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# Alarm

## *The evolutionary jump of global political economy needed*

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### Introduction

Several major crises are shaking the global political economy. Each had its peak of public awareness in a certain year - finance (2008), migration (2015), climate (2019), corona virus (2020) – but all of them did spread, and will spread over a long period of time. Each will leave its distinctive mark on the working of the global political economy, on the way in which the human species as a whole lives. The fact that these critical global challenges are not only appearing in an accelerating speed but also are meeting at more and more helpless global political agents is alarming. This paper sets out to propose not only the need for an evolutionary jump of global organization of the species – the unspecified outcry for change is already common sense – but also spells out what major elements have to change in which way.

As every useful concept ‘change’ needs two components: First, its starting point, its location in history, has to be determined; second, its direction, into which future it shall guide us, has to be formulated<sup>1</sup>. These two elements are complementary since the apparent contradictions of the current position influence the future direction of change as well as a vision of a future position determined by a certain direction influences what is perceived as a current contradiction.

A critical process is a compression of contradictory behaviours that is too fast to be controlled by an externally acting entity representing the welfare of the human species. Of course, this ‘welfare’ is itself a problematic concept. For that reason, the first part of the paper deals with the vision of a desirable future human society, i.e. with the direction in which change should lead. This imagined secular paradise has to be as concrete as possible, since the speed-up of time does not allow for painting a lean-back version of utopia in the style of Thomas Morus 500 years ago (More, 1516). After having described the immediate hallmarks of what the species should aim at, it is straightforward to derive the corresponding pathways for a global revolution, which either brings mankind closer to a feasible secular paradise – or fails, letting the species disappear as just another evolutionary episode. Global revolution therefore is the topic of the second part of this paper.

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<sup>1</sup> Note that change is a vector. Or better, it is an oscillating vector field carried by all individuals of the human species.

## 1 - A Feasible Vision

For human societies, contrary to other species, the direction of their development is always co-determined by the way that their members produce a *shared* interpretation of their environment in order to achieve a common goal<sup>2</sup>. How to find a commonly shared view of our global society has become increasingly difficult in the decades since 1945. *One reason* certainly is the development of the global production system itself, which rapidly became so sophisticated and interwoven that even the most powerful global actors only could see and digest a very small part of it. In most respects economic dynamics – those depending on different, semi-institutionalised market mechanisms – became intertwined with political dynamics – those where profit was to be made by simple exertion of power, or the threat to use it. The concept of political economy currently experiences a roaring revival. A *second reason* for our age of alienation is the surprisingly fast evolution of our global communication infrastructure. The possibilities to communicate whatever an entity is able to express have vastly surmounted the capacities of entities to understand the content of messages. Indeed messages became disentangled from content and message exchange has replaced understanding<sup>3</sup>. Social careers follow successful message exchange, even so-called ‘losers’ cement their position by appropriate messages. The emerging global noise has led to a chaotic confusion of singular opinions<sup>4</sup>, streamlined only by media-imperia controlled and controlling current local political tsars.

Each crisis strikes because the limits of a dynamic process of political economy are not understood and thus could surprise the human species<sup>5</sup>. Local agents still follow their uninformed, message-driven activities; short-run incentives dominate whatever the missing long-run perspective would demand. While humanity in many respects already is one living material body, there is no co-ordinating brain.

In what follows five different important topics for a vision of our possible future are discussed: (1) world government, (2) democracy, (3) diversity, (4) alienation, (5) global brain. The sequence is not arbitrary but follows a red thread, as should become visible.

### 1.1 Democratic world government

If the analysis so far is correct, then the consequence is to develop a global brain and to equip it with enough capacity to understand dangerous dynamics and to execute interventions. In other words, we quickly need a **world government**, a *democratic* world government.

If this exists, it can cope with a global crisis in a new way:

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<sup>2</sup> It is the use of human language also used for thought processes, which allows seeing a sharper borderline towards the non-human animal kingdom, compare (Chomsky, 1968).

<sup>3</sup> Marshall McLuhan has been the prophet of this development: ‘The medium is the message’ (McLuhan, 1967).

<sup>4</sup> Compare (Hanappi and Egger, 1993).

<sup>5</sup> Even the spread of a pandemic in the end is only possible because of the dense interactions in trade of our global political economy.

In the case of a *pandemic* it can coordinate the isolation of the viral herds and arrange the support needed by health system in different parts of the world. How important this last point will be will become evident when the corona virus spreads to the poor South.

In the case of the *climate crisis* pivotal economic policy interventions will not have to remain in the hands of local national leaders, which usually weigh their short-run national popularity against the long-run goals of global welfare. Moreover ideological institutions, be it media or be it religious institutions, often are under the control of local national governments giving their decisions another local power structure stabilizing twist.

In all three of the just mentioned crises it is challenging but imaginable to reconcile controversial opinions about concrete measures to be carried out by a world government. With respect to a new *global financial crisis* this will be a far more complicated case; this crisis will *go to the core of the current mode of production*, to the heart of capitalism. Why? Finance is about the use of surplus of more or less global production processes, which are expressed in a generally accepted sign system of social value, i.e. in terms of world money. In a traditional view surplus is always needed due to changing seasons, seasons of the year or other types of seasons of fate with a less foreseeable frequency. Capitalism is a mode of production which links the existence of a surplus to the existence of property, to ownership of the means of production: The owner of the means of production not only keeps the ownership of them but also owns the surplus. Moreover, - and this is the defining characteristic of capitalism – the owner of the surplus has to use this surplus, i.e. to invest it, to increase his or her surplus in the next production period. This explains why capitalism was extremely beneficial for the human species: The increase in labour productivity and the introduction of new products and services, of new utility dimensions, for several hundred years was brought about by capitalist entrepreneurial activity. It was the specific use of the surplus, namely innovation, which justified even the downsides of capitalism. This other side of the coin consists of several dynamics, which now all reinforce each other in a way that will kill the capitalist mode of production<sup>6</sup>. This implies that a world government will have to govern a society in which the decisions on the use of surplus, physically existing surplus as well as its representation in social value signs, are to be taken in a non-capitalist manner. Instead of private profit maximization of property owners the principle of global welfare maximization will be the guideline. This leads directly to the second item on the wish list of the vision: *democratic mechanisms*.

## **1.2. Democracy**

Democracy remains an underspecified concept if it is not explicitly stated what types of decision mechanisms for what types of decisions are prescribed. For a group of human individuals with almost equal problem solving capacity (be it physical strength, be it intellectual ability) facing a problem that concerns all of them to a similar extent, the mechanism of taking a majority vote seems to be a good choice. Once the decision is taken no

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<sup>6</sup> It will also lead to a fundamental change of the meaning of innovation. It will not disappear, but it will be a different concept, compare (Hanappi, 2010).

voter can complain to have been heard less than any other voter. At least as long as all voters know and agree on the just mentioned preconditions. But the real strength of the majority-vote-mechanism is not to pre-empt complaints; as early parliaments in ancient Greece and in classic Great Britain show it was the debate before the majority vote was taken, which enhanced the quality of the decision. This emerging 'knowledge of the crowd' often turned out to be more convincing than every single opinion of each voter<sup>7</sup>. It goes without saying that the conditions necessary to consider a simple majority mechanism as most preferable restrict its applicability severely. It indeed implies that mainly small homogeneous groups, each voter similarly concerned by the decision can resort to a simple majority-vote-mechanism. For large entities in political economy, e.g. for nation states, there are too many and too complicated interwoven decisions of non-homogenous people to be supported by a single overarching decision mechanism. Therefore, in the course of history democracy was on the retreat: Feudalism was based on the development of rigid hierarchies organizing the exertion of direct power. Membership in the upper nodes of this hierarchy had to be linked to a non-political property, namely family bonds. From that point onwards, the concept of democracy survived as an underground concept demanding feedback loops from the wider population of a state to the governing feudal ruling class. The essence of the call for democracy that the population formulated became the wish for feedback algorithms. The existing feudal ruling class should be replaced by a temporarily governing group of elected politicians representing all parts of the population. The mechanics of how the population chooses its representatives as well as the means with which these representatives rule for the time till the next feedback round constitute a concrete set of measures, a specific form of democracy. The 20<sup>th</sup> century experience with Fascism and Stalinism showed that specific sets of feedback mechanisms can easily fail. In particular, 'national socialism' or 'socialism in one country' – not to be summarized under the name of totalitarianism, they are very different historical phenomena - are examples of turning a seemingly preferable national feedback system into a hierarchical command system. What a large part of a local population first perceives as the prospect of welfare improvement – often promised by a strong authoritarian leader – might with the use of some temporary surge of the democratically legitimized power of this leader tip over towards an elimination of all feedback controls<sup>8</sup>. The fundamental question is how to link local (e.g. national) perception and internally experienced incentive structure with the long-run goals of a global human society.

