup>59</sup> which thus gained the status of the most central value of capitalist economies that, in this manner, gradually took shape, partly on the basis of this type of ideology.

It is hardly possible to overestimate the importance of these learning systems. Indeed, in the centuries that followed, their idea would become pre-eminent in the organization of the socioeconomic order, first in several Western countries, but gradually throughout the world, leading to an economic system that came to be known as capitalism (even though contemporary adherents of it rather speak of the free market economy).

Thus, increasingly, an economic policy of allowing and facilitating entrepreneurs anything came into effect, an approach that under economic neoliberal policies from the 1980s onward, if possible, got even more accentuated.

### 7.1.2.2 Political Conversion

In the wake of the emergence of schools of economics, both in practice and in the realm of ideas, a political conversion of their ideas also started occurring.

Until deep into the second half of the eighteenth century, the design of government operations had still largely remained immune from the impact of ongoing socioeconomic developments.

The prevailing political system of that period was also known as the '*Ancien Régime*', referring to a model of arrangement of state organization that had historical roots in medieval feudalism, but to which a number of contemporary shades had been conferred, including the increasing importance of central state authority and of the role of heads of state (who, in many European countries, had evolved into absolute monarchs who, at best, had internalized ideas of the Enlightenment that allowed their despotism to proceed somewhat within certain reasonable limits).

These absolute rulers were until deep in the eighteenth century supported in their position by two other leading classes, namely the nobility and the clergy, whereby the so-called third class—i.e., the class of merchants and artisans—did not (yet) see fit to translate its increasing importance within the socioeconomic order, into a proportionate, political control.<sup>60</sup>

---

<sup>58</sup>In Charles Dickens' *A Christmas Carol*, we find this vision of life reflected in the character of Ebenezer Scrooge. In just about everything Scrooge proclaims and does in the first pages of this book, we find a reflection of the selfish thinking on which the economic-liberal thinking of the time came to rely.

<sup>59</sup>Cf. already in Bytbeier (2015a), p. 148, and Bytbeier (2017), p. 159.

<sup>60</sup>Presumably, this translation of the socioeconomic power of the so-called third class to the political level had already succeeded best in England, where a model of parliamentary monarchy had already been established.

It is precisely the discontent of this emerging third class with its minor role on the political stage that would degenerate, at the end of the eighteenth century into—in some cases, bloody—revolutions that started to occur throughout Europe, the first and most famous of these having been the French Revolution of 1789.

Not coincidentally, the new regimes that came to power in the wake of these revolutions would themselves install political models of organizing society in which the interests of the third class (= those of merchants, bankers, and entrepreneurs) took center stage, because of which, in the course of the nineteenth century, throughout Europe, so-called bourgeois-liberal states took shape.

As a further result, within the legal domain, various forms of new legislation that mainly benefited the interests of this third class of merchants and entrepreneurs (including bankers) were issued.

The latter can be aptly illustrated by the example of France, where soon after the initial revolution of 1789, work was made on the creation of new legislation that jettisoned virtually all traces of the feudal society model in favor of supposedly liberal codifications of legislation, including the famous *Code civil* of 1804 and the lesser-known *Code commercial* of 1807.

Limiting ourselves here to a few illustrations (on the ethics of socioeconomic order), it is, for example, very striking what significant importance the *Code civil* of 1804 attached to the so-called freedom of contract, that thus acquired the status of new, central societal ordering system. This, moreover, came to replace the—in principle lifelong—feudal bond that existed between a feudal lord and his feudal men).

Indeed, the system of feudalism had been based on an enduring (in principle, even lifelong) bond between a feudal lord and his feudal men. This feudal bond had involved, in a comprehensive manner, all socioeconomic relations and, in its original form, underpinned a model of highly localized and largely self-sustaining communities.

The model of society of the new times, on the other hand, came, to an ever-increasing extent, to rely on contracting which, by definition, was temporary in nature and included only well-defined aspects of societal life (such as renting a home, being employed, buying food...).<sup>61</sup> This in addition implied that, other than

---

<sup>61</sup> In several agricultural areas throughout Europe, including Flanders, traces of the feudal system would continue to reverberate well into the twentieth century. One example concerns the tenure system, under which a lord of a manor leased several farmsteads (and accompanying land) to farmer-tenants, with these leases being renewed from father to son. Like a feudal serf, such a farmer-tenant exploited the farm and land, however not based on giving up part of his harvest, but by paying an agreed upon rent, which immediately illustrates that also in this relationship the payment of a sum of money started to replace the earlier, feudal obligations to hand over part of a harvest in kind. To this phenomenon, by the way, we owe several masterpieces of Flemish literature, including the novel '*Boerenpsalm*' by Felix Timmermans, in addition to several works by Ernest Claes. Boerenpsalm recounts the revenge of farmer Wortel who leases his farm from a local castle lady. In the character of farmer Coene, created by Ernest Claes, we even experience a reversal of relations, in which, through hard work, farmer Coene succeeds in buying his farm with surrounding land from the impoverished lord of the castle, soon to even become his moneylender (with all the tensions this causes).

serfs, free men had to organize their societal functioning largely themselves, in stead of relying on an enduring, overall bond that linked them to another person, i.e., a feudal lord (and his descendants).

As a further result, living together (in feudal communities) was, increasingly, replaced by a societal model based on individualism, in which, through contracting, each person has to fend for themselves, while at the same time being supposed to act in competition with everyone else.<sup>62</sup>

Less well known is that the commercial law counterpart of the *Code civil*, specifically the *Code commercial*, also contained numerous rules that have been as decisive for the organization of civil society in general, and for the representation of the interests of the class of merchants (later: entrepreneurs) in particular. For instance, this *Code commercial* contained a first beginning of company law legislation of a strongly facilitative nature (e.g., leaving aside earlier obstacles to the smooth use of the company/corporate form, such as, for example, the requirement of prior, royal authorization).<sup>63</sup>

Thus, after the way for the emergence of capitalism had first been paved in practice (as early as the fifteenth century), and then in the realm of ideas (with especially the emergence of the school of economic liberalism in the second half of the eighteenth century), at the dawn of the nineteenth century, in terms of the political organization of societies (including their legal system), a deliberate and even more resolute choice was made for the organization of capitalist societies and economies, a choice that to this very day determines the outlook of the socioeconomic order (and, by extension, the outlook of the world itself).

### 7.1.3 *Implications on How Capitalist Enterprises Are Conducted*

#### 7.1.3.1 General

Already in our earlier work<sup>64</sup> we have noted that, in the real world, the rise and breakthrough of capitalism has been anything but the story of roses that the adherents of certain ideologies (including, currently, especially economic neoliberalism) would have us believe.

Focusing on the theme of this chapter, specifically the way in which enterprises are conducted, we shall attempt to show how the hell of capitalism makes itself felt

---

<sup>62</sup>Already in our earlier work, we have explained how the mechanism of free contracting has, however, failed to conceive truly just societies, in part because the mechanism of free contracting does not consider prevailing real inequalities (caused by various societal factors), to which the bourgeois-liberal state model of the nineteenth century itself did not want to remedy (rather the contrary). (Cf. Byttebier (2015b), pp. 49–55, and Byttebier (2018a), pp. 49–56.)

<sup>63</sup>Byttebier (1993), p. 813.

<sup>64</sup>Cf. especially Byttebier (2015b), and Byttebier (2018a).



for the working classes (cf. Sect. 7.1.3.2), but by extension also for the entrepreneurial class itself (cf. Sect. 7.1.3.3), and even for the entire economic system (cf. Sect. 7.1.3.4).<sup>65</sup>

### 7.1.3.2 Capitalist Hell for the Working Man

#### 7.1.3.2.1 The Doom of Forced Employment for the Majority of Humanity

##### 7.1.3.2.1.1 *The Choice Between Exploiting, or Being Exploited*

In what precedes, it has already been pointed out that capitalism relies essentially on what might be described as exploitation.<sup>66</sup> (Cf. especially in Sect. 3.1.2.)

This fact derives from the basic characteristics of the capitalist model itself, whereby the average person who wants to earn a living, generally, has no choice but either to become an entrepreneur himself, or to be employed by an enterprise (or, alternatively, by a government, most of which themselves still exist primarily to enhance capitalism—or in modern terms: the free-market economy—in all its excesses).

The step into entrepreneurship is, obviously, not an obvious one.

Under capitalism, taking such a step requires above all a certain state of mind—in particular, of being sufficiently driven by the pursuit of ever-increasing wealth, in addition to a willingness to sacrifice all other values to it, including a sufficient willingness to exploit one’s fellow human beings and, in many cases, to cause harm to the planet. It has even been argued that the main trait that distinguishes a successful entrepreneur from the rest of the population is psychopathy, rather than possessing unique skills or demonstrating excessive intelligence.<sup>67</sup>

As a result, one could argue that the choice of whether to start and conduct an enterprise comes down to the choice between wanting to exploit or resigning oneself to being exploited.

---

<sup>65</sup> Cf. the July 10, 1985, lecture by Indian philosopher and mystic Jiddu Krishnamurti, quoted earlier, which focuses on this theme. (Cf. Krishnamurti (1986), pp. 43–59.) In it, Krishnamurti focuses on the question of moral responsibility for the prevailing type of society:

Can we now, each one of us, realizing our responsibility for having brought into being this society in which we live, this monstrous, unimaginably immoral society – can each one of us live in this world, in this society, and be utterly free of disorder? (Cf. Krishnamurti (1986), p. 50.) In his July 14, 1985, lecture (cf. Krishnamurti (1986), pp. 61–77), Krishnamurti expanded on this, pointing out that “(...) *we have built this society, this monstrous, evil, immoral world (...) in which we live.*” (Cf. Krishnamurti (1986), p. 66.)

<sup>66</sup> Cf. already Marx and Engels (2021), p. 33: “*But whatever form it has taken, the exploitation of one part of society by another has been a component of it in all past centuries.*”

<sup>67</sup> Cf. Schlesinger (2021). Compare Notestein (1954), p. 110, who lists as principal qualities of the emerging class of businessmen in England at the beginning of the seventeenth century: “*special knowledge and shrewdness.*”

### 7.1.3.2.1.2 *The Myth of Meritocracy Debunked*

#### *Nepotism as a Means of Providing Unequal Access to Career Paths and Life Opportunities*

Before outlining what is fundamentally wrong with the capitalist methods of organizing an enterprise, we shall first take a closer look at a central tenet of the economic schools that justify these methods. It concerns the myth of meritocracy, within the framework of which it is reserved that successful entrepreneurship, and thereby becoming rich, is mainly the result of personal merit and therefore equally available to all.

For the adherents of the ideologies and related political doctrines that adhere to capitalism, (successful) entrepreneurship is primarily the result of personal merit (and poverty the result of laziness and inertia)—in which it is, in most cases, conveniently overlooked that most of the accumulation of wealth on Earth is acquired through inheritance (with the underlying question of what is then the essential difference between contemporary capitalism and medieval feudalism).

Indeed, the already before mentioned merger of certain elements of Calvinist ideas with the tenets of economic liberalism, has in the context of contemporary, economic neoliberalism culminated in the myth of meritocracy, through which supporters of capitalism seek to offer an alternative explanation for the fact that fortune acquisition is primarily the result of being born into a wealthy family, and of the concomitant (greater) life chances.<sup>68</sup>

Meritocratic doctrine, in contrast, holds that since the bourgeois-liberal societies that have taken shape since the early nineteenth century are based on freedom and equality, everyone within such societies enjoys equal opportunities for development, which implies that whether or not soci(et)al success—often perceived as synonymous with the accumulation of wealth—is achieved, is purely because of one's own merit. The argument sounds that those who work hard will be successful in life, and thus also earn a lot of money.<sup>69</sup>

Among certain figureheads of economic-neoliberal thinking, the view even prevails that poverty is the result of laziness, ignorance or even a state of character disorder.<sup>70</sup>

This approach finds a far-reaching application in, for example, the Western model of education and helps explain the extreme degree of competition on which this education is based. It also explains why everyone, from childhood, is encouraged to study hard to 'achieve something' later in life.<sup>71</sup>

---

<sup>68</sup> Even luck is said provide a much more important factor for success as an entrepreneur than intelligence or hard work, a proposition that has even been demonstrated mathematically. (Cf. Solman (2018), with further references.)

<sup>69</sup> Thus, contemporary, capitalist societies perfectly reflect Plato's doom picture outlined in Sect. 7.1.1.2.2.

<sup>70</sup> Cf. Hightower (2017).

<sup>71</sup> Moreover, it is telling that the country that has one of the best education systems—if not the best—in the world, namely Finland, has itself resolutely abandoned this model of competition, and

In a more general sense, the myth of meritocracy explains why those who prove unsuccessful (which often translates into poverty) are looked down upon, the explanation being that it must be due to incompetence, laziness, and passivity. Ayn Rand's publications, in addition to the high degree of acclaim they continue to enjoy in various parts of our world—including not least the United States of America—speak volumes in that regard.<sup>72</sup>

Nevertheless, this manner of thinking is, increasingly, contested, with various research showing that hard studying or working hardy determines societal success, the latter to a much greater extent being determined by one's origins (within a rich or poor family), *ergo* by the social class into which one is born, without personal efforts being able to do much to change this.<sup>73</sup>

Focused on entrepreneurship, it turns out that, although the (medieval) guild system has been formally abolished, capitalist societies do not excel in vertical, social mobility, implying that it is much more obvious to start a business for those who already belong to the entrepreneurial class, or another upper class, than for those who belong to a lower social class (as the latter would have to start a new business from scratch).

Specific handicaps experienced by members of the lower, social classes (with regard to starting a business) include, among others: not having sufficient start-up

---

that in countries where this competition is most central, the education sector is facing numerous fundamental problems.

<sup>72</sup>Concerning the Calvinist origins of this frame of thought, cf. Kruithof (1986), p. 49.

<sup>73</sup>After this book went to press, an interesting academic study regarding Sweden was published showing that while cognitive ability is strongly linked to higher earnings, this is only the case until the very top of the income ladder. According to this research, intelligence among the top 5% of earners within society plateaus, and even decreases slightly. These findings confirm that, regarding the top 5%, other factors than intelligence (and hence personal merit) drive extreme success, including luck, family resources (such as being born in a wealthy family and/or relying on a huge family network), personal ambition, and emotional intelligence. This also implies that the highest earners in society are by no means more intelligent, or deserving, than others. (Cf. Keuschnigg et al. (2023); Pomeroy (2023).)

As the authors of the study put it:

The empirical results lend support to our argument that cognitive ability plateaus at high levels of occupational success. Precisely in the part of the wage distribution where cognitive ability can make the biggest difference, its right tail, cognitive ability ceases to play any role. Cognitive ability plateaus around €60,000 at under a standard deviation above the mean.

And furthermore:

Recent years have seen much academic and public discussion of rising inequality (...). In debates about interventions against large wage discrepancies, a common defence of top earners is the superior merit inferred from their job-market success using human capital arguments (...). However, along an important dimension of merit—cognitive ability—we find no evidence that those with top jobs that pay extraordinary wages are more deserving than those who earn only half those wages. The main takeaway of our analysis is thus the identification, both theoretically and empirically, of two regimes of stratification in the labour market. The bulk of citizens earn normal salaries that are clearly responsive to individual cognitive capabilities. Above a threshold level of wage, cognitive-ability levels are above average but play no role in differentiating wages. (Cf. Keuschnigg et al. (2023).)

capital of their own<sup>74</sup>; an insufficient access to appropriate (pre)education (e.g., expensive MBA studies); not having a sufficient social network<sup>75</sup>; not being able to rely on role models within one's family or circle of friends; inequality of opportunities from early childhood, that prevents access to certain methods of self-development,<sup>76</sup> ..., all factors that cause members of the lower social classes, even after obtaining a university or other higher degree, to hit a glass ceiling very quickly in comparison to members of higher social classes.

The meritocratic view of life, as adopted mainly by members of the established upper classes, has itself already been refuted in our books 'De onvrije markt' and 'The Unfree Market and the Law', to which we therefore refer further.<sup>77</sup>

For those who prefer this truth from another source, reference can be made to the work 'De Onmisbaren' (to be translated as 'The Indispensables') by Ron Meyer, who has written about it as follows:<sup>78</sup>

'Das war einmal,' many of my academic friends think. That was in the past, they say. They believe passionately in the fable of meritocracy: everyone has equal opportunities and those who work hard enough can climb up the so-called social ladder. Working is a choice, so is touching the clouds. From my 8<sup>th</sup> grade class, only one person went to VWO. In wealthy neighborhoods, for some schools, that was true for a third to sometimes almost half the class. Not because children in more expensive neighborhoods are born with more intelligence, no, because where you grow up is still decisive for the future you face. (...)

<sup>74</sup> Cf. the well-known example of Amazon. A 1997 SEC filing shows that Jackie and Mike Bezos, the parents of Jeff Bezos, invested USD 245,573 in Amazon in 1995. (Cf. Meija (2018)). For a family belonging to the lower class, such an investment would have been virtually impossible.

<sup>75</sup> According to Bill Gates himself, his success is due in large part to his parents' network. His late mother, Mary Gates, is said to have played a crucial role in the deal that secured Microsoft's rise to the top. Mary Gates herself was, at the time, a respected businesswoman, with many connections, including her membership on the board of the nonprofit organization 'United Way of King County'. It was there that she met the late John Opel, then chairman of IBM, and himself also a member of the United Way board. In 1980, Microsoft itself was a small, five-year-old company, with no significant success whatsoever, but Mary Gates saw an opportunity to help her son's fledgling company by agreeing a major deal with John Opel. Specifically, IBM wanted to hire an outside software maker to develop an operating system for its personal computer(s). Although Microsoft had already expressed interest in the project, IBM was considering many other software companies as well, including, for example, 'Digital Research', one of Microsoft's main competitors. Thanks to the connection of Bill Gates' mother, Mary Gates, IBM hired Microsoft for the job. When Microsoft got the job, it however had no operating system of its own. So, in 1981, Microsoft had to buy QDOS, an operating system developed by hardware company Seattle Computer Products, and with it developed MS-DOS, the Microsoft Disk Operating System. Microsoft licensed its MS-DOS to IBM to use as the operating system for its personal computer(s). Because the MS-DOS system was not reserved exclusively for IBM, it became one of Microsoft's most profitable products ever. The operating system was not only used in all IBM computers of the time, but soon after became the go-to operating system for almost every personal computer on the market. (Cf. Locke (2020).) And the rest is history...

<sup>76</sup> Errol Musk, Elon Musk's father, became the owner of a half-share in a Zambian emerald mine in the 1980s, which he used to finance a lavish lifestyle for his family of yachts, ski vacations and expensive computers. (Cf. de Wet (2018).)

<sup>77</sup> Byttebier (2015b), p. 54. Cf. also Byttebier (2018a), pp. 54–56.

<sup>78</sup> Meyer (2021), pp. 53–55.

Opportunities in life are much less a matter of merit, of individual achievement, than of economic, social, and societal conditions. Of your parents. And of political choices. Worsening social security, raising rents, abolishing school swimming, or introducing a deductible comes – indirectly – on the plate of the children growing up in the poorest neighborhoods. In dozens of neighborhoods, children are disadvantaged even before they are born. (...) Education alone is not enough. Every time the studied class says that education is the solution to everything, it is also saying that current problems are entirely and solely your own fault. Inequality is not a systemic failure, but a consequence of your failure. And so, you don't deserve better.

That's what meritocracy does: it gives people a moral justification for not having to look at the causes of inequality.—(Own free translation.)

In the same regard, reference can also be made, for example, to an opinion piece by political scientist (and senior advisor to the Netherlands Council for Public Health and Society) Tim 'S Jongers, with as title 'Wie hard werkt komt er niet'.<sup>79</sup> In it, 'S Jongers articulates the issue, aptly, as follows:

The reason I have so much trouble with the metaphor of the social ladder – the climb to the sky, to pick the stars of success – is my own starting position. Because if the ground on which that social ladder stands is quicksand, you can climb it as hard as you want, you don't rise.

Poverty, a broken family situation, an inadequate network, no fair chance at a healthy life, and I could go on and on. My life began with a 10-0 disadvantage. You then have to deal with a complex inequality from which there is no easy escape.

And those who like it more literary can turn, for example, to French author Édouard Louis (whose name used to be Eddy Bellegueule), who has explored this theme, in an autobiographical manner, throughout his oeuvre, or, closer to home, to Flemish author Dimitri Verhulst.

### *Nepo Babies as a Modern-Day Illustration*

While since our own book of 2015, until recently, little debate on (also) this characteristic of neoliberal societies seemed possible, this seems to have changed in very recent times. In particular, at the end of 2022, the dishonesty of nepotism occurring especially in the professional context of global societies began to dominate more

---

<sup>79</sup>'S Jongers (2022).

This author adds,

When one denies that one's starting position partly determines one's own success, one's understanding of another's starting position will diminish. Whether one then starts life with or without disadvantage no longer matters. Whereas disadvantage determines how hard you have to work to be "successful". The danger then is that collective efforts for equal starting positions crumble. Everything then becomes personal responsibility and 'you just have to work a little harder. Poverty then quickly becomes a consequence of own choices, not being able to handle money, or not being able to work hard. As a tunnelcrawler, you are just a bit more modest about it. Because you know what it is to start life at a great disadvantage. Just as you know that much of what you can do is not based on your own choices. The ability to work hard, the IQ you possess, the fact that you have two feet and hands and good health are not choices. But they do determine how far you can get in life. ('S Jongers (2022).) (Own free translation.)

and more the social media, leading to a certain interest from the specialized press in December 2022 under the form of pertinent opinion pieces.

The attention on social media focused on the children of celebrities, so-called ‘nepo babies’, who because of their descent are given far more life opportunities than children belonging to families of the low classes. This exposed the deeper, underlying problem of nepotism.

After various expressions of dissatisfaction with the phenomenon on social media, the debate was then broached via a contribution that appeared in the online magazine ‘Vulture’, under the telling title: ‘How a Nepo Baby Is Born. Hollywood has always loved the children of famous people. In 2022, the internet reduced them to two little words.’<sup>80</sup>

This contribution in Vulture started with the following introduction<sup>81</sup>:

Hollywood was run on an invisible network of family ties — and everybody was in on it! Everyone is someone’s kid, but it was as if everybody were somebody’s kid. (...) Aghast, content creators got to work. An unwieldy phrase — “the child of a celebrity” — was reduced to a catchy buzzword: nepo baby. TikTokers produced multipart series about nepo babies who resembled their famous parents, exposés on people you didn’t know were nepo babies (everyone knew), and PSAs urging celebrity parents to roast their nepo babies “to keep them humble.”

The contribution then turns to numerous examples that clearly demonstrate that nepotism has traditionally been rife in the entertainment industry, with numerous examples of film and TV stars, photographic models, among many others, who all owe(d) their successful careers primarily to the network or professional activities within the industry of their parents or other family members, and this since generations already.<sup>82</sup>

By way of response to this contribution, the topic subsequently enjoyed considerable interest in the press, including from writers of opinion pieces.

One such opinion was expressed by Scottie Andrew of CNN who, in an opinion piece of the same date (namely December 22, 2022), defined the problem as follows: “*One of the surest roads to success in showbiz is to be the child of an already famous and successful person.*” Andrew thereby gave the following definition of the term ‘nepo baby’:

“Nepo baby” refers to the kid of successful adults who’s benefited from nepotism in industries like entertainment or adjacent fields (fashion and media are two of the other big ones). Unlike bootstrappers and naturally talented “nobodies,” nepo babies start off with an advantage – their parents’ connections – although many of them later claim their parentage is a burden when it comes to carving out their own names.<sup>83</sup>

---

<sup>80</sup> Jones (2022).

<sup>81</sup> Jones (2022).

<sup>82</sup> Jones (2022).

<sup>83</sup> Andrew (2022).

Citing a quote from Nate Jones, Andrew then aptly summed up the issue of nepo babies as follows: “A *nepo baby* is physical proof that meritocracy is a lie.”<sup>84</sup>

In an opinion piece of December 22, 2022, Australian writer Rebecca Shaw tried to broaden the debate by referring to the results of more scientific research on the matter. Shaw pointed out that from such [research](#) regarding the United Kingdom, the results of which were made public in the second half of December 2022, it had appeared that there had been a huge decline in the number of artists (i.e., actors, musicians and writers) who stem from a working-class background. According to Shaw, still about 16% of arts workers who were born in the 1950s had a working-class background (which already implied a low figure), but this percentage had fallen to a mere 7.9% in December 2022. In contrast, it also appeared from this research that people who grew up in professional families had been four times more likely to end up doing such creative work.<sup>85</sup>

Among the most striking forms of modern-day nepotism, Shaw mentions that the children from richer families enjoy much more life opportunities, have access to more connections, and have and more doors opened when pursuing a career. For Shaw, these elements are however not restricted to the very rich or famous but apply to all levels of societies where parents—or other relatives—have a good job in a specialized sector and are as a result able to provide their children better access to such a professional sector than people belonging to the lower classes.<sup>86</sup> For Shaw, the resulting huge differences in access to professional career paths and life opportunities for those belonging to the lower classes goes far too unacknowledged, the result being that there are too many talented people, “*with wonderful creative brains and ideas*”, that are never heard of because they are simply too busy surviving in neoliberal societies that deprive them from life chances. The conclusion for Shaw is clear (and similar to the one we had already reached in our book ‘De onvrije markt’ of 2015): “*Obsessing over nepo babies while not addressing the structural and generational inequalities that produce poverty and privilege is just a good-looking (and fun!) distraction from the real problem*”: having access to more and more professional sectors in which nepotism thrives “*is becoming less and less viable for a large proportion of society*”.<sup>87</sup>

By way of rebuttal, some of the privileged descendants of previous generations of celebrities responded that the criticism was unjustified and that they owe their

---

<sup>84</sup> Andrew (2022).

<sup>85</sup> Shaw (2022).

<sup>86</sup> Shaw gives the following example:

To become a successful professional musician or artist or writer or actor you have to have time to spend making your art and hustling to make industry connections. This is extremely difficult if you don't come from a stable background. I can only imagine that the process of discovering your creativity, of deciding to follow your dreams and talent, of knowing it's even a possibility, is made much easier if you have the awareness, even unconsciously, that you will ultimately be OK if it doesn't work out. That sort of freedom allows you to try things, to take big swings and to have extra brain space and time dedicated to getting good at the thing you love. (Shaw (2022).)

<sup>87</sup> Shaw (2022).

success solely or mainly to their own hard work, amounting to a variant of the meritocracy attitude.<sup>88</sup>

However, it is clear that the phenomenon is far too widespread to be the result of mere coincidence, making it clear that nepotism, therefore birth in a wealthy or successful family, is the main condition for professional success within the industry, and that things like talent and hard work are mainly side issues: this implies that the latter elements, while they should be present to some degree, are by no means decisive for a successful career. As a result, those who exhibit these characteristics without descending from such a wealthy or successful family have far fewer chances for a glittering career than the nepo babies themselves, even in cases where the latter appear to be less talented or industrious.

