

**Capitalism,
Government,
Money,
and the
Future of
the World**

*Finding
and Keeping
the Right Balance
in
Market-Capitalist
Democracies*

Banks – *i.e.*, lending institutions – facilitate a large part of the investment and growth within every market-capitalist economy

Banks are an **essential foundation of capitalism**

Banks are **inherently, inescapably unstable businesses,**
inherently unstable institutions

For this reason, as well as for several other reasons,
capitalist economies, by their very nature,
at their foundation, are unstable

By its nature, capitalism is subject to
recurrent, inevitable crisis –
sudden, unpredictable spasms of collapse,
contraction, and economic destruction