Returning to the vision of a *democratic* handling of a global production surplus, or in other words to a generally accepted global financial system, it is evident that the described decision mechanisms will have to *depend on the concrete decision on the table*. There is no single 'democratic' mechanism, one algorithm, which fits for all. Moreover, the interdependence of decision-based production actions - in space and time – implies a sophisticated staggering of

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<sup>7</sup> In the European Union the unanimity mechanism took this advantage to the extreme by forcing the debate to be prolonged until everybody agrees. This quickly showed its downside: very slow reactions on urgently needed decisions.

<sup>8</sup> Contemporary examples abound; from Orban via Erdogan to Bolsonaro, and so on.

early enough action taking followed immediately by feedbacks of possible corrections<sup>9</sup>. There clearly exists already a considerable part of such a decision framework for surplus allocation, though it often is hidden under some distorting principles of profit maximization. In capitalism surplus in the form of investment only is directed to activities where a product (or service) can be sold with a sufficient mark-up price, which in turn depends sufficient effective demand, i.e. customers with money (eventually borrowed money). The mark-up can be increased either by reducing cost, in particular wage cost, or raising prices. But low wages imply lower effective demand, so an important way out was to divide global demand into two parts. One part for effective demand, mainly living in OECD countries, which provided money via systematic government debt<sup>10</sup>, and a second part living in the global South held at minimum wage levels needed for subsistence consumption. Globalisation in the production sphere meant to link these two segments by so-called global value chains. Globalisation of production thus has been a transformation of the exploitation process addressed by classical political economy in the 19<sup>th</sup> century: After World War 2 the two new additional central components of exploitation were a global financial centre, i.e. international finance, and a global exchange rate system which enabled *exchange rate exploitation*. The material mirror image of this new arrangement of surplus management was called 'global value chain'. It is governed by a conglomerate of firm headquarters and financial headquarters in the rich North (mainly in the USA) and a staggered hierarchy of subordinated firms<sup>11</sup> reaching out to the poor South<sup>12</sup>.

This setting, of course, escapes any kind of feedback control; it acts outside any democratic mechanism, since it can jump between national legislatures. Looking for highest expected profit rates is as free flowing as it can be. Nevertheless, the severe recent crises show that it evidently disregards some major elements of global political economy dynamics. And it is crystal clear that this blind spot concerns the material, the almost physical needs of the global population: Health, nurture, education, a supporting environment, a satisfying share in products and services. These are the goals according to which surplus shall be invested. To make these goals comparable a common denominator is needed, call it social value. As argued in detail somewhere else (Hanappi, 2013a): There will be no future human society without such a device. A future sign system representing social value differs substantially from the current system of world money, the US Dollar. Indeed, it turns the current design upside down. It starts with the human beings all over the world and determines their basic material needs. Then it adds all available labour times on earth, noting also the different geographical locations and educational preconditions. Feeding this data into the existing stock of 'dead labour', i.e. the material capital stock, provides an estimate of the available material output. The excess of this aggregate over the basic material needs is the available material surplus. It

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<sup>9</sup> In a sense riding a bicycle is a nice metaphor. It needs moving the pedals but it also needs permanent correction of the balance.

<sup>10</sup> It is revealing to see how practically *all* countries have a considerable government deficit. Who are the creditors? To a considerable part they are just pension funds or other financial constructs, which are place-holders for officially supported illusions of promised social value; compare (Hanappi, 2007).

<sup>11</sup> How significant these local vassal firms are recently has been highlighted by Intan Suwandi (Suwandi, 2019).

<sup>12</sup> More recently China has developed into a middleman in this hierarchy.

belongs to mankind as a whole represented by a democratic world government. It can be used in many different ways. What consists of durable goods can be stored for bad times or local catastrophes. What has to be consumed rapidly can be immediately distributed to the poorest parts of the global society. If the material surplus appears to be too large for consumption<sup>13</sup>, then the labour time spent in production can be reduced resulting in more leisure time and education. It is exactly the determination of the management of global surplus for which the adjective 'democratic' in democratic global government first of all stands. Different parts of the global population—structured according to continents, regions and economic classes - have to formulate their needs and wishes. Then these groups' demands are weighed by the number of individuals they represent and by the force of their necessity, i.e. how far above the basic needs they are. Additionally a second data set has to be collected presenting a measurement of socially necessary labour time contributed by each community. As with basic needs there has to be a clear definition of a specific minimum of globally necessary labour time provided for each community. Each community can decide itself how far above its minimum it wants to extend its contribution, or to have instead more leisure time. The distribution of surplus then has to be decided on the basis of these two data sets.

With respect to decision algorithms a lot of interesting work in mathematical voting theory exists. A particularly interesting starting point is the work on fair division by Steven Brams and Alan Taylor (Brams and Taylor, 2011)<sup>14</sup>. Even the bulk of work done by social choice theory – despite its drawbacks due to its roots in methodological individualism and the neglect of communication processes – provides some important lessons. Kenneth Arrow's impossibility theorem points at the limits of finding an appropriate decision algorithm that fulfils the wish list of (five) plausible properties it should have (Arrow, 1951). In 1975, in a similar vein Gibbard and Satterthwaite provided another negative result concerning the existence of a general voting algorithm that forces voters to reveal their true preferences<sup>15</sup>, compare (Reny, 2001). For the settings they propose such a voting procedure (excluding dictatorship and just two alternatives to choose from) does not exist. Finally, some hope on the possibility of clever algorithm design was provided by the Nobel Prize winner William Vickrey who proposed a specific algorithm for a well-defined auction setting, which for this setting indeed does force the bidders to reveal their true preferences (Vickrey, 1961).

All this leads back to the already mentioned issue: Decision algorithms have to be tailored to the decisions they are meant to support. Or even more precisely, the staggered and interwoven character of global decision-making requires not just tailored decision algorithms at each node of the overall process; it even requires a monitored computer simulation covering the relevant surrounding nodes and their feedback structure. Relief comes only from the adjective 'relevant': The art of such decision and voting support systems consists of their

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<sup>13</sup> All this has to consider transport cost and adequate use of output in different locations.

<sup>14</sup> It starts as a generalisation of the solution of the traditional problem of a fair division of some hunting grounds between two tribes of American Indians: Let one tribe propose a specific division, and then let the other tribe choose which of the two territories it takes. It is extremely important to take the notion of fairness out of the realm of moral sentiments and into the light of concrete decision algorithms.

<sup>15</sup> This result has been further extended in (Duggan and Schwartz, 2000) to include more than a single winner.

help in determining what is (often quantitatively) irrelevant and can therefore be forgotten for the current decision. On the other hand recent crises show that relevance today often can be linked upwards to the highest nodes, e.g. global climate or survival of the human species. The necessity of the diversity of tailored democratic decision algorithms is a consequence of the diversity of life on earth itself. *Democracy* is not confronted with equilibrium mechanisms between participants with equal power, bargaining on equal footing in a neutral environment. It rather *is an additional device of civilized societies to accompany disequilibrium dynamics*. Disequilibrium is a necessary ingredient, it creates contradictions, new topics, new entities and is the force behind the flexibility, creativity and further (non-quantitative) development of the human species. In that way the closer look at democratic mechanisms leads to a consideration of the concept of diversity.

### **1.3 Diversity**

The climate in different parts of the world is diverse and so are life circumstances of humans living in these different parts. In contradiction to this diversity they all belong to the same species. Even within each local region, diversity between the life supporting activities of the population evolves and leads to contradictions, eventually to conflicts and class struggles as the institutional setup built to tame contradictions is revolutionized. In fact, most new institutional setups can be interpreted as milestones of progress of the species.

In the long-run this stepwise evolution thus again and again is characterized by new class constellations. First they have been dispersed around the globe without much interaction<sup>16</sup>, but with the capitalist mode of production class relationships became interwoven too. As sketched above, to be located – to be born into – the global South with a very high probability determines that one belongs to a kind of global working class. The overlapping of a specific geographical position and a global economic class status produces a specific class consciousness, in the end a sub-class of the global working class, hence its diversity increases. On the other end of economic status the global capitalist class of the super rich families becomes smaller and reigns over an incredible amount of social value. Distributing it over the lower ranks of the capitalist hierarchy produces another kind of diversity. As explained elsewhere<sup>17</sup> three factions of the ruling class can be distinguished: (i) firm owners, (ii) capitalist state managers, (iii) bankers. Within each faction again hierarchies exist. The diversification of the functions of a globally ruling capitalist class again mirrors the diversity of the global production process itself. But what is a property owed to the capitalist character of the current system is that in the centre of many of these functions the exploitative aspect – pay the one below your production position as less as possible – is essential. What is more: To keep low paid workers cheap they also have to be actively excluded from education systems. And: to keep managers obeying capitalist rules you have to actively indoctrinate them in appropriate schools and universities. The diversity between the three factions of the capitalist class

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<sup>16</sup> Of course, the existence of ruling classes and exploited classes could have been found in different forms in most societies. But they first were rarely linked to each other.