And unfortunately, as we ourselves already wrote in 2015, the issue is by no means limited to the entertainment sector, but is present in almost all sectors of soci(et)al life, a phenomenon that we ourselves, since the beginning of our careers, have experienced almost daily within the Belgian legal and academic professional sectors as well.<sup>89</sup>

#### 7.1.3.2.1.3 *The Maintenance of a Class Society*

The aforementioned characteristics of capitalism—in theory, on the basis of a theoretical equality of opportunity; in practice, on the basis of a model of class inequality and nepotism—force people to choose between doing business themselves, or being employed by someone else’s enterprise, implying that for the bulk of the population of capitalist countries or societies, there are few alternatives, socioeconomically speaking, other than the so-called renting out of their labor for a fixed fee.

As explained earlier, this peculiarity of capitalism determines the fundamental dichotomy that characterizes capitalist societies. (Cf. Sect. 2.3.1)

In systems of unbridled capitalism,<sup>90</sup>—particularly, (1) the capitalist system that prevailed in the Western world until the end of World War II, (2) the capitalist system that, since then, has remained in place in large parts of the rest of the world, especially in developing countries, and (3) the capitalist system that in parts of the Western world is restored because of the implementation of economic neoliberalism, often referred to as the free market economy—, this dichotomy occurred most sharply.<sup>91</sup>

<sup>88</sup>Cf. the overview provided by Jones (2022).

<sup>89</sup>Cf. also the research of Clauset, Arbesman and Larremore, *finding “that faculty hiring follows a common and steeply hierarchical structure that reflects profound social inequality.”* (Cf. Clauset et al. (2015).)

<sup>90</sup>Cf. Byttebier (2018b).

<sup>91</sup>It has appeared that in countries that have continued to practice uncorrected capitalism (and/or that have fallen back on it, to a great extent, under the impetus of economic neoliberalism), the Iron Law of the Wages keeps resorting its full effect, as a result of which employing enterprises keep striving for the lowest possible wages and the persons to be employed generally do not have much choice but to agree to this. Again, this observation affects members of the lower classes of the



The response from the political (neo)liberal establishment that even people who hire out their labor to enterprises remain in control of their own destiny through the voluntary association model, has moreover proven to be a bolt from the blue, especially because of the unequal contracting position between the enterprises that employ people, and people looking for suitable employment.

Accordingly, the model of welfare states established in various Western countries after World War II (cf. Sect. 1.3) attempted to remedy this in other ways, for example, through labor protection legislation, in addition to replacement income systems.

Although such measures brought great comfort by ensuring that, throughout the Western world, a large part of the population was brought to a level of prosperity that at least helped ensure a dignified existence—abstracting from the fact that this has required the working classes to be meekly enlisted in the capitalist exploitation model itself, as well as the fact that the relative prosperity enjoyed by a large part of the population of the Western world has come at the expense of blatant exploitation of the developing world<sup>92</sup>—, from the 1980s onwards, the welfare state model became strongly contested by the adherents of economic neoliberalism, often under a double argument, notably that the established social security protection systems and public services are too costly (read: that they constitute too heavy a burden on corporate profits), and that such systems reward laziness and punish industriousness.<sup>93</sup>

This helps explain why neoliberal governments, beginning in the 1980s, worldwide, started to push for the dismantling of several of the systems that made welfare states possible (cf. already in Sect. 1.5), an evolution that is most advanced in countries such as the United States of America and the United Kingdom, as a result of which, in those countries, social safety nets have already to a large extent been removed and, consequently, capitalist employment mechanisms themselves, have once again become dominant in shaping the socioeconomic order (with as measurable effects: an ever-increasing polarization between rich and poor, accompanied by a disappearance of the middle classes).

#### 7.1.3.2.1.4 Conclusions

It is clear from the foregoing that the capitalist principles and working methods, create a fundamental dichotomy between rich and poor and that this dichotomy, largely, overlaps with the class division between entrepreneurs and the working layers of the population.

Although the welfare state model has (temporarily) remedied this in the Western world, it appears that, as economic neoliberalism succeeds in its aim to dismantle

---

population to a greater extent than members of the middle or upper classes. (For an extreme illustration regarding a Belgo-Irish airline that has been often in the news in this regard, cf. Ooghe (2022). For a comparable, recent illustration regarding the United States of America, cf. Sanaito (2022).)

<sup>92</sup>This insight is strongly present in the works of Jaap Kruithof.

<sup>93</sup>This is one of the main themes in the works of Ayn Rand.

welfare states, the aforementioned dichotomies within capitalist societies are again rising increasingly to the fore.

In today's neoliberal societies, only the wealthy to very wealthy classes still escape the acrimonious realities of capitalism, on the understanding that the doctrines of economic neoliberalism have simultaneously—and paradoxically<sup>94</sup>—succeeded in convincing much of the rest of the population that the perpetual maintenance of such a (neo)liberal socioeconomic system is a necessary condition for maintaining free and democratic societies.

Furthermore, it is even so that the average Western man, at least under validation of capitalism itself, can still count himself among the more fortunate on Earth, to the extent that in numerous other parts of the world, a large part of humanity leads a life of (extreme) poverty and often, for a pittance, has to work much harder than the average man in the West, in order for the rich and extremely rich of the planet to become ever richer.<sup>95</sup>

In summary, for the labor-supplying man, capitalism implies a condemnation to lifelong labor, not to become happier himself, nor even to contribute to a better society, but mainly to help ensure that the wealth of the ruling classes of entrepreneurs and bankers continues to grow.

In all this, under the continuing impetus of economic neoliberalism, capitalism becomes more and more unbridled, because of which the present living world has become one in which Plato's previously quoted prediction that only people with money are still valued, admired and included in government, and that those who are not rich no longer count (cf. Sect. 7.1.1.2.2), has become abundantly true.

### 7.1.3.2.2 Affirmation in the Works of Fromm, Marcuse, and Kruithof

#### 7.1.3.2.2.1 *General*

During the twentieth century, a multitude of authors have aptly identified the problems of the capitalist employment model (and the dichotomy within capitalist society into a class of entrepreneurs—including bankers—and the class of employed that has been created by this employment model, in addition to various other working methods of capitalism).

We shall situate three of these, notably: (1) Erich Fromm; (2) Herbert Marcuse, and, closer to home, (3) Jaap Kruithof.<sup>96</sup>

---

<sup>94</sup>Cf., furthermore, in Byttebier (2018a).

<sup>95</sup>In this approach—and this even amounts to a form of rebuttal that often echoes from the mouths of neoliberals when confronted with the devastating soci(et)al impact of implementing their doctrine—, even the poor in the Western world are expected to consider themselves fortunate, to the extent that poverty in various other regions of the world often implies even greater misery.

<sup>96</sup>Similar insights may also be found with the French sociologist Pierre Bourdieu (1930–2022). (Cf., for example, Bourdieu (1979); Bourdieu (1993); Bourdieu (2000), and Bourdieu (2017).)

### 7.1.3.2.2.2 *Erich Fromm*

One of Erich Fromm's central themes is that, in general terms, exposure to capitalism has led to an increasing degree of dehumanization of the labor-supplying strata of the population of capitalist countries.

Fromm has situated his approach against the backdrop of the caesura that resulted from the new scale of values that became widespread in the Western world from the eighteenth century (= the period of rise of industrial capitalism). According to Fromm, in the medieval world of ideas, wealth was not perceived as an end, but only as a means. The end was life itself, or, as the Catholic Church of the time maintained, the salvation of man's soul. Economic activity, while necessary, was perceived as part of external life activities—opposed to the inner search for God—that only had meaning and value insofar as they promoted life and its goals (especially human salvation).<sup>97</sup> The great revolution brought about by the thinking of philosophers such as Adam Smith was that the pursuit and achievement of economic success, especially in the form of profit and material wealth, became objectives in themselves, and even more so, became the main objectives within the (capitalist) societies that got shaped based on these ideas. With the rise of capitalism, the new life objective became the pursuit of material wealth, rather than the pursuit for salvation of one's soul.

According to Fromm, within capital societies, (modal) man was also given a totally new task, namely, only to contribute to the growth of the economic system. Man was no longer supposed to strive for his own salvation or happiness, but to put his life at the service of the economic system. Hence, man was reduced to a cog in the service of the capitalist machinery.<sup>98</sup>

The (at the time new) hierarchy brought along by capitalist societies was one in which capital (and its objectives) was placed above labor (i.e., human beings)—hence the name 'capitalism'—, a hierarchy scale which has since then, worldwide, come to define interpersonal relations between people, and in which two scales of values constantly clash, particularly that of the world of fortune versus that of life

---

<sup>97</sup>Erich Fromm has even observed that perceiving economic activity and profit as goals in themselves would have been as incongruous for the medieval thinker as the lack of such perception is for the contemporary (neo)liberal thinker.

<sup>98</sup>Erich Fromm has, furthermore, rightly argued that the subordination (one could safely say degradation) of (personal) life as a means to economic ends touches the foundations of capitalist production, in which the accumulation of capital has become the main, not to say only, task and goal of economic activity. In this approach, the laboring man enlisted in the capitalist production processes works for the sake of (other people's) profit, but also, for profit that is not intended to be spent, but to be useful as new capital investment. Within classical capitalism, increased capital should in turn, still through the employment of other people's labor, generate new profits, which in turn must be reinvested, and this circular progression should continue indefinitely (given the underlying aspiration that the economy itself should continually grow). (Cf. Fromm (1952), p. 87.)

In recent times there has been a certain reversal in this, to the extent that the current (super)rich of the planet, increasingly, spend the profits from their enterprises, on the one hand, on all kinds of luxury expenses and, on the other, park them in tax havens (instead of reinvesting them in new enterprises). (On this so-called plutonomy, cf. Sect. 3.3.2.4.)

(and its intrinsic value) itself. As a further principle of capitalism, all unpleasant work is thereby imposed on the lower classes of society, whose ranks have to be replenished again and again (if necessary, by importing cheap labor from poorer countries, or by shifting production to such poorer countries).<sup>99</sup>

While acknowledging that capitalism has contributed to a certain degree of material progress for a part of humanity (but not for all people in the world), Fromm holds that this has come at the cost of a fundamental dehumanization of the (working) human being who, reduced to being a slave to the self-conceived capitalist machinery, lives only for impersonal and extra-personal purposes and, in the process, has become filled with feelings of nullity and meaninglessness. The term labor market alone, according to Fromm, reflects the entire tragedy of the fate that has befallen humanity since capitalism started to break through: just as an enterprise buys raw materials, it buys other people's labor power in order to employ it in its economic production processes (= labor as commodity). This is expressed in economic science itself through the designation of labor, *ergo* of most of humanity, as a so-called factor of production.<sup>100</sup>

The capitalist ideologies—including, initially, economic liberalism and, currently, economic neoliberalism—have, moreover, succeeded in convincing almost every human being who participates in these processes—i.e., as good as anyone—that this is only normal and that the (average) human being exists only to provide labor, which has been accompanied by a secularization (deliberately orchestrated by liberals,<sup>101</sup> and later by communists and socialists) of capitalist societies. Virtually all interaction between people has hereby been reduced—not to say degraded—to purely mechanically taking place economic relations (in exchange for money), the result of which can only be a large degree of alienation, in a society where everything can be bought and sold, including other people's, respectively one's own labor. The result of this dehumanization has been that man is reduced to a hunted and bewildered being.<sup>102</sup>

Meanwhile, contemporary Western societies are increasingly confronted with various negative consequences of modern-day capitalism, as evidenced by the

---

<sup>99</sup> Domestically, this can be well observed in road work, where it is notable that it relies heavily on men of immigrant background. With that, Galbraith's observation remains valid how much reliance is placed on certain population groups for this kind of hard and unpleasant work. Equally striking—and all feminism notwithstanding—is the absence of women in this kind of hard and unpleasant work, which may help to put feminism's complaint about the poor treatment of women into perspective. Of course, the latter does not exclude the fact that women belonging to the low, social classes are also employed in various forms of hard and unpleasant work (for example, in the textile sector, in cleaning companies, in the care sectors...).

<sup>100</sup> For a contemporary rebuttal of this traditional approach, cf. Reich (2022).

<sup>101</sup> The term is used here in its historical meaning of adherents of the tenets of political and economic liberalism, and not in the (rather pejorative) meaning given to it in American society, where the term is used to denote adherents of more progressive ideas than those of mainstream conservative or neoliberal thought.

<sup>102</sup> Cf. already the discussion in Bytbeier (2015a), pp. 165–166, with further references to Fromm's works.

growing number of depressions, burn-outs, and similar illnesses. This helps explain why, according to recent research the results of which were published in 2022, the use of antidepressants and similar drugs in Belgium has risen by a quarter over the past decade, with the growing numbers of young users resorting to such medication being of particular concern.<sup>103</sup> Moreover, in terms of antidepressant use, Belgium has long ranked among the top European countries. According to this same study, in 2020, there were no less than 1.22 million people taking antidepressants in Belgium, an increase of 7% compared to 10 years before. The same decade also saw an increase in use per individual user, with the number of daily doses increasing by a quarter over this period.<sup>104</sup>

More generally, mental disorders are among the major public health challenges in the World Health Organization's (WHO) European region and, measured over the course of a lifetime, affect about 25% of the population. In this regard, some studies have noted an upward trend in the use of antidepressants, with such antidepressant use found to be particularly alarming among women and the elderly.<sup>105</sup>

#### 7.1.3.2.2.3 *Herbert Marcuse*

Next to Erich Fromm, a similar line of thought can be discerned in the works of Herbert Marcuse, who vaunts the real negation of life brought along by capitalism, in which the extreme risk of starvation on the part of the dispossessed has become the main driver of their socioeconomic actions.<sup>106</sup>

Herbert Marcuse has, furthermore, pointed to the fact that, under validation of capitalism, the average human being in the Western world has gradually evolved into a one-dimensional<sup>107</sup> being who exists only in the socioeconomic dimension, and in which everything else that makes life interesting and pleasant has been systematically pushed into oblivion.

Building on this line of thought, we ourselves have pointed out in our earlier work that, after four to five decades of neoliberal policies, such a 'one-dimensional human being' still performs only the following soci(et)al functions:<sup>108</sup>

- The function of working from morning to night, without having much time to do anything other than work, and doing so until (spurred on by neoliberal pension reforms) as late as possible in a person's life.<sup>109</sup>

<sup>103</sup> Martin and Van Garderen (2021).

<sup>104</sup> Martin and Van Garderen (2021).

<sup>105</sup> Cf. Chen et al. (2022).

<sup>106</sup> Marcuse (1968), p. 105.

<sup>107</sup> The phrase was introduced by Herbert Marcuse. (Cf. Marcuse (1974).)

<sup>108</sup> Cf. Bytтеbier (2022a), pp. 492–493. Cf., beforehand, Bytтеbier (2015b), p. 167, and Bytтеbier (2018a), p. 205.

<sup>109</sup> For a poignant illustration of this, cf. the passus above regarding parental leave (or its virtual absence in numerous countries). (Cf. Sect. 5.2.4.3.)

- The function of working for one central external purpose, particularly for making the shareholders of the company/corporation for which one works as rich as possible (and, in the case of people in public service, for making the entrepreneurial sector in general as rich as possible).
- The function of consuming as much as possible, whereby the average person's income, increasingly, should be spent as exclusively as possible to pay for the goods and services produced by the capitalist economic model of production for production's sake (and consumption for consumption's sake), despite the fact that many of these goods and services are intrinsically useless and, in many cases, harmful to humans and the environment.
- The function of borrower (or, credit taker), which helps bring about: (1) that people consume more than their income allows; (2) that the imprisonment of one's duty to labor is further reinforced (since people are required to spend a portion of their income on repaying loans, plus interest, which makes them even more dependent on having a job), and (3) that one's income is certainly not spent on anything other than expenditures that make the rich of the planet ever richer (to the detriment of the poor).<sup>110</sup>
- The function of perpetual taxpayer, to the extent that states obtain their income primarily by taxing labor-producing people.

#### 7.1.3.2.2.4 *Jaap Kruithof*

Domestically, the moral philosopher Jaap Kruithof, including in his well-known work 'Arbeid en lust' (in English, 'Labor and lust') devoted a similar, historical analysis to labor and labor relations.

The development of Jaap Kruithof's own vision on this subject must be situated in the period when the welfare states in the Western world were still playing a prominent role. Although Kruithof himself was already warning of the disastrous consequences that the implementation of economic neoliberalism would bring about, in the 1980s, the deterioration of the welfare state model, especially then in Europe, was still only in preparation. This helps explaining why Kruithof focused his attention primarily on the class conflicts that characterized the North-South relationship during that period.

According to Jacques de Visscher who has devoted a remarkable study to the ideological and moral agitation of Jaap Kruithof, Kruithof mainly denounced the fact that, in the period when economic neoliberalism began its advance, Western labor movements and left-wing political parties, that had traditionally mainly been concerned with the demands and rights of the proletariat, had sharply narrowed their politics. Instead of 'communists' or 'socialists', they became 'social democrats', pursuing class reconciliation rather than class struggle.<sup>111</sup> Added to this was

---

<sup>110</sup>The waves of inflation that, due to rising prices in food and energy, started to occur throughout the Western world as of 2021, is a clear illustration of this insight.

<sup>111</sup>Because of this, in most Western countries, neoliberal rhetoric has managed to convince large parts of the population that there is no such things as a division in classes, but that within Western

the fact that the Western working class owed their increased standard of living and prosperity, made possible by the welfare state model, mainly to a relentless economic expansion that took place at the expense of the Third World. Thus, in the West, the welfare state model relied on a calculated solidarity between the bourgeoisie and the working class, which was however extremely detrimental for the interests of the developing countries. For Kruithof, this was completely at odds with the ethical compassion of socialism and, above all, represented a caesura with the international solidarity that had previously characterized socialism (and communism). In this way, an alliance was established between the Western bourgeoisie and the Western working class (who together built the model of the welfare state), on the one hand, and the feudal, bourgeois forces of the South, on the other, against the great masses of poor and oppressed of the Third World (i.e., approximately 85% of the global population).<sup>112</sup>

To this must be added that this relative participation in the growth of economic welfare by the low classes in the West has since, under the impetus of neoliberal economics, increasingly, come to an end from the 1980s onwards, while the misery in which many developing countries find themselves remained largely the same. In this process, starting in the 1980s, the social democratic parties of European countries themselves collaborated heavily in the implementation of the E.U.'s neoliberal agenda, often directly against the interests of their electoral constituencies.

All this shows that, as capitalism is being made 'unbridled' again under the impetus of economic neoliberalism,<sup>113</sup> its basic characteristic of being a system of exploitation of the working classes is reasserting itself more and more sharply.

### 7.1.3.2.3 Empirical Data

#### 7.1.3.2.3.1 Gallup

All the foregoing is, unfortunately, more than mere theory (from the mouths of—largely ignored—humane scientists) but finds poignant confirmation in the results of surveys systematically conducted since the beginning of the millennium by, amongst others, the American, professional survey company Gallup.

Indeed, since 2000, Gallup has systematically surveyed millions of workers from nearly 200 countries around the world about their level of satisfaction with their jobs.<sup>114</sup>

In 2013, Forbes magazine reported on these polls as follows: "*Work is more often a source of frustration than satisfaction for nearly 90 percent of the world's workers.*"<sup>115</sup>

---

democracies, everyone equally enjoys the fruits of economic prosperity.

<sup>112</sup>Cf. de Visscher (1990).

<sup>113</sup>Cf. Bytsebier (2018b).

<sup>114</sup>Burrows (2017).

<sup>115</sup>Burrows (2017).

In 2017, worldwide, the number of workers described by Gallup as “*emotionally disconnected from their workplace*” was 85%, slightly better than 4 years prior when the number was 87%. This percentage was also slightly better in some countries during that period—such as the United States of America, where ‘only’ 70% of people had stated they dislike their jobs—and worse in others.<sup>116</sup>

However, with respect to 2017, a whopping 94% of workers in China and Japan were uncommitted. The highest percentages of respondents indicating hatred for their jobs were in the Middle East and North Africa.<sup>117</sup>

Gallup moreover found that, in 2017, globally, only 15% of workers felt engaged in their jobs. According to a further explanation given by Forbes, engaged means having a sense of passion for and “*deep connection*” to one’s work, in other words spending one’s working days through driving innovation and advancing the employing companies/corporations (and therefore, at least if we were to believe neoliberal rhetoric, society as a whole). Forbes’ analyses described 62% of employees as “*not engaged*,” meaning that they are unhappy, but not necessarily drastically so. These are workers who are more likely to sleepwalk through their days and want to put little energy into their work. And 23% were what Gallup calls “*actively uninvolved*,” meaning that the employees involved really hate their jobs. Such workers behave aloofly and may even undermine their colleagues.<sup>118</sup>

#### 7.1.3.2.3.2 *The (Radical) Vision of Tessa Schlesinger*

Tessa Schlesinger has commented on the aforementioned figures by arguing that, since the numbers of people who, worldwide, are dissatisfied with their jobs are so high, it is no longer valid to pretend that this results from a problem of attitude, laziness, stupidity, or a lack of appropriate skills on the part of the workers (which is one of the starting premises on which economic-neoliberal policies rest).<sup>119</sup>

This implies that the problem is more likely to be on the side of the class of business owners, and more precisely stems from such things as: (1) their attitude; (2) their lack of ethics; (3) their harassment of their employees; (4) underpayment; (5) a lack of fairness in granting rest (including sick leave, vacation leave, emergency leave), and (6) their basic inhumanity to their employees.<sup>120</sup>

In support of her (far-reaching) views, Schlesinger cites research showing that skills and intelligence are rarely the decisive criteria for successful entrepreneurship, since these traits are also present among members of the working classes, but that the one trait that is dominant among business owners (CEOs), and not dominant among the working class, is psychopathy. According to Schlesinger, as many as

---

<sup>116</sup>Burrows (2017).

<sup>117</sup>Burrows (2017).

<sup>118</sup>Burrows (2017).

<sup>119</sup>Schlesinger (2021).

<sup>120</sup>Schlesinger (2021).



20% of business owners and CEOs are psychopaths and, although not measured, much of the rest among them are close to psychopathy.<sup>121</sup>

This implies, still according to Schlesinger, that CEOs and business owners are not more intelligent than others, but that, in their personal pursuit of success and wealth, they are more ruthless, they are willing to bend the rules exclusively in their favor, and that these are the main reasons why they make a lot of money.<sup>122</sup> And that, according to Schlesinger, is why 75% to 95% of working people hate their jobs, and, by extension, what is wrong with capitalism itself.<sup>123</sup>

Schlesinger continues her argument by explaining the ins and outs of the typical, American company,<sup>124</sup> in which an executive sales manager himself wants to take home USD 250,000 a year. To achieve that goal, such a manager provides his staff with a minimum wage plus commission (related to realized sales). In the process, the manager will systematically increase the targets of his staff so that only he and his company benefit from the increased sales, while the rest of the sales staff responsible for these increased sales will be treated “*like shit*” (and will, as a general rule, be deprived of a rightful share in the increased margins).<sup>125</sup>

The typical office politics prevalent in such companies, according to the same author, is a further part of the capitalist nightmare. According to Schlesinger, the latter is moreover determined, in large measure, by women who proclaim scandal and gossip about others, in doing so often undermine those they consider competitors, and generally do as they did back in high school.<sup>126</sup>

---

<sup>121</sup> Schlesinger (2021).

<sup>122</sup> Compare Bytтеbier (2015a), p. 175. Compare also with Jaap Kruithof’s previously cited observations regarding the characteristics of Calvinism. (Cf. Sect. 7.1.1.2.6.)

<sup>123</sup> Schlesinger (2021).

<sup>124</sup> By extension, this description also applies to the average, European company, in addition to those of many other countries of the world in which the Western model of business management has been copied.

<sup>125</sup> Schlesinger (2021).

<sup>126</sup> Schlesinger (2021). As the author, herself a woman, has put it,

Office politics is another nightmare. This happens particularly between women. They will scandal and gossip about others, often undermining those whom they consider competition - generally acting as if it’s high school all over again. Who isn’t familiar with the office gossip? And I’m being kind. (Cf. Schlesinger (2021).)

Schlesinger, however, is not the only one who has pointed out the problematic nature of workplace gossip culture. Even the Forbes website warns against it:

People love gossip. Fire and Fury, of course, is celebrity gossip (a big industry), but just as in the West Wing, gossip in your own organization - in which we share damaging information about the people we work with on the down low - is incredibly divisive and damaging. We all know it’s bad but - tell the truth - we’ve all done it. Sometimes, we do it to be funny or shocking. Sometimes, we want to seem in the know. Sometimes, we’re just being mean. This is the definition of gossip (in case you’ve never looked it up): “Casual or unconstrained conversation or reports about other people, typically involving details that are not confirmed as being true.” In other words, it’s a kissing cousin to lying. (Cf. Henley (2018).)

For an academic analysis of the phenomenon of gossip, cf. Avci (2021). One of the few retrievable academic contributions in which Schlesinger’s (bold) statement finds a certain confirmation is by Laura Crothers, John Lipinski and M. Minutolo, psychologists affiliated with Duquesne University

Another aspect that characterizes this model of conducting an enterprise relies on what this author labels “*theft of work.*” Indeed, it is common within (capitalist) enterprises that, pursuant to clauses in employment contracts and/or personnel regulations, creative personnel must hand over the results of their work to the enterprise. (Cf. already in Sect. 2.6.) As a result, such creative employees rarely, if ever, receive the financial fruits of the product they have designed or invented. On the contrary, these accrue to the employing firm, based on an underlying rationale that the innovator receives a fixed wage for his skills, and that this justifies that everything they produce belongs to the firm. According to Schlesinger, the major problem with this is that the innovator, often a member of a lower, social class, usually does not have the resources of their own to invest in their ideas, forcing them to work for someone else. According to the author, a fair solution could be to apply distribution systems in equal halves (specifically, each 50% of the financial fruits). However, within the capitalist economy, it is the enterprises (and entrepreneurs) that hold all the power and are not interested in fair arrangements, but merely in being as profitable (for the benefit of the shareholders) as possible.<sup>127</sup>

#### 7.1.3.2.3.3 Contemporary Expressions of Discontent

The foregoing may help explain why in the span of the COVID-19 pandemic, numerous people in the United States of America resigned from their jobs. According to Time, as many as 3.9 million Americans resigned in June 2021. In July 2021, there were another 3.9 million, and in August 2021, another 4.3 million. The numbers were even more remarkable for young workers: in September 2021, nearly a quarter of people aged 20 to 34 were not considered part of the U.S. labor force, i.e.,

---

(= Crothers) and Robert Morris University (= Lipinski and Minutolo), respectively, who in their article have treated “*workplace bullying*” in general and, what they describe as “*a specific type of bullying primarily used by women, relational aggression*” in particular, in more detail. (Cf. Crothers et al. (2009).) These authors have pointed out that research over the last decade has indeed shown that women often do not openly aggress against co-workers but use their social intelligence to manipulate relationships or damage the reputation of others. Relational aggression can include behaviors that occur in female power struggles and involve a range of emotionally abusive behaviors. This includes socially aggressive behaviors such as gossiping, social exclusion, social isolation, social alienation, talking (in negative terms) about someone, and stealing from friends or romantic partners. Direct relational aggressive behavior also falls under the construct of relational aggression and is defined as using confrontational strategies to cause interpersonal harm, including not talking to or interacting with someone, deliberately ignoring someone, threatening to withdraw emotional support or friendship, and excluding someone from a group by telling them they are not welcome. (Cf. Crothers et al. (2009), p. 102.) Furthermore, the authors pointed out that although bullying appears to occur equally among men and women, women appear to use relational aggression more often as their weapon of choice to bully others. Although, according to the authors of the study, there are likely several reasons to explain women’s use of relational aggression, one plausible explanation is that such a form of aggression is not considered inconsistent with a female gender role. (Cf. Crothers et al. (2009), p. 103.)

