

A sepia-toned photograph of a woman in a light-colored, button-up blouse operating a large, complex mechanical computer. She is focused on adjusting a component on a panel of the machine. The room is filled with rows of similar mechanical computer units, creating a sense of a busy, early 20th-century computing environment.

# Is capitalism “mutating” into an infotech utopia?

Review: Paul Mason’s Post Capitalism: A Guide to Our Future

Ann Pettifor  
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**Prime**

# **Review: Paul Mason's Post Capitalism: A Guide to Our Future**

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By Ann Pettifor

(Notes for a speech – [PostCapitalism: Envisaging A Shared Future](#) with Paul Mason and Phillip Blond at St. Paul's Cathedral, 3<sup>rd</sup> November 2015)

## Introduction

This book is an intellectually exhilarating read. While I have reservations about Mason's thesis, I would recommend *Post Capitalism* to anyone interested in history, political thought, the past, present and future of info-tech, and above all, the future of capitalism. Mason draws on thinkers as diverse as Karl Marx, Herbert Marcuse and the management guru, Peter Drucker. In searching for an understanding of how capitalism may progress from here, his book draws on, and spans, a range of disciplines – history, physics (the wave form) engineering (of aircraft turbofans), computer science, economics, and political and social theory.

All this, added to his skill as a writer and his knack of drawing on his own (and his grandmother's) lived experience in northern working class Britain, results in a book that is passionate, rigorous and challenging. Regrettably he has not included a bibliography. That would have taken up many pages, as the breadth of his sources is remarkable. As a result he has added many volumes to my reading list. Finally Mason outlines a vision that is not entirely improbable, but could also be defined as utopian. In this unequal and divided world, we need more utopians. So despite my own pessimism about his thesis, I do recommend that you read Mason's book.

## Capitalism's mutations

Throughout the book Mason presents capitalism as an apparently abstract force, subject to cyclical "mutations" (a word that pops up frequently).

*Mutation* is a natural process that changes a DNA sequence in for example, a virus. So capitalism for Mason is like a virus that may mutate into a more benign, collective and collaborative form of human activity.

By defining capitalism in this way, Mason does not attempt to identify and differentiate between the forces, or groups of individuals driving capitalism. Are they today's oligopolists? Are they the drivers behind for example, Amazon, Microsoft, Apple? Are they organized in for example, the Bilderberg group and do they visit Davos each year? Or can they be found in Wall St, Frankfurt and the City of London? Mason keeps us in the dark. In fact insofar as he has a preoccupation with capitalists, it is with a particular group: industrial capitalists engaged in tangible and intangible modes of production, namely infotech.

Interestingly, while the working class in Mason's account exercises agency over capitalism – resisting wage cuts, adapting to technology, organizing around technological change – capitalism's dominant class appears not to have such power. Instead "it" – capitalism - is subject to underlying forces. "It" "adapts and morphs"

into fifty-year patterns or mutations that rise and fall in long waves of capital investment in accordance with Kondratieff's theory of long waves.

“Capitalism’s tendency” Mason writes “is not to collapse, but rather, to mutate.” (p.34)

There is one period, and one chapter in the book (Chapter 4) in which Mason acknowledges that capitalism, in particular the finance sector, was once subdued. This is the post-war period, known to most economists as the Golden Age of Economics. Mason acknowledges (p.81) that:

“the crucial factor that underpinned economic reality in the 1950s and 60s was a stable international currency system, and the effective suppression of financial markets.”

He notes that

“strict limits on bank leverage were imposed by law and ‘moral suasion – quiet pressure from central banks on banks that lent too much. ...The result created a form of capitalism that was profoundly national. Banks and pension funds were required by law to hold the debt of their own countries; and they were discouraged from making cross-border financial trades. Add to that an explicit ceiling on interest rates and you have what we now call ‘financial repression’.”

“Financial repression” as PRIME’s Jeremy Smith [argues here](#), is self-evidently a metaphor and a pejorative one at that. Someone or something is kept down by the repressor evoking mental images such as tanks crushing peaceful demonstrations, or robber barons “capturing” or “stealing” your money. Which is why Mason’s use of it is unfortunate.

The term was first coined in 1973 by two Stanford University economists, [Ronald McKinnon](#) and Edward Shaw. Later in his paper “[Hot Money Flows, Commodity Price Cycles, and Financial Repression in the US and the People’s Republic of China](#)” (January 2013) co-authored with Zhao Liu, McKinnon explains its origin:

In the 1970s, the term financial repression originated with McKinnon and Shaw when inflation was a problem in a number of less developed countries (LDCs). In the 1960s and 1970s, governments in many LDCs intervened to put

ceilings on nominal interest rates and impose high reserve requirements on their banks, along with other techniques to direct the flow of credit in the economy... Wanting to find a pejorative term —akin to political repression — to describe this syndrome, McKinnon and Shaw first used the term financial repression in 1973. (My emphasis).