<sup>17</sup> See (Hanappi, 2013b).



therefore largely is ironed out by a globally installed ideological education system. Its worldwide proclaimed message is: There is no alternative to capitalism!

But it has to be insisted: On number three of the wish list proposed in this vision there is openness, there is diversity! In an evolutionary perspective life forms proceed in a sequence of steps<sup>18</sup>. During the so-called 'crystal growth'-stages the tamed oscillations in social systems cause and are caused by redundancy-using modifications of standard behaviour. They maintain a growing field of memorized and actualized diversity. In capitalism this effect is narrowed down to unorthodox innovative entrepreneurial activity introducing surprising new production methods or new products and services. Then this risky creative behaviour of such a deviant capitalist is either extraordinarily rewarded by extra profits, or punished by bankruptcy<sup>19</sup>.

Point 3 on the wish list of the vision here aims at a much broader understanding of diversity. It is not an expected profit rate, some extra profit, which motivates deviations from standard activities. Diversity rather is a feature of living systems, which has developed over a very long evolutionary time sheltering a species from complete extinction by sudden unforeseen environmental catastrophes: Too much uniformity of the members of a species would reduce the chance that at least some members would survive a catastrophe that destroys the core of this uniform setup<sup>20</sup>. In that sense diversity is a safeguard against unpredictable challenges. Since it has to stimulate deviations from generally accepted behaviour (which is drawing individuals into the mainstream of perceived 'optimal' actions) it was developing as the evolution of a special psychological trait: curiosity. It is evident that a loss of optimally acting individuals is only possible if there is enough surplus, if there is enough room for seemingly redundant explorations<sup>21</sup>.

In the vision of a future world this room is available. Each member of the human species shall be given the possibility to develop its own creativity – alone or together with others. The beauty of a diverse world, as it was originally populated by the human species and still produces the physical diversity of people around the world, shall be reflected in the scope of possible interests and self-realizations given to each member of the species.

#### **1.4 Division of Labour - Alienation**

For each individual the use of its lifetime is of eminent importance. There is little else to be considered as essential as that. To choose between diverse fields of joyful activity is a luxury, which in almost all cases is only possible *after* some necessary contribution of labour time in a more or less global production process has been accomplished. This activity, i.e. work time, is by itself no fun. One of the few things, which neoclassical economic theory got right is that

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<sup>18</sup>Compare (Hanappi and Wäckerle, 2017).

<sup>19</sup>This, of course, is Schumpeter's story of the heroic entrepreneur adjusted to Darwin's 'survival of the fittest', see (Schumpeter, 1939).

<sup>20</sup>Compare (Hanappi and Hanappi-Egger, 2004).

<sup>21</sup>Basic sciences, not aiming at quickly achievable applications generating profits, are probably the clearest example of the fruits of diversity.

the partial derivative of a production function with respect to labour is negative, more labour time implies less utility for a worker. When middle management psychologists postulate the opposite it either just is simple ideological manipulation to motivate their subordinates, or it is a subtle threat with a comparison to the state of being fired. But the possibility of firing workers is identical with a constitution of society which guarantees private ownership of the large means of production offering employment for the majority of the population. And this latter state of affairs, private ownership of means of production, is an essential part - its main appearance in the field of law – of the capitalist mode of production. It is the danger of losing the work place which drives wages to their respective achievable minimum; and profits to their corresponding maximum. In that way a class contradiction is always inscribed in each capitalist production process. The exploiting class is necessarily in charge of the surplus, it *owns* the surplus just like – and because – it owns the means of production. Property structures<sup>22</sup> can only be stabilized by supporting power structures, by brute directly coercive police power as well as by more subtle ideological power.

Class division by exploitation is a form of diversity too. The historical justification of the exploiting class of factory owners comes like a side issue: In minimizing total cost they try to introduce ever more labour time saving techniques. What soon proved to be even more important was that with the first wave of globalisation of the production system at the end of the 19<sup>th</sup> century the sources of *very* cheap labour in the colonies became available. As a consequence, wages in the industrialized countries could rise a bit by allowing to give a small part of the surplus back to the workers there<sup>23</sup>. This was the catalyst to a massive rise in consumer demand, which crucially was helped by new techniques of finance and credit. It was the emerging expectation of broad masses of consumers which spurred the boom of the second goody of entrepreneurial activity: product and service innovation. After World War 1 the ruling class of exploiters thus diversified<sup>24</sup>. For the class of exploited workers a diversification occurred too. Contrary to the widely visible work force in the industrial world, the workers outside the realm of industrial centres remained in the dark. They not only still play almost no role in the major public media world, they also remain separated in between their immediate environments in different continents, different regions. They are only connected by the global value chains with which they are exploited.

The strong progressive push of labour productivity and possible new dimensions of sources of welfare (by product and service innovation) thus had a concurrent downside. The general global class contradiction between exploited and exploiting parts of the population was deepened and at the same time became blurred, became less visible for both exploiters and

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<sup>22</sup> See (Davis, 2015) for an excellent investigation of the role of property structures.

<sup>23</sup> A century earlier Adam Smith had disregarded the impact of colonial surplus extraction since he held that slave labour always will be less productive than free labour (Smith, 1776, 33–34, 159–60, 241–42, 284–85). But in the second half of the 19<sup>th</sup> century exchange rate exploitation of the British Empire was clearly dominating all productivity comparisons.

<sup>24</sup>This is the empirical background for Rudolf Hilferding's attempt to update Karl Marx book on capital (Hilferding, 1910).

exploited<sup>25</sup>. There is a more general point behind this build-up of a global contradiction: *alienation*.

As the ***worldwide division of labour*** enables the human species to produce its commodities and services with less and less labour time, it also divides the overall contribution of total labour time into ever smaller pieces of extremely specialized individual activities. This ***has severe consequences***, consequences which a concrete vision for a future world must not neglect.

First, it is evident that splitting up and spreading complicated production processes all over the world implies a tremendous organizational effort. Leaving this effort to a handful of innovative entrepreneurs never was a realistic scenario. From merchant capitalism onwards it needed the very active intervention of the other faction of the ruling class, of the militarily organized state power of a nation state. After WW1, nation state governments inherited colonial empires from the feudal class. One, two, at most three hegemonic states rule and regulate the world. Only under their wings the large transnational capitalist organizations could develop their global reach. It is straightforward that the complementary activity of a hegemonic state and its large firms became what in the USA was called the 'military-industrial complex'<sup>26</sup>. Conclusion: In capitalism progressive, labour time saving division of labour is overshadowed by latent fights by nation states for global hegemony. For the wish list of the vision the point is that the nation state, the 'military-industrial complex' has to vanish<sup>27</sup>.

Second, the profit maximizing fluid capital streams – most of them eventually competing in the financial hubs of New York and London – did produce their own sub-class of the ruling classes, often called 'international finance'<sup>28</sup>. Closely linked to 'international finance' is the emergence of a hegemonic currency. The existence of 'world money' is the final step towards a global sign system for social value implicit in all aspects of the life of the species. It is somewhat mysterious that social value signs - money, information on a carrier system – are so extremely important, even loved, and at the same time only exist as long as they are accepted in the brains of those who use them. But seen from a different angle it is much less surprising that the unity of the species breeds a common means of measurable reproductive and productive (surplus generation!) value, social value. In a vision of a future world, world money certainly will play a central role. But it will not be the currency of a hegemonic nation state. Its management to smoothen transactions, to allow for savings and credit of social

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<sup>25</sup>Rising income inequality is a *symptom* of this development, which is very visible for statistical offices. But class consciousness is not really created by that kind of data as long as people's brains are filled up with diverting content.

<sup>26</sup>Similarly, Vladimir Putin and his oligarchs as well as Xi Jinping and his industrial leaders can be considered as globally active units.

<sup>27</sup>Immediately after WW2 the US made a related claim: All nations should become - actually are already - on their way to become like the US, compare (Rostow, 1960). But this, of course, was simply the proposal to become the sole hegemonic state in a world challenged by the existence of a strong Soviet Union.

<sup>28</sup>To immunize this global agent against accusations of missing democratic control, it sometimes is called 'financial markets'. This should give the impression of an unavoidable natural force, like bad or good weather – while it actually simply consists of a group of individuals (representing capital owners) with very particular risk-variance optimizing behaviour.

institutions will follow democratic feedback rules. We will still live in a monetary political economy – but instead of furthering speculative bubbles of competing chaotic capital accumulators bolstered by autocratic nation states, a global central bank will accommodate reconciled democratically coordinated needs and wishes of the population.