<sup>127</sup> Schlesinger (2021).

some 14 million Americans who, in other words, were neither working nor looking for work.<sup>128</sup>

A similar example, with an even more extreme character, concerns the phenomenon presumed to have started in Japan—and, afterwards having spread to various other countries as well—known as ‘hikikomori’, in the context of which (mostly) young people who have completely had it with the ruthless exploitation that characterizes the post-World War II Japanese capitalist machinery simply refuse to leave their rooms, in order to completely withdraw from heartless society.<sup>129</sup>

Other illustrations of the fact that the younger generations of certain Western countries in particular are increasingly disliking the exploitative model of capitalism concern practices such as “*quiet quitting*” (i.e., the practice whereby a worker does the minimum of what is expected of them, anticipating leaving the employing enterprise without having suffered as little damage as possible as a result of capitalist exploitative practices in the meantime)<sup>130</sup>; the pursuit of getting rich as quickly as possible through (risky) investments, in order to retire as early in life as possible, etc.

On September 6, 2022, Gallup announced the results of a prior survey of the American population on this issue. According to the results of this survey, quiet quitters constituted at least 50% of the U.S. workforce—and probably even more. Gallup noted a decline in engagement and employer satisfaction among Gen Z and younger millennials—*ergo* the population group under the age of 35. According to Gallup, this implied a significant change from the years before the COVID-19

---

<sup>128</sup> Bruner (2021).

<sup>129</sup> According to Rooksby, MacLeod, and Furuhashi,

the term hikikomori (derived from the verb *hiki* “to withdraw” and *komori* “to be inside”) was coined in 1998 by Japanese psychiatrist Professor Tamaki Saito. Saito chose the term to describe the many young people he saw who didn’t fit criteria for mental health diagnosis, but were nonetheless in a state of extreme, distressing withdrawal.

Rooksby, MacLeod, and Furuhashi pointed out that “*hikikomori is currently viewed as a sociocultural mental health phenomenon, rather than a distinct mental illness*”. According to these researchers, by October 2022, at least 1.2% of the population (around a million people) were affected, making hikikomori a significant social and health problem. As these researchers, furthermore, pointed out:

There are several core features of hikikomori. This includes the affected person being physically isolated in their home for at least six months, cut off from meaningful social relationships, with significant distress and functional impairment – such as avoiding tasks where they might have to interact with someone, or deal with basic self-care needs. Alongside physical isolation, hikikomori people show an extreme psychological detachment from the social world. Places where active social interaction is expected – such as a school or work – becomes impossible for the person. They remain socially disconnected from those around them whether they are outside their house or not. While some hikikomori people, called *soto-komori*, can manage some activities outside, they will rarely interact with people. Some may use the internet as a window on the world, but they often won’t interact with others. (Rooksby et al. (2022).)

<sup>130</sup> Cf. an opinion piece published in the Financial Times on September 13, 2022: “*According to Gallup, about half of Americans are “quiet quitters,” which it defines as people who are “not going above and beyond at work and just meeting their job description.*” (Cf. O’Connor (2022).)

In another representation of this reality, it is called that today’s younger generations (rightly) place more importance on a better work-life balance than the generations of their predecessors.

pandemic. Since the pandemic, younger workers have felt much less engaged and perceived to be taking fewer opportunities for advancement, especially from their manager.<sup>131</sup>

According to Gallup<sup>132</sup>:

- The percentage of engaged workers under the age of 35 decreased by six percentage points between 2019 and 2022. During the same period, the percentage of actively unengaged workers increased by six points.
- Younger employees were down 10 or more points in the percentage who strongly agree that someone cares about them, someone encourages their development, and they have opportunities to learn and grow.

Empirical research additionally shows that these negative effects of capitalist employment policies, increasingly, radiate on children. For example, from the already mentioned UNICEF report dated May 23, 2022, and titled ‘Innocenti Report Card 16. Worlds of Influence. Understanding What Shapes Child Well-being in Rich Countries’,<sup>133</sup> it appears that capitalist employment policies directly impact child well-being in the (41 rich OECD and EU) countries examined in that report.<sup>134</sup> Overall, the report shows that many of the richest countries are failing to align their socioeconomic conditions with consistently high child well-being outcomes. There even appear to be disturbing signs of decline in aspects such as immunization, learning and mental health.<sup>135</sup>

### 7.1.3.3 Capitalist Hell for the Entrepreneur and Banker

#### 7.1.3.3.1 General

Although, as aforementioned in the previous Sect. 7.1.3.2, various literature has pointed out the high degree of dehumanization to which capitalism has doomed members of the working classes, the high degree of dehumanization to which members of the entrepreneurial and banking classes themselves have also been doomed generally remains underexposed.

---

<sup>131</sup> Harter (2022).

<sup>132</sup> Harter (2022).

<sup>133</sup> UNICEF (2022).

<sup>134</sup> UNICEF (2022), p. 4.

In five rich countries, parental leave amounted to less than 10 weeks (measured in full equivalent). Leave for fathers constituted, on average, only a tenth of all parental leave. Across the group of rich countries, expectations to prioritize work led to long working hours and stress, reducing the time and energy parents can devote to their children. On average, two out of five workers in Europe found it difficult to take up their family/parental responsibilities at least several times a month. (Cf. UNICEF (2022), p. 4.)

<sup>135</sup> UNICEF (2022), p. 5.

Capitalist entrepreneurs should more precisely be prepared to adopt all capitalist working methods as much as possible, even more so than their average fellow human beings, to the extent that the success as an entrepreneur is dependent on a sufficiently high degree of willingness to do so.

This implies that entrepreneurs should be willing to demonstrate a far-reaching degree of inhumanity, both to the Earth, and to their (exploited) fellow human beings.

In addition, entrepreneurs should be willing to demonstrate, at any cost, the most intense competitive behavior possible.

Both aspects of how capitalism requires members of the entrepreneurial classes to, in a proverbial sense, sell their souls to the devil, will be addressed in the Sects. 7.1.3.3.2 and 7.1.3.3.3 below.

#### 7.1.3.3.2 Willingness to Exploit

As already mentioned before, participating in capitalism requires the members of the ruling, socioeconomic classes, first of all, to harden themselves into beings acting as selfishly and greedily as possible, who must unambiguously devote themselves to one objective, namely, to generate as much profit as possible, as a rule at the sacrifice of all other values that can give meaning to a human life.

This requires from the members of the entrepreneurial classes a far-reaching willingness to sacrifice the following: (1) the financial, health and mental interests of their employed fellow human beings, as well as (2) the interests of the Earth (with the observation that the bulk of the environmental problems facing the Earth have been caused by (large) enterprises).

With this, within capitalist societies, the relationship between people has become utterly utilitarian, making capitalist society the furthest thing imaginable from the society models envisioned, for example, by Plato (based on mutual friendship), or by Jesus Christ (based on love for one's neighbor).

#### 7.1.3.3.3 Willingness to Compete

##### 7.1.3.3.3.1 *General*

Second, within capitalist societies, members of the ruling classes should be prepared to demonstrate extremely competitive behavior, both within the enterprises they conduct (cf. Sect. 7.1.3.3.3.2), and in relation to another's enterprise(s) (cf. Sect. 7.1.3.3.3.3).

##### 7.1.3.3.3.2 *Within Enterprises*

Within a given enterprise, the competitive struggle assumed by capitalism manifests itself in several ways.

For example, when we consider family enterprises, it is striking how numerous wealthy entrepreneurial families are plagued by all manner of family squabbles and feuds, many of which are aimed at gaining as much power and control as possible within their enterprise (and, through this, at monopolizing the wealth accumulation that the enterprise makes possible for themselves).

This appears to be even more prevalent as generations of family members succeed one another in such family enterprises.

Indeed, where in some such family businesses there has historically been a founding father—sometimes even a pair of such founding fathers, for example two siblings working together—it is a fact that, in many cases, difficulties begin to emerge strongly as a result of situations of succession,<sup>136</sup> for example when a second or subsequent generation of descendants of the founding father(s), take over the torch of the business. In some cases, such family disputes assume such extreme proportions that no solution can be found other than to remove several family members from the enterprise (for example, by inducing—or even legally obliging—they to transfer their shareholdings).

However, even in enterprises where (at the level of shareholdership and/or top management), family ties do not (or no longer) play such a central role, climbing to the highest ranks of management and/or shareholdership is often not a bed of roses either. For example, in cases where such a non-family enterprise has a tradition, or the possibility, of filling the highest management positions through a system of internal promotions, the road to the top often passes over corpses (at least in the metaphorical, if not literal, sense of the term).

It is telling in this regard that the legal systems of several capitalist countries have even elaborated appropriate, legal procedures of battle delivery on the control of companies/corporations (such as, e.g., proxy fights and tender offers<sup>137</sup>), in addition to, for small and medium-sized companies, so-called litigation arrangements.

#### 7.1.3.3.3 *Between Enterprises*

Obviously, running a capitalist enterprise requires not only a willingness to be extremely competitive in the bosom of enterprises themselves, but also in the relationship with other enterprises.

Within the (neo)liberal free-market model, there is even an expectation that enterprises engage in fierce competition among themselves, with the goal of maximizing their own market share and, hence, profits.

In many cases, even the survival of enterprises may depend on this, because enterprises that do not behave aggressively enough risk being squeezed out of the market by a market player that is willing to go to extremes in its own unbridled pursuit of profit.

---

<sup>136</sup>As mentioned, inheritance law constitutes one of the most central methods of wealth accumulation. (Cf. Sect. 2.7.)

<sup>137</sup>On this, cf. Byttemier (1993).

One of the capitalist methods of maximizing profits consists in acquiring the largest possible market share. This method often prevails in case of the production of goods or services that are easily reproducible and/or that can count on a large (potential) buyer audience (with IT as a typical example). It is therefore no coincidence that the players in such markets established the largest enterprises in the world and that competition in these sectors is extremely fierce.

But also the many (seemingly harmless in themselves, or even entertaining to the general public) quarrels between pop stars and royalty, to give just any example, express in their own way the same capitalist principle of eliminating, or otherwise tormenting one's competition as much as possible in order to maximize one's own profits.

In this constant struggle between enterprises—which, in the real world, amounts to a struggle between the people who are the stakeholders of these enterprises—to get the largest possible piece of the economic cake, it hardly comes down to improving the well-being of others, for instance by (at least) providing quality goods or services;<sup>138</sup> on the contrary, the only goal is the pursuit of one's own profit, which is nevertheless, under the doctrines of economic liberalism and neoliberalism, referred to as the main mechanism that brings soci(et)al welfare and lifts humanity to a higher level of civilization.

In recent times, even people who had opted in the past to develop socioeconomic activities in what used to be considered soft sectors, such as the health care and education sectors, no longer escape the extreme competitive behavior that participation in capitalism requires. One of the main reasons for this is that, under the impetus of economic neoliberalism, these formerly soft sectors have also, increasingly, been subjected to the free market logic, for example through privatization or marketization operations.<sup>139</sup> As a result, the enterprises (and other entities) operating in such softer sectors of economic life have also themselves become subject to ever more forms of competition.<sup>140</sup>

In the meantime, even public services and/or wholly publicly funded service providers, such as (certain) educational institutions, no longer escape this dance. In the EU, for example, the famous Bologna Declaration on higher and university education, has forced European universities and colleges, increasingly, into a model of mutual competition, with as main purpose to establish the distribution of the operating funds that governments make available to this sector.

---

<sup>138</sup> Indeed, according to Adam Smith, leaving the organization of the economy, in an unregulated manner, to free initiative would automatically result in the best possible provision of services and production of goods, to the benefit of society as a whole. (Cf. footnote 11 of Chap. 1.) Anno 2022, one can only question this optimistic premise, which has since nevertheless become one of the central tenets of (neo)liberal economic thought.

<sup>139</sup> For further siting, cf. already above, Sect. 3.2.3.4.3.

<sup>140</sup> On this underlying design of the Bologna Declaration, cf. Bieber (2011).

### 7.1.3.4 Conclusion: A Hellish Economic System

Especially for those who by their nature do not want to behave selfishly and greedily, participation in capitalism is not an obvious choice (and this even more so as economic neoliberalism rages on).

Indeed, it should be clear from the foregoing that participating in capitalism requires several traits that are difficult to reconcile with an altruistic disposition, the most prominent being:

- A willingness to subordinate all possible other values to the profit motive of corporate life (in the broad sense of the word), including concern for the Earth itself, with all life forms it harbors, amongst which even other human beings.
- Often, a willingness to knowingly peddle products or services that are intrinsically useless and, potentially, even harmful to one’s fellow human beings and/or the environment.
- A willingness to permanently participate in an economic system characterized by production for the sake of production and consumption for the sake of consumption, again with all the pernicious consequences for the well-being of the Earth and one’s fellow man.
- ...

It is probably no coincidence that the question of conscience involved in the willingness to participate in such an economic system has already been exposed in the distant past by prominent (and already cited earlier in this book) philosophers and religious leaders.

Among the many examples, we limit ourselves below to citing how Jesus Christ aptly articulated this issue of conscience in His famous Sermon on the Mount:<sup>141</sup>

No man can serve two masters: for either he will hate the one, and love the other; or else he will hold to the one, and despise the other. Ye cannot serve God and mammon.—(Mt. 6: 24 – KJV)

This then raises the question of how long humanity wishes to cling to this capitalist model of society in which all values must perpetually give way to the short-term monetary interests of a few, while all other societal values are constantly at risk.

As has already been raised in our previous work, the ensuing policy question then becomes what still to do about this, with two main approaches open: (1) Either to do as economic neoliberalism teaches, namely to simply make all of this worse and worse for the sake of the economic processes themselves (an attitude echoed in the well-known saying, “*It’s the economy, stupid!*”), (2) Or to look for alternatives for the models imposed by capitalism.

It is based on this second approach that a(n) (feeble) attempt was made in the period 1945–1975 to build the model of the welfare state, which is, under the impetus of economic neoliberalism itself, back in decline. (Cf. already the overview in Sect. 1.5.) The extreme consequences of the latter thinking—up to and including the

---

<sup>141</sup> Cf. Chaps. 5–8, in Matthew’s Gospel.



severe crises of recent years, including climate change—have been a major inspiration for our own work since 2014.

Section 7.1.4 below will first briefly recall how past attempts have been made to remedy certain negative outgrowths of capitalism, followed by Sect. 7.1.5 which will indicate how economic neoliberalism has responded to these. Following that, Sect. 7.2 will then elaborate on possible alternatives to the capitalist models for conducting an enterprise.

### ***7.1.4 Limited Scope of Twentieth Century Correction Methods***

It has already been explained a couple of times above: The realization that unbridled capitalism has degenerated into a system that is pernicious for (1) both humanity, (2) and the well-being of the Earth itself, has been strongly demonstrated earlier in history.

Awareness of the pernicious impact of capitalism on especially the working classes was evident in the post-World War II period, with the result that, as already explained in Chap. 1, at least in the West, work was undertaken in that period to implement methods of correction to unbridled capitalism that together provided the ingredients for the welfare state model.

It is very striking that said methods of correction have focused primarily on one of the two, most negative aspects of capitalism, specifically on correcting the far-reaching exploitation of the working classes that results from the mechanisms of capitalism, at least in the West. Attention to the environment—or, put another way, to the damage that capitalism, on an ongoing basis, inflicts on the Earth and on other living beings—has taken much longer, essentially until the 1970s (albeit before that, there have been those who have warned of the highly polluting effects of the capitalist, economic growth model). In addition, the corrective model of the welfare state was limited to the Western world, with the relative prosperity achieved there for a large part of the population being accomplished at the expense of the Southern half of the planet (particularly the so-called developing countries).

As already described above (cf. Sect. 1.3), the welfare state model rests on two main pillars that help to counteract, at least to some extent, the exploitation of the working classes by the class of entrepreneurs and bankers, namely: (1) the establishment of public services, and (2) the establishment of a social security system.

Public service refers to certain services furnished by the government, based on its own financial resources (generally extracted from the systems of general taxation), which are made free—or at a symbolic fee that does not cover the actual cost of furnishing them—and which are equally accessible to all members of the population.

The philosophy behind this is that the services in question are considered so essential that their organization cannot be left to the (free) market, since in such a case, due to the inherent dichotomy between rich and poor that capitalism creates within societies, too large a part of the population would be denied access to these

services. Instead, public services are set up, or at least funded, by the government so that universal access to the services in question can be guaranteed. Typical examples of such public services are, as mentioned earlier, education, (health) care, and public transportation.

Social security systems—generally through the creation of replacement income systems—, aim to provide a safety net for those who are temporarily or permanently unable to earn their own income from labor, generally because of an unfortunate life circumstance, such as, for example, illness, disability, unemployment, or old age. The financing of this is generally borne by the government, either from generic taxation or through special levy systems affecting groups of the population (e.g., categories such as employers, employees, and professional self-employed persons). (Cf. already in Sect. 1.3.)

The underlying philosophy is one of solidarity (enforced through state authority) among the members of a population, so that those who, affected by an unfortunate life circumstance, are no longer able to gain an income from their labor on their own, still come to have the financial means to support themselves—and their families.

In the period after World War II until the 1970s, such systems of public service and social security were established throughout the Western world, because of which the model of the (Western) welfare state took shape. It was said that, as a result, capitalism took on a more humane face because these systems ensured a slightly better distribution of wealth than that which results from the operation of the mechanisms of capitalism—or, in modern-day terms: from free market mechanisms—themselves, and even more so for the lower classes of the population.

Thanks to this welfare state model, the exploitation model of capitalism itself was somewhat contained, at least in the West (but not in the bulk of developing countries).<sup>142</sup>

However, labor against (a fixed) remuneration remained central even within that welfare state model. This implies that even within the welfare state model, the exploitative nature of the working population has remained an essential feature of the socioeconomic order.

Moreover, the interests of the environment received much less attention during this same period—resulting in fewer corrections to capitalism in pursuit of these interests—, partly as a result of which capitalism was able to assert its devastating impact on the Earth (including other life forms) for a long time, virtually uncorrected.

---

<sup>142</sup>To some extent, one could even conceive of the model of the modern welfare state as a (moderate) attempt to reconcile the capitalist economic system with the idea of an ideal society that seeks to enable everyone, not just the rich, to lead a dignified existence. The establishment of the model of the modern welfare state (in the period 1950 to say 1975; cf. Kruihof (1986), p. 171) could even be considered, from a historical perspective, as one of the first attempts in the (known) history of mankind to introduce a socioeconomic order in which at least part of the wealth generated by the economic system is redistributed among the broad population in a fairer way than happens under the operation of a system in which everything is left to free market forces themselves.

With this, capitalism has essentially always been a socioeconomic model in which the wealthy classes of entrepreneurs have been able to do as they please, regardless of whatever consequences their behaviors had on the environment (be it deforestation, excavation of ores, pollution of rivers, oceans, or soil, dumping of waste products, to even nuclear waste, or killing the climate, ...).<sup>143</sup>

A possible further explanation for this is that, since the Earth and other living things cannot themselves stand up for their rights, their interests have been rather marginally defended all along, albeit that a few international NGOs have emerged over the years that worked hard to advocate environmental protection, including organizations such as Greenpeace and the W.W.F. (or, in full, the World Wide Fund for Nature). Nevertheless, it has taken the well-being of the human species itself to be threatened before the issue, especially than in the last decade, started to be taken somewhat seriously and certain governments, including, for example, the EU, were finally found willing to take action, with the open question, however, of whether these efforts will achieve much until there is a global plan of action in which all the countries of the world, if not at least the most polluting ones, will be sufficiently willing to participate.

### ***7.1.5 Assessment in View of the Goals of Economic Neoliberalism***

Unfortunately for humanity and the Earth (with all that that implies), four to five additional decades since the 1970s—i.e., the period in history during which pleas for more equitable socioeconomic systems and for better systems of environmental protection strongly emerged among the broader population—have been lost to work for a more equitable socioeconomic for all people and for the creation of an economic system that does pay adequate attention to the livability of the Earth.

These lost four decades obviously correspond to the past—and, unfortunately, still ongoing—era of implementation of the ideology of economic neoliberalism that itself prioritizes opposing goals than the creation of a just living world and the survival of the Earth.<sup>144</sup>

---

<sup>143</sup>In current times, even space (around Earth) has not escaped the polluting effect of capitalist economies. Indeed, according to reports by NASA from 2021, more than 27,000 debris in space, were tracked by the sensors of the U.S. Department of Defense's global Space Surveillance Network (SSN). In fact, there is much more space debris in near-Earth space, though too small to detect, but large enough to pose a threat to manned space flights and robotic missions. Furthermore, NASA's website mentions that the increasing amount of space debris poses a risk to spaceflight itself. (Cf. NASA (2021).)

Another recent illustration offers a recent observation that there is virtually no unpolluted rain anywhere on Earth. (Cf. Frost (2022).)

<sup>144</sup>Cf. Monbiot (2022).

The crucial role of the doctrine of economic neoliberalism in the restoration of *pur sang* capitalism (which itself, spurred by this doctrine, is usually referred to in contemporary terms as the free market economy) has already been pointed out a few times above.

It should, moreover, come as no surprise that as free market forces go extended under the banner of economic neoliberalism, the profit-seeking of the entrepreneurial sector (and the wealthy classes behind it) itself also returned to the fore as the one leading societal principle neoliberalized economies.

Perhaps even worse, the profit motive is no longer limited to be the leading behavioral guideline for capitalist enterprises themselves but has increasingly asserted its impact in many other spheres of soci(et)al life. For example, in the context of public services and non-profit sectors, the profit motive translates mainly into far-driven rules and regulations of cost control, where we have already pointed out in one of our previous books, 'Covid-19 and capitalism', the pernicious impact this has asserted in the sector of hospitals and nursing homes.<sup>145</sup>

With this, humanity has ended up in a society in which although everything can be bought for money, nothing can still be obtained without the payment of such a sufficient sum of money.

It is obvious that this reinforces the dichotomy within societies between rich and poor caused by the forces of capitalism, whereby an increasing number of services (and products) can only be acquired by those who are rich enough to pay the price for them, while the poor(er) are increasingly left out in the cold. To the extent that this principle begins to apply to vital services and goods, such as medical care, energy and, in recent years, even food and water (cf. already in Sect. 3.3), the situation becomes more and more catastrophic, in this manner increasing the urge to start seriously considering alternatives for (the working methods of) capitalism (which we ourselves, in our own work of the past decade, are trying to do to the fullest).

## 7.1.6 Conclusions

### 7.1.6.1 Problematic Nature of the Capitalist Model of Conducting an Enterprise in General

From the foregoing, it is clear that the way in which the profit-seeking of the entrepreneurial system determines capitalism, particularly with regard to the capitalist model of employment within enterprises, has, from time immemorial, been beset by two very fundamental problems, namely: (1) It concerns a wholly unjust model, and (2) It concerns a model with which the majority of humanity is unhappy.

---

<sup>145</sup>Cf. Byttebier (2022a), especially Chap. 6.

It can in addition be added to this that (3) the model is no longer attuned to the needs of contemporary societies, evidenced by the great dissatisfaction it generates on the part of the younger generations.

### 7.1.6.2 Injustice of the Capitalist Model of Conducting an Enterprise in Particular

In what precedes, it has been made equally clear that the capitalist pursuit of profit that drives the entrepreneurial sector—and its glorification by neoliberal government teams around the world—is among the many reasons why the capitalist economy can be referred to as an economy of the top 1% (or, at best, of the top 10 or 15%), by which is meant an economic system that benefits only the interests of the richest 1% of humanity, or—somewhat more optimistically estimated—of the richest top 10% or top 15% of humanity.

Capitalism is, hence, intrinsically unjust, to the extent that its mechanisms and methods of operation determine that the bulk of the economic prosperity resulting from the collective efforts of man and nature accrues to a small group of few only, rather than being equitably and justly distributed to all mankind.<sup>146</sup>

This intrinsic injustice is evident both at the micro level of individual (capitalist) enterprises, and at the macro level of entire popular households.

In the context of individual enterprises, the capitalist business model, in its various facets, is designed to employ personnel as cheaply as possible. In doing so, the personnel employed by such an enterprise obtains the lowest possible fixed remuneration, at best with a bonus on top to compensate for exceptional performance.<sup>147</sup>

Related to this is the observation that the legal systems of most capitalist countries have been designed to make this capitalist business model function as adequately as possible (with as important legal building blocks: commercial/enterprise law, company/corporate law, labor (contract) law, and generic contract law).

Also on a macro scale, the mechanisms of capitalism contribute to this intrinsic injustice of the capitalist system.

As already explained above, a classic justification for this model is the well-known trickle-down economics doctrine (cf. Sect. 3.2.1.1) which, for several centuries now, continues to provide the theoretical justification for a policy of political economy that does everything in its power to please the class of entrepreneurs and

---

<sup>146</sup>As already mentioned above (cf. Sect. 1.2.3), the Aristotelian concept of justice is central to this estimation.

<sup>147</sup>Such bonuses are common when a company/corporation wants to encourage certain categories of staff to perform above average—for example, with a view to bringing in new customers—but, as a rule, represent only a pittance of the corporate profits realized through the efforts of the individual receiving the bonus. In contrast, the bulk of the profits realized by a company/corporation go to a few individuals only (generally the CEO and shareholders).

their enterprises, which manifests itself, among other things, in the form of a fiscal policy that is as business-friendly as possible.

The same applies to the policy that aims to make the organization of the labor market ever more flexible in the interests of enterprises (which is tantamount to systematically dismantling previously created labor protective mechanisms).

In the area of influencing public opinion, the impact of neoliberal ideas and policies is also extraordinarily strong, for example through an approach that may be described as ‘meritocratic’ and that maintains that successful entrepreneurship is purely the result of the individual merits of entrepreneurs. This helps explain why neoliberal governments do not want to put anything in the way of the entrepreneurial class, under the guise that entrepreneurs are the only ones who make societies prosper, while everyone else is free to become successful entrepreneurs themselves.<sup>148</sup>

However, this mindset is averse to any realism about the conditions necessary to become a successful entrepreneur (which amount to a combination of a sufficiently selfish personality and the right pedigree), and incidentally constitutes one of the reasons why Stiglitz once wrote about economic neoliberalism that it relies on a mythical worldview.