Many orthodox economists followed McKinnon and Shaw in using “financial repression” as a concept. Only a few economists challenged it: for example Carlos Diaz-Alejandro, in a 1984 paper with the great title “Good-bye financial repression, hello financial crash”.

It is disappointing therefore to find it in widespread use amongst progressive economists and commentators.

But I quibble. My main beef with Mason’s book is that rather than define this period as one that was man-made – designed largely by the genius John Maynard Keynes and his Cambridge colleagues – Mason defines this period as a “Kondratieff upswing on steroids”.

Once again the implication is that this period of full employment, of science-led innovation, high productivity...high wages, consumption keeping pace with production, benign inflation and marginal speculative finance (p 86-7) is described as something beyond human agency – akin to the cycles of the moon.

Neoliberals too like to dismiss this age as beyond our present-day ken. Neoliberals too would like us to feel impotent in the face of day’s rapacious financial capitalism.

But as the Golden Age proved, we are not impotent. And we are not the subjects of periodic, abstract cycles. The Golden Age was constructed, designed and implemented by a group of economists who congregated at Bretton Woods in 1944 and that were led by John Maynard Keynes and his American competitor, Harry Dexter White. (The striking thing about the conference was that only one banker was allowed to attend – and only because President Roosevelt regarded him as tame enough not to present a threat to the proceedings.)

Keynes and colleagues were confronted by a form of capitalism that had wrought massive destruction of lives, livelihoods and nations. They were surrounded by the wreckage of war, but were not intimidated by the scale of the challenge they faced in confronting, subordinating and managing global finance capitalism.

Nor should we be. We are not, as Mason suggests, the passive subjects of inexorable and inevitable cycles or Kondratieff waves of capitalism. We are masters of our own destiny – if only we (and professional economists) had the courage to identify, name,

subordinate and manage the global finance sector – as Keynes and others have shown we can.

## Mason and the notion of profits

Mason makes frequent mention of profits in Post Capitalism. But profits are a very old-fashioned notion for today's capitalists. Profits from production involve engagement with the Land (in the broadest sense of the word) and Labour. Engagement with the Land implies limits – the ecosystem's limits. Mason's optimism about technology's role in our future means that he never fully grasps the nettle of ecological limits. While there is the obligatory chapter on climate change and the ecosystem, the assumption is that technology will evolve in such a way as to never bump up against these limits.

Instead he focuses on Labour's confrontation with Capital.

But to my mind, both the ecosystem's limits and Labour's resistance to exploitation explain why capitalism today prefers to make capital gains, not profits. Profits rise and fall depending on the vagaries of Land and Labour. Capital gains by contrast evade both, and can rise inexorably – until that is, they crash. Capital gains - money or rent siphoned from money and other existing assets – can be made effortlessly in effect; and increasingly, without risk.

[And while on the question of profits: Mason, like many Marxists asserts (but never proves) that capitalism periodically suffers from “a falling rate of profit”. I have great difficulty with this concept. It can never be tested or proved, but references to “the falling rate of profit” recur throughout the book, and indeed throughout much of contemporary Marxist debate. Michael Hudson [argues](#) that it's a misunderstanding of Marx by those who have only read Vol I of Capital. Marx expected depreciation and amortization on investment in capital equipment to rise relative to profits, in order to reimburse that investment. That is what he meant by the falling rate of profit, writes Hudson – an interpretation that seems infinitely more plausible to me.]

## Identifying capitalism

We are discussing Mason's book here in St. Paul's - Wren's great masterpiece – in the heart of the City of London. We are literally in the belly of the global financial beast – a sector or group of individuals and institutions – that now wields *despotic* power over the global economy, governments and apparently democratic societies.

And while societies are on the whole aware of the activities of the City and Wall St, there is scant discourse about its *despotic power* within today's political discourse.

And, while Mason does of course discuss the finance sector, he makes infotech the main driver of the changes we are witnessing today.

I beg to disagree. Far from ‘mutating’ in cycles of 50 to 500 years, the finance sector is today growing exponentially before our very eyes, with only the occasional financial crisis to arrest that growth. This is partly thanks to the rise of infotech, but infotech in the service of finance, not as its driver.

The last financial crisis (2007-9) turbo-blasted the sector into a new fantastic growth phase. Not only was Haute Finance bailed out, it also insidiously attached itself more fully to states – and wrested guarantees and protection from these governments, their taxpayers and their central banks.