Third, the separation between local experiences of human individuals of the impacts of the global division of labour and its physical materialization as a highly complicated global network of production results in an *alienation of individual perception*. Locally, an average citizen in Germany might consume a cup of coffee paying for it roughly with an equivalent six minutes of work<sup>29</sup>. This labour time input, which in principle is easy to see – even to approximate intuitively - by the local consumer, hides the total amount of labour time, which actually was spent by the huge amount of workers involved till the cup is placed in front of the consumer. Adding all the frozen labour time that the capital goods (machinery, transport vehicles, etc.) and knowledge parts of the process had used it is immediately clear that this sum of heterogeneous labour activities gives a huge amount. Neither in its size nor in its heterogeneous diversity of concrete activities can this process – though it actually has taken place – be imagined by the individual consumer. In that sense this final product enters the perception of the human individual as an *alien* object. Note also that it appears to be absolutely absurd for this individual to produce a (porcelain) cup full of coffee with milk by itself. Today each one depends to an extremely high degree on society as a whole, on the evolution of the global division of labour. Alienation stemming from the separation of local perception and knowledge from an actually highly organized global production process that involves the historically grown and materialized knowledge of mankind therefore is unavoidable.

So while with respect to individual activities diversity is on the wish list, with respect to the more or less painful activities that contribute to the global production system the large bulk of diverse labour activities remains in the dark. And this will *and should not* change in a future society; this type of alienation is closely related to limited information processing capacities of human individuals. That global production nevertheless works is due to the fact that missing omnipresent knowledge is substituted by social institutions with feedback mechanisms. These devices free us to be ignorant – as long and as far as we decide to stay so<sup>30</sup>.

With limited memory and restricted processing power hiding available knowledge is a necessity, from a personal perspective it often is even appreciated. It brings up the question of relevance<sup>31</sup>. For global political economy dynamics a central motor – and thus relevant – is how a unifying interpretation of the local environment can emerge in a group of individuals.

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<sup>29</sup>Assuming an average monthly wage of gross 4000 € translating into 2500 € monthly net wage. With 230 work days of 8 hours this results in an hourly net wage of around 16 €, implying that six minutes of labour time result in 1,60 € - a typical price of a cup of coffee.

<sup>30</sup>In the last 40 years individual limits – at least potentially - have been considerably pushed back by the availability of personal computers, the use of the internet, and enhancements of education. To spread this larger individual capacity across all members of society is an important element of the proposed vision.

<sup>31</sup>Two songs of the Beatles express these ideas: 'Fool on the Hill' and 'Nowhere Man'.

In the Middle Ages the European feudal class and its ideological branch of the Church already had established a well-defined class consciousness. After 1848 the class of owners of means of production followed, Karl Marx and his followers as promoters of enlightenment wanted to follow suit and tried to inject class consciousness into the brains of workers. After 1918 the question of what is relevant culminated in the opposition between belonging to a nation (Germany, France, Italy, Russia<sup>32</sup> ...) or belonging to an economically determined class (worker or capitalist). Since nationalism was able to prevail, i.e. to become the only relevant interpretation scheme of local experiences, it could transmute into Fascism and lead straight into WW2. The above described first process of alienation as an opening up of the internal modelling process of human individuals – in the end it means the capitulation of understanding in the face of too complicated systems – increases the volatility of societies, makes them easier to manipulate in specific ideological directions. Ancient societies typically worked on a large difference between understanding and a complicated environment due to a low level of understanding; and therefore could develop a privileged class of priests preaching obscure religions. Today, in an enlightened world, the difference is again large; but now due to the extremely complicated global production system, which in principle still can be well understood<sup>33</sup>. The recent surge of religious movements – including neo-classical microeconomic theory<sup>34</sup> – is a sure sign of this state of affairs. Alienation due to the global division of labour therefore makes the world more vulnerable, not only because a missing world government makes necessary global responses impossible, but also because the emergence of social movements lead by irresponsible ‘political entrepreneurs’, e.g. neo-fascists or terrorist religious leaders, can lead to wars. A *peaceful* world, of course, ranks high on the wish list for a future world. So the democratic management and regulation of ‘political entrepreneurship’ has to be a prime goal.

But there is a second type of alienation that is hidden behind the first type, i.e. the one due to the advance of the global division of labour. And this second type occurs only because the first one is part of a specific mode of production, part of capitalism. A more proper name for this second type of alienation is exploitation: If the workers in a factory have produced a certain amount of products these products are taken away and become the property of the factory owner. In other words, as products are leaving the production process in a society based on private ownership of means of production these products become *alien* to their immediate producers. At first sight the resulting alienation looks similar to the first type of alienation, since for a worker’s perception in both cases a product looks alien. But at closer inspection the second type of alienation, i.e. exploitation, does not lead to a trade-off between having more goods and services at your disposal (because of global division of labour) and the need

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<sup>32</sup>In the Soviet Union the nationalist view was represented by Stalin while Trotsky supported a global perspective.

<sup>33</sup>This is the place where in the future global agent-based simulations could step in.

<sup>34</sup>The use of the popular term ‘neoliberal’ is ‘neoliberal’ propaganda, intended or unintended. This religion is neither ‘neo’ (it builds on the marginalist theory of 1874), nor is it ‘liberal’ today (which it was in 1874, when it was meant to free markets from feudal dominance). Today, its disguise in the form of the mathematical narrative of Newtonian physics enables it to misuse missing analytical skills of its more profane followers for religious purposes.

for more institutional feedback control due to a loss of overall individual understanding. *Exploitation*, the second type of alienation, *can be completely abolished* – high up in the rank of the wish list for a future society.

To be sure what is the role of the exploitation process in a capitalist society recapitulate: (1) Workers are paid a wage sum as small as possible to maximize the profit rate, which is the goal variable of this mode of production. (2) Sell the product or service to achieve the highest possible revenue<sup>35</sup>. (3) Try to move the achieved profit to the production sectors with the highest profit rate in the last period<sup>36</sup>. It is interesting to consider who has the say in such exploitation processes distributed over all production units in the world. It certainly is not the working class, or what is euphemistically-mystically called ‘demand’. Nor is it the individual firm owner, or firm owner group, which is forced to follow the rules of successful exploitation vis-à-vis competitors to stay in the market<sup>37</sup>.

As a consequence this second type of alienation drives the global production system right into the blind spots of a generalized, though individual, short-run profit-maximizing capitalist firm structure. These are the reasons for global crises. As there are: A believe system of expected profit rates (first in US housing markets, later in a plethora of ‘bad assets’) that decouples money owners excessively from the content of the assets they trade with will regularly produce a substantial global finance crisis. An exploitation system that is per definition (short-run maximization!) insensitive to limited natural resources will necessarily provoke a sequence of climate crises. Globalized exploitation, the worldwide implementation of the *capitalist algorithm* (Hanappi, 2013a, pp. 262-263), also has led to a concentration of the poorest part of mankind in specific continents and areas. If they suddenly live too far away from means of production where they can be employed – the global production structure can change almost overnight – then large migration streams and the emergence of a migration crisis cannot be avoided. In a more and more interconnected world the health of the human species is challenged by diseases that are able to spread better exactly due to that higher connectedness. Threads of this kind could only be anticipated if the myopia of short-run profit-maximization is substituted by a kind of ‘central nervous system’ of the whole species, in which a scientific community consults a democratically legitimated world government.

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<sup>35</sup>Note that this implies that first the products for consumers with money have to be identified before they are produced, and that then the respective market conditions (oligopolistic conditions, political environments) have to be inspected and accordingly ‘treated’. The capitalist class thus is enforcing a certain product and service structure as well as a specific political environment.

<sup>36</sup>Since political environments and their law systems are endogenous elements, it often is the case that businesses like drug business, prostitution, weapon production, or support of dictators turn out to be the most profitable ones.

<sup>37</sup>Marx himself frees the human individual that owns a factory from its responsibility to exploit other human individuals by calling capitalist behaviour a ‘character mask’. There is no moral involved; it is behaviour enforced by the exploitative character of the capitalist system. It is the system that has to be abolished, not single human individuals or their moral attitudes.

The conclusion is crystal clear: The second type of alienation, generalized exploitation, has to be abolished. For the trade-off implied by the first type of alienation a democratic world government has to find solutions.

### **1.5 Division of Knowledge - The Global Brain**

In the area of non-living systems the increase of entropy, a loss of order, in the long-run cannot be stopped. But since this is only a stochastic trend living system can temporarily build-up order. A species like the human species can do so for quite some time, existing for substantially longer than a single life time. In the course of transmitting order from single carrier systems (human individuals) to longer living social carrier systems (societies), a major ingredient is knowledge. To interpret the observed past in order to anticipate future challenges has been the specific advantage that has led to the dominance of the human species on the planet. It is obvious that the above mentioned surge in the global division of labour did not stop with respect to the production of knowledge. Producing knowledge has become a specialized type of work as any other work activity. And as with any other work activity the capitalist mode of production has shaped the types of products that are thought to be sold best, and in the sequel also the types of scientific labour processes that are needed to do so. Chemists work in a specific way to support mainly pharmaceutical industries, engineers work on problems of the motor industries, physicists work for the energy businesses, and so on. Also the social sciences - economics, political science, sociology, and others – work for specific audiences.