All this explains why the small class of entrepreneurs continues to succeed, globally, in taking the largest share of the economic pie, but also why the collective efforts of all those who do not belong to the class of entrepreneurs (including bankers) are incorrectly remunerated, both at the micro and macro level:

- (1) On a micro scale, as mentioned above, this is because the employees of a capitalist enterprise receive only a fixed wage (as low as possible)—at best supplemented by a bonus allowance made contingent on special efforts.
- (2) On a macro scale, the consequence of capitalism is, among other things, that the undertaxed business class contributes too little, relatively speaking, to the costs of organizing society (including such things as education and infrastructure), even though it is the class that proportionally benefits the most from these collective facilities. Furthermore, the class of rich entrepreneurs has seen in the thus-problematic nature of public finances an opportunity to enrich itself even more at the expense of society, through systems of credit to states and other public authorities that have become an appropriate, additional earnings model for the rich classes. In addition, the entrepreneurial class also does not—or barely—bear the costs of their damaging behavior (which, among other things, include environmental pollution and the large expenditures needed to combat it, most of which are passed on to the rest of society).

These characteristics of capitalist enterprise make it valid to qualify it as a model of privatization of benefits/profits and socialization of costs/losses.

All this explains why the model is utterly unjust, even in the classical Aristotelian sense of the word, since the capitalist business model implies that what good results

---

<sup>148</sup>The extent to which this thinking was leading in the UK government formed by Liz Truss in September 2022 speaks volumes in that regard. (Cf. Sect. 1.6.2.)

from it falls disproportionately on the shoulders of one (small) group of people, especially the class of entrepreneurs, while its ill effects, also disproportionately large, rest on the shoulders of another (larger) group of people.

All this implies that for over four centuries now, humanity has stuck to a totally unjust system of socioeconomic organization that, for most of humanity, does not even contribute to what is the ultimate goal of human beings, namely being happy.

Given this observation, the question arises as to how it can be at all rational, as the supporters of economic neoliberalism like to suggest, to stick to such a model, other than to not want to touch the interests of the ruling, wealthy classes.

It could even be argued that the continued unwillingness to change this testifies to the failure of democracy unless a sufficient political will would still be mobilized in the near future to make fundamental changes to this system.

In the Sect. 7.2, we ourselves shall elaborate on what such alternative business models might look like.

## **7.2 Exploration of Some Conceivable Alternatives to the Capitalist Methods and Models of Conducting an Enterprise**

### ***7.2.1 On Whether Alternatives to the Capitalist Methods of Conducting an Enterprise Are Still Conceivable, and How These Are Addressed in the Public Debate***

It is generally noted by the defenders of capitalism, including in the recent period mainly the adherents of the ideology of economic neoliberalism itself, that there are no alternatives to capitalism in general and to the capitalist model of conducting and legally organizing an enterprise more specifically.

To further support this viewpoint, reference is often made here to the failure of the attempts by the former Soviet Union and its vassal states to stage a so-called communist system (based on the ideas of, among others, Karl Marx, and Vladimir Lenin).<sup>149</sup>

The latter attitude itself assumes, in a very simplistic way, the view that only two economic systems are conceivable, specifically, capitalism (or the free market system) on the one hand and communism on the other (whatever the latter means, to the extent that the experiments of the Soviet Union and its vassal states had little to do with the implementation of Karl Marx's own ideas).

In more general terms, this argument boils down to a so-called 'There is no alternative' (abbreviated, TINA) argument.

---

<sup>149</sup> Among others, jointly in the famous Communist Manifesto. (Cf. Marx and Engels (2021).)

Throughout this TINA argument echoes the distant origins of the emergence of the ideas of the predecessor of economic neoliberalism, specifically economic liberalism, as it began to take shape from the second half of the eighteenth century in the context of rationalism, which, as aforementioned, counts as a movement in philosophy which attempted to recognize natural laws in human behavior (including socioeconomic behavior), but which in reality sought to provide a rationalization for the scale of values on which the behavior of the bourgeois classes, from the fifteenth–sixteenth centuries on, increasingly, was supported.

However, we have already pointed out above (cf. Sect. 3.2.1.2) that, during the same period of rise of the school of economic liberalism, there was a similar, second school on the rise which, also based on rationalist methodology, studied socioeconomic processes, namely the (French) social school. In doing so, the latter social school arrived at completely opposite insights and views to those of economic liberalism itself. In the approach of this social school, it was assumed that society is best served by relying on systems of far-reaching solidarity, which should, as far as possible, counteract inequalities that may result from economic processes (such as trade and industry).

This fact alone shows that the mind-sets of liberal and neoliberal thought do not express economic laws so much as value choices, so that alternatives to the ideas of economic liberalism and neoliberalism are indeed conceivable.

Furthermore, before the rise of capitalism, humanity managed to function for thousands of years based on appropriate socioeconomic systems that did not, in such an extreme way as economic liberalism and neoliberalism themselves, glorified selfishness and greed in general, and the selfish behaviors of the class of entrepreneurs (including bankers) in particular.

It even seems that, as history progressed, wealth accumulation and the associated polarization between rich and poor within societies continued to occur in ever-increasing proportions, especially as capitalism began to take hold from the sixteenth century onward.

Finally, in a more distant past, numerous economists, and policy makers, have looked for alternatives to, at least corrections to, capitalism.

One of the main reasons why such alternatives still barely resonate in modern times is presumably the extreme degree of brainwashing to which the advocates of capitalism—with in recent times, especially the adherents of economic neoliberalism—have resorted, and in which, in a very systematic way, those still expressing dissenting methods, through all sorts of methods, were pushed into the corner.<sup>150</sup>

On a global scale, the latter even took the form of veritable boycotts by capitalist countries, in addition to (neoliberal-driven) international trade and financial institutions, of countries trying alternative methods. In a more distant past, such treatment fell to the Soviet Union and its vassal states, and in the current context to countries such as Cuba and Venezuela.

---

<sup>150</sup>Cf. already Marcuse (1974), pp. 25–26.



In the 1950s, this approach even led to an unprecedented demonization of communist and socialist thought in, among others, the United States of America, in which the working methods of the adherents of capitalist thought (including then U.S. Republican Senator Joseph Raymond McCarthy) barely differed from the methods applied earlier in history by the Catholic Inquisition. Incidentally, this so-called McCarthyism, within American society, left great traces to this day. Reference can, for instance, be made to the fact that all forms of alternative thinking in the socioeconomic sphere are still very quickly labeled ‘socialist’ or ‘communist’, so that, as a rule, no attention should be paid to them (certainly not by American politicians who do not want to burn themselves to be labeled socialist or communist).<sup>151</sup>

Up to this very day, it remains striking how much the adherents of economic neoliberalism continue to silence any criticism of their ideology, be it in the academic or political-policy context.

As for the academic context, this can be aptly illustrated with reference to the works of Paul Krugman (Nobel laureate in economics in 2008). For example, Paul Krugman’s quantitative analyses have long shown that economic, neoliberal policies from the 1980s onwards have not worked for anyone except the super-rich. In doing so, Krugman himself provided an answer to why right-wing policy ideas, such as low taxes for the rich or the ever-increasing marketing and privatization of health care in the broad sense of the word, continue to find such a following and application. Krugman has addressed this question in his book ‘Arguing with Zombies: Economics, Politics, and the Fight for a Better America’, which contains more than 400 pages of essays in which Krugman subverts right-wing and neoliberal economic talk—which he refers to as ‘zombie ideas’.<sup>152</sup>

Closer to home, in the Belgian, political context, there are also numerous figures who very strongly adhere to (and implement) economic-neoliberal ideology, to fulminate every time a dissenting voice rears its head, where it is then called that it should be avoided to sink into (other) ideological debate, which in reality indicates that only one ideological frame of mind is allowed to dominate the public debate, namely that of economic neoliberalism itself.

---

<sup>151</sup> From the second half of the nineteenth century, the Catholic Church itself has also not been indulgent in demonizing the ideas of socialism and communism. This is all the more surprising to the extent that the pleas of Karl Marx and Vladimir Lenin, for instance, for more just socio-economic models of organization of society, are not so different from the Catholic Church’s own call for greater solidarity and justice in the socio-economic sphere. Presumably, the Catholic Church’s aversion to communism and socialism goes back to the extent to which the latter idea itself contributed to the laicization of Western society. The result, however, has been that the Catholic Church itself has long undermined the zeal for greater solidarity within society and helped pave the way for the extreme domination of neoliberal economic doctrines, with all its disastrous consequences.

<sup>152</sup> Cf. Spencer (2020).

In Krugman’s own words, the impact of the lobby groups of the extremely rich is itself of fundamental importance here in “*propping up zombie ideas – ideas that should have been killed by contrary evidence, but instead keep shambling along, eating people’s brains.*” (Cf. Krugman (2020), p. 8.)

Another reason why alternative approaches to capitalism have hardly been addressed stems from the extent to which the economically leading classes firmly hold (political) power within capitalist societies, as a further result of which alternative approaches to the economy can hardly, if at all, be advocated. This implies that if policy bodies—for example, national governments, as well as international organizations—remain inspired by economic neoliberalism, alternative approaches will continue to be largely ignored.<sup>153</sup>

## ***7.2.2 Concrete Ideas on How to Bring the Organization Models for Conducting an Enterprise to Higher Ethical Principles***

### **7.2.2.1 General Purpose of Looking for Alternative Models of Conducting an Enterprise**

After these (lengthy) introductory Sects. 7.1 and 7.2.1 which are nevertheless important for a thorough understanding of the main theme of this chapter, in this Sect. 7.2.2 we are going to try to find out whether, after (more than) four centuries of capitalism, alternative approaches to the capitalist model of conducting an enterprise are indeed still conceivable.

In an interview, Krugman expressed the view that there are probably few alternatives to a system of conducting an enterprise by means of profit-seeking companies/corporations, at least that no sufficient alternatives have yet been found that work (sufficiently). But this also does not mean, according to Krugman, that no change at all would be possible.<sup>154</sup>

Keeping this in mind, let us assume that even in an alternative approach to entrepreneurialism, the basic premise remains that people will have to be left free to conduct enterprises to produce and market goods and services, but that government will take corrective action to combat the negative outgrowths of pure capitalist entrepreneurialism described above in Sect. 7.1.

A further (optimistic) premise is that the forces of democracy, ultimately, could be able to prevail and succeed in bringing to power political parties that will prioritize an alternative approach to socioeconomic ordering in general, and of corrections to the capitalist models of conducting an enterprise in particular.<sup>155</sup>

---

<sup>153</sup>In so doing, the upheaval of societies set in motion at the end of the eighteenth century even responds perfectly to Orwell's satire *Animal Farm*, which recounts how, after a successful revolution, a farmer who exploits the animals on his farm is expelled, albeit that soon a new class of exploiters (especially the pigs) takes power, leaving the rest of the animals in equally bad—or even worse—shape.

<sup>154</sup>Cf. Spencer (2020).

<sup>155</sup>This is not to suggest that there is any great chance that this ever will happen. On the contrary, governments in Western democracies seem to be becoming increasingly right-wing, perhaps even

Mindful of the findings to which the previous Sect. 7.1 led, such corrective action on the model of organizing enterprises should take place at least at three levels, specifically:

1. On the moderation of the profit principle.
2. In terms of arousing sufficient attention to other values—such as a fair treatment of staff and a respect for the Earth.
3. In terms of achieving a more equitable distribution of the capital gains generated from conducting an enterprise.

It is obvious here that these objectives are strongly interrelated, in which, for example, the intent mentioned in point (3) will, of course, be part of the intent of fair treatment of the personnel referred to in point (2) and often will have to be accompanied by a moderation of the profit-seeking of the rich referred to in point (1).

This implies that the main purpose of the classification referred to above, is to be able to represent our ideas hereafter in a sufficiently systematized manner (in which a reiteration of idea lines cannot entirely be excluded).

### 7.2.2.2 Basic Principles of New Models for Conducting an Enterprise

#### 7.2.2.2.1 Mitigation of the Profit Principle

##### 7.2.2.2.1.1 *General*

To the extent that the wealthy on Earth—except for a few notable exceptions, such as e.g., MacKenzie Scott<sup>156</sup>—may never voluntarily change their legal methods for conducting enterprises (and the profits these generate for themselves), the moderation of the profit principle will have to be based primarily on government regulation, preferably on a globally harmonized approach.

##### 7.2.2.2.1.2 *Fiscal*

The New International Monetary Order (or, ‘NMWO’) that we have proposed in our earlier work, would be based on an entirely new tax logic, to the extent that taxation would not so much be intended to provide states with their financial means—as the allocations discussed in Chap. 4 would, under functioning of the NMWO, be

---

indicating the imminent collapse of the current model of civilization that Gaya Herrington has talked about in her previously cited work. (Cf. Herrington (2020).) On the other hand, it does not make much sense to think about alternatives than from a certain hope that they might one day pass (however vain such a hope might be).

<sup>156</sup>It concerns the former wife of Jeff Bezos who, after her divorce, resolved to spend much of her fortune on charitable causes (under a so-called pledge to give). (Cf. Arvedlund (2022). Cf., furthermore, Thijskens (2022).)

intended for this purpose—, but rather to limit the accumulation of wealth and to combat unequal distribution of wealth within societies.<sup>157</sup>

The underlying intent of this approach would be to create a global society where not selfishness and greed would reign supreme, but rather mutual solidarity and altruism.

Applied in the context of (re)organizing enterprises, this would imply that corporate profits themselves, through such a new NMWO taxation model, would be capped, simply by taxing them away from a certain level.

An additional advantage of this approach would be that enterprises would become incentivized to make expenditures that contribute to a more proper use of company/corporate profits, including fair compensation for the workforce, as well as investments that contribute to repairing the damage done to the Earth under four centuries of capitalism and, by extension, 10 to 12 thousand years of sedentary models of society.

Otherwise put, under such alternative economic (including monetary and fiscal) policies, the entrepreneurial sector could be massively induced to adopt a pattern of behavior that would be beneficial, rather than harmful, to the Earth (and all life inhabiting it).

In doing so, economic policy need not *a priori* oppose large scale, in other words, the reinvestment of the profits made by enterprises to finance their growth, provided that this growth contributes to the to-be-established, underlying objectives of the NMWO itself.

By way of example, one could, for instance, think of large-scale energy producers that do no longer rely on fossil fuel (or nuclear) production, but are fully committed to sustainable, green energy, or enterprises that produce food based on sustainable agricultural products (replacing, for example, artificial, industrial forms food, including food based on artificial sugars or based on industrial meat processing).

Of course, further examples are legion, since essentially every segment of economic life lends itself to such a change to more environmentally sustainable alternatives.

#### 7.2.2.2.1.3 *Restriction of Methods that Unilaterally Allocate Company/Corporate Profits to Capital Providers and CEOs*

The limitation on wealth accumulation (which could easily be accomplished under our newly proposed NMWO; cf. Chaps. 4–6) could focus on the curtailment of dividend payments, alongside other (mostly corporate) processes that maximize the flow of company/corporate profits to shareholders. In this, partly to keep encouraging entrepreneurial sustainability itself, a certain level of wealth accumulation could remain acceptable, albeit within reasonable limits.<sup>158</sup>

<sup>157</sup> Byttebier (2015a), p. 290, and Byttebier (2017), pp. 400–412.

<sup>158</sup> These principles should also apply to CEO and director salaries.

A first approach in that regard could be to simply tax away parts of the dividend income an individual still could receive (e.g., under the targets of the NMWO).

A second approach could be to encourage the entrepreneurial class to participate, for example through techniques of certification of shares, in the establishment of trusts or (private) foundations whose purpose will be to work for equitable models of society, in addition to environmental remediation.

The latter approach could at the same time amount to using the managerial talents of the wealthy entrepreneurial classes in a more positive sense than the mere pursuit of their own personal wealth (mostly to spend it on pointless luxuries), by inducing them to participate in projects of soci(et)al participation and, to this end, channeling a portion of potential profit distributions, that would otherwise be taxed away, into trusts or (private) foundations that ideally would function under the joint management of the entrepreneurs in question and other representatives of society.

The question even arises whether the wealthy entrepreneurial classes themselves—or at least part of them—would be as displeased with such an alternative approach to the senseless accumulation of wealth to which capitalism incites them as might at first glance be feared.

One may in this regard think of the private foundations or trusts that various very wealthy entrepreneurs have already set up today to make parts of their fortunes pay off for the benefit of global societies.<sup>159</sup>

The latter can be illustrated by referring to a recent initiative of businessman Yvon Chouinard, (former) owner of Patagonia,<sup>160</sup> who announced in a letter dated September 14, 2022—which has been published on Patagonia’s website—that he would transfer his stock portfolio to a trust, so that its future dividends will accrue to noble causes.

In said letter, Chouinard more precisely announced that he would transfer 100% of his voting shares to the Patagonia Purpose Trust, which was created to uphold the values of Patagonia long known for its environmental activism. Chouinard in addition announced to transfer his non-voting shares of Patagonia to Holdfast Collective, a nonprofit organization dedicated to fighting the environmental crisis and defending nature.<sup>161</sup>

In the letter of September 14, 2022—which bears a rare testimony of a successful businessman who, gotten averse to the principles of capitalism, seems to put his conscience first –, Chouinard articulated his intention as follows<sup>162</sup>:

---

<sup>159</sup> Cf. Thijskens (2022).

<sup>160</sup> Patagonia (at the time) produces (produced) outdoor clothing, equipment, and accessories for all types of adventure pursuits, ranging from skiing to climbing and camping. (Cf. Ott and Gamboa (2022).)

<sup>161</sup> Ott and Gamboa (2022).

Commenting on this move, Grace Chiang Nicolette, vice president of programming and external relations at the Center for Effective Philanthropy, shared that this unusual move by the Chouinard family may provide a blueprint for business owners who want to donate their businesses to causes that are important to them. (Cf. Ott and Gamboa (2022).)

<sup>162</sup> Chouinard (2022).

While we're doing our best to address the environmental crisis, it's not enough. We needed to find a way to put more money into fighting the crisis while keeping the company's values intact.

One option was to sell Patagonia and donate all the money. But we couldn't be sure a new owner would maintain our values or keep our team of people around the world employed.

Another path was to take the company public. What a disaster that would have been. Even public companies with good intentions are under too much pressure to create short-term gain at the expense of long-term vitality and responsibility.

Truth be told, there were no good options available. So, we created our own.

Instead of "going public," you could say we're "going purpose." Instead of extracting value from nature and transforming it into wealth for investors, we'll use the wealth Patagonia creates to protect the source of all wealth.

Here's how it works: 100% of the company's voting stock transfers to the Patagonia Purpose Trust, created to protect the company's values; and 100% of the nonvoting stock had been given to the Holdfast Collective, a nonprofit dedicated to fighting the environmental crisis and defending nature. The funding will come from Patagonia: Each year, the money we make after reinvesting in the business will be distributed as a dividend to help fight the crisis.

(...)

Despite its immensity, the Earth's resources are not infinite, and it's clear we've exceeded its limits. But it's also resilient. We can save our planet if we commit to it.

Notable in all of this is Chouinard's (justified) assessment of the workings of the stock market, about which he noted that once a company has gone public,<sup>163</sup> only the objective of profit maximization for the benefit of shareholders can still come into play, so that there can no longer be any room for responsible entrepreneurship.<sup>164</sup>

In accordance with this announcement, Yvon Chouinard, his wife, and his two adult children, transferred the ownership of Patagonia—valued at that time at approximately USD 3 billion—, to the mentioned, specially designed trust and non-profit organization.<sup>165</sup>

Both these entities were, moreover, created to preserve the Patagonia's independence and to ensure that all profits—approximately USD 100 million per year—will, henceforth, be used to fight climate change and protect developing countries around the world.<sup>166</sup>

It was, furthermore, announced that Patagonia itself would continue to operate as a private for-profit company based in Ventura, California and selling more than USD 1 billion worth of jackets, hats, and ski pants annually. However, because of

---

<sup>163</sup>This description implies that the shares of such a company are subject to listing/trading on an (official/regulated) financial market.

<sup>164</sup>Levine (2022).

<sup>165</sup>Levine (2022).

<sup>166</sup>Levine (2022).

this move by Chouinard, the Chouinards themselves will no longer be the (private) owner(s) of the company.<sup>167</sup>

Matt Levine (of Bloomberg) has pointed to the fact that the Chouinard family will still more or less retain control of the company. Previously, as early as August 2022, the family had to that end irrevocably transferred all the company's voting shares, accounting for 2% of all shares, to the newly created Patagonia Purpose Trust. This trust, which will be overseen by members of the family and their closest advisors, is to ensure that Patagonia will fulfill its commitment to conduct business in a socially responsible manner and to channel its profits to its stated, noble objectives (rather than to its former, family shareholders). The Chouinards then donated the remaining 98% of Patagonia's common, non-voting shares to a newly formed nonprofit entity called Holdfast Collective, which will thereby receive virtually all the company's profits and use the funds to fight climate change.<sup>168</sup>

In the short term, the operation was expected to make slight difference to the running of Patagonia itself. Indeed, through Patagonia Purpose Trust, Chouinard will continue to control Patagonia, albeit that the operation will make the allocation of profits completely different.<sup>169</sup>

As laudable as the example of Chouinard is, however, in our opinion, it is not to be expected that the entrepreneurial sector will want to implement such far stretching reforms on a voluntary basis, on a sufficiently massive scale.<sup>170</sup>

On the contrary, implementing such changes on a sufficiently large scale to counter capitalism will necessitate fundamental adjustments to the regulatory framework, both in the tax area, but also, for example, in the private law area (e.g., company law, in addition to contract law, including labor contract law).<sup>171</sup>

As suggested in our earlier work, the approach in this regard will need to be both sufficiently holistic, and universal, taking the opportunity of creating a new, international monetary order (Cf. Chaps. 4 and 6) to also work on a new legal and fiscal

---

<sup>167</sup> Levine (2022).

<sup>168</sup> Levine (2022).

<sup>169</sup> Levine (2022).

<sup>170</sup> Such formulas of self-regulation have at the time, how could it be otherwise, been strongly advocated in neoliberal thinking as an alternative to true government regulation. In the past, however, the formula of self-regulation has proven to be of little use, for which reference can be made, by way of illustration, to the corporate governance movement, which, although it has led to interesting, academic debate, has not produced any significant force for societal change.

<sup>171</sup> Cf., in similar vein, Rhodes (2022), who has commented on this,

We live in an era in which business owners are taking over as society's moral arbiters, using their wealth to address what they see as society's greatest problems. Meanwhile, the wealth and number of the world's billionaires grows, and inequality stretches society to breaking point. It is great that Chouinard is putting his company to work for the future of the planet. What is not great is how our lives and our futures are increasingly dependent on the power and generosity of the rich elite, rather than ruled by the common will of the people. As a global society, we can't stand back and hope that future billionaires decide to give away their wealth in the service of the planet - there is far too little time left for far-fetched luxuries like that.

framework for the conduct of business, including the organization of regulatory-imposed systems of alternative profit allocation.

#### 7.2.2.2.2 Attention to Other Values

What precedes has shown that, under the rule of capitalism, enterprises are directed too much in terms of one central objective, namely making as much profit as possible for the benefit of the capital providers (or shareholders) of capitalist enterprises (in addition to those of their executives, especially CEOs) and that all other values, including the interests of humanity and the care of the Earth itself, have been systematically sacrificed to this central purpose.

Although there is a growing awareness that this needs to be changed, it still remains to be seen whether initiatives will make this change happen in a sufficient manner.

For the time being, looking for alternative still relies heavily on self-adjustment from the part of the entrepreneurial sector itself, because of which change does not proceed in a rapid manner, if at all.<sup>172</sup>

Still, there are some countries that started to issue measures to address the severe environmental challenges that have beset capitalism over the past few centuries, with the European Union appearing to lead the way. For instance, the European Green Deal aspires to provide a roadmap to make the EU economy sustainable by turning climate and environmental challenges into opportunities in all policy areas and making the transition equitable and inclusive for all. This European Green Deal covers measures in various sectors of the economy, notably transport, energy, agriculture, infrastructure, and industries such as steel, cement, ICT, textiles, and chemicals.<sup>173</sup> Along similar lines, there is an increasing EU focus on sustainability in the financial sector.<sup>174</sup>

---

<sup>172</sup>As previous experience with, among other things, the corporate governance debate has demonstrated, the idea that enterprises will self-correct and come to a sufficient degree of awareness on their own accord that, for the sake of the planet and its people, doing business differently is mandated, is perhaps too illusory. Moreover, the idea that enterprises should be left on their own to accomplish the necessary changes on their own accord, constitutes an attitude that was already proclaimed by sections of big business half a century ago, notably in response to the work of the Club of Rome (including the 1972 ‘Limits to Growth’ report), but of which, half a century later, it can safely be held that this approach has had little or no effect, rather on the contrary.

<sup>173</sup>Cf. <https://www.switchtogreen.eu/the-eu-green-deal-promoting-a-green-notable-circular-economy/>.

<sup>174</sup>According to the EU website, “*sustainable finance*” must play a key role in achieving the policy objectives under the European Green Deal and the EU’s international commitments to climate and sustainability goals. To this end, the EU has, among other things, set itself the goal of channeling private investment in the transition to a climate-neutral, climate-resilient, resource-efficient, and honorable economy, as a complement to government efforts. (Cf., for further information, [https://finance.ec.europa.eu/sustainable-finance/overview-sustainable-finance\\_en](https://finance.ec.europa.eu/sustainable-finance/overview-sustainable-finance_en))



These measures are, of course, still at too early a stage to already subject them to a thorough evaluation. However, there is a growing fear that action is still insufficiently far-reaching and rapid. Moreover, it is also becoming increasingly clear that a national or regional approach makes little sense, and that only a global impact can make sense.<sup>175</sup> Regarding the latter, it can be further pointed out that one of the main reasons for the failure of the recent climate conference Cop27 lies in the unwillingness of the participating countries, including in main order the most polluting economic superpowers, to decide among themselves what approach is appropriate. (Cf., in more detail, Sect. 3.1.4.2.10.)

### 7.2.2.3 Potential Impact of the Proposed NMWO

#### 7.2.2.3.1 Measures Conceivable Under the NMWO in Terms of Profit Limitation

Under the NMWO that we proposed earlier (cf. the summary of our proposals in Chaps. 4–6), a holistic reorientation of socioeconomic organization in general, and of the legal methods for conducting an enterprise and profit allocation, could become a lot more conceivable.

Chapters 4 and 6 have already made it clear that the (capitalist) pursuit of profit should no longer remain the central (societal) value of the economic system to be established under the proposed NMWO. On the contrary, a fundamental reorientation of the (global) business world will be required, in such a way that other values (such as: care for the environment; respect for the Earth and its resources; humane treatment of employees; etc.) will be given at least equal consideration.

A new legal framework, both at the level of the NMWO and its participating member states, could establish a solid legal basis for such a new business ethic.

Within the new economy(ies) that will emerge on the basis of this NMWO, it should, in the first instance, no longer be the intention that the entire legal organization of society would remain aimed at the profit maximization of the class of entrepreneurs, or put differently, at the representation of the interests of capital.

On the contrary, the NMWO should create, by means of regulatory guidelines, an environment where efforts from work are mostly valorized, in such a way that everyone, thanks to their work, will be able to build a decent life for themselves (and their family).

This will involve gradually abandoning the idea that conducting an enterprise (and the capital investments associated with it) should primarily, and at any cost, result in gigantic (company/corporate) profits that, through the operation of company/corporate law mechanisms, serve primarily to enrich shareholders.

---

<sup>175</sup> It can also already be noted that this approach focuses primarily on one of the negative consequences of capitalism, specifically environmental issues, without already advocating, for example, similar work to bring about greater socioeconomic justice.

