

Capitalism is Past its Sell-By Date

From incredible Success to creating environmental and resource unsustainability

Expanded, High-Level Summary

Capitalism is Past its Sell-By Date is a discussion of the current status and future of capitalism and of capitalism's effects on sustainability. The discussion is based on facts and data, letting the chips fall where they may.

If the book were to be boiled down into two thoughts, they would be

1. capitalism is past its sell-by date – it is a process that has now exhausted itself;
2. sustainable growth is an oxymoron.

More broadly -

I have been a career-long, free-market capitalist and have held the positions of Chief Executive Officer, President and Chief Financial Officer in various privately- and publicly-held companies.

This book is not intended to be either a critique or defense of capitalism. The objective of this book is to examine the logical results and implications of capitalism as we have implemented it, and as it has evolved.

This book addresses two themes. The first is a general discussion of the strengths and weaknesses of capitalism, leading to the conclusion that it is a trend that has been taken too far. The second is to establish that a primary result of capitalism, the loss of sustainability, is a part of our current reality and is an existential challenge.

THE underlying problem is that capitalism has enabled too many people to consume too many resources, exhausting the Earth's resources and nature's ability to cleanse and renew itself. This underlying problem manifests itself in several symptoms, one of which is climate change.

If all energy were renewable tomorrow and the problem of climate change were solved tomorrow, we would still face the existential problem of the limits to human population and to the consumption and depletion of global resources. The associated crisis will likely begin within the next 40 years, if it has not already begun.

Capitalism, while having its challenges, provides the most efficient allocation of resources to, in turn, provide the highest standard of living for the most people. There are no words sufficient to describe capitalism's ability to deploy savings, energy, labor and natural resources to elevate the

lives of many, and recently, the vast majority, of humans.

The book presents a comprehensive case that sustainability is no less than the primary challenge facing humanity. Sustainability is a challenge primarily because capitalism enables the efficient taking, use and re-formation of the Earth's resources.

There is an argument to be made that the Great Recession of 2008-2009 and continuing economic and social issues, including the election of Donald Trump, the pronounced increase in credibility of socialist ideas, increasing rates of suicide and opioid use, and extensive social unrest, are the first symptoms of a world that is reaching its limits beyond those of climate change and the loss of biodiversity. Encountering those limits results in social instability and unsustainability.

The discussion concludes with an exploration of a no-growth economy, which is the end-game on our present course.

Additional detail

Capitalism is described as being the best system to combine the ideas of the Enlightenment, capital, natural resources, labor and energy to create material well-being. The successes of capitalism in creating wealth and reducing poverty are extraordinary, almost to the point of being beyond comprehension.

However, humans take all trends to their extremes, and the Earth is a finite planet. In making the case for capitalism's being beyond its sell-by date, the book explores:

- Capitalism's inherent weaknesses, including leaving those behind who cannot keep up, being gamed by its participants, creating inequalities that generate cultural responses, enabling changes in the forms of innovation and creative destruction that generate cultural responses, viewing the future in terms of a discount rate and creating an unsustainable environment.
- The headwinds that capitalism is encountering, including demands for social change, the Triffin Dilemma, the Fourth Turning, the Rise of the Robots, Climate Change, political decisions that are mortgaging the future and reducing the ability of capitalism to continue to generate wealth, and demographics that will hamstring future growth.