The resulting amount of very specific knowledge that has been produced under capitalism is extremely impressive. To master the understanding of the knowledge even of a very narrow specialized field is surmounting the capacity of a single researcher, not to speak about broader areas or the inclusion of the historical development of the field. For the aims of large *capitalist* production units such a split in highly specialized, isolated islands of knowledge often is sufficient to stay in the circle of the dominant oligopoly in the field, e.g. the pharmaceutical industry. Interdisciplinary links are just installed with the respective finance and marketing departments *within* the firm. Knowledge linked to production techniques differs somewhat to knowledge concerning organisation of the production process and sales. The latter is more closely linked to appropriate knowledge in the social sciences including in particular social psychology (e.g. in marketing and finance) and political sciences (e.g. political risks, tax systems, etc.). While the technical part of knowledge production certainly receives strong impacts on its direction of research from marketing departments – determining what is to be investigated next<sup>38</sup>, the frame, which technological possibilities graft on organisational designs plays an important role too: In global value chains different strata of education of the globally distributed workforce (a necessity coming from production techniques) are a most important side constraint for their organizational design<sup>39</sup>. In that way transnational *capitalist* production

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<sup>38</sup>New products under capitalism therefore mostly follow the expected demand wishes of consumer segments with money, or at least living in states with credible collaterals.

<sup>39</sup>More recently China's workers moved upwards in the hierarchy of educational standards: First production steps are performed in lower graded countries and then are brought to China for the next production step, compare (Suwandi, 2019).

units limit not only the range of possible innovative products, they also freeze the hierarchical education structure of the global workforce. Both of these tendencies evidently run counter the vision of a better future world. Knowledge has to be freed from its fetters, its existence as nothing more than a tool in inter-firm competition between oligopolistic firms. New products and services, the investigations on how to produce them, have to be adjusted to the needs of the entire species – independently of the momentous wealth status of certain consumer groups.

In this respect the vision is to have a highly creative global class of organic intellectuals<sup>40</sup>, with excellent education and talent paired with tight roots in the rest of the population. This ‘brain of the human species’ will have to stay in repeated communication and *democratic* feedback control with *all* other parts of society from which new members are recruited as old members pass away<sup>41</sup>.

Within the knowledge producing class the different spearhead groups of specialized research to some extent – where the topic promises to contribute to the vision – must be kept alive. But their agenda must be amended with contacts to institutionalized ‘speculative researchers’<sup>42</sup>. The latter should be already established, experienced scientists with two major tasks: First, look out for transdisciplinary issues and proposals that might synthesize knowledge that emerged in unconnected special fields; second, to propose entirely new fields of research that in the course of social evolution pop up.

It is almost a side issue that the organisations of this class, of our specie’s brain, needs an appropriate communication structure, i.e. the internet, as badly as the democratic world government needs it. Hardware and software will always be tools, though their abilities to find patterns in empirically observed data and to provide possible scenarios via simulations will be enhanced substantially. The ability to use these tools will turn out to be the common ground on which the bridge-building between specialized researchers will thrive<sup>43</sup>.

As a consequence of all this global education processes will have to be in place, which enable young people not only to take part in some specialized global production process, but also to take part in global knowledge sharing and democratic governance. More to the point, the latter two fields – in capitalism almost completely missing – will be of pivotal importance. They will be the pre-condition on which the self-governance of the entire species can be established. This also shows clearly how this vision is a contrast to the racist-nationalist vision,

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<sup>40</sup>Compare (Hanappi, 2019b) for a more detailed description of this update of Antonio Gramsci’s concept of ‘organic intellectuals’. It has nothing in common with Richard Florida’s ‘creative class’ of young urban capitalists (Florida, 2002).

<sup>41</sup>Nevertheless, there has to be some split in the activities of this class, providing a mix of intellectual and less intellectual work to allow for the cultivation of organic rootedness. There also should be a range of average age within this class, keeping a mixture of enough more experienced scientists combined with enough fresh minds in line.

<sup>42</sup>The idea of ‘speculative reason’ (‘spekulative Vernunft’ as opposed to ‘Verstand’, rationality) was already emphasized by Immanuel Kant. It should be taken serious for the proposed vision.

<sup>43</sup>It is telling that it also was a formal tool, calculus, which supported the general surge of all sciences in the 17<sup>th</sup> century.



whose proponents will have to be defeated on the way to this vision. In a racist future the human species is split between a superior race organized as a nation and the inferior part of the human species commanded by the former. Instead of democratic governance structures it relies on strictly hierarchical military control and rigid police force. Science is only needed to refine control mechanisms. A supposed 'ethical' direction of society is equivalent to the inborn moral attitude of members of the superior class; their education coincides with the cultivation of their racist-nationalist class consciousness. It should be reminded that it was this type of racist and nationalist vision, which in the 20<sup>th</sup> century has led to two world wars.

## 2 - A Global Revolution

To propose a feasible vision how the global political economy should work is an important element of the process of making it real. It is a necessary condition, since it makes important choices concerning the direction of change and serves as motivating image for the progressive classes bringing about this change. If it is specific enough it also splits the set of existing classes in supporters and enemies. In the current situation a specific group of enemies of the just proposed vision would insist that capitalist behaviour, i.e. individual profit maximization, is a deeply ingrained feature of each member of humanity<sup>44</sup>. They would insist that even if the vision would be desirable it would never be a realistic goal since it contradicts what they think is 'the human nature'. So for them what remains to do is a deeply fatalistic striving for personal advantage. In other words, they propose to retain and to rebuild the pre-crisis status quo with some minor amendments – and implicitly wait for the next crisis. With nationalist forces and their short-sighted aggressions rising the global military potential makes it rather probable that a 3<sup>rd</sup> World War leads to an extinction of the human species; compare (Hanappi, 2019a).

To put forward a progressive vision thus coincides with the wish to preserve the human species. Nevertheless, the vision is just a necessary (and not a sufficient) condition, which must be supplemented by proposals on how to bring about the necessary changes to get from here to there; how to achieve the pending evolutionary jump; how to initiate a global revolution. This second part of the paper provides some ideas.

As a starting point one of the essential findings of classical political economy in the 19<sup>th</sup> century has to be revived: The core dynamics of human societies are not adequately described by aggregating the behaviour of human individuals, which are thought to be more or less all equal to a so-called representative individual. The essence of historical development rather is to be found in the dynamic interaction between classes consisting of individuals grouped together due to their position in societies' reproduction processes. The analysis of classes – from Adam Smith's 'nation analysis' via Marx's classes even to Schumpeter's entrepreneurial

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<sup>44</sup> The most precise formulation of this view was provided by neoclassical economics, in particular by microeconomic theory. This microtheology (compare (Hanappi, 1994, pp. 9-11)) clearly presents an isomorphism between capitalist firms and human individuals, this is its central assumption.

class – is a pre-condition for an adequate description of contemporary human evolution<sup>45</sup>. But while classical analysis was mostly confined to certain predetermined political settings, a contemporary analysis can – and has to – go beyond such borders. Smith looked for the reasons of an ‘England first’ in his book on the wealth of nations, taking the feudal political order as given. Marx suggested a shrinking of the number of classes due to the overriding systemic force of capital, which only left two classes: a capital class<sup>46</sup> and the working class, which it exploits. But then, rigidly sticking to Hegelian logic, Marx simply predicts that a victorious global revolution will collapse the two antagonistic classes into one large working class. In this case it were the limits of Hegel’s logic - as Marx grafted them on his theories of observed class struggles - which produced a mistaken forecast. Already after the failed revolution in 1848 Marx partially revised his analysis<sup>47</sup>, though he only could provide some bits and pieces of a more sophisticated new version. Schumpeter took on board Marx euphoric praise of the historic mission of big industry in Marx manifesto and stylized it to form a class of ‘entrepreneurial human individuals’. But when Schumpeter re-framed Marx’ observation of the 19<sup>th</sup> century it was already the 20<sup>th</sup> century. Schumpeter fell out of time<sup>48</sup>. His one-sided iteration of Marx’ insight was only good enough as an ideological metaphor used at occasions by some capitalist representatives of the newly emerging integrated capitalism of the 20<sup>th</sup> century – as Harold Robbins pointedly remarked, Schumpeter was perceived as a ‘footnote economist’ (Robbins, 1970). In the mid of the 20<sup>th</sup> century Schumpeter himself already anticipated the fall of his ‘entrepreneurial class’.

But after World War 2 neither classes nor political empires have disappeared. Their struggles still are the elements that allow a theoretical structuring, a learned understanding, of how progress and temporary drawbacks of progress of the human species proceed.