For example, an underlying idea of this new business ethic might be that incumbent enterprises should, much more strongly than under the prevailing capitalist logic, be encouraged to reinvest their profits (rather than systematically distributing them to capital providers).

In a similar vein, an encouraging policy of certification of equity portfolios into private foundations or trusts could be worked out, so that profits made by enterprises no longer would serve exclusively to enrich the (super)rich but could be smoothly reinvested in global society. (Cf. already in Sect. 7.2.2.2.1.3.)

At the level of the enterprises themselves, in order to realize the underlying policy objectives of the NMWO and the resulting new economy, a tax skimming policy could come into play (cf. already in Sect. 7.2.2.2.1.2), whereby the profit level of an individual enterprise would be kept within reasonable limits through taxation. Besides avoiding extreme wealth gathering, such an approach could moreover be aimed at various other policy objectives, e.g., for reasons of competition—including avoiding that a market player would become much too strong—; for encouraging reasonable pricing in offered products and services (since a surplus profit would be taxed away anyway); for encouraging fair compensation of staff and (smaller) suppliers, ...

As mentioned before, one could at the same time consider tax measures aimed at avoiding too high dividend distribution or similar techniques for distributing company profits to shareholders or similar stakeholders (e.g., in case their personal income and/or wealth would exceed certain scales as a result), in order to curb unbridled wealth accumulation on the part of individuals.<sup>176</sup>

A side effect of such measures could be that, to the extent that the legal system would provide less room for channeling the bulk of company profits to capital providers/shareholders and/or CEOs, the need for continuous credit for the benefit of the entrepreneurial world will also diminish, since a moderation of profit distribution policies would, over time, make the entrepreneurial world much more self-sufficient at the level of financing their activities. Such an approach would, at the same time, also better protect creditors' interests (since companies' equity buffers will suffer less from too generous (profit) distribution policies).

---

<sup>176</sup>Cf., similarly, Monbiot (2021) who has made the following observation in this regard:

But wealth taxes strike at the heart of the issue. They should be high enough to break the spiral of accumulation and redistribute the riches accumulated by a few. They could be used to put us on an entirely different track, one that I call “private sufficiency, public luxury.” While there is not enough ecological or even physical space on Earth for everyone to enjoy private luxury, there is enough to provide everyone with public luxury: magnificent parks, hospitals, swimming pools, art galleries, tennis courts and transport systems, playgrounds and community centers. We should each have our own small domains - private sufficiency - but when we want to spread our wings, we could do so without seizing resources from other people.

In consenting to the continued destruction of our life-support systems, we accommodate the desires of the ultra-rich and the powerful corporations they control. By remaining trapped in the surface film, absorbed in frivolity and MCB, we grant them a social license to operate.—(Monbiot (2021).)

Cf. previously, in similar vein, Byttemier (2015a), pp. 291–292, and Byttemier (2017), pp. 402–409.

Nevertheless, the NMWO will also need to pay attention to appropriate systems of lending to the corporate sector, a question that will be the subject of the Sect. 7.2.2.3.2 below.

#### 7.2.2.3.2 Measures Conceivable Under the NMWO in the Area of Monetary Lending to the Entrepreneurial Sector

To the extent that within the operation of the economic system relying on the NMWO, there would still be a need for credit, a further approach could be to refer the incumbent enterprise sector to the private markets in the main order for the purpose of absorbing such credit.

Enterprises with surplus profits (for which, for whatever reasons, it would not make sense to reinvest in their own growth), could use these to grant credit to other enterprises in need of credit, possibly through the intermediary role of the private banking system (also to be reoriented under the scope of the NMWO).

Nevertheless, even within such a newly reshaped private credit market, it may occur that the funds available on it, at any given time, would not be sufficient to meet the credit needs of the established business sector.

For such cases, the NMWO could proceed to set up a model of money creation/credit for the benefit of the established business community.

As already mentioned in Chap. 6, one of the principles of the (monetary) credit policy for the entrepreneurial sector could hereby consist of a differentiated treatment of, on the one hand, individuals starting from scratch and seeking access to a professional activity (including those wishing to start a new enterprise) and, on the other hand, enterprises that have already successfully entered a phase of growth.<sup>177</sup>

In this, the private banks themselves would henceforth become a mere part of the (private) sector of established enterprises, so that, for their credit needs, they will not enjoy (preferential) treatment compared to the rest of the sector of established

---

<sup>177</sup> An established enterprise that has gone through its growing pains is an economic agent of a different order than an individual who wishes to build a professional activity from scratch. For example, such an established enterprise will not only already have a certain market share, but will also already boast, among other things:

- A legally elaborated structure (for example, a company/corporate form granting access to the various benefits offered by this legal form – depending on the law to which the company/corporation is subject).
- Personnel (under contract).
- A more or less established customer and supplier base.
- A large degree of knowledge and professionalization.
- ...

Moreover, as an established enterprise becomes more successful, it will also increasingly become a market player that will be guided by the capitalist pursuit of profit in its main order. Needless to say, then, that money creation for the benefit of such already established enterprises, too, will (may) be different from money creation for the benefit of individuals seeking access to a professional life for the first time (to meet their basic living needs).

(private) enterprises (and, for example, will no longer have privileged access to mechanisms of ex post financing by the NMSCB to cover (self-created, temporary) deficits).

Such lending, by the national, central banks to the established entrepreneurial world could, moreover, be on a fee basis. The new monetary authorities could even pursue a policy of differentiation defined in (sufficiently concrete) NMSCB guidelines and regulations, based on factors such as:

- The size of the applicant enterprise (in terms of turnover, staff numbers, etc.).
- Its profitability.
- The extent to which the enterprise adopts—or does not adopt—certain ethical codes of conduct (in particular, aimed at properly dealing with the values other than money pursuit of CEOs and capital providers).
- The way the enterprise actually behaves in practice.
- The effects of business operations on the environment.
- The way the enterprise treats its staff.
- ...

For those for whom these ideas—as already contained in our previous books ‘Nu het gouden kalf verdrongen is’ (2015) and ‘Towards a New International Monetary Order’ (2017)<sup>178</sup>—would sound too utopian, it may be pointed out that they are, gradually, beginning to resonate within ECB policy.

In particular, the ECB announced in July 2022 that it was planning to gradually change the content of the 344 billion euros of corporate bonds on its balance sheet. Specifically, this would imply that in the coming years, the ECB would reinvest the approximately 30 billion euros released each year (due to maturity of existing debt instruments held by the ECB in its portfolio),<sup>179</sup> in bonds issued by sustainable enterprises. The ECB also announced that, in doing so, it will limit the share of non-financial corporate bonds with a high carbon footprint that it accepts as collateral from individual counterparties, prioritizing that climate risk information must reach certain levels before an asset or loan will still be accepted as collateral. This reorientation of the ECB’s investment portfolio was intended to begin in October 2022, prioritizing enterprises with lower greenhouse gas emissions, carbon reduction policies and greater transparency about their climate goals.<sup>180</sup>

<sup>178</sup> Cf. Byttemier (2015a), respectively Byttemier (2017).

<sup>179</sup> At that time, corporate bonds accounted for less than 8% of the total 4.95 billion euros of assets bought by the ECB under its policy of quantitative easing, most of which had been government bonds (Cf. Arnold (2022).)

<sup>180</sup> Cf. Arnold (2022). Cf. also Ballegeer (2022).

Broadly speaking, the system will proceed as follows. The basic objective is to gradually ‘decarbonize’ the corporate bond holdings held by the ECB in a manner consistent with the goals of the Paris Climate Agreement. To this end, the Eurosystem will focus its purchases on issuers with better climate performance when reinvesting the proceeds of large redemptions expected in the coming years. In doing so, the overall size of corporate bond purchases will however continue to be determined solely by monetary policy considerations and the role these purchases play in achieving the ECB’s inflation target. To operationalize this shift of corporate bond purchases to

This policy intent was reiterated and further elaborated on September 19, 2022, through a statement by the ECB that it will give enterprises a climate score<sup>181</sup> before buying their bonds, prioritizing enterprises that make greater efforts to disclose and reduce greenhouse gas emissions.<sup>182</sup> The ECB also announced that the Eurosystem will take these climate scores into account in all corporate bond purchases—either under the (regular) Corporate Bond Purchase Program (CSPP), or under the Pandemic Emergency Bond Purchase Program (PEPP)<sup>183</sup>—to be settled as of October 1, 2022. The ECB, furthermore, announced that from the first quarter of 2023, it will start publishing climate-related information on its holdings of corporate

---

enterprises with better climate performance, a specific climate score will be calculated for each individual issuer. Actual purchases will be focused on bonds of issuers with a higher (i.e., better) climate score. The tilt of purchases is intended to improve the weighted average climate score of the holdings over time. In doing so, the improvement in the portfolio's weighted average score will be determined as a function of a decarbonization path for corporate bond holdings consistent with the goals of the Paris Climate Agreement. The methodology of the climate score will be reviewed no later than 1 year after its entry into force and will be subject to change if warranted. In addition, the Eurosystem will use differentiated bidding in the primary market that favors issuers with a higher climate score. It will also give specific treatment to green bonds, whereby such bonds that meet a stringent identification process by the Eurosystem may also receive favorable treatment in the bidding process in the primary market. Finally, the Eurosystem will apply other differentiated measures, such as maturity limits for lower-rated issuers, to further mitigate its climate-related financial risk. (Cf. European Central Bank (2022a).)

<sup>181</sup> The backward-looking emissions sub-score is based on issuers' past emissions. It looks at how enterprises perform compared to their peers in a specific sector and compared to all eligible bond issuers. Those that perform better get a better score. The forward-looking target sub-score is based on the targets set by issuers to reduce their greenhouse gas emissions in the future. Enterprises with more ambitious targets for reducing carbon emissions receive a better score. This encourages them to reduce their emissions. The climate disclosure sub-score is based on the assessment of issuers' reporting of greenhouse gas emissions. Issuing institutions with high-quality information receive a better score. This is intended to encourage bond issuers to improve their climate-related disclosures. (Cf. European Central Bank (2022b).) The climate scores of issuers will affect their relative weight in the benchmark for the Eurosystem's ongoing reinvestment purchases of corporate bonds. This will result in the purchase of more bonds from enterprises with good climate performance and fewer bonds from enterprises with poor climate performance. In addition, the Eurosystem will use the climate score to adjust its bids in the primary market in favor of issuers with better climate performance and to impose maturity restrictions on bonds of lower-rated issuers. (Cf. European Central Bank (2022b).)

<sup>182</sup> The Associated Press (2022).

Note in this regard that the ECB emphasized that its primary mandate is not environmental, but to control inflation in the euro area, a task it tries to fulfill through its interest rate policy, among other things. However, it was pointed out that in doing so, the ECB may as well pursue other goals – such as supporting the EU's general economic policy, which includes combating climate change – provided it does not get in the way of controlling inflation. In that regard, the ECB said it would apply climate criteria only to the share of bonds in its portfolio, not to the volume of its purchases, which would continue to be determined solely by monetary policy considerations. (Cf. The Associated Press (2022).)

<sup>183</sup> Regarding these programs, cf. Bytтеbier (2022a), pp. 256–260. CSPP is short for 'Corporate Sector Purchase Program' (cf. Bytтеbier (2022a), p. 259) and PEPP is short for 'Pandemic Emergency Purchasing Program' (cf. Bytтеbier (2022a), p. 256).

bonds and report regularly on the progress of aligning its purchasing policies with the goals of the Paris Climate Agreement.<sup>184</sup>

In a similar vein, a tentative alignment is even being sought at a fiscal level with an idea also floated in our aforementioned book ‘Nu het gouden kalf verdronken is’ that excess profits made by enterprises should, quite simply, be taxed away.<sup>185</sup> In particular, in the context of the energy crisis of 2022, the idea has begun to gain ground that enterprises (especially energy producers) can and do make ‘excess profits’<sup>186</sup> and that these should be taxed extra.<sup>187</sup>

Obviously, in the new proposed NMWO, such a policy of taxing excess profits could be further extrapolated and aligned with the systems of direct lending to the entrepreneurial sector included therein.

To regulate all these ideas properly, the sufficiently detailed regulatory framework (based on general framework directives issued by the NGSCB and made more concrete by national implementation directives issued by the national central banks of the participating countries) could be developed, defining the conditions that any enterprise must meet to be eligible for credit from the national central banking system. These conditions should, of course, be grafted onto the underlying objectives of the NMWO itself, thus also reorienting the entrepreneurial world, increasingly, toward a model that would be primarily at the service of the common good of mankind (and the planet), rather than merely serving the unbridled pursuit of money by their underlying capital providers. Such guidelines could even include a reward system, whereby enterprises that participate to a greater extent in the goals of the NMWO would have access to cheaper credit, than those that score worse in that regard.

Furthermore, based on various, objective parameters, a system of measurement could be worked out based on which it could be determined which enterprises, from an altruistic point of view, score better and which score less. When setting such parameters, it will, of course, be a matter of finding the right balance between the altruistic concerns of such a valorization policy and a sufficient viability (and profitability) of the borrowing enterprises in question, so that the parameters will

---

<sup>184</sup> European Central Bank (2022b).

<sup>185</sup> Cf. Byttemier (2015a), pp. 292–295.

<sup>186</sup> In the classical capitalist approach (and in this of economic neoliberal thinking), there can be no question at all of making excess profits. The sole *raison d’être* of the capitalist enterprise is to make profits, preferably as much as possible, whereby there can be no question of acting against enterprises that would make ‘too much’ profit—a notion that used to be unthinkable in classical economic thinking.

<sup>187</sup> Cf., for example, the interview with Paul D’Hoore, in NDBG (2022). In it, Paul D’Hoore provided the following explanation:

If you want to know what the concept of excess profit means, you have to ask those who use the word: politicians. But for now, I haven’t heard anyone say specifically what it means. It is not an economic or legal concept, but it is a linguistic invention. It is also open to interpretation, because when is profit too much? This is very sensitive among the population. If everyone has to pay much more for energy, you see with members’ eyes that there are companies that make a profit from selling this product now. (Cf. NDBG (2022) – own free translation.)

always be set sufficiently realistically (with the underlying aim of gradually building a better world for everyone).<sup>188</sup>

Such an approach would also imply sanctioning (via either more expensive monetary credit, or even denying access to such monetary credit) enterprises that degrade other values (such as the environment, the interests of the workforce, the interests of the broader society, etc.), and rewarding those that benefit these other values.

Of course, all the foregoing requires an open debate, in the context of which all proposals of alternative approaches, other than those we ourselves have proposed in both our earlier work and throughout the present book, are welcome, provided that they are of such a nature that they could help bring about the return of a humane system of conducting enterprises.

### 7.2.2.4 Concrete Models of More Equitable Staff Remuneration

#### 7.2.2.4.1 Towards New Systems of Remuneration

As one of the components in the search for more ethical entrepreneurship models, it will also be necessary to consider systems of more equitable distribution of company/corporate profits (or, in a classic metaphor, of the economic cake or pie baked by a given enterprise) among the other stakeholders of individual enterprises themselves (i.e., those other than shareholders and CEO's).

As explained, under the prevailing, capitalist models of organizing enterprises, the profits created by capitalist enterprises are allocated to a single purpose, i.e., their distribution (through various company/corporate law techniques) to shareholders. This is also one of the main reasons why the remuneration of the personnel—as part of the costs incurred by a given enterprise—should be kept as low as possible. (Cf. the already mentioned Iron Law of the Wages.)

However, even under the logic of capitalist employment policy itself, there exist some forms of correction to this approach in terms of the remuneration of more specialized forms of labor. Essentially, this results from the application of the law of supply and demand, with the provider in this approach being the lessor of their labor and the demander being the employing enterprise. Here the observation applies that the more specialized a particular job is, the scarcer the supply and/or the higher the demand will be, which is then reflected in a higher price for such more specialized, hired labor.

Such a higher degree of specialization may be evident (especially for entry-level workers) from prior education and previous professional experience. This explains why certain higher degrees give access to forms of employment associated with higher compensation/wages (and, more generally, better working conditions). Classic examples are engineering and MBA degrees. Incidentally, universities offering such higher forms of training are aware of this reality, which in several countries

---

<sup>188</sup> In fact, the ECB scoring system already tends in this direction.

is reflected in higher enrollment fees for students wishing to pursue such programs (which is clearly the case for MBA programs, for example).

Keeping in mind capitalist employment logic, the attractiveness of higher degrees will suffer from an increasing supply in the employment market (at least assuming a stable or decreasing demand for workers with such degrees), in other words when the number of graduates with a certain type of higher degree becomes (much) higher than the number of available employment positions.

This, moreover, explains why numerous higher degrees have long ceased to guarantee jobs that pay well or very well. This immediately places major question marks on the design of the policy of many western countries of recent years whereby young people are encouraged as much as possible to pursue higher education, resulting in an increasing influx of highly qualified people into the labor market, which in turn assures the business world itself of an ever cheaper supply of labor. In the Western world, this is a fate that increasingly affects the younger generations.

For highly specialized occupations, previous professional experience can also be a key factor, which helps explain the large rise in the neoliberal era of headhunting firms that actively seek highly specialized workers on behalf of entrepreneurial clients. In numerous cases, this translates, in turn, into even higher fees offered to convince a staff member of one enterprise to make the move to another (sometimes even competing) enterprise.

One of the (supposedly) specialized jobs that can boast the highest compensation is that of executive manager over a company/corporation, commonly referred to by the designation Chief Executive Officer (or CEO, for short).<sup>189</sup> Already in the past, the question has been raised in literature whether such CEOs are, as economic-neoliberal theorizing suggests—in what has been labeled by Galbraith as a form of blind adoration in the ability of entrepreneurs and businessmen from the part of the rest of society (also referred to as the so-called genius principle)—, indeed distinguish themselves mainly by intrinsic qualities (such as there are greater working power, greater intelligence, greater managerial ability), from other people, including in particular those they employ.<sup>190</sup> Or is it, as others have suggested, rather a lack of scruples displayed by CEOs (and the capital providers behind the enterprises they run) in putting other people to work for compensation that is significantly less than the compensation they pay to themselves (either as management and/or director's fees, or as distribution rights in (surplus) profits) that produces the characteristic difference? In other words, the (presumably rhetorical) question arises as to whether

---

<sup>189</sup>In the Belgian legal system, the employment of such a CEO usually takes the form of an appointment as a daily director of the company conducting the business. This daily directorship position may be held under an employment contract or under an independent service agreement. (Cf. Bytbeier and Wera (2022).) Bearing in mind the principles of capitalism, even such a CEO will have to negotiate their compensation with the company/corporation that employs them, while it appears that in numerous cases companies/corporations are willing to pay such a CEO very high salaries.

<sup>190</sup>Cf. Galbraith (1992), p. 59. Galbraith pointed out here that this genius principle played strongly in Donald Trump's adulation of entrepreneurship.

Cf. furthermore Falzani (2014).



the kind of people who end up in CEO positions, in the absence of conscientious or other altruistic tendencies, feel especially uninhibited<sup>191</sup> from paying themselves, much more generously, fees than the fees they are willing to pay to others (including others who often must work much harder than these CEOs themselves).<sup>192</sup>

One method already thought of in the past to address the issue of the compensation gap between lower and higher workers (with the CEO himself at the top) is the idea of capping compensation (for managerial positions within companies/corporations). A corresponding approach is to provide a high degree of transparency, a method that has even resonated with some regulation for listed companies and financial institutions.<sup>193</sup>

---

<sup>191</sup>A recent illustration forms the bonus policy within the German company Lufthansa, which made headlines in December 2022. Indeed, on December 20, 2022, it was announced that executive board members of the German airline Lufthansa would be granted several million euros in bonuses for 2021 and 2022, notwithstanding the fact that the company had only managed to survive because of pandemic-related state aid payments during these years. It was, moreover, announced that Lufthansa's supervisory board already had approved the payments during a meeting in early December 2022. This led to criticism in the German press, where it was pointed out that the German government's economic stabilization fund had managed to save Lufthansa from bankruptcy during the COVID-19 pandemic through a bailout package of in total 9 billion euros (USD 9.53 billion). (Cf. Reuters (2022a).) In response, the German government responded on December 21, 2022 by stating that it considered these plans of Lufthansa to pay its executive board members such huge bonuses for 2021 and 2022, despite the fact that the German airline had received state aid at the time, as in breach of their bailout agreement. (Cf. Reuters (2022b).)

<sup>192</sup>Research by American Economic Policy Institute dating to 2017 probed trends in CEO compensation using two measures of compensation. The first measure included stock options (in addition to salary, bonuses, restricted stock awards, and long-term incentive awards). According to this measure, CEOs in America's largest companies earned an average of USD 15.6 million in compensation in 2016, or 271 times the average annual salary of the average employee. Although the CEO-to-employee pay ratio of 271 to 1 in 2016 was lower than 299 to 1 in 2014, and 286 to 1 in 2015, it was still light years beyond the 20 to 1 ratio in 1965, and the 59 to 1 ratio in 1989. As a further result, the average CEO in a large company earned on average 5.33 times the annual income of the average very highly paid employee (i.e., the employee in the top 0.1 percent). Because the decision to cash in stock options tends to fluctuate with current and potential stock market trends (since people tend to cash in their stock options when it is most advantageous to them), the study also looked at another measure of CEO compensation to get a fuller picture of trends in CEO compensation. This measure tracked the value of stock options granted and reflected the value of the options at the time they are granted. By this measure, CEO compensation increased to USD 13.0 million in 2016, from USD 12.5 million in 2015. According to both measures, CEO compensation was extremely high relative to the compensation of an average employee or even that of an employee in the top 0.1 percent, and in addition grew much faster than stock prices or corporate profits. (Cf. Mishel and Schieder (2017).)

<sup>193</sup>As regards listed companies, for example, in the EU, the Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies, Text with EEA relevance (2004/913/EC), OJ L 385/55 was promulgated. One of the main principles of this Recommendation is that each listed company would disclose, in a so-called remuneration statement, its remuneration policy. Such a statement should be part of a separate remuneration report and/or included in the company's financial statements and annual report or in the notes to the financial statements. The remuneration statement should also be posted on the company's website. (Cf. Article 3.1 Recommendation 2004/913.)

Another approach that has been advocated in the near past constitutes the idea of issuing a regulation that would provide that the compensation for the highest position within a given enterprise, should only include a certain maximum multiple of the compensation for the lowest position within the same enterprise. Such an approach would amount to allowing the CEO to earn only a certain multiple (e.g., double, triple, or any other ratio) than what the lowest-paid job within the enterprise merits as compensation.<sup>194</sup>

Although such—and similar proposals—have strongly dominated academic debate on this issue in a somewhat more distant past, in practice they have had limited impact. Moreover, the preoccupation of such measures has mostly been the protection of shareholder interests, in other words, the intent to avoid excessive amounts of money going into compensation to managers (or others) (and thus too much pressure on corporate profits intended for shareholders).

Any re-engagement with these methods of profit-sharing with staff will, of course, must take due account of the underlying objective of wealth limitation (on the part of shareholders and CEOs).

#### 7.2.2.4.2 Towards New Systems of Profit Participation

Over time, alternative systems of employment other than the labor contract model (or for certain types of employed, self-employment agreements) have also been considered. We shall limit ourselves below to the alternatives devised in the capitalist world itself (not considering the approaches devised in, for instance, communist countries).

In a somewhat more distant past, in several Western countries, the cooperative company formula offered such an alternative. When this company form is used properly, everyone who contributes to the enterprise conducted by such a cooperative company becomes a cooperative partner. The consequence of this is that, in its purest form, all these ‘collaborators’ are not remunerated through a system of fixed remunerations agreed upon between the collaborator and the company itself, but that they become, (as much as possible) equally entitled to share in the profits made by the cooperative company. In other words, the legal form of such a cooperative

---

<sup>194</sup> While such a rule would certainly have its merits, it would nevertheless only make sense if the rule also covered forms of benefits other than employee compensation, whereby the rule would have to be that no one could extract from the operation of the company/corporation—for any reason whatsoever, ranging from compensation for duties as CEO, to dividends or other forms of distribution of profits—an amount greater than a certain multiple of the lowest-paid staff member (expressed in FTEs, if applicable). Such a regulation should, of course, anticipate the many circumvention techniques that this type of measure (unpopular with big business) usually encounters, such as the compartmentalization of the business organization through several companies/corporations, including foreign ones; circumvention methods through the use of foundations or trusts, and so on.

company provides a formula for making everyone who participates in a business project equally entitled to share in the profits realized by the company.<sup>195</sup>

In another use of the cooperative company form, profit distribution can be made based on their transactions with the cooperative (which can also translate into price discounts). In a more distant past, such cooperatives were also known as ‘consumption cooperatives’.<sup>196</sup>

Another approach that has previously found application in the context of more traditional (capital) companies/corporations involves formulas by which the company’s staff itself is made (limited) entitled to share in the company profits. This can take the form of shareholdings,<sup>197</sup> or (purchase) options on shares (with the assumption in the latter case that the options will gradually increase in value, so that the staff member receives additional compensation by either exercising the option—and then becoming a shareholder in the company—or transferring the option to someone else).

Although past literature has strongly advocated the use of such formulas, the observation is that they have not taken off on a large scale. One possible explanation for this is that in numerous companies/corporations, the controlling and/or otherwise leading stakeholders (particularly the shareholders, directors and CEO) are generally not willing to share company/corporate profits with the members of their staff (let alone that they would show interest in legal figures that would aim to achieve that effect).

From the corner of neoliberal authors themselves, it has even been suggested that investing in the regulated stock markets makes it possible for anyone—including the staff of a given company/corporation—to become a shareholder, and thus share in the profits of companies whose shares are listed and/or traded on such regulated markets.

The latter approach relies on the premises on which capitalism (and, by extension, the bourgeois-liberal models of society that legally shape it) itself rests, namely that everyone participates freely and equally in the game of contracting (including investing in a regulated market). However, this approach takes no—or hardly any—account of the fact that it is usually not that obvious for members of the lower classes of the population to play investor on stock (or other) exchanges. The latter

---

<sup>195</sup>The problem in using this formula (in the Belgian legal order) has often been that this led to systems of compartmentalization of corporate capital. As a result, the bulk of corporate profits continued to accrue to the holders of shares representing the fixed capital of such a cooperate company (CVBA), while only a trifle of the profits made accrued to the holders of shares representing the variable capital. Consequently, such use of the CV(BA) form often provided, in practice, hardly any difference than that of the ordinary capital company forms.

<sup>196</sup>In the past, the cooperative company form could boast a relative success, with even savings banks making use of this formula (which in the Belgian context even produced an appropriate, financial scandal, notably the Arcopar scandal). Today, the legal form has less success, except for example in the liberal professions sector where it provides rather an instrument of cost sharing.

<sup>197</sup>In the context of Belgian company law, a new type of securities was even invented for this purpose in the past, namely ‘profit certificates’ that a company could issue without a capital contribution.

may be because members of the lower population classes often do not have sufficient savings, or sufficient knowledge regarding the operation of the stock markets, to successfully build up additional income from investments (in stocks).

#### 7.2.2.4.3 Need for Further Regulation

Although some of the alternative compensation mechanisms discussed in the previous sections certainly remain conceptually useful, it is presumably illusory to assume that they will ever be applied, to a sufficient degree, through voluntary contracting, to bring about a real turnaround in the organization of capitalist employment policies—including the issue of workers' compensation.