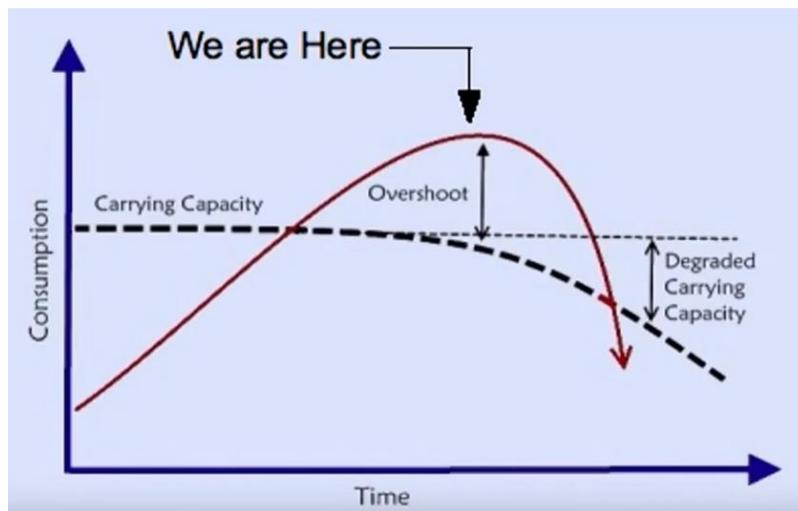
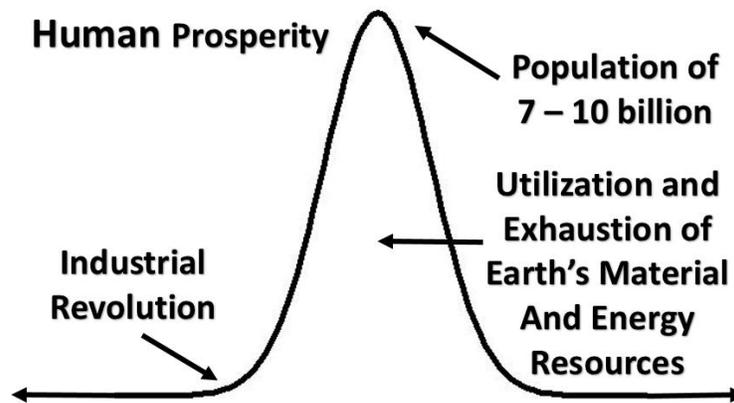
The book then explores when the sell-by date occurred, arguing that it was not so much a date as a process that began with President Johnson's decision to pursue "guns and butter," which led to the removal of the gold standard's constraint on both government and citizens, and being confirmed by incurring extraordinary levels of debt and entitlements, which actually inhibit

growth.



"Yes, the planet got destroyed. But for a beautiful moment in time we created a lot of value for shareholders."

The discussion on sustainability can be summarized in two graphs:



Capitalism created the mother of all unstable equilibria

In writing my book, I needed to be humble and cautious when predicting doom and gloom, remembering not only the Reverend Thomas Malthus, but also Paul Ehrlich. Dr. Ehrlich wrote *The Population Bomb* in 1968, which predicted widespread starvation and the depletion of many natural resources. Malthus and Ehrlich were wrong. I need to avoid their logical fallacies.

The book explores the Earth's carrying capacity for humans and concludes a complex subject by giving a range of 7-10 billion for an Earth that currently has more than 7 billion people and which, absent a catastrophe, is inevitably expanding to 10 billion in about 40 years.

The book then explores the current status and probable future for water, topsoil, fish, crops, energy and materials, including a discussion of the immense amount of waste being generated.

Following this discussion of the environment and resources, the book explores a constrained future. In particular, the concept of growth, which has become almost sacred to capitalistic societies, is identified as the principal problem – growth in the population of humans and growth in consumption.

The conclusion of these discussions is that sustainable growth is an oxymoron.

Which leads to the conclusion that the world will evolve to a no-growth economy within which all games are zero-sum games.

The characteristics of a zero-growth economy are considered.

After discussion of growth and possible solutions, I turn to examining a zero-growth economy.

Conclusions

My conclusions are as follows:

With regard to overpopulation and overconsumption, and one of their symptoms – climate change – we are in the worst of all positions:

- The data are highly indicative but not conclusive.
- Any clearly objective proof would occur in decades, significantly past the time when effective solutions could be implemented.
- In any event, we would disagree.

- We are biologically, and most of us are culturally, biased toward procreation, so controlling population will be very difficult.
- Consumption is fun, up to a point dramatically enhancing quality of life.
- Taking things away from people – diminishing their quality of life and their expectations of a better future – is extraordinarily difficult in the absence of a clear emergency.