### **2.1 The ruling classes**

To exert power lies at the heart of every exploitation process. Even in developed OECD countries profit occurs not only mediated by anonymous market powers, it also often is the result of – eventually only expected - direct coercive power. If the measures of this direct coercive power go beyond the limits set by the state monopoly of power, then this power can be labelled as criminal power – but these limits are themselves set by groups who are already belonging to the ruling class of the state. There thus usually is a delicate relationship between different kinds of power exertion. The capitalist state therefore is the locus where democratic governance first stepped in. And after 1918 the state, of course, still was the nation state. The ruling class of this nation state was the national bourgeoisie; it consisted of the nation’s firm owners and the nation’s bankers, but also of the nation’s military, police and administrative

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<sup>45</sup> Compare (Hanappi, 2019c).

<sup>46</sup> It is interesting to see that he already disentangles the force of capital from the single human individual which serves it as its carrier. Capitalism for him thus is already a systematic ensemble of social relations that forces human individuals into predefined roles. To arrive at capital’s opponent, i.e. the working class, the labour theory of value – an idea Adam Smith already had introduced – is used to define exploitation, to define the exploited.

<sup>47</sup> Marx’s doubts after 1848 have been carefully retold in the excellent biography of Gareth Stedman Jones (Jones, 2016).

<sup>48</sup> This explains Schumpeter’s cynic world view and his fatalistic attitude towards socialism.

personal, which it had inherited from its feudal forerunner. Furthermore, this nation state had to allow for some political influence of the revolting masses of workers and farmers to stabilize its political institutions. Such were the roots of the new stage of capitalism, which I have named 'integrated capitalism'.

During the interwar period the ruling class was indeed a large scale experiment of the newly acquired political dominance of non-feudal social groups. And since it took place within each nation more or less separately<sup>49</sup>, its respective fate was also somewhat nation specific. Integration of working class institutions, e.g. unions or socialist political parties, was a two-fold effort. On the one hand it was a national organizational task, i.e. building state institutions which gave representatives of the working class sufficient influence to prevent social upheavals. On the other hand there was the need for a broad ideological initiative which could catch the emotions of each citizen and focus them on the 'goals of his own nation'. For both tasks the faction of the ruling class which organized administration - and had to do that via successes in national elections - was responsible. For those firms, which already had spread their wings beyond national borders – a sub-division of the firm-owning faction of the ruling class – national class compromises were only of interest if they were preferable to a transfer of production or sales abroad. From this perspective of global capitalist action, the third faction of the ruling class became important: international finance. If there are global hubs arranging capital flows to go to those places on earth where expected profits are highest, then capital as a global systematic force has finally arrived at its most abstract stage. Nation states and their local administrators, the locally ruling administrative faction of the ruling class, start to fall prey to global capitalism. That this process does not occur without calamities has been shown dramatically by World War 2.

If nationalist state leaders get sufficient support from the faction of local firm owners then a nation's ruling class can become strong enough to dare a military conflict with other nationalist states, currency questions and finance might be circumvented in the short-run by a fall-back on a nationally defined currency (e.g. Hitler's 'Reichsmark') and state expenditure for military goods combined with a hierarchical national command economy. Nationalist dominance within the ruling class breeds Fascism – also for an additional reason. The broad ideological initiative mentioned above was motivated to a considerable extent by the fear of a spread of the Russian revolution; its baseline was nationalism as an antivenom against internationalist communism. This is why Hitler's party called itself 'national-socialist', since part of the working class of a country could be ideologically seduced to believe that by pursuing national supremacy they could improve or maintain their global class position. Till today this is the major source of re-appearing fascist tendencies.

In an age of advanced information technology it is comparatively easy to convince the workers of a country, which in its total belongs to the exploiting part of the global production system, that they better should join forces with their national leader of the national ruling class to

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<sup>49</sup> Common features were the influence of messages from the Russian revolution and the implied fear of national capitalist circles from a similar event in their country.

prevent a loss of their global welfare position. It therefore is only straight forward that nationalist leaders first of all seize media dominance, a part of power that usually is exempt from the mechanisms of democratic control. If they succeed in this area, then they can allow for regulated representative democracy with elections into political offices – the voters can be channelled into the choice between mildly different styles of governance. For political leaders of this kind politics degenerates into the art of efficient media manipulation. This is exactly what in many countries has happened in the last 50 years. During integrated capitalism in OECD countries the ruling class redefined itself as the ‘political class’, consisting of political parties, which differed less and less because they all had to adjust to the average voter, who was targeted by more and more aggressive forms of media manipulation.

During the long reconstruction period after World War 2 in the West this arrangement of class forces worked pretty well. It rested on two main pillars: an unchallenged hegemony of the USA in the west, and steady increase of government debt in the leading capitalist countries. With the first in place competition between countries could be reduced to different adjustment to US rules. The second pillar was necessary to sell the mass of produced commodities, while securing that the indebted households and small firms in principle could always be taxed by the administrative factions of the nationally ruling classes. But then – in the late 70-ties – new political entrepreneurs from within the nationally ruling classes entered the scene. Margret Thatcher and Ronald Reagan successfully organized the unrest in those parts of the population that felt left behind in the compromises of integrated capitalism. It had become only too visible that the ruling ‘political class’ had become impenetrable for the desires of ‘the people’ – at least newspaper moguls and TV stations jumping on that train were able to make it ‘only too visible’. What followed was a worldwide campaign that dismantled the representative character of Western democracies and replaced it by the voice of singular leaders preaching the benefits of privatisation of formerly public goods and services. Despite the fact that these leaders again belonged to the administrative faction of the ruling class, *they could promise*: (1) to the small shop owners that the influence of unions, social democrats and the like could be eliminated, i.e. to implement radical private ownership rules, and (2) to the unemployed the old narrative that ‘the good people’ (again a reference to nationalism) will prevail in a fully privatized society. Not only in the two large Anglo-Saxon countries new social strata of supporters of the national ruling class had been established<sup>50</sup>.

In the meantime the ruling class in the Soviet Union had firmly established its Stalinist production system. The reproduction of the ruling class was rigidly organized and followed the principles of hierarchical military organization. The most remarkable feature of this new type of ruling class was that it combined military, administrative, economic and ideological dominance all in one organisational unit, the ruling communist party. The ideological trick to propagate this unified social power on the top as the institutional expression of the working

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<sup>50</sup> It is obvious that privatisation and John-Wayne-style conservative views are counter-vision directed against the worldwide cultural rebellion of the late 60-ties. While social democrats in Europe and democrats in the USA had tried to integrate this rebellion and its vision, the new right-wing political entrepreneurs set out to extinguish this vision.

class was hard to sell to those on the bottom, who did not get access to decision power. Self-recruitment of the ruling class instead of democratic election procedures allowing for participation and upward mobility of every aspiring citizen became quickly a characteristic of Stalinist production systems. The definite success of this type of social organization as a form of capitalism, sometimes called *state capitalism*, came not with its persistence in Russia but with the rise of China to an economic superpower. Given the problems that contemporary capitalism started to produce regularly on the global level - see the worldwide crises mentioned in the beginning of this text – the Stalinist production system amended by several new features that Chinese leaders since Deng Xiao Ping have introduced at first glance seems to be the most apt form of capitalism. A form that can preserve class rule in the largest country of the world even if massive global disasters strike. The capitalist mode of production in this form seems to have achieved its most developed form. Montesquieu's vision of the division of power at the top of the ruling class has been reversed and Marx's vision of the dictatorship of the proletariat has been perverted, both were combined into a new form of capitalism, of a monolithic rule of the different factions of old style rulers in integrated capitalism.

It is not too farfetched to interpret the recent development in the third global superpower, in the USA, as assimilation to this new model. Donald Trump indeed tries to dominate all democratic feedback loops by an unbelievable wave of manipulative information power. Nevertheless, the streamlining of the firm owner faction in the USA still remains a complicated process, soaring unemployment of weapon stuffed unorganized workers is a menace, turmoil and rather anarchic circumstances seem to lie ahead. Conflicts between the three strongest countries - USA, China, and Russia – now are conflicts between three examples of the same new form of autocratic (disintegrating) capitalism. In military terms the ruling national classes of European countries and their loose organisational link of the European Union are squeezed to irrelevance between the strategies of the three superpowers.

Europe's importance in a capitalist world economy is mainly to act as the largest pool of consumption. Since profits are depending on low wages, which in turn reduce potential sales to wage earners, consumption as well as investment demand of inputs producing firms have to be supported by national government expenditure. While global supply chains can dislocate work to the low-wage South, the rising government deficits in Europe have been supported by global international finance. The collateral for this tremendous amount of credit<sup>51</sup> has been the promise of the respective national administrative faction of the ruling class (including social-democratic partners) to secure the capitalist rules of the game; if needed by tax increases or drastic reduction of the social welfare net. In Europe the global finance faction of the ruling class is split into a group closer related to integrated capitalism (including social-democratic bankers and saving banks focussing on small national business customers) and internationally-oriented banks. Europe's firm owner faction is similarly divided into those with

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<sup>51</sup> In the first decades after 1945 the collateral was more of a military kind, namely to support strong NATO presence on the European peninsula in the face of the Soviet bloc in its east. But with the advance of NATO towards the east since 1990 this argument has been supplemented more and more by the more economic collateral.

local national focus and those interwoven in international production networks. A considerable part of the former are very small firms, even one-person-firms, which often had been given firm status only to embrace them ideologically as 'entrepreneurs', as (fake) ruling class members. In case of a crisis their true status as depending almost exclusively on state subsidies – either directly or via import restrictions – is revealed. And their links to the state administrators' faction of the ruling class are strengthened<sup>52</sup>.