This implies that, to the extent that, based on the neoliberal prescription of voluntary contracting, this problem will not (and cannot be) remedied, there will rather be a need for legislative intervention to implement such systems of profit sharing, among other forms of better compensation models, in a sufficiently general way.

For example, one approach could be to issue mandatory rules that limit compensation and profit distributions.

As part of the treaty that would shape the NMWO referred to above, participating member states could, moreover, commit to concrete approaches in that regard under treaty law.

In particular, the countries participating in the NMWO could commit in these treaties to the conception of a legal framework that strikes a better balance between employee compensation and shareholder, director, and CEO compensation.

In addition to imposing certain of the aforementioned profit-sharing systems, this could also involve work on an alternative approach to remunerating collaboration on inventions (which lend themselves to the establishment of intellectual rights), so that the benefits of these do not unilaterally accrue to the employing enterprises (and their controlling/managerial stakeholders), but additionally fairly to the employed personnel (who are, as a rule, the actual inventors/innovators).

## 7.3 Conclusions

### 7.3.1 *Summary of Principles Governing Capitalist Entrepreneurship and Employment*

All of the foregoing will, of course, not be obvious.

A real reversal of capitalist policies on enterprise governance in general, and employment and compensation of personnel more specifically, will in the first instance require greater awareness among the general population.

It is in this regard almost unbelievable how much the forces of capitalism (with, during the past four decades, especially the role of neoliberal ideology) have

managed to brainwash humanity that the current course of events would be the only conceivable one fit to shape socioeconomic relations.

As already explained in Sect. 7.1.1.2.5, it is furthermore striking that the socioeconomic changes which, from the sixteenth century onwards, started to reshape European societies—amongst others, characterized by a gradual crumbling of feudalism into models of society characterized by employment for low, fixed remuneration—have in the beginning period not been based upon much reflection (philosophical or otherwise), let alone on any significant political debate. This observation, incidentally, not only applies to the model of employment against (fixed) wages, but to most other, capitalist methods of organization of the socioeconomic order, including the private money creation system by private bankers, as well.

As a result, as early as the sixteenth century, fundamental reforms of European societies took place, which would gradually create a fundamental dichotomy within the capitalist societies thus taking shape, between, on the one hand, what we call in contemporary terminology ‘entrepreneurs’ and, on the other hand, those who did not start a business themselves but (out of necessity) had to opt for employment by the former, entrepreneurial class.

One of the main characteristics of this dichotomy was that the first, small group of entrepreneurs in most cases made large profits, while the second, large group of other people, in exchange for the labor they provided, could only boast of a fixed fee that was kept as low as possible.

Although there has obviously occurred a further tinkering with this system over the centuries that followed (e.g., at least in the West, an evolution from mainly daily or seasonal work, to permanent employment; the emergence of certain labor protection legislation in the twentieth century; establishing better levels of education of the population; ...) and theories to rationalize this system were gradually devised (e.g., initially, the work ethic of Calvinism<sup>198</sup>; later, the liberal, economic theories; and, today, economic neoliberalism), it has been basically this model of employment, in force since the sixteenth century, that increasingly started to shape the new, (pre-)capitalist societies throughout Europe (and later, the rest of the world).

Perhaps the biggest lie that has been put up from that period is the rationalization given to this soci(et)al model, as if such a system were based on a model of free contracting, in which all people can participate on an equal basis. The untruthfulness of this way of rationalizing the capitalist working methods, however, does not prevent that precisely this lie continues to define neoliberal thinking on the issue of employment to this very day (cf. especially the so-called voluntary association

---

<sup>198</sup>For further details, cf. Kruithof (1986), p. 70.

According to Kruithof, Calvinist ideology evolved over the course of the 17th and 18th centuries, eventually culminating in the period of Enlightenment. In the eighteenth century, the thinkers of rationalism supplemented, expanded, and partly changed the Calvinist view on man and the world—especially through an extensive secularization of said Calvinist ideas—without, however, affecting its basic visions. In this approach, it has even been held that Enlightenment constitutes Calvinism, worked out to its last consequences. (Cf. Kruithof (1986), p. 71.)

doctrine),<sup>199</sup> while, in reality, this model basically but amounts to a model of exploitation.

This model of exploitation of the great masses by the entrepreneurial class reached its zenith in the Europe of the nineteenth century, not coincidentally against the background of bourgeois liberalism. The latter led to the formation of bourgeois-liberal states based on very entrepreneurial-friendly legislation, which provided the entrepreneurial classes with a free pass to organize this system of exploitation in a legally conclusive manner (including through the civil law model of free contracting).

It was not until a century later that the resistance of the great masses would begin to provide some solace, in part under the impetus of new economic theories (e.g., Karl Marx). Around that time, the realization also began to grow that the capitalist system of exploitation did not necessarily constitute a natural law, but that alternatives, at least correctives were indeed conceivable.

This growing awareness was in turn accompanied by a call for democratization of the bourgeois-liberal states, with the working classes uniting in trade unions and appropriate political parties, created with the aim of giving shape to the rising demands for fairer models of employment. These efforts would bear fruit in Europe mainly in the period after World War II, in Western Europe in the form of labor-protective legislation that—together with systems of social security and public services—began to shape the welfare state model, and in Eastern Europe in the form of the (ultimately unsuccessful) experiment to create communist societies.

For large parts of the rest of the world, these efforts would have little impact, on the understanding that in some developing (and/or newly rising) countries, communism was somehow maintained (albeit in most cases marked by appropriate disadvantages).

As explained earlier, shortly thereafter, economic neoliberalism itself would begin to push for the dismantling of this model of the welfare state, which also

---

<sup>199</sup>This can be illustrated historically with reference to the methods of employment that began to pass through from the sixteenth century onward. For instance, it appeared that in many cases employment by the new entrepreneurial class involved forms of forced employment, to which in many cases (local) governments cooperated. In cases where no actual physical coercion was used, there was usually economic coercion, since, due to the crumbling of feudalism and increasing urbanization, for large parts of the population, there was often no other alternative to provide for their livelihood (and that of their families), than to agree to such forms of employment, usually at extremely low remunerations. The downward pressure on the compensation of such wage laborers also resulted from the ever-growing numbers of people who became dependent on such labor, combined with the absence of any form of regulation, which at the same time implied that the labor was often very temporary (e.g., daily and seasonal labor). Soon the system would become more and more organized, with the enterprises that relied on such labor themselves becoming increasingly large-scale and industrialized. This led to the creation of ghettos of workers in various parts of Europe, in which living and working conditions were often even more miserable than under the system of feudalism itself.

At an international level, the emergence of this fledgling capitalist system would be accompanied by even worse forms of exploitation, particularly through colonialism and the reintroduction of slavery from the seventeenth–eighteenth centuries. (Cf. already in Chap. 3.)

exposed the systems of labor protection and trade unions, in ever-increasing numbers, to great pressure.<sup>200</sup>

One of the new fables of economic neoliberalism that has been maintained ever since is the one of ‘meritocracy’, which in essence proposes that by studying hard first and working even harder later in life, everyone will elevate themselves to ever higher levels of prosperity (and that the mechanisms of the welfare state, including systems of labor protection and unionization, are but an obstacle to this).

As a result, efforts were made in numerous Western countries to do away with labor unions, at least to minimize their impact, while parallel efforts were made to organize labor as flexible as possible. This implied at the same time that it became easier and easier for the entrepreneurial classes to employ people, with capitalism itself in this manner regaining an increasingly unbridled character.<sup>201</sup>

In all this, it should be clear that the voluntary association model of employment so lauded by economic neoliberalism has never succeeded—and most likely will never succeed—in creating just societies, rather the opposite.

### ***7.3.2 Call for Further Awareness***

Especially on the part of the younger generations, there is a growing awareness that things cannot go on like this, as evidenced by the very negative results of surveys on job (dis)satisfaction, in addition to occasional protest demonstrations against some of capitalism’s most severe excesses. However, these forms of expression of discontent are still mainly directed at the most negative outgrowths of capitalism only, including climate change, but still too little against the capitalist system itself, let alone that full-fledged alternative solutions are already being put forward.<sup>202</sup>

What is needed is a growing awareness about the causes of the many problems into which capitalism has plunged the world into.

Once a sufficient awareness of the essential characteristics of capitalism and how these inherently cause the many severe problems facing humanity today will have grown, it will then become a matter of mobilizing the forces of democracy to

---

<sup>200</sup> Within this framework, for example, there was a push for the dismantling of the role of trade unions, which partly found its rationalization in the view that, in modern societies, class thinking was over (or at least should be): instead, the neoliberal credo went that modern societies rely on equity of opportunity and on great opportunities for vertical, social mobility, in other words, on the idea that within neoliberal societies, the principle of meritocracy plays.

<sup>201</sup> On this, cf. Byttemier (2018a).

<sup>202</sup> This presumably finds its origin in part in the attacks launched in the more distant past against communism, and in recent times in the similar criticisms to which socialism (in addition to similar ideologies) has been exposed from the angle of economic neoliberalism and conservative political tendencies.

translate this into an appropriate political agenda, which should be characterized by a sufficient willingness for far-reaching socioeconomic and societal change.<sup>203</sup>

Such a new socioeconomic order could take the form of the model we proposed in our earlier work and on which this book itself builds further.

The question becomes whether this will ever be possible, or whether, crisis after crisis, the forces of capitalism will remain sufficiently resilient to continue their devastating impact on Earth and its humanity, in a largely undisturbed manner.

## References<sup>204</sup>

- Andrew S (2022) Why everyone's talking about 'nepo babies'. CNN. <https://edition.cnn.com/2022/12/22/entertainment/nepo-baby-vulture-new-york-magazine-cec/index.html>
- Arnold M (2022) ECB set for greener 'tilt' in €386bn corporate bond portfolio. Financial Times, 4 juli 2022
- Arvedlund E (2022) Who is MacKenzie Scott, besides being Jeff Bezos' ex-wife?. Inquirer. <https://www.inquirer.com/business/mackenzie-scott-bezos-amazon-billions-fortune-gifts-20220322.html>
- Avci A (2021) Gossip in business – a conceptual review. IKSAD J. 7, 26:20–28. <https://doi.org/10.31623/iksad072602>
- Ballegeer D (2022) ECB vergroent haar beleid in de hoop dat de grootste vervuilers volgen. De Morgen, 4 July 2022
- Beaud M (1994) Geschiedenis van het kapitalisme van 1500 tot heden. Het Spectrum (Aula), Utrecht
- Bieber T (2011) Building a Bridge over the Atlantic? The Impact of the Bologna Process on German and U.S. Higher Education. <https://www.aicgs.org/publication/building-a-bridge-over-the-atlantic-the-impact-of-the-bologna-process-on-german-and-u-s-higher-education/>
- Blijlevens K (2018) Reeks Spirituele Meesters. Franciscus van Assisi. Leven in zijn spoor. Carmelitana, Gent
- Bourdieu P (1979) La distinction – critique social du jugement. Les Editions de Minuit, Paris
- Bourdieu P (1993) La misère du monde. Editions du Seuil, Paris
- Bourdieu P (2000) Les structures sociales de l'économie. Editions du Seuil, Paris
- Bourdieu P (2017) Anthropologie économique. Cours au Collège de France (1992–1993). Éditions Raisons d'agir/Seuil, Paris
- Brook Y, Watkins D (2012) Free market revolution – how Ayn Rand's ideas can end big government. Palgrave Macmillan, New York

<sup>203</sup>We leave open the question of whether expectations about this can be sufficiently hopeful.

When we bear in mind, for example, the way in which, in September 2022, Liz Truss's British government was formed from the womb of lobby groups that continue to espouse economic-neoliberal ideas in the most extreme ways, there is presumably little hope for optimism. (Cf. Sect. 1.6.)

Equally disheartening is a newspaper report, dated September 23, 2022, which shows that at that time several climate activists in the United Kingdom had been on remand for months awaiting the start of their trial... (Cf. Macalister (2022).) One of them was a certain Josh Smith, a 29-year-old stonemason from Manchester, who had been on remand in HMP Peterborough for more than 2 months by the mentioned date. The date when he will appear before a court was set for February 1, 2023, meaning that at that time he will have been detained for 6 months before a court will consider his case. (Cf. Macalister (2022).)

<sup>204</sup>All links to the cited websites were operational as of December 24, 2022.



- Bruner R (2021) Young People Are Leaving Their Jobs in Record Numbers—And Not Going Back. Time. <https://time.com/6111245/young-workers-quitting/>
- Burrows S (2017) 85% of People Hate Their Jobs, Gallup Poll Says. <https://returntonow.net/2017/09/22/85-people-hate-jobs-gallup-poll-says/>
- Byttebier K (1993) Het vijandig overnamebod. Een vergelijkend onderzoek naar de wenselijkheid en haalbaarheid van het vijandige overnamebod als techniek van controleverwerving over beursgenoteerde vennootschappen. Maklu, Antwerp
- Byttebier K (2015a) Nu het gouden kalf verdrongen is. Van hebzucht naar altruïsme als hoeksteen voor een Nieuwe Monetaire Wereldorde. Maklu, Antwerp
- Byttebier K (2015b) De onvrije markt. Garant, Antwerp
- Byttebier K (2017) Towards a new international monetary order. In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol I. Springer International Publishing, Cham
- Byttebier K (2018a) The unfree market and the law. On the immortality of making capitalism unbridled again. In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol II. Springer International Publishing, Cham
- Byttebier K (2018b) De gevaren van studentenkrediet. Tijdschrift voor Onderwijsrecht en Onderwijsbeleid, 2018–19(1–2), 30–43
- Byttebier K (2019) The tools of law that shape capitalism (and how altering their use could give form to a more just society). In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol IV. Springer International Publishing, Cham
- Byttebier K (2021) How economics became the problem (an urgent call to legal action). In: Byttebier K, Van der Borgh K (eds) Socioeconomics & law – making a stance for changing values, vol I. VUBPress, Brussels
- Byttebier K (2022a) Covid-19 and capitalism (success and failure of the legal methods for dealing with a pandemic). In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol VI. Springer International Publishing, Cham
- Byttebier K (2022b) Hoe economie het probleem werd. En wat eraan te doen valt. In: Byttebier K, Van der Borgh K (eds) Socioeconomics & law – making a stance for changing values, vol I, II. VUBPress, Brussels
- Chen S, Ford T, Jones P, Cardinal R (2022) Prevalence, progress, and subgroup disparities in pharmacological antidepressant treatment of those who screen positive for depressive symptoms: A repetitive cross-sectional study in 19 European countries. *Lancet Regional Health* 17, June 2022. <https://doi.org/10.1016/j.lanepe.2022.100368>
- Chouinard Y (2022) Earth is now our only shareholder. If we have any hope of a thriving planet—much less a business—it is going to take all of us doing what we can with the resources we have. This is what we can do. <https://www.patagonia.com/ownership/>
- Clauset A, Arbesman S, Larremore D (2015) Systematic inequality and hierarchy in faculty hiring networks. *Sci Adv* 1(1):e1400005. <https://doi.org/10.1126/sciadv.1400005>
- Crothers L, Lipinski J, Minutolo M (2009) Cliques, rumors, and gossip by the water cooler: female bullying in the workplace. *Psychol Manager J* 12:97–110
- Cuvelier F (1990) Jezus Mysticus naar het herontdekte Tomas evangelie. Uitgeverij Pelckmans, Kapellen
- de Kroon M (1991) Martin Bucer en Johannes Calvijn. In: Reformatorische perspectieven. Teksten en inleiding. Meinema, Zoetermeer
- de Visscher J (1990) De morele en ideologische bewogenheid van Jaap Kruithof. *Ons Erfdeel. Jaargang* 33:494–500
- de Wet P (2018) Elon Musk's family once owned an emerald mine in Zambia — here's the fascinating story of how they came to own it. *Bus Insid* <https://www.businessinsider.co.za/how-elon-musks-family-came-to-own-an-emerald-mine-2018-2>
- Duplessis R (1997) Transitions to capitalism in early modern Europe. Cambridge University Press, Cambridge

- European Central Bank (2022a) FAQ on incorporating climate change considerations into corporate bond purchases. [https://www.ecb.europa.eu/mopo/implement/app/html/ecb.cspp\\_climate\\_change-faq.en.html](https://www.ecb.europa.eu/mopo/implement/app/html/ecb.cspp_climate_change-faq.en.html)
- European Central Bank (2022b) ECB provides details on how it aims to decarbonise its corporate bond holdings. <https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.pr220919-fae53c59bd.en.html>
- European Union (n.d.-a) The EU Green Deal – a roadmap to sustainable economies. <https://www.switchtogreen.eu/the-eu-green-deal-promoting-a-green-notable-circular-economy/>
- European Union (n.d.-b) Overview of sustainable finance. [https://finance.ec.europa.eu/sustainable-finance/overview-sustainable-finance\\_en](https://finance.ec.europa.eu/sustainable-finance/overview-sustainable-finance_en)
- Falzani D (2014) What makes an entrepreneur – luck or skill? Financial Times. <http://www.ft.com/cms/s/2/dcef8160-5dcc-11e4-b7a2-00144feabdc0.html#axzz3Ifv1QDDo>
- Fox R (1988) Pagans and Christians in the Mediterranean world from the second century AD to the conversion of Constantine. Penguin Books, London
- Freitag A (1960) Historische Wereldatlas van het Christendom. Uitgeverij Broekman & De Meris N.V, Amsterdam
- Fromm E (1952) De Angst voor Vrijheid. Bijleveld, Utrecht
- Frost R (2022) Rainwater everywhere on Earth unsafe to drink due to ‘forever chemicals’, study finds. Euronews. <https://www.euronews.com/green/2022/08/04/rainwater-everywhere-on-earth-unsafe-to-drink-due-to-forever-chemicals-study-finds>
- Galbraith JK (1967) The new industrial state. Houghton Mifflin Company, Boston
- Galbraith JK (1987) Economics in perspective – a critical history. Houghton Mifflin Company, Boston
- Galbraith JK (1992) The culture of contentment. Houghton Mifflin Company, Boston
- Gimpel J (1975) La révolution industrielle du Moyen Age. Editions du Seuil, Paris
- Harter J (2022) Is Quiet Quitting Real? <https://www.gallup.com/workplace/398306/quiet-quitting-real.aspx>
- Henley D (2018) Gossip: what’s it costing your business? Forbes. <https://www.forbes.com/sites/dedehenley/2018/01/09/gossip-the-hidden-business-expense/?sh=1d1915ac63fd>
- Herrington G (2020) Update to Limits to Growth: Comparing the World3 Model with Empirical Data. <https://advisory.kpmg.us/articles/2021/limits-to-growth.html>
- Hightower (2017) Let’s get it straight — Poverty is not a character flaw. <https://spokesman-recorder.com/2017/08/24/lets-get-straight-poverty-not-character-flaw/>
- Jones N (2022) How a Nepo Baby Is Born. Hollywood has always loved the children of famous people. In 2022, the internet reduced them to two little words. *Vulture*. <https://www.vulture.com/article/what-is-a-nepotism-baby.html>
- Keuschnigg M, van de Rijt A, Bol T (2023) The plateauing of cognitive ability among top earners. *Eur Sociol Rev*, 2023, jcac076, <https://doi.org/10.1093/esr/jcac076>
- Krishnamurti J (1986) Laatste toespraken in Saanen 1985. Den Haag, Mirananda
- Krugman P (2020) Arguing with zombies. Economics, politics, and the fight for a better future. W.W. Norton & Company, New York
- Kruihof J (1986) Arbeid en lust (deel 2). EPO, Antwerpen
- Levine M (2022) Patagonia Has No More Owners. Also everything at Twitter is securities fraud, SPAC buyback tax and a Rick’s Cabaret insider sale. *Bloomberg*. <https://www.bloomberg.com/opinion/articles/2022-09-15/patagonia-has-no-more-owners>
- Locke T (2020) How Bill Gates’ mom helped Microsoft get a deal with IBM in 1980 – and it propelled the company’s huge success. CNBC. <https://www.cnbc.com/2020/08/05/how-bill-gates-mother-influenced-the-success-of-microsoft.html>
- Macalister T (2022) UK climate activists held in jail for up to six months before trial. *The Guardian*. <https://www.theguardian.com/environment/2022/sep/23/uk-climate-activists-held-in-jail-for-up-to-six-months-before-trial>
- Marcuse H (vert. H. Boukema) (1968) Geweld en Vrijheid. Politieke opstellen. De Bezige Bij, Amsterdam

- Marcuse H (1974) *One dimensional man*. ABACUS (Sphere Books Ltd.), London
- Martin M, Van Garderen F (2021) Gebruik antidepressiva stijgt sterk bij jongeren. Dat baart experts zorgen. De Morgen, 12 oktober 2021. De Morgen. <https://www.demorgen.be/nieuws/gebruik-antidepressiva-stijgt-sterk-bij-jongeren-dat-baart-experts-zorgen~be943d61/?referrer=https%3A%2F%2Fwww.google.com%2F>
- Marx K, Engels F (2021) *Het communistisch manifest*. Boom Uitgevers, Amsterdam
- McGrath A (1994) *Johannes Calvijn. Verlicht hervormer of vormgever van een orthodox keurslijf*. Tirion, Baarn
- Meija Z (2018) Jeff Bezos got his parents to invest nearly \$250,000 in Amazon in 1995 — they might be worth \$30 billion today. CNBC. <https://www.cnbc.com/2018/08/02/how-jeff-bezos-got-his-parents-to-invest-in-amazon%2D%2Dturning-them-into.html>
- Meyer R (2021) *De onmisbaren. Een ode aan mijn sociale klasse*. Prometheus, Amsterdam
- Mishel L, Schieder J (2017) CEO pay remains high relative to the pay of typical workers and high-wage earners. <https://files.epi.org/pdf/130354.pdf?fs=e&s=c1>
- Monbiot G (2021) Capitalism is killing the planet – it’s time to stop buying into our own destruction. The Guardian. <https://www.theguardian.com/environment/2021/oct/30/capitalism-is-killing-the-planet-its-time-to-stop-buying-into-our-own-destruction>
- Monbiot G (2022) Trussonomics is a fanatical, fantastical creed, and the last thing Britain needs. The Guardian. <https://www.theguardian.com/commentisfree/2022/sep/17/trussonomics-britain-prime-minister-liz-truss-neoliberalism>
- NASA (2021) Space Debris and Human Spacecraft. [https://www.nasa.gov/mission\\_pages/station/news/orbital\\_debris.html](https://www.nasa.gov/mission_pages/station/news/orbital_debris.html)
- NDBG (2022) Wat is overwinst? En worden energieproducenten rijk op de kap van de bevolking? Vier vragen aan econoom Paul D’Hoore. Het Laatste Nieuws. <https://www.hln.be/energieprijzen/wat-is-overwinst-en-worden-energieproducenten-rijk-op-de-kap-van-de-bevolking-vier-vragen-aan-econoom-paul-dhoore~ae47084b/>
- Nicholas D (1997) *The growth of the medieval city. From late antiquity to the early fourteenth century*. Longman, New York
- Notestein W (1954) *The English people on the eve of colonization 1603–1630*. Harper & Brothers Publishers, New York
- O’Connor S (2022) The term ‘quiet quitting’ is worse than nonsense. Financial Times. <https://www.ft.com/content/a09a2ade-4d14-47c2-9cca-599b3c25a33f>
- Ooghe S (2022) Fasten your seat belts. De noodlanding van het Ryanair-personeel. Humo, 3 juni 2022, nr. 4265/22, pp 110–115
- OttM.enGamboaG(2022)Patagoniafoundergivescompanyawaytoenvironmentaltrusts.<https://abc-news.go.com/amp/US/wireStory/patagonia-founder-company-environmental-trusts-89983105>
- Plato (translation by Lee, D). (1987). *The Republic*. Penguin Books, London
- Plato (translation by Jowett, B.) (2000) *The laws (Nomoi)*. Oxford University Press, Oxford. <http://classics.mit.edu/Plato/laws.mb.txt>
- Pomeroy R (2023) The highest earning men aren’t especially intelligent. What explains their success? [https://bigthink.com/the-present/highest-earning-men-intelligent/?utm\\_medium=Social&utm\\_source=Facebook&fbclid=IwAR2eFIh-QN82JJCcfkqzRuJn\\_TDYmVWmxVxxX728INXc2PCM-Wzn3r\\_3Y#Echobox=1678590753](https://bigthink.com/the-present/highest-earning-men-intelligent/?utm_medium=Social&utm_source=Facebook&fbclid=IwAR2eFIh-QN82JJCcfkqzRuJn_TDYmVWmxVxxX728INXc2PCM-Wzn3r_3Y#Echobox=1678590753)
- Ray N (2018) *The Great stain: witnessing American Slavery*. The Overlook Press, New York
- Reich R (2022) Elon Musk went on a firing frenzy at Twitter. Now he’s paying for it. The Guardian. <https://www.theguardian.com/commentisfree/2022/nov/21/elon-musk-went-on-a-firing-frenzy-at-twitter-now-hes-paying-for-it>
- Reuters (2022a) Lufthansa board to get bonuses despite state aid – Handelsblatt. Reuters. <https://www.reuters.com/business/aerospace-defense/lufthansa-exec-board-receive-bonuses-2021-2022-despite-state-aid-handelsblatt-2022-12-20/>

- Reuters (2022b) German govt: Lufthansa 2021/2022 bonus payment would breach state aid agreement. Reuters. <https://www.reuters.com/business/aerospace-defense/german-govt-lufthansa-20212022-bonus-payment-would-breach-state-aid-agreement-2022-12-21/>
- Rhodes C (2022) Patagonia's radical business move is great – but governments, not billionaires, should be saving the planet. The Guardian. <https://www.theguardian.com/commentisfree/2022/sep/20/patagonia-billion-dollar-climate-initiative-philanthropy>
- Rooksby M, MacLeod H, Furuhashi T (2022) Hikikomori: understanding the people who choose to live in extreme isolation. The Conversation. <https://theconversation.com/hikikomori-understanding-the-people-who-choose-to-live-in-extreme-isolation-148482>
- Rousseau J (1971) Discours sur les sciences et les arts. Discours sur l'origine et les fondements de l'inégalité parmi les hommes. Garnier-Flammarion
- Rousseau J (2012) Discours sur l'origine et les fondements de l'inégalité parmi les hommes. <https://www.rousseauonline.ch/pdf/rousseauonline-0002.pdf>
- Sanaito M (2022) 'Grossly underpaid': Disney workers demand higher wages as living costs soar. The Guardian. <https://www.theguardian.com/us-news/2022/dec/08/florida-disney-employees-higher-wages-cost-of-living-soars>
- Schlesinger T (2021) Why People Hate Their Jobs. Internationally, 75% to 95% hate their work. There's a reason. <https://medium.com/humans-being-humane/why-people-hate-their-jobs-79ff64bd19d3>
- Shaw R (2022) Sure, moaning about 'nepo babies' is fun – but we're missing the bigger problem. The Guardian. <https://www.theguardian.com/commentisfree/2022/dec/23/sure-moaning-about-nepo-babies-is-fun-but-were-missing-the-bigger-problem>
- Smith A (1979) An Inquiry into the Nature and Causes of the Wealth of Nations. republished by Campbell RH, Skinner A, Todd WB (eds) Clarendon Press, Oxford
- Solman P (2018) Analysis: If you're rich, you're more lucky than smart. And there's math to prove it. PBS. <https://www.pbs.org/newshour/economy/making-sense/analysis-if-youre-rich-youre-more-lucky-than-smart-and-theres-math-to-prove-it>
- Spencer K (2020) Nobel-winning economist Paul Krugman is here to fight the undead. Salon. <https://www.salon.com/2020/01/28/economist-paul-krugman-arguing-with-zombies-politics-interview/>
- 'S Jongers T (2022) Wie hard werkt komt er niet. De Correspondent. <https://decorrespondent.nl/13447/wie-hard-werkt-komt-er-niet/40322860682797-1baa57cb>
- The Associated Press (2022) Europe's central bank to use climate scores as it buys bonds. The European Central Bank says it will give corporations climate scores before it buys their bonds and intends to prioritize those doing more to reveal and reduce greenhouse gas emissions. ABC News. <https://abcnews.go.com/International/wireStory/europes-central-bank-climate-scores-buys-bonds-90166073>
- The King James Version of the Bible (2011) Project Gutenberg
- Thijskens D (2022) Natuurlijk moeten miljardairs meer belastingen betalen. De Morgen, 24 May 2022. <https://www.demorgen.be/nieuws/groeit-er-zowaar-ethisch-besef-bij-de-allerrijksten-in-davos-het-kan-zijn-dat-de-miljardairs-bang-zijn-b52f3934/>
- UNICEF (2022) Innocenti Report Card 16. Worlds of Influence. Understanding What Shapes Child Well-being in Rich Countries. <https://www.unicef.org/press-releases/over-consumption-worlds-richest-countries-destroying-childrens-environments-globally>
- van der Tuuk L (2021) Handelaren en ambachtslieden. Een economische geschiedenis van de vroege middeleeuwen. Uitgeverij Omniboek, Utrecht

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution 4.0 International License (<http://creativecommons.org/licenses/by/4.0/>), which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.



## Chapter 8

# Final Conclusions I: Capitalism as an Unjust System of Socioeconomic Order



As thoroughly outlined in Chaps. 1 to 3, from the sixteenth century onward, one economic system became decisive in shaping the global socioeconomic order, specifically capitalism.

From a historical point of view, capitalism could be indicated as the economic system that, from the sixteenth century<sup>1</sup> onward, emerged out of the relics of feudalism, the latter itself being the system that, at the decline of the Western Roman Empire, had succeeded the Roman slave economy.

The Roman slave economy was strongly agrarian, with production centers taking the form of large domains or estates dedicated to the manufacture of numerous agricultural (and derivative) products, and where labor was mainly performed by slaves. This implied that the economic capital gains derived from such units of production accrued exclusively to the owners of these domains or lands, and that the labor-producing people themselves were owned by these large landowners. Inherently, this led to a dichotomy within society between the elite of (free) landowners and the rest of the population of the Roman empire who generally had slave status. In addition to these two, from a socioeconomic point of view two most important classes, there were of course other population groups, such as soldiers and priests (where the military, after completing a mostly lengthy career in the army, and provided that they survived, were in many cases rewarded with a piece of land, so that they too became part of the class of landowners).

With the demise of the Western Roman Empire came a certain change in this system, albeit not very fundamental in terms of socioeconomic arrangement. In the

---

<sup>1</sup>A sharp caesura is difficult to make, to the extent that capitalism has grown out of certain feudal practices and, in a sense, may be considered the continuation of them. The same applies, incidentally, to feudalism itself, which grew out of, or grafted itself onto, the Roman slave economy. What these systems have in common is that they rely on a division of the people into, essentially, two classes, on one side the class of rulers and on the other side the rest of the population who must mainly provide labor for the benefit of the growth of wealth of the ruling classes.

early Middle Ages, (economic) production remained largely agricultural and was still mainly provided by large estates or domains (which were often the continuation of Roman predecessors). What was new was that the influence of Germanic society structures grafted onto these, resulting in the system of feudalism. Here, the ownership of land or property came into the hands of a feudal lord and the population of such land or property became serfs. A new element in this was that the feudal lord of such a fief was, as a rule, himself the serf of a higher level of authority, ascending to the king of the Germanic realm within which the fief was located.

However, what interests us here above all is the relationship between the serfs at the bottom of the hierarchical ladder and the domain lord to whom they were conscripted. As a rule, these serfs were peasants who acquired a right to use part of their feudal lord's land. Legally, these serfs were not slaves, although their hands and feet were tied to their feudal lord by the bond of feudality. This status of serfs at the bottom of the soci(et)al ladder was, moreover, the status enjoyed by most of the European population.

On the land assigned to him, a serf (together with his extended family) could operate a farm that enabled him to earn a living. The compensation for the right of use granted on the land took the form of a series of obligations, including a duty to transfer part of the agricultural production to the feudal lord, in addition to a duty to meet special requests from the latter. In exchange, besides being able to exploit the assigned piece of land, the serf also enjoyed the protection of his feudal lord.

The economy organized based on this feudal system had with the Roman system in common that it was oriented toward agricultural production, which was intended, in main order, to meet the own (food and other) needs of local communities. Consequently, efficiently run Roman and feudal domains were largely self-sufficient, both for the benefit of the employed population, and of the elite of landowners.

Within these fiefs, only limited (barter) trade occurred, for example in the context of annual fairs during which agricultural surpluses, in addition to certain craft products, were traded across the domain boundaries.<sup>2</sup>

It is hence obvious that in these early feudal systems, trade and the associated monetary transactions did not play a major role. Nevertheless, the feudal Middle Ages also witnessed a class society, with landowners and serfs as the most important classes from a socioeconomic point of view.

In the realm of ideas, it was primarily the teachings of the Catholic Church that were of a nature to help perpetuate this system, with numerous ecclesiastical rules (including the ecclesiastical prohibition of interest) opposing wealth accumulation as an end in itself, which helped ensure that, especially in the first half of the Middle Ages, merchants and money changers, for example, continued to play a limited role only.

---

<sup>2</sup>This is also where the emergence of the celebration of (Catholic) feast days that involved giving gifts to children, such as the feasts in honor of St. Martin or St. Nicholas, in addition to Easter, is situated. These feasts were often situated at the end of harvest periods, which were also ideal times for organizing such fairs.

On the margins, the side note is appropriate here that these fledgling, feudal societies conformed, to some extent, to the Platonic ideal of small agrarian communities that were largely self-sustaining and within which trade and monetary transactions played a limited role, on the understanding that Plato presumably would have shuddered at the feudal class division (to the extent that he himself was more in favor of varying land ownership among free citizens).<sup>3</sup>

As the Middle Ages progressed, this gradually changed, with emerging cities becoming a hotbed where merchants and craftsmen settled in order, gradually, to break away from feudal structures. This led to the development of specialized professions of increasingly free people (with the understanding that they in turn organized themselves into merchant associations, such as guilds, which brought with them new, appropriate forms of unfreedom).

This, in turn, was accompanied by the production of increasingly specialized luxury goods that were not so much made for the own use of the producers—such as a given feudal domain or estate—but were instead essentially intended to be traded. Such production of (luxury) goods mainly intended for trade initially occurred both in the traditional, feudal domains, and in the lap of workshops set up by the merchants or artisans themselves.

As a result, trade (and the associated exchange of money) became increasingly important in the second half of the Middle Ages, causing European economies to evolve from purely agrarian economies to economies of mixed agricultural and mercantile character. This evolution was accompanied by a struggle with the underlying legal structures, both with feudalism—from which people settling in cities increasingly wished to evade—and with ecclesiastical commandments and prohibitions (which the emerging class of merchants, increasingly, flouted).

It should in all this be borne in mind that this evolution occurred in practice, not based on economic or political doctrines, but because sections of the population began to advocate ways of life other than those favored by classical feudal and ecclesiastical approaches.

The result of this evolution has been that, in terms of the organization of the socioeconomic order, in addition to the traditional statutes of serfs and (domain) lords, a new group of free(er) citizens emerged who, as the Middle Ages progressed, also claimed an ever-increasing grip on soci(et)al—and later political—developments.<sup>4</sup>

Because these soci(et)al changes relied on very gradual evolutions, rather than on revolutionary upheavals, it is not easy to determine exactly when the feudal models were finally abandoned in favor of the system we refer to in contemporary terms as capitalism, in which large regional differences also played a role.

Thus, in a certain depiction, there is some academic vagueness about a period of pre-capitalism, or pre-capitalist practices, signaling that the feudal system, rather

---

<sup>3</sup>As noted earlier (in footnote 61 of Chap. 7), a variant of this model has persisted in the agricultural areas of numerous European countries through the tenure system.

<sup>4</sup>In our region, for example, the famous Battle of the Golden Spurs (1302) is a well-known (early) expression of this.



than having suffered from a sudden caesura, gradually flowed into the system we describe in contemporary terms as capitalism.

This gradual transition from feudal to (pre)capitalist societies was accompanied by an increasing use of a legal apparatus that, at the beginning of feudal times, showed barely any relevance, to gradually increasingly determine the appearance of late medieval and pre-capitalist societies, including (1) increasing trade; (2) increasing use of money (including the emergence of models of private money creation); (3) a system of renting out labor in exchange for money (rather than employment on a feudal estate), and (4) an increasing reliance on the company/corporate model as a form of organization for merchant and industrial enterprises.

One can even imagine that in the heyday of feudalism, the average person hardly encountered money and trade. Such an average man was either a serf or a member of the elite of feudal lords and spent (most of) his life on a feudal estate set up to be self-sufficient. The serf and his household lived off the proceeds of their farmstead, part of which was ceded to the feudal lord. For what a serf himself did not produce on his farm, there was limited (barter) trade with other serfs, whether from the same feudal domain or not. The feudal lords themselves could meet their own needs from the portions of the proceeds that their serfs handed over to them.

As more and more luxury goods saw the light of day, trade also increased (with the underlying question of what facilitated what), which in turn led to a class of merchants who specialized in the trade of such luxury goods—which were luxurious either because of, for example, their exotic nature, which implied that they could not be produced locally, or because of the production process required, such as a special skill in craftsmanship.

Around the corner, the notion of created wants came into play, since many of the goods thus traded were not essential to life, such as luxury linens and decorative goods, as well as exotic foodstuffs (spices, for example).

Because the production and trade of such goods, by definition, transcended domain boundaries, this trade itself started to rely, increasingly, on the use of money.

As a result, the rise of commerce in the second half of the Middle Ages was accompanied by an intensification of monetary transactions, which led to the emergence of an increasing number of professions that dealt with monetary transactions (from which modern, private banks grew).<sup>5</sup> This in turn provided an instrument that further eroded feudality, since such transfers of goods in exchange for money were no longer based on feudal agreements, but instead on monetary transactions.

These evolutions also got accompanied by a breakthrough of hoarding money as a system of wealth accumulation (where before wealth accumulation mainly took the form of land ownership).

This in its own turn provided a further tool of (pre-)capitalism, specifically money use as an increasingly accepted system for the payment of all types of goods and services. As we have explained in detail in previous work, this evolution was in turn accompanied by the emergence of a new type of money creation, in which, in

---

<sup>5</sup>Cf. Byttemier (2015a), p. 35.

addition to coinage, the creation of which in most cases continued to sort under the authority of (local) lords or sovereigns, privately emitted paper money gradually saw the light of day.

This (private) paper money creation soon provided a major stimulus for further trade expansion (and, therefore, for the resulting, modern-day economic growth model).

Initially, such use of money was mainly situated between merchants themselves, besides between merchants and domain lords. Indeed, to the extent that the production of goods initially still largely occurred in the bosom of feudal domains, it was the feudal lords who received the sums of money in exchange for the manufactured goods (and not the craftsmen who still had the status of being mere serfs).

However, a reversal began to occur here as well, in which the workmen engaged in the production of the goods being traded were no longer serfs of feudal domains, but people who began to rent out their labor in exchange for money. Exactly what factors brought about this transition is not entirely clear. Perhaps there was a growing part of the population that, for distinct reasons—such as warfare (e.g., soldiers returning from the Crusades), crop failures, the perishing of feudal domains, ...—no longer enjoyed a fixed status within the feudal system and felt compelled to earn their livelihood by other means, thus in their own way contributing to the increasing urbanization of European societies. Those settling in urban areas eventually no longer belonged in a feudal domain and were consequently no longer employed in their own homestead, provided to them by a feudal lord, but had to start making a living by other means. It was this part of the population that was increasingly being picked up by, for example, production workshops or early factories belonging to merchants or artisans themselves.

In this way, the non-money-based system of feudal production was gradually replaced by a system of production in which people who made their labor available to a producer received a sum of money as compensation.

These practices established a second important tool of capitalism, especially wage labor, which had already become widespread in large parts of Europe by the sixteenth century.

As the production of goods increasingly served to be traded in exchange for money (rather than as part of the production of self-supporting domains) and the production processes increasingly relied on workers receiving a sum of money in exchange for their labor (rather than on serfs of a feudal domain), and as the demand for goods produced and traded in such a manner increased, the need for large-scale production also grew. This, in turn, was accompanied by a search for suitable legal models, to which we owe the reintroduction and the ever-increasing success of the legal figure of the (capital) company/corporation, because of which the industrial and commercial enterprises that in the course of the sixteenth century left an ever-increasing mark on European societies could henceforth be organized under the company/corporate form.

With this cocktail of legal instruments—trade, the use of money, private money creation, salaried labor, and the company/corporate form—from the sixteenth century onward, socioeconomic organization got, increasingly, underpinned by models

that gave birth to capitalism, albeit aspects of the feudal models of organization themselves remained in parallel.

As a result, European societies from the sixteenth century onward, in terms of their socioeconomic organization, took on a mixed appearance: partly (still) feudal and partly (already) capitalist.

With this, European societies evolved from agrarian societies, in which land ownership constituted the main form of wealth (accumulation), to societies that increasingly came to rely on trade in all kinds of luxury goods and on the associated production, and within which money (accumulation) became an increasingly important method of wealth (accumulation).

Subsequent history has been one in which the capitalist forms of organizing the socioeconomic order became even more important—and got further refined—while the remnants of feudalism declined even further in importance, an evolution that would eventually be perpetuated, politically, by the revolutions of the late eighteenth and early nineteenth centuries. These revolutions would lead, throughout the Western world, to the establishment, at the political level, of so-called bourgeois-liberal states and, at the socioeconomic level, of industrial-capitalist economies.

Over the course of the nineteenth and twentieth centuries, these political and socioeconomic models of society would continue to crystallize, albeit efforts were made, primarily in the political dimension, to increase the participation of parts of the population that were underrepresented in the original bourgeois-liberal state models, including, in general, lower classes of the population, women and minority groups (e.g., ethnic minority groups).

This resulted in a model of state organization that came to be known as liberal democracies, in which every (adult) member of the population can participate through the exercise of a right to vote and through joining political parties in the hope of acquiring a representative political mandate, although in practice it appears that especially the latter is not evident for those belonging to the lower, soci(et)al classes.

In terms of the socioeconomic organization of these bourgeois-liberal societies, however, the enthusiasm to push for models establishing greater equality has been a lot less.

The previous chapters have already explained, from various perspectives, that the mechanisms and methods of capitalism, inherently, create a dichotomy within societies between an elite class of entrepreneurs and bankers (supplemented by a number of professional groups that support their interests, including liberal professions, politicians, ... ) and the large masses who have become increasingly dependent for their livelihood on the renting out of their labor for a fixed fee (wage).<sup>6</sup> Although the latter phenomenon began to occur as early as the sixteenth century, because of the forces of capitalism, this polarization of global societies reached its height especially during the 18<sup>th</sup> and 19<sup>th</sup> centuries.

---

<sup>6</sup>A masterful paraphrase of this can be found in G. Orwell's novel 'Animal Farm'.

More poignantly, this polarization also occurred in what is known as the North-South relationship, in other words, in the relationship between a limited group of rich to very rich (generally Western) countries and the so-called developing countries.

Indeed, starting with the sixteenth-century conquests by various European countries of overseas territories and the ensuing colonialism, the relationship between these two groups of countries, to a large extent, has been characterized by an attitude of systematic exploitation, in which the entrepreneurial world of various Western countries, has taken license to systematically deprive the group of poor countries of their own natural resources (including, in the period when slavery was still going on, even the population of these countries). Although over the course of the twentieth century this systematic exploitation was increasingly masked, the relationship between these two groups of countries remains to this very day fiercely marked by currently still prevailing (capitalist) models of exploitation.

In the Western countries themselves, the polarization has mainly had an internal effect, with their populations since then divided into two broad classes (with entrepreneurs and bankers at the top, and at the bottom the class of people who depend on providing labor for providing a livelihood).

Just as within the political sphere, efforts have been made within the socioeconomic sphere as well to somewhat reduce the outgrowths of capitalism, with in the Western countries themselves, especially in the period after World War II until the 1970s, the experiment of expanding the model of the welfare state, which, through the installation of public services and social security mechanisms, attempted to give capitalism a more human face, however without abandoning the model of dividing the population into classes itself.

On the merits, capitalism continued to have in common with the earlier feudal system—and with the Roman slave economy that preceded it –, the fact that it relies on a division of humanity into a limited class of rulers and the rest of humanity, the latter class being completely subordinated to the economic interests of the former class.<sup>7</sup> However, the models also exhibit important points of difference, the main ones being that, in the political-legal sphere, capitalism relies on a legal model in which (most) people are (legally) free, whereas the earlier feudalism and slave economies were based on serfdom, respectively slavery, and, in the economic sphere, capitalism has lent itself much more to economic growth and progress than either of its predecessors, mentioned above.

However, this does not prevent capitalism from creating and sustaining societies characterized by gross inequality and a high degree of unfreedom. Inequality is particularly evident in the fact that the fruits of the economic growth and progress

---

<sup>7</sup>In this second class of people, further (evolving) subdivisions are possible, whereby, especially under validation of the welfare state model, a so-called middle class emerged, essentially a class of people who, because of a multitude of factors, have managed to acquire a slightly better standard of living than the lower classes. However, it appears that as economic neoliberalism increasingly succeeds in further dismantling the welfare state model, the middle classes are increasingly disappearing in various Western countries.

that capitalism has made possible are distributed in a totally unequal and unjust manner among the global population. The unfreedom is especially evident in the fact that the bulk of the world's population is condemned to a perpetual necessity to rent out its labor, which makes living in capitalist societies, synonymous with having to perform labor for life and for external purposes only, in particular to continually increase the wealth of the entrepreneurial and banking classes.

In this sense, within capitalism, the game of domination, while being played somewhat more subtle than under its two predecessors (feudalism and slave economies), is no less problematic.

Perhaps most distressing of all is the fact that over the past centuries capitalism has succeeded in becoming the all-dominant economic system on Earth, so that there are hardly any countries or territories left that are not exposed to its principles, mechanisms, and working methods, to a greater or lesser extent. This has been further facilitated by the governments of numerous countries which, in recent times, have increasingly adopted the recipes of economic neoliberalism, thereby further strengthening the power of capitalism.

A peculiarity of capitalism that should not be underestimated is the extent to which it has succeeded in elevating the pursuit of money to a central, soci(et)al value, if not the only one still in force.

Whereas initially this was still, in main order, the result of practical revolutions (cf. the pre-capitalist practices based on money use and leading to accumulation of monetary wealth), from the seventeenth–eighteenth century onwards, the pursuit of money would become the central, soci(et)al value in the realm of ideas as well, thus completing the break with earlier, more idealistic models of society.

Earlier in this book, the caesura in human thinking about socioeconomic processes and relations that occurred in parallel with the breakthrough of capitalism has been pointed out in more detail already. (Cf. Sects. 1.2 and 2.2)

Indeed, beforehand in history, philosophy and religion had warned against the dominance of the pursuit of money (with the most striking illustration being the message of the Gospel of Jesus Christ that man is faced with the choice between serving the Mammon, or money devil, or serving God, not being able to choose—and serve—both at the same time).

However, as pre-capitalist practices, increasingly, came to define socioeconomic relations, an important turning point started to occur in the realm of ideas as well, with first Calvinism, and later strains within rationalism, increasingly playing the card of the pursuit of money (and less and less the card of organizing societies based on love and friendship, or similar, idealistic notions).

This interplay between evolutions of practice, such as (1) the rise of private money creation by the forerunners of today's private banks, (2) the breakthrough of the leasing of labor for a fixed fee as an alternative to the feudal system, and (3) the breakthrough of the capital company/corporation model as a mechanism for shaping enterprises, with a validation in the realm of ideas of the money pursuit motive as the highest soci(et)al value, would from then on prove crucial in the further breakthrough of capitalism as the dominant economic model.

In doing so, capitalism also became the model of socioeconomic order that pre-eminently succeeded in confirming Plato's prophecy that, as the use of money would increasingly gain importance within societies, such societies would become increasingly unequal and unjust.

And thus, in post-feudal societies, under the validation of philosophical currents that would eventually evolve into contemporary economic sciences, money accumulation grew to become the most central value, to which all other values were eventually subordinated.

Gradually, all interpersonal relations also got based on the exchange of a sum of money (and the associated contractual relations). This evolution was both qualitative (= more and more interpersonal relationships were based on the exchange of a sum of money) and quantitative (= more and more areas on Earth were, increasingly, subjected to this approach).

In addition, all other values were subordinated to the pursuit of money itself, ranging from the relationship to one's fellow man (which finds its expression, among other things, in the hierarchy of values between labor and capital), to the relationship to the entire environment. In one representation, it even reads that all soci(et)al transactions have been reduced to behavior involving the spending of money.<sup>8</sup>

This sacrifice of all other values to the pursuit of money would not be without consequences, albeit that the supporters of capitalism—including the liberal and neoliberal economic schools that support capitalism—themselves have since then largely remained blind to the many problems created by the capitalist, economic model.

In the contemporary context, it has nevertheless become impossible to ignore the fact that capitalism itself fails to provide adequate solutions to the many problems it has created, the main of which are: (1) the spoiling of the environment (with the resulting climate change, the seriousness of which has still not dawned on the adherents of the ideologies that have shaped and continue to sustain capitalism); (2) the unjust socioeconomic order it has shaped (characterized by great inequalities and numerous forms of polarization); (3) the fact that the majority of humanity is unhappy with the high degree of unfreedom and inequality on which capitalism relies, in addition to, in recent times (4) a multitude of economic problems and crises for which no solution is in sight (such as the unusually large debt of both countries and individuals, rising inflation, a severe energy crisis, ...).

This realization is not new and has already resulted in past attempts to improve capitalism or replace it with alternative models of organizing the socioeconomic order. Perhaps one of the most valuable attempts to improve capitalism were the attempts made in the period after World War II until the 1970s to create so-called welfare states, which involved the establishment of mechanisms to allow for a more equitable distribution of the wealth created by the economy among the entire

---

<sup>8</sup>A full feature film focusing on this theme is the film 'Captain Fantastic'. (Cf. <https://www.imdb.com/title/tt3553976/>), which features an American family opposed to the capitalist way of life.

population. In addition, the attempts to introduce so-called communism in certain countries testified to a similar intention to provide a real alternative to capitalism.

Both these attempts have largely failed.

Notwithstanding its great merits, from its inception the experiment of the welfare state has been territorially limited to a limited group of countries, especially then in the Western world, so that the (temporary) success of this model has partly grafted itself onto the hood of systems of exploitation of other countries, including especially the developing countries. In addition, economic neoliberalism, (especially) from the 1980s onward, in several of the countries that had adopted the welfare state model, pushed for its (gradual) dismantling.

In a similar vein, the introduction of communism did not happen smoothly either. Instead, it was accompanied by various, appropriate problems and injustices, so that the question arises whether it really achieved better models of society. It is, for instance, typical that in numerous former communist countries, communism eventually had to be abandoned, while in those countries where communism has survived, it is often supported by dictatorial, political regimes.

All this is of a nature to help explain the chaotic situation in which the world currently finds itself, with the key question being how long collective humanity will remain blind to the destructive forces that have emanated from capitalism.

Even the threat of climate change, in addition to the fact that some researchers have in recent times warned that human civilization itself is on the verge of collapse (cf. Chap. 3), still does not seem to be of such a nature as to make the advocacy of alternative models of socioeconomic order, sufficiently serious.

However, it does appear that the issue is becoming increasingly alive, with academia, alongside certain protest movements in various countries, taking the lead, but with the business and policy world itself still not fully convinced of the need for sufficiently drastic action.

In our opinion, the time for patching up certain excesses of capitalism is over. Just the increasingly urgent message from the scientific community that the consequences of climate change are still barely foreseeable, should be enough to start taking the situation seriously and to make the search for alternative socioeconomic order models an absolute priority.

This is already the research approach we have made our own over the past decade, whereby it can be noted that, where one of our early works in this regard (specifically the book: 'De onvrije markt' (2015))<sup>9</sup> still led to an admittedly laudatory book review in which we were called (by analogy with John the Baptist) a 'caller in the desert',<sup>10</sup> our research findings can now boast of an ever-increasing resonance.<sup>11</sup>

---

<sup>9</sup>Cf. Bytbeier (2015b).

<sup>10</sup>Cf. Harm (n.d.).

<sup>11</sup>Meanwhile, our work 'How economy became the problem' (cf. Bytbeier (2021)) is available in English (cf. Bytbeier (2021)), Dutch (cf. Bytbeier (2022b)), Russian (cf. Bytbeier (2022c)), and Spanish (cf. Bytbeier (2022d)). Versions in other languages are currently in preparation.

As for the content of our reform proposals that aspire to reform capitalism to its deepest roots—going back to the model of private money creation and the monetary system based on it –, reference can be made to the previous Chaps. 4 to 7, as well as to our previous work.<sup>12</sup>

Let us hope that these—or similar—proposals will be seized upon with a view to building a new, global model of socioeconomic organization, in which altruism or solidarity, rather than the pursuit of money, will become the central soci(et)al values, along with a genuine concern for the wellbeing of the Earth and all the life forms it contains. How this might allow a new type of society to be built has already been thoroughly discussed throughout Chaps. 4 through 7. In the (Final) Chap. 9, some final conclusions will be drawn based on this discussion.

## References<sup>13</sup>

- Byttebier K (2015a) Nu het gouden kalf verdrongen is. Van hebzucht naar altruïsme als hoeksteen voor een Nieuwe Monetaire Wereldorde. Maklu, Antwerp
- Byttebier K (2015b) De onvrije markt. Garant, Antwerp
- Byttebier K (2017) Towards a new International Monetary Order. In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol I. Springer International Publishing, Cham
- Byttebier K (2018) The unfree market and the law. On the immortality of making capitalism unbridled again. In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol II. Springer International Publishing, Cham
- Byttebier K (2019) The tools of law that shape capitalism (and how altering their use could give form to a more just society). In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol IV. Springer International Publishing, Cham
- Byttebier K (2021) How economics became the problem (an urgent call to legal action). In: Byttebier K, Van der Borgh K (eds) Socioeconomics & law – making a stance for changing values, vol I. VUBPress, Brussels
- Byttebier K (2022a) Covid-19 and capitalism (success and failure of the legal methods for dealing with a pandemic). In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol VI. Springer International Publishing, Cham
- Byttebier K (2022b) Hoe economie het probleem werd. En wat eraan te doen valt. In: Byttebier K, Van der Borgh K (eds) Socioeconomics & law – making a stance for changing values, vol I II. VUBPress, Brussels
- Byttebier K (2022c) Как экономика стала проблемой (и что с этим делать). Publisher Prospect (Прспект)
- Byttebier K (2022d) Cómo la economía se convirtió en el problema: Y qué hacer todavía al respecto. Editorial Académica Española
- Harm B (n.d.). Een anti-neoliberaaal manifest van een roepende in de woestijn. <https://www.civis-mundi.nl/index.php?p=artikel&aid=3275>

<sup>12</sup> Cf. Byttebier (2015a, b, 2017, 2018, 2019, 2021, 2022a, b).