And while this particular group of capitalists may worship at the shrine of Adam Smith and Ayn Rand, they nevertheless demand and expect taxpayer-funded guarantees and protection from the discipline and losses imposed by market forces.

Despite its detachment from the “real” economy of production, the global finance sector has succeeded in capturing, effectively looting and then subordinating governments and their taxpayers to the interests of financiers. Bankers and financiers now effectively control the public utility that is our monetary system. They can gamble and speculate on global markets without fear of losses or the fear of being disciplined by ‘the invisible hand’. They know their institutions are Too Systemic, or Too Big To Fail.

They are today’s Masters of the Universe – and they do not feature largely in this book.

## Finance and the rentier economy

Like so many others Mason takes the structure of the internet as a model for the evolution of capitalism and speculates that capitalism will evolve into a system in which hierarchies are flattened, machines are free and we’re all far more collaborative.

But Mason’s techno-utopianism is fundamentally about *the production* side of the economy. Yet, as he well knows, there is more to the economy than production. There is consumption – and Mason’s view of today’s sharing, networked and connected world may just as well be defined as *collaborative consumption*.

And then there’s *the rentier sector* of the economy – earning rent from assets (particularly financial assets like debt) effortlessly.

The last two sectors are not fully addressed in the wide sweep of this book.

It is for this reason that I believe Mason to be over-optimistic about the transformational power of info-tech. Where he sees technology “eroding the price

mechanism” by generating reams of free information – in Wikipedia, crowd-sourcing, open source software – I see usury, behind very high pay walls.

Pay walls that have now barred most football and cricket fans from experiencing or enjoying in person top-level public sporting events. Pay walls that will exclude millions of people from accessing sound, investigative and balanced journalism, until recently easily available (for just a dime or two) on street corners.

Where Mason sees the “economics of free stuff” and the mass generation and sharing of information, I see the not-so-distant privatization of a great provider of “free” information, education and culture to the masses – the BBC. Let’s not beat about the bush: the BBC is under grave threat: if the government succeeds, the BBC’s precious output will be trapped behind the ever-rising paywalls of today’s media moguls – and like mass sporting events, will no longer be available to the taxpayers who have funded its development.

Where Mason sees the networked society, I also see Uber and Airbnb monetizing (with monopolistic aspiration)

“the desperation of people in the post-crisis economy while sounding generous and evoking a fantasy of community in an atomized population.”

(Doug Henwood, [The Nation](#), 27 January, 2015.)

As Henwood tells it,

“Brian Chesky, the co-founder of Airbnb, uses words like “revolution” and “movement” to describe his company, which is now valued at \$13 billion—*making Airbnb the best-capitalized revolutionary movement in history.*” (My emphasis.)

Where Mason sees a ‘a new mode of production’ – I also see a global rentier economy that is almost universal.

Mason shares with us Marx’s insight from his 1858 *Fragment on Machines* in Grundrisse namely that:

“the driving force of production is knowledge, and that knowledge stored in machines is social...and that because knowledge-based capitalism cannot support a price mechanism whereby the value of something is dictated by

the value of the inputs needed to produce it...it creates a contradiction that will blow capitalism's foundation sky-high." P.136

Capitalism of this type, Marx argued, is forced to develop the intellectual power of the worker, and will tend to reduce working hours.

Capitalism did not, as Mason notes, bear out this proposition in Marx's time; I would argue there is no sign of it bearing out this proposition today.

Yes, it is true that we live in a world where, as Mason argues, new technology makes information and leisure time more available to the masses. In this world many have their "general intellect" expanded but cannot deploy this knowledge by working for a living – because *the work is simply not there*.

The ILO predicts that by 2019, more than 212 million people will be out of work, up from the current tragedy of 201 million. ([World Employment and Social Outlook – Trends 2015](#) (WESO).)

Today unemployment in Europe and the Middle East – particularly amongst the young – is at historically unprecedented (and unforgivable) levels. The social and ecological turmoil this causes is reflected in the rise of far-right parties across Europe, in Middle Eastern turmoil and in the monumental tragedy of the current refugee crisis. And even in the US and UK where employment levels are deemed to be higher, much of the working class is engaged in work that is insecure, precarious and low paid, with erratic levels of income. In the UK, almost six million workers are paid less than the living wage, [according](#) to the Living Wage Foundation.

There are of course some that have been liberated by technology, and for whom it is now increasingly unfashionable to work for a living. Instead they prefer earnings from effortless activity: rent-seeking.