These considerations lead to a more fine-grained view of the ruling class. Even within each of the three large factions – firm-owners, bankers, state administrators ('politicians') – differences in each continent and in each country have to be taken serious. They are pivotal as soon as coalition perspectives are getting important.

## **2.2 The working classes**

The proletariat was a concept that Marx had jumped on to explain the revolution of the capitalist mode of production in Hegelian terms: The negation (of capitalism) of the negation (of being deprived of the possession of the fruits of one's own labour process) needed a subject, a class, a motor driving this process. The notion of the working class was the logical solution to this problem of Hegelian logic. Visiting the factories of his friend Engels gave Marx the empirical perceptions that justified his strong hypothesis, compare e.g. (Jones, 2016). Workers living under miserable life conditions had nothing else to lose but their fetters, an observation which stipulated the belief in the courage of the working class, courage necessary to overcome the military and ideological power of the ruling class. Exceptional courage was needed because contrary to the decaying remainders of the feudal class in the late 19<sup>th</sup> century, the capitalist ruling class after 1848 was young and full of aspiration; even more so after World War 1.

But besides the fascinating omnipresence of Hegelian triads, social systems are particularly characterized by the capacity of social agents – like classes – to anticipate what might happen next. In the years after Marx's theoretical interventions the British ruling class increased workman's wages and reformed labour laws somewhat. The planned revolutions were postponed and finally imploded in the nationalist battles of WW1. Even the Bolshevik revolution in Russia some years later was proclaimed as a *nationalist* triumph by Stalin. Chinese nationalism was to follow this pattern a few decades later. In Europe the respective national working classes having mostly lost their revolutionary potential had to rearrange with the national state administrative faction of the ruling class. And their representative social agents – political parties and unions - did. This is the core of the emergence of integrated capitalism. To a considerable extent, the workers themselves were soaked up in this process of being represented by 'their' politicians. 'Their politicians' could fight for social rights and distribute improvements in wage and status. A first shock came with the Great Depression of 1929, when workers discouraged from the failures of integrated capitalism (mainly due to its

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<sup>52</sup> If their trust in state institutions is frustrated, then parts of these social strata easily turn to fascist political entrepreneurs. The emergence of the NSDAP in the interwar period is a well-studied historical phenomenon highlighting this process.

respective national scope) were left only to the choice of either joining the ranks of Fascism or being politically persecuted. Even 75 years after the end of WW2 the ideological hallmark of Fascist thought, to misinterpret one's own misery as the signal for a mission to prove one's racist and nationalist superiority, has left its traces in many brains. It currently reappears as the quest for the 'true Hungarians', the 'true Germans', the 'true Swedes', the 'true British', the 'true Americans' etc. in political right-wing groups all over the world. These movements are spurred by the increasing angst of people in the upper layer of the global income distribution – though mostly not in the upper layer within their own country – to lose relative to their current economic position. For them their enemy usually is obscured by clouds, they clean their restricted horizon by constructing scapegoats. As WW2 demonstrated a major danger for the survival of the species occurs if such groups get into state power in states commanding mass destruction military power – including biological weapons. A foremost ('human' not only 'humanitarian') task thus must be to prevent such a development. ***Anti-fascism is the most urgent action needed in the moment.***

But what has happened to the global working class, the former prime address to lead the way to human progress? Communist thought had linked its outstanding role with the fact that this class consists of the groups in society that are ***exploited***, i.e. more labour (measured in labour time) is extracted from their work than what they receive in the form of wages (again measured in labour time embodied in the commodities they consume). Has exploitation disappeared? Has the global working class – as theoretical concept as well as empirically observed phenomenon - disappeared in thin air? Certainly not.

Theoretically it is still possible, though enormously more difficult than in the agriculture dominated societies of the 19<sup>th</sup> century, to calculate the exploitation status of each group in the global production system<sup>53</sup>. In that sense the notion of a global working class remains as valid as it always was. But the step from *having been* exploited during the last year to *knowing* that one has been exploited, the step to recognize that one belongs to a class of exploited individuals, the step from class in itself to a class for itself, this step has turned out to be definitely much more demanding than the last great representatives of the French enlightenment (this includes Marx) thought. It is possible to display the mechanisms of the global exchange rate system – a major institutional lever for exploitation of the global South – to groups of exploited, but what they are willing and able to fight for is not the change of an abstract theory on the global arrangement of labour value exchanges. They are caught and alienated in their local perceptions, dispersed across geographical and cultural barriers.

The split-up of the working class is something that has happened in the real material world, not only a mental delusion of exploited groups that can be overcome by simply presenting them a more adequate interpretation – interpretation of what (?), by the way. The link between local perceptions and the tightly interwoven constraints of the existing global

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<sup>53</sup> Compare (Hanappi and Hanappi-Egger, 2012) and (Hanappi, 2018).

production system turns out to be the key to the development of working class consciousness of a broad variety of working class divisions. And there will be *many* such divisions.

It is in this context that Gramsci's concept of the 'organic intellectual' needs to be reconsidered. The adjective 'organic' points at the capacity of an intelligent progressive individual to perceive its local environment very similar to the way that it is perceived by other, less educated working class groups. Individuals capable to function as organic intellectuals therefore have to speak at least two languages, one needed to understand locality and a second one to translate to and fro to the a more abstract scientific language reconstructing global class dynamics. Given the deep language barriers between the global working class divisions, organic intellectuals also will have to command a third language, e.g. English, to act as docking stations between these divisions<sup>54</sup>. To acknowledge that the global working class divisions need an extra layer of organic intellectuals evidently is an update of the old doctrine of class structure that dominated classical political economy in the 19<sup>th</sup> century. With the eminent drive towards globalized production and the concurrent surge of the role of mass media and information power – in short: with the coming of the age of alienation - such an update cannot be avoided<sup>55</sup>. It is only straight forward that such a global class of organic intellectuals will recruit its members from the diverse scientific communities which worldwide already exist.

### **2.3 Coalition Strategies**

To bring about a global revolutionary change, an evolutionary jump of the species, it will be indispensable to look out for coalition strategies<sup>56</sup>. As has been sketched the ruling classes are not only split into factions by function but also divided by continents and nation states. On the other hand the global working class divisions are not united either. The global class of organic intellectuals is only starting to emerge. What unquestionably will speed up all processes are the recurring global crises. The next one, the economic collapse after the current pandemics, is already waiting at the door. A return to something like an integrated capitalism on a global level seems to be very unlikely. Its basic premise, namely the need and the possibility to rebuild a new capital stock after a global war with the help of workers' representatives in the West ready to compromise in the face of Stalinism, this premise simply is not there.

What is here and what is getting more and more clearly visible is *exploitation*. As global value chains will falter autocratic regimes with fascist tendency will gain support, ***anti-fascism*** will have to become the major goal of the global class of organic intellectuals. But not only exploitation of man by man will start to glare, exploitation of nature as targeted by ***environmentalist groups*** has entered the stage of visible climate crisis. This probably will show

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<sup>54</sup> One might be tempted to consider the ILO as a possible hub that could serve to coordinate organic intellectuals. But this ignores its current mission, namely to 'bring together governments, employers and workers representatives'. There are thus two faction of the ruling classes and one group of representatives of workers bringing in some features of 'integrated capitalism' – no more.

<sup>55</sup> Compare again (Hanappi, 2019a).

<sup>56</sup> The classic example is Lenin's strategy to build a coalition between workers and farmers against the Czar. Without that coalition – symbolized by hammer and sickle – the Russian Revolution would have failed.



up as a series of crisis events on several frontiers, from water shortage via air pollution to health crisis (including pandemics), famines and large-scale migration. Thus there is an ***immediate coalition partner*** of the global class of organic intellectuals within the scientific communities, namely all those concerned with sustainable environmental conditions needed for the human species.