The way to bet is that we will engage in denial until the crisis imposes itself on us. Then we will act, but then it will be too late. Our field will be denuded, and we will be left with preserving what we can of the remainder as both population and the material well-being of that population substantially deteriorate.

It is worth considering that this new steady state will be different than the quasi-steady states of ancient Greece or 18th century America. In all previous quasi-steady states, while growth was slow, there were resources available to accommodate expansion, growth and innovation. Bronze was available for the Bronze Age and iron for the Iron Age. American settlers had access to what seemed to be unlimited trees and land.

In the steady state to come, there will be no excess resources beyond renewable and recyclable resources. This lack of excess resources will place severe constraints on possible outcomes for the human population and the human material condition.

And given war, famine and pestilence, any steady state that is achieved will be fragile.

My conclusions with regard to sustainability are

- There is no way to accurately model sustainability – it is too complex and chaotic.
- Things are going the wrong way.
- The finiteness of natural resources can be improved, somewhat, through technology. But in the end, together with EROI, as applies to energy and as conceptually applies to other resources, finite resources become the limiting factor to sustaining a complex society.
- Technology can help, and there is a tremendous amount of new technology on the horizon.
- The cost of implementing all of this technology will be huge in terms of money, material and energy.
- Westerners are unlikely to voluntarily drastically reduce their standards of living for a future, theoretical outcome.
- Humans in undeveloped countries are unlikely to voluntarily significantly reduce their rate of procreation because some Westerner has theories about an uncertain future.

- In almost any reasonable case, even with new technology, consumption will have to be severely constrained.
- The probability of wars to control resources is very high.
- The most likely outcome appears to be Overshoot / denuding / collapse.
- Following collapse, the most likely outcome is that population will reach equilibrium with resources at zero growth, utilizing renewable and recyclable resources.
- An alternative economy must be constructed that is sustainably based instead of based on the desires of the individual.

The ideas I have proposed as a starter kit are

- Prices must be adjusted to levels that reflect total impacts and depletion – no subsidies of any kind will be allowed; the Tragedy of the Commons must be abolished.
- Each woman must be restricted to no more than one child in her lifetime – population must decline.
- Each human must be restricted in their consumption to no more than the present-day average citizen of Myanmar (occupy an eco-footprint of no greater than 1.7 global hectares (4.2 acres)).

I would add the following to the third point as a starter kit:

- Enough is plenty – in both our corporate and personal lives. Clothes, cars, food, vacations, electronics – the Genuine Progress Indicator demonstrates that the developed countries have pursued excess to the detriment of both their well-being and that of the environment.
- Consumption profoundly affects the environment and the path to Overshoot. Each and every act of consumption should reflect a conscious consideration of the environment and its sustainability.
- Repair. Do not replace.
- Recycle where recycling makes sense.

We have taken capitalism to its extremes and it is now destroying itself. It has become and is becoming increasingly dysfunctional.

Existentially, and therefore much more importantly, the fact that we are in Overshoot means that capitalism has been too successful and is past its sell-by date. As a culture and as a species, we must not focus on more and clearly not on growth. We must focus on the sustainability of our natural resources, including energy, that can provide the basis for support of as much of the existing population as possible. At the same time, we should consider the distribution of resources globally, not just within the U.S., something that has all but escaped our attention.

Because we must does not mean that we will.

Which leads to a prediction of a dystopian devolution to a future steady state that is significantly lower than our current standard of living.

Unless the technology cavalry can turn the tide.

About me



I have spent my professional life as Chief Executive Officer, President or Chief Financial Officer of privately- and publicly-held companies. I have a Master of Electrical Engineering degree from Rice University and am a Certified Public Accountant. This unlikely combination summarizes my broad interests, including a deep love of history and of the theater, and a fascination with religion and with humanity's relationships with reality.

I enjoy teaching and have occasionally been a lecturer at the University of Texas at Austin, including teaching courses on finance and on information technology management in its MBA school, and on entrepreneurship and on corporate change in its undergraduate business school.

Book stats

My book contains approximately 83,000 words, including approximately 71 charts and illustrations and 285 endnotes.

Where to find the book