<sup>13</sup> All links to the cited websites were operational as of December 24, 2022.



**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution 4.0 International License (<http://creativecommons.org/licenses/by/4.0/>), which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.



# Chapter 9

## Final Conclusions II: Establishing a New Monetary Order as a Foundation for a New Type of Societies



### 9.1 General

After more than two (= industrial capitalism) to four (= mercantile and industrial capitalism combined) centuries of capitalism, the balance sheet is far from rosy, at least for those who, averse to ideology, are willing to take a sober and honest look at what capitalism has brought about.

On the plus side is the fact that capitalism has brought relative prosperity to a (limited) part of the world, especially then in the so-called Western world.

On the minus side, capitalism has created many serious, societal and other problems that go unsolved under the dictates of capitalism itself.

Among the main of these problems are:

- (1) The fact that capitalism, as a system of socioeconomic ordering, proceeds entirely unplanned, leaving socioeconomic processes as much as possible to the free market, *ergo* to the game of free contracting, with the result that the resources of the planet and much of humanity, are engaged in a merciless process of production for the sake of production (and of consumption for the sake of consumption), in addition to in an equally merciless competition.
- (2) The fact that, as a result, the world is caught up in an unprecedented environmental problem which manifests itself in countless areas, including climate change.
- (3) The fact that capitalism has led to a system of exploitation of the great masses by a small elite of entrepreneurs (including bankers), in addition to the fact that this has created a dichotomy between rich and poor (which, moreover, under impetus of economic neoliberalism, is even more pronounced to the extent that previous methods of correction to unbridled capitalism are systematically abandoned). This is true both in the relationship between countries and within national boundaries.

In recent times, the foregoing has led to the understanding that capitalism is a system that provides the top 1% of the world's population with very great wealth, the top 15% of the world's population—more or less corresponding to the Western population—with relative prosperity, and the rest of the world's population, with relative to extreme poverty. Capitalism, in addition, has, increasingly, come at the expense of the well-being of the Earth itself.

Driven by economic neoliberalism, these intrinsic characteristics of capitalism have, over the course of the past half century, been magnified even further, with virtually all the socioeconomic and legal mechanisms that help shape the socioeconomic order being transformed to such an extent that they have come to emphasize even more these peculiarities of capitalism.

This turns capitalism in the broad sense—including the legal order that helps define the appearance of capitalism—into a system that quasi-unilaterally serves the interests of a small group within society, especially those of the class of entrepreneurs (including the bankers), at the expense of all other interests, including those of the Earth itself and of the rest of the global population.

It is, furthermore, obvious that such a system relies on an extremely utilitarian view of mankind, within the framework of which most of humanity exists only to contribute to the economic system, and in which (as good as all) other dimensions of human existence have been pushed entirely into the background.

Finally, this awareness has been present for an exceedingly long time. Thus, in earlier times, the warning, for example from the mouths of historical figures such as Plato and Jesus Christ, sounded that mankind should beware of letting economic interests take precedence over other values. In more recent times, human scientists such as Erich Fromm and Herbert Marcuse, among many others in various fields of the human sciences, no longer formulated a warning, but pointed out the harsh reality of man's place within the capitalist order.

Still, virtually nothing has been done with all these insights. On the contrary, the implementation of the ideology of economic neoliberalism has magnified matters even further, while, worldwide, the many national governments and international organizations that adhere to this ideology continue to pretend that nothing is wrong with it.

As a result, over the past decades, the many problems of capitalism—which we ourselves have been addressing for some time<sup>1</sup>—have been magnified beyond all rational proportions: (1) Environmental pollution (resulting in climate change) is continuing apace and is now also making itself felt in the socioeconomic context in many areas (with phenomena such as hunger, floods and drought, the latter even already compelling large parts of countries' populations to migrate); (2) the mountains of debt of countries, both private and public, are growing steadily; (3) the polarization between rich and poor continues in the same vein; (4) hunger and poverty continue to prevail; ...

---

<sup>1</sup> Cf. Byttemier (2015a, 2015b, 2017, 2018, 2019, 2021, 2022).

One of the few bright spots seems to be that an increasing proportion of humanity is increasingly fed up with capitalism. However, for now this manifests itself mainly in the form of a number of rather confused symptoms, such as, for example, the fact that in the United States of America, as of 2021, massive numbers of people have voluntarily resigned from jobs of which they no longer see the point, in addition to occasional protest demonstrations taking place here and there, but with no real alternatives in sight, except for proposals for change formulated in academic circles.

The wait is for a translation of this growing awareness that things cannot continue like this into a sufficiently broad—and, hopefully, international—political movement that could bring about the necessary changes.

What is in any case clear here is that the ruling political elites themselves show little or no willingness to initiate such a change, but on the contrary, crisis after crisis, continue to resort mainly to the same neoliberal recipes that do not solve the many problems caused by capitalism, but only make them worse.<sup>2</sup>

To this end, it is all the more striking to note the insistence on socioeconomic organizational mechanisms that, by now, have remained virtually the same for over four centuries, including: (1) The model of private money creation that has placed the power to determine the ins and outs of the economy largely in the hands of the private banking sector; (2) The post-feudal social model of employment in which, on the basis of a perverse work ethic, the great masses have been reduced to the work cattle of the economic and political elites (where it has already been pointed out by certain authors that this system amounts to a new feudal system); (3) The primacy of the economy, as the political guideline for all economic and other policies, both at national and international levels; (4) A legal organization increasingly geared to serve only the interests of the entrepreneurial class (including the bankers), the most characteristic examples being the principle that all socioeconomic organization should be based on private contracting, in addition to the model of company/corporate law that serves to channel, as far as possible, the capital gains generated by the economy to the wealthy entrepreneurial class; and (5) A corresponding taxation system that places the burden of financing public action as much as possible on the low and middle classes (and as little as possible on the rich, entrepreneurial class and their enterprises themselves).

Obviously, such a system is no longer sustainable; at the very least, humanity and the Earth deserve much better.

Moreover, if we contrast the stagnation of the socioeconomic mechanisms that together have shaped capitalism since the sixteenth to seventeenth centuries with the incredible technological developments that occurred since then, the question remains why human intelligence, which has proved capable of such technological progress, has been so reluctant to work in parallel on better—and, above all, both more equitable and sustainable—systems of organization of society itself.

---

<sup>2</sup>A recent example concerns the disappointing results of the 2022 Climate Change Conference, Cop27. (Cf. Sect. 3.1.4.2.10.)

Still, there is much to be gained by looking for alternatives, which we shall try to illustrate below with an exercise in thinking about a potential future for man within the new monetary—and by extension: economic—order we have been advocating in our work since 2015,<sup>3</sup> which could take shape from the therein proposed NMWO. (Cf. Chaps. 4–7)

## 9.2 Possibilities of Our Newly Proposed Money Creation System

As already explained in the previous chapters (cf. especially Chap. 7), one of the worst consequences of capitalism for the individual (who does not belong to the wealthy entrepreneurial classes) is the complete dependence on employment by the entrepreneurial sector (besides other sectors of societal life which have become derivative of it).

Indeed, anyone who wants to survive in capitalist societies must have a sufficient income to support them. In accordance with the principles and working methods of capitalism, there are only two major methods of having such an income. Moreover, it turns out that these two major methods each correspond to one of the two social classes into which capitalism has divided humanity, although in theory both methods of acquiring an income are accessible to everyone (i.e., to members of both classes).

The first of these methods is the acquisition of income by what, in a generic sense, could be described as the hiring out of one's own labor. This is the method most accessible to the great masses, *ergo* to the class of the employed.

After more than four centuries of capitalism, the bulk of humanity has become completely dependent on this first method, even to the extent that for many, living has become synonymous with having to chronically rent out one's labor—or, phrased differently, to work —, on the understanding, however, that there are great differences between countries. Indeed, as a function of various factors—the common denominator being the extent to which the forces of democracy have succeeded, or failed, in implementing and preserving aspects of the welfare state model—there are countries in which the income from employment allows a relative prosperity, which the entrepreneurial class in turn tolerates for both political (= soci(et)al peace) and economic (= providing the population with sufficient purchasing power) reasons. However, there are also many countries in which the average income from employment is kept low, with the result that a substantial proportion of the world's employed population keeps balancing on the poverty line (and in many cases even falls below it).

---

<sup>3</sup>Cf. especially Bytbeier (2015a, 2017), besides the other of our work mentioned in the References below.

The second of these methods is the acquisition of entrepreneurial income, which legally translates as income from capital (or investments). Here, the entire logic of the capitalist economic system is to channel the bulk of economic capital gains to such (initial or subsequent) capital providers of the entrepreneurial system. Mindful of the principles of capitalism, this second method of income generation is primarily one open to the class of entrepreneurs.

Under liberal—and later in time, neoliberal—ideologies, every individual, in theory, has the choice between the two methods. This theoretical freedom of choice even constitutes the true tome of the liberal idea of freedom. Thus, anyone is free to go into business (and assume the associated entrepreneurial risk), or to choose employment in a subordinate capacity. It is also in this area that the meritocratic attitude of this ideological framework of thought makes itself felt: it is thereby believed that the best in society (in terms of intelligence, manpower, perseverance, and so on) will opt for entrepreneurship and in this way exercise their beneficial effect on the world, while the less fortunate will also benefit from these efforts because they will be employed by the business world, in exchange for a fixed wage that will give them access to the wealth thus created by the business world (i.e., the so-called trickle-down economics).

After (more than) four centuries of capitalism and almost half a century of implementation of economic neoliberalism, pretty much the entire economic and legal system, worldwide, is aligned with this framework of thought, resulting in a socio-economic order that is essentially not much better than its historical predecessors (notably feudalism, besides earlier civilizations based on models of legal slavery).

What is fundamentally wrong with this model of reasoning, however, is that within it there is no consideration at all the probability lottery of life itself. The latter implies that it is not so much individual merits that determine a person's life chances, but rather their birth. As a result, in most cases, it is not 'the best'—whatever this term may mean—who find their way to becoming entrepreneurs—*ergo* to become one of those who exploit the rest of humanity and the Earth itself—, but rather those for whom this path is paved because of their birth in a wealthy family, which, in the inherently competitive race of capitalism, most determines the later course of life.

A second false—and possibly even more questionable—premise on which capitalism is based is that there must be ever more economic growth, *ergo* ever more production and ever more consumption, a premise on which the entire capitalist model is based and which, in turn, also explains why everything on Earth—natural resources, as well as the class of people employed—must contribute to it, at any cost.

The alternative model of money creation that we have already proposed in some of our earlier work<sup>4</sup> could help provide a way out of both of these false premises and the resulting fundamental problems capitalism has created, which in itself is not surprising to the extent that the prevailing capitalist system of money creation is one of the most essential mechanisms underpinning capitalism and thus in co-determining the various problems into which capitalism has plunged the world.

---

<sup>4</sup>Cf. Byttebier (2015a, 2017).

Our newly proposed model of money creation could be useful primarily for underpinning a smaller-scale economy, in which, unlike capitalism, economic growth for the sake of growth, production for the sake of production, and consumption for the sake of consumption, would no longer constitute central objectives of monetary and economic policy, but rather sustainability and a sufficient awareness of the limitations of the planet.<sup>5</sup>

Incidentally, the latter, as aforementioned, is not even an utterly new realization. Already in 1972, the Club of Rome formulated exactly a similar message in its report *Limits to Growth*, albeit said report has since then completely been ignored by the ruling classes of entrepreneurs and the politicians they appoint. (Cf. Sect. 3.1.4.2.)

Under our newly proposed monetary model, money creation could henceforth take place to help achieve this objective of a more modest and more sustainable economy.

It is obvious that this would also have an immediate impact on employment.

For instance, in the transition to more modest and sustainable economies, employment policies could finally be adapted to technological progress. Indeed, already in the 1930s Keynes formulated the observation that, due to technological progress, working hours for the average person would become less (up to 15 h/ workweek).<sup>6</sup> In a recent past, the physicist Hawking also expressed a similar viewpoint.<sup>7</sup>

According to the opinions expressed by these two leading scientists in their respective, scientific disciplines, the fruits of technological progress should benefit everyone and not, as under prevailing capitalism, translate only into ever greater entrepreneurial profits for the benefit of the ruling, economic classes.

Also notable is the large span of time that has elapsed between the time each of the two prominent academics formulated their opinion, specifically Keynes in the 1930s and Hawking in 2016, which immediately implies that over a period of nearly a century, the issues have remained the same, with no significant, policy efforts to do anything about them.

Indeed, little or nothing has so far been done, both at the level of policy making and at the level of socioeconomic practices, to translate technological progress into a corresponding, general reduction in working hours. On the contrary, under the impetus of economic neoliberalism, the opposite has happened: where, for example, in the recent past working arrangements have been made more flexible, this has mainly led to arrangements that allow employers to employ people in a more flexible manner (for example, in terms of personnel status, working hours, possibility of dismissal, and so on), but there is generally no greater flexibility for the benefit of the employed themselves. Another example concerns the fact that, under economic

---

<sup>5</sup>Cf. already in Byttembier (2015a), pp. 268–271, and Byttembier (2017), pp. 358–363.

<sup>6</sup>Cf. Keynes (1930).

<sup>7</sup>Cf. Hawking (2016).

In recent times, this call is beginning to resonate somewhat with efforts to pass the four-day work week in certain jurisdictions and in certain sectors of the economy.

neoliberal policies, throughout the Western world, the retirement age is being systematically raised and the opportunities to stop working early are, in a similar vein, being systematically reduced.

In parallel, it appears that many of the jobs, amount to so-called ‘bullshit jobs’, which has been masterfully demonstrated by David Graeber in his book bearing the same title.<sup>8</sup> In this book, it is argued that the majority of jobs within the ‘neoliberalized’ (especially Western) world lack all meaning, which is not illogical to the extent that an ever-increasing part of the production of goods and services is aimed only at the satisfaction of artificially created needs. In recent decades, this has been evident, for example, in all kinds of jobs that involve coaching, training, evaluation, and similar forms of purported support for other forms of employment, in which recent graduates often come to explain to people with years of experience why they are doing their jobs wrong and how this can be remedied, albeit that, for people who still have jobs with substance, this usually leads to a great deal of additional administration and other formalities (such as attending compulsory, content-free training courses).<sup>9</sup>

Into the same slither fits the endless meeting culture that has afflicted a substantial portion of the employed over the past few decades, whereby—how could it be otherwise—a market of services to learn to meet more efficiently has already emerged (by thus having to meet even more).

All of this, of course, fits into the view of man that has emerged since Calvinism that man exists primarily, or even solely, to work, with this view of man meanwhile—after its adoption in the economic theories that grew out of the Enlightenment schools—having gained passage around the world.

Considering the foregoing, it becomes even more interesting to read that in earlier societies that relied on hunting and fishing, people on average only had to spend a few hours a day working and were quite content with this (cf. Sect. 2.1). In contrast, today’s neoliberal world expects people to spend most of the day (and life) doing their job(s), and most people are not happy about this (cf. Sect. 7.1.3.2.3).

With that, the question becomes what the hell we—i.e., humanity as a whole—have all been doing in allowing such a disastrous socioeconomic order to take shape.<sup>10</sup>

---

<sup>8</sup>Cf. Graeber (2019).

<sup>9</sup>Cf. Stevens (2022), who conducted an interview with lecturer Brenda Froyen of the Arteveldehogeschool, Ghent, in which the latter stated on this subject, as far as the education sector is concerned: “Start doing away with all those intermediate layers of pedagogical advisors, support staff and god knows what other coaches. There are quite a few people working from their desks telling one teacher exactly how to teach. (...) Why don’t those counselors all come and help teach themselves?” (Own, free translation.)

<sup>10</sup>Cf. the similar question with Indian philosopher and religious leader, Paramahansa Yogananda:

Looking at the vast panorama of this world, at the crowds of humanity rushing hot-haste through their span of life, one cannot but wonder what it is all about. Where are we going? What is the motive? What is the best and surest way to our destination? Most of us rush aimlessly, like runaway automobiles, without any plan. Dashing heedlessly along the road of life, we fail to realize if we are on winding devious ways that lead nowhere, or on straight



It is in this debate that the question of universal income belongs. (Cf. already in Sect. 5.2.2) Indeed, to the extent that there would be a push for more reasonable employment models, there will at the same time be a need for a universal income to ensure that everyone, in a dignified manner, will be able to provide for their livelihood (albeit that a perhaps even more utopian alternative might be to push for moneyless societies).

Such a universal basic income could, moreover, allow people to use their labor for the benefit of society in a more rational way than merely for fear of not being able to earn a living otherwise.

Under such a new approach, the meaning of jobs could be improved drastically, which should normally translate into a greater degree of job satisfaction. This could, for instance, take more account of a need for sufficient variety, where flexibility, in other words, would play to the benefit of people (rather than to the mere benefit of the rich classes). Indeed, why not evolve towards an economic model in which people who want to, could change jobs more quickly according to evolving interests and skills?

Moreover, as also argued in our previous work,<sup>11</sup> future methods of labor organization could also take greater account of the findings of biological and medical science, such as the insight that human beings go through life cycles, with the result that there are certain phases in human life in which human beings can be more productive than during other phases of life. These insights could translate into more humane career paths than those currently prevalent under prevailing capitalist models of exploitation, where one can observe that more and more people are unable to cope with the high expectations of the over-competitive free-market system (except, perhaps, by resorting to addictive drugs provided by the overly profit-oriented pharmaceutical industry, including all types of antidepressants, stimulants and tranquilizers, or even illegal drugs).

It is obvious that all this will require a very delicate balancing act to ensure that such an economy, to be created under the proposed NMWO, will not only be sustainable, but at the same time also sufficiently powerful to provide for everyone's livelihood.

The latter will require relying on an apt delineation of the public domain and the private domain, whereby the newly established socioeconomic mechanisms, including a universal basic income, which will together define the new public domain, should not be allowed to hinder the sufficiently free operation of the market in the sectors that will remain in the private domain.

As advocated earlier in this book (cf. Chap. 5), the new public domain could include, in addition to general government operation, the following matters: (1) Care (in the broad sense of the word); (2) Education; (3) Energy, and (4)

---

paths that lead directly to our goal. How can we find our goal, if we never think of it? (Cf. Paramahansa Yogananda (2008), p. 9.)

<sup>11</sup> Byttebier (2018), pp. 271–274.

Infrastructure. The intention would be for the operation of all these sectors to be borne entirely from the periodic allocations that the NMWO will grant to its member states, so that these sectors (1) will acquire a fully public character; (2) will be characterized by a service that is free and accessible to all on an equal footing, and (3) will boast (very large) employment in the bosom of government.<sup>12</sup>

### 9.3 Towards a New Balance Between Employment and Other Life Dimensions

For those who do not belong to the wealthy classes, life in current-capitalist societies is anything but an easy or pleasant task.

Moreover, this fact is all the truer the poorer one is, both at the level of countries, and within countries themselves, at the level of their rich and poor populations.

At the level of actual people, this implies that those who belong to the low classes of poor countries are almost certain to spend their lives in poverty, no matter how hard these people work. Those who belong to the low classes of richer countries have it somewhat better, albeit that the degree to which such richer countries have aligned their policies with the ideology of economic neoliberalism seems to be directly proportional to the wretchedness of the living conditions of the low, social classes in these countries as well.

This immediately raises fundamental questions about the meritocracy principle that, going back to seventeenth century Calvinism, economic neoliberalism continues to uphold. Indeed, reality shows that, within the capitalist socioeconomic order, social, vertical mobility occurs only to a limited extent and that, on the contrary, people continue to function in the class to which they belong. This also implies that those who are born into a lower class will usually have to perform (extremely hard) labor all their lives, without ever gaining a better living standard for themselves.

What is even worse, if possible, is that within capitalism, there is not much other room for other things that matter in a human life, such as friendships, a balanced

---

<sup>12</sup>A crucial matter of concern that may arise in the context of our proposed NMWO relates to working out parameters for measuring the ideal money supply(s).

Regarding the level of money creation for the benefit of the states, this will imply, among other things, the elaboration of an efficient system for budgeting the needs of the states on beforehand, and that, based on such budgets, the central monetary institution will have to decide the exact amounts of annual allocations that will be disbursed to each of the participating countries. (Cf. already in Chap. 4.)

The implementation of such an approach will require a system that ensures that the right balance is struck between the role of technocratic expertise needed to establish an efficient system for measuring the financial needs of states in advance and the way democratic societies should be governed. Regarding the concrete content for which these annual allocations will be granted to the in the NMWO participating states, the treaty(s) establishing this NMWO will have to be based on a sufficiently detailed conceptualization of the tasks of general interest for which said participating states will receive their annual allocations.

family life, participation in volunteer work or, for those who seek it, attention to the spiritual dimension of life.

All this has, of course, been touched upon several times before, for example by Herbert Marcuse who indicated man as a one-dimensional human being, or, more recently, by academic psychologist Paul Verhaeghe who, in his book *'De neoliberale waanzin - Flexibel, efficiënt en gestoord'* (2011),<sup>13</sup> has painted a grim picture of a (literally) sickening performance society, in which, in the Western world, an unprecedentedly large number of people suffer from severe psychological problems caused by the pressures created by neoliberal principles (in which any human being has become subservient to the goal of making the financial elites of capitalist societies as rich as possible).

In a similar vein, anthropologist Rik Pinxten has argued that the (alleged) success of the neoliberal model is primarily one of interaction with an increasing degree of inequality, in which the modal human being is stripped of anything even remotely valuable and interesting, including one's ethical, aesthetic and political dimensions. According to Pinxten, this has resulted in an ever-expanding devaluation of life quality in which, in the end, only the economic sphere remains, and people themselves are degraded to being mere producers or consumers (and, in the latter case, laborers at the service of economic production).<sup>14</sup>

In the new monetary system and new socioeconomic models that we advocate, based upon, amongst others, a universal basic income and new models of employment (cf. in the previous Chaps. 4–7), these other dimensions of life could be increasingly addressed. An ideal goal could be to drastically shorten work weeks—for example, to a maximum of three working days and 15 h per work week (Cf. already Keynes)—and to model people's degree of employment as a function of the human life cycle.<sup>15</sup> (Cf. already in Chap. 8)

The coherence of our proposals is evident: the lower level of employment will obviously have to be accompanied by reduced levels of production, and especially by a reduced level of production of intrinsically meaningless products (cf. the so-called 'created wants'), as well as by a reduced level of provision of intrinsically meaningless services (cf. the so-called 'bullshit jobs').

All this comes down to a rationalization of the model of production for the sake of production (and consumption for the sake of consumption). In turn, such a downsizing of the economy to more reasonable proportions will naturally have repercussions on the size of entrepreneurial profits, which presupposes that the historically ever-expanding greed of the wealthy classes would be reduced to reasonable proportions.

In other words, any alternative approach of establishing a new socioeconomic order should be sufficiently holistic. The reason for this is that the processes and methods that make up capitalism have themselves emerged organically and

---

<sup>13</sup>Verhaeghe (2011).

<sup>14</sup>Cf. Ongena (2014).

<sup>15</sup>Bytтеbier (2018), pp. 271–274.

interrelatedly, implying that an alternative approach will also require such sufficient coherence.

For the world's rich (= the top 1% of the global population), this will mean that they will have to settle for less wealth (and less polarization between rich and poor).

For the average Western man (= the top 15% of the global population), this will mainly require a surrender in terms of (pointless) consumption, with the upside that people belonging to this top 15% will henceforth be much less exploited by the economic system as well.

For the average person belonging to a poor country (= the bottom-85%), the main advantage could be that a true socioeconomic buildup will be able to take place, with which hopefully parts of the injustice of centuries of colonialism, slavery, and post-colonial exploitative practices, will be finally righted.

## References<sup>16</sup>

- Byttebier K (2015a) Nu het gouden kalf verdrongen is. Van hebzucht naar altruïsme als hoeksteen voor een Nieuwe Monetaire Wereldorde. Maklu, Antwerp
- Byttebier K (2015b) De onvrije markt. Garant, Antwerp
- Byttebier K (2017) Towards a new international monetary order. In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol I. Springer International Publishing, Cham
- Byttebier K (2018) The unfree market and the law. on the immortality of making capitalism unbridled again. In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol II. Springer International Publishing, Cham
- Byttebier K (2019) The tools of law that shape capitalism (and how altering their use could give form to a more just society). In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol IV. Springer International Publishing, Cham
- Byttebier K (2021) How economics became the problem (An urgent call to legal action). In: Byttebier K, Van der Borgh K (eds) Socioeconomics & law – making a stance for changing values, vol I. VUBPress, Brussels
- Byttebier K (2022) Covid-19 and capitalism (success and failure of the legal methods for dealing with a pandemic). In: Byttebier K, Van der Borgh K (eds) Economic and financial law & policy – shifting insights & values, vol VI. Springer International Publishing, Cham
- Graeber D (2019) Bullshit jobs : the rise of pointless work, and what we can do about it. Penguin Books Ltd, London
- Hawking S (2016). This is the most dangerous time for our planet. The Guardian.. <https://www.theguardian.com/commentisfree/2016/dec/01/stephen-hawking-dangerous-time-planet-inequality>
- Keynes JMK (1930) Economic possibilities for our grandchildren. In: Keynes JMK (1963) Essays in persuasion. W.W. Norton and Company, New York, pp 358–373. Also at: <http://www.econ.yale.edu/smith/econ116a/keynes1.pdf>
- Ongena C (2014) Antropoloog Rik Pinxten roept op tot verzet – ‘Het oude kastendenken is terug’. Knack 26:44–45
- Paramahansa Yogananda (2008) Inner peace. How to be calmly active and actively calm. Self-Realization Fellowship, Los Angeles

---

<sup>16</sup>All links to the cited websites were operational as of December 24, 2022.

Stevens J (2022) Lerarenopleider Brenda Froyen: 'Meer geld in het onderwijs pompen? Schaf eerst al die adviseurs en coaches af'. De Morgen, 11 juni 2022. <https://www.demorgen.be/nieuws/lerarenopleider-brenda-froyen-meer-geld-in-het-onderwijs-pompen-schaf-eerst-al-die-adviseurs-en-coaches-af~b6c1fab1/>

Verhaeghe P (2011) De neoliberale waanzin – Flexibel, efficiënt en... gestoord. VUBPRESS, Brussels

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution 4.0 International License (<http://creativecommons.org/licenses/by/4.0/>), which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