Alas, *sustainability* is an extremely vague concept. In its weakest meaning it just refers to a process which lasts longer than it currently does, e.g. an investment done with high-speed trading is less 'sustainable' than an investment in a factory's enlargement with new buildings. 'Sustainable capitalism' then is just the same old capitalist mode of production with a stronger focus on non-financial, so-called 'real', assets. Another misleading connotation of sustainability comes from biology: Often a so-called biological equilibrium between different species is thought to be self-regulatory and shall occupy what is then called a biotope. With this meaning of sustainability in the back of the head it is claimed that the human species needs to return to a naturally given static relation to all other species. As part of nature our species then is sustainable if it is made subject to an assumed self-regulating feedback of (a static) nature. Such an interpretation not only fails to be supported by modern biology, there are only transitory examples of biotopes, it also frames human evolution as a disturbance of a given (by some God?) order<sup>57</sup>. To claim 'sustainable environmental conditions for the human species therefore has to specify clear borderlines between possible coalition partners that come with different foci.

It also is helpful to take a look at the object that should strive for sustainability. If it is an exemplary single human individual then sustainability boils down to healthy eating and reasonable body care. This is not a prime task on the agenda of the global class of organic intellectuals. If, on the other hand, the object of sustainability is 'the planet', the whole earth, then this again reduces to the trust in a naturally given biological equilibrium – a view that just was criticized. The level on which a debate with our partners coming from environmental protection groups makes sense would be the debate on how changing evolutionary trajectories of living systems, e.g. the human species, and available non-living resources needed by them can be maintained in the longer run; of say the next decades. Highly sophisticated dynamic systems - like life on earth - have the property that radical change can occur as fast as an avalanche due to self-amplifying circles. The enormous amount of such possible self-amplifying circles makes it literally unforeseeable where in the mid-run the next will take place. It is thus a common task of the coalition partners to build models, which in the short-run can use scenario techniques (simulations) to be used as safeguards against unpleasant surprises. Indeed the mentioned short-run initiative of anti-fascism is such a warning. The self-amplifying circuit producing authoritarian movements, of course, is not restricted to OECD countries. It also happens with vassals of the superpowers, like Bolsonaro in Brazil, and often is entangled with environmental self-amplifying disasters, like the Brazilian rain wood. This calls for common analysis and action of the two coalition partners.

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<sup>57</sup> This explains the religious bias in some environmentalist groups.

A **second important coalition partner** for the global class of organic intellectuals surprisingly comes from a corner of global cultural development that usually is thought to be far away from politics and largely lost in history. It comes from those who still remember the worldwide cultural rebellion of the sixties of the last century. This is surprising since in the memory of those engaged in this movement in their youth the visions that emerged then were so far away from what seems to be possible today that they appear to them to be completely irrelevant. But this is true for any vision, and the carriers of this vision are badly needed today to check which parts of their vision can now be transformed into *feasible* visions. But there is even more to sustain this idea: This group, let me call them the **beat-rebels**, had developed their own global language, namely music, cloth, political attitude, and style. It was spoken on all continents – in France often as English with a French accent, in India as English with Indian timbre, etc. – and it united people of a certain age group. Everywhere this age group came into conflict with the generation of their parents and the local culture they represented. The global cultural upheaval had hit the beat-rebels in the middle of their process of socialisation, this often has left durable marks in their behaviour.

First of all, they are the natural enemies of authoritarian behaviour, they criticize whatever is brought to the fore. This is one of the reasons why they never were able to organize durable political parties. They therefore will not be a partner of the global class of organic intellectuals in the form of a party partnership. They will remain as singularities, or small circles distributed all over the world. But as such they can easily join local movements or jump on the train of big science – they are highly flexible. As they have experienced in their youth their currency is of an aesthetic kind, pre-rational attraction, even ‘beauty’. While organic intellectuals will have troubles with the unstable behaviour of this partners - some of them artists; musicians and writers – they nevertheless are a welcome complement that can hinder a pre-mature fixation on the results of stubborn ratio. And they form a second global network to be well distinguished from the one held together by a common scientific methodology.

Moreover, and this is an important point, they are apt to speak to today’s youth. Their past generation conflict is still present due to their preserved rebel status. Alienation was directly felt, was sensed then – just as it is sensed by today’s youth. An occupy movement, an Arab Spring, a Fridays for Future, and the like are all simple utterances of discontent without much of a vision. It is **vision**, which is the level on which the debate with the beat-rebels can be fruitful.

As with the environmental movement a clear demarcation line between beat-rebels and the global class of organic intellectuals is helpful. Beat-rebels are just a mass of uncontrolled elements held together by shared memories. In that respect they do not differ too much from British veterans from WW2 or other kinds of memory-based communities. Therefore, only specific parts of the group of beat-rebels can qualify as coalition partners, namely those for whom the memory of the rebellion includes not only superficially remembering songs, movies and personalities, but also is vividly centred on the social issues that were on the table. Social life, political life, how to live life were inseparably intermingled with beauty and style at the

time; and this is at stake when new forms of global communication are our topic today, are needed to overcome the age of alienation. The spirit of those members of the group of beat-rebels that can contribute in this respect is of pivotal importance.

This faction of cultural rebellion in the coalition built by the global class of organic intellectuals might have some (hopefully creative) conflicts with local working class divisions. Local culture by its very definition often recurs to traditional patterns, implicitly praising its local status. In this way it provides identity to the local population, a fact happily exploited by fascist movements till today. Cultural rebellion fights this in the name of global rebellion, having to accept that some local people for whom this stipulated identity is too important, will not follow them<sup>58</sup>. While local organic intellectuals translate local exploitation and keep the communication with other working class divisions alive, our coalition partner can help to unite the younger rebellious workers via the sign systems of culture. And above all this partner is a fierce enemy of the cultural conservatism that all authoritarian and fascist movements have in their DNA.

Of course, it has to remain a speculation that the proposed three partner coalition can work. We are just at the beginning of the deepest crisis in global political economy since the end of WW2. Scenarios of what will happen in the next five years are all built on very strong assumptions that can easily be found obsolete in a few months.

### **3 – Afterthoughts**

Starting with a vision in the first part of the paper immediately showed how preliminary the formulation of such a vision necessarily is. In identifying certain traits of the future to aim at a whole plethora of additional puzzles to be solved pops up. Visions thus have to rely on many short-cuts, on assumptions that the difficulties they are discovering by being spelled out can and will be solved – without being able to further develop these solutions. The main purpose of the proposed vision nevertheless is to make clear that a jump towards a global political economy with substantially enhanced welfare of all members of the human species is possible, that *optimism is possible*. Even a very preliminary analysis shows that this goal will not be achieved easily, that there are currently strong forces at work, which point into the direction of a third world war eventually ending the long evolution of our species – or at least throwing us back into a dark age again. This justifies the verb ‘jump’. In evolutionary terms a jump, a short period of radical change, is a social revolution. And in the current situation it is necessarily a global revolution. To get closer to the preferred vision at the horizon, to escape from threatening accelerating sequences of global crises and war, a rapid move of large parts of the human population will have to occur. This leads to the second part of the paper.

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<sup>58</sup> An important left-wing philosopher expressing this tension was Ernst Bloch, who ended his major book with a hope for a (spiritual) home; a concept combining locality and universality (Bloch, 1986).

As a starting point for the study of global political economy dynamics the view that social history is the history of class struggles is chosen. This interpretation, going back to Marx and his precursors in classical political economy, proposes to study how disequilibria in the interaction between large groups, i.e. classes, evolve over time; passing through temporary stable constellations that then are broken and structured by social revolutions<sup>59</sup>. The only serious challenger to such a view is methodological individualism, which insists that there is some inherited characteristic in each human individual that quickly and without being mediated by social institutions is translated in the ensemble of life circumstances we perceive in reality. Even this short description shows why methodological individualism – despite its dominance in mainstream economic theory – in the end is not a serious challenger either. So part 2 starts with class analysis.

To update the classical analysis of the 19<sup>th</sup> century and to enrich it by a global focus again would go far beyond the possibilities of a single research paper. What can be done is to provide a rough and ready road map: How did the ruling classes develop, in which factions and geographical split-ups can they be grouped. What happened to the exploited classes, how did the interplay between economic base and ideological superstructure evolve? And finally: What are the strategic options given the current situation? Which class coalitions can act as historical subjects driving the dynamics towards the vision proposed in part 1?

There is one thing that an analysis of the contemporary global class structure will certainly show, no matter how it is approached: This class structure is complicated; it consists of multi-layered sub-structures on the side of the ruling classes and of an emerging, knowledge- and locality-encompassing emergent substructure on the side of the exploited classes. Right across the both opposing poles of ruling and being ruled spans the internet-generated new world of ideological superstructures. The extremely fragile character of this web of opinions carries not only the hope to become the central nervous system of the positive vision of part one, it is also at the same time a mainstay of authoritarian rule and right-wing propaganda as long as it is not made an completely democratic device. The latter task – developing a more sophisticated understanding of democracy - proves to be particularly hard: “Power to the people” loses its charm if the brains of these people are distorted by a centrally steered manipulation device. The quest for self-governance proves to be the quest for a next step of social knowledge. And it is this mission that enables the social evolutionary jump – the current alarm signs are ever harder to ignore.

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<sup>59</sup>Compare (Hanappi and Scholz-Wäckerle, 2017).

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