Where Mason sees "beautiful troublemakers" and "digital rebels" I also see individuals "sharing" their cars (assets) with passing strangers and using technology in order to extract rent from benighted commuters, while cutting the already low incomes of cabbies and for example, [City Link's drivers](#). Under this new form of exploitative capitalism "all the risk and capital investment are shouldered by the driver, while the fat cats at Uber and Lyft headquarters in San Francisco reap a risk-free reward". ([Dillow: Who Bears Risk?](#))

Travis Kalanick, Uber's billionaire owner uses what Mason calls the "free machines" and open source software of digital technology to exploit the desperation of this precariat – car owners selling car rides. Henwood [explains](#) that the company has entered into a deal with a money-lender, Santander, because:

“You need a newish car to drive for Uber; if your car gets too old, that’s grounds for deactivation. But the company is ready to help: it’s entered into a partnership with Santander, a Spanish bank, to offer car loans to drivers, with the payments conveniently deducted from their paycheck. According to the terms posted on [Uberpeople.net](#), a chat board for drivers, the payments work out to an interest rate of around 21 percent. They get you coming and going.”

This is not so much sharing, as a modern version of “sharecropping”.

But Uber’s gains are small beer compared to the rents that can be extracted by the global real estate sector: those choosing to inflate an existing asset without adding to its value; or to “share” their property with those who lack the resources to buy a home. London’s rentier economy is booming. More and more people are jumping on the rentier bandwagon, as is evident in the buy-to-let sector.

According to [Countrywide](#), average UK rent for dwellings has reached about £937 per month. It now costs an average £2,583 a month to take on a rented property in central London. By contrast, London average regular monthly earnings (as of April, 2014) were £2,860.00 before tax and other deductions, according to the ONS. (ONS [Annual Survey of Hours and Earnings, 2014 Provisional Results](#))

The world of the rentier capitalist has been to some extent “democratised’. Large numbers of us now expect to make money effortlessly – whether from the Lottery and other forms of speculation; or by extracting rent from any asset we may own – whether it be a car, a buy-to-let property or a dog. (There are [dog-sharing sites](#) too (“simple, affordable (sic) and safe”) ...which involve fees and subscriptions.)

But by far the most leisure-obsessed group or class are those – for me the dominant force behind today’s capitalist class - who can use an asset that is a great public utility – money – to make more money, effortlessly.

In contrast to industrial or productive capital, bank loans, stocks and bonds are financial claims that are “like sponges absorbing the income and property of debtors – and expropriating this property when debtors (including governments) cannot pay” to cite Hudson again. Marx elaborated:

“Usury centralizes money wealth. It does not alter the mode of production, but attaches itself to it as a parasite and makes it miserable. It sucks its blood, kills its nerve, and

compels reproduction to proceed under even more disheartening conditions...usurer's capital does not confront the labourer as industrial capital...but impoverishes this mode of production, paralyzes the productive forces instead of developing them.”

(Quoted in Michael Hudson, [From Marx to Goldman Sachs](#): the Fictions of Fictitious Capital. July, 2010)

Unfortunately the activities and usury of today's rentier capitalism are not analysed and discussed in this otherwise fascinating book. But here in the temple that is St. Paul's, we have an obligation to act, as Jesus did, to chase the money-lenders from the temple that is our economy and democracy. Furthermore we have an obligation, as President Roosevelt said in his remarkable inaugural address in 1933:

“...to speak the truth, the whole truth, frankly and boldly. Nor need we shrink from honestly facing conditions in our country today....

Practices of the unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men....

Faced by failure of credit they have proposed only the lending of more money. ...

They know only the rules of a generation of self-seekers. They have no vision, and when there is no vision the people perish.

The money changers have fled from their high seats in the temple of our civilization. We may now restore that temple to the ancient truths. The measure of the restoration lies in the extent to which we apply social values more noble than mere monetary profit.”

President Franklin D. Roosevelt: [Inaugural speech](#). 4 March, 1933.

## Conclusion

Paul Mason in *Post-Capitalism* opens our eyes to the positive contribution that the evolution of technology can make to civilisation. His vision of a post-capitalist era is inspiring, but needs to take into greater account the impact of technology on both increased exploitation of labour and the dominance of the finance sector.

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# Prime

*Policy Research in Macroeconomics is a company limited by guarantee  
Incorporated in England and Wales  
Company no. 07438334*

*Registered office:  
30 Percy Street  
London  
W1T 2DB*

*The PRIME team can be contacted at:  
[info@primeeconomics.org](mailto:info@primeeconomics.org)*

*51 Clarence Gate Gardens  
Glentworth St  
London NW1 6QS*

*For more information, please visit:  
[www.primeeconomics.org](http://www.primeeconomics.org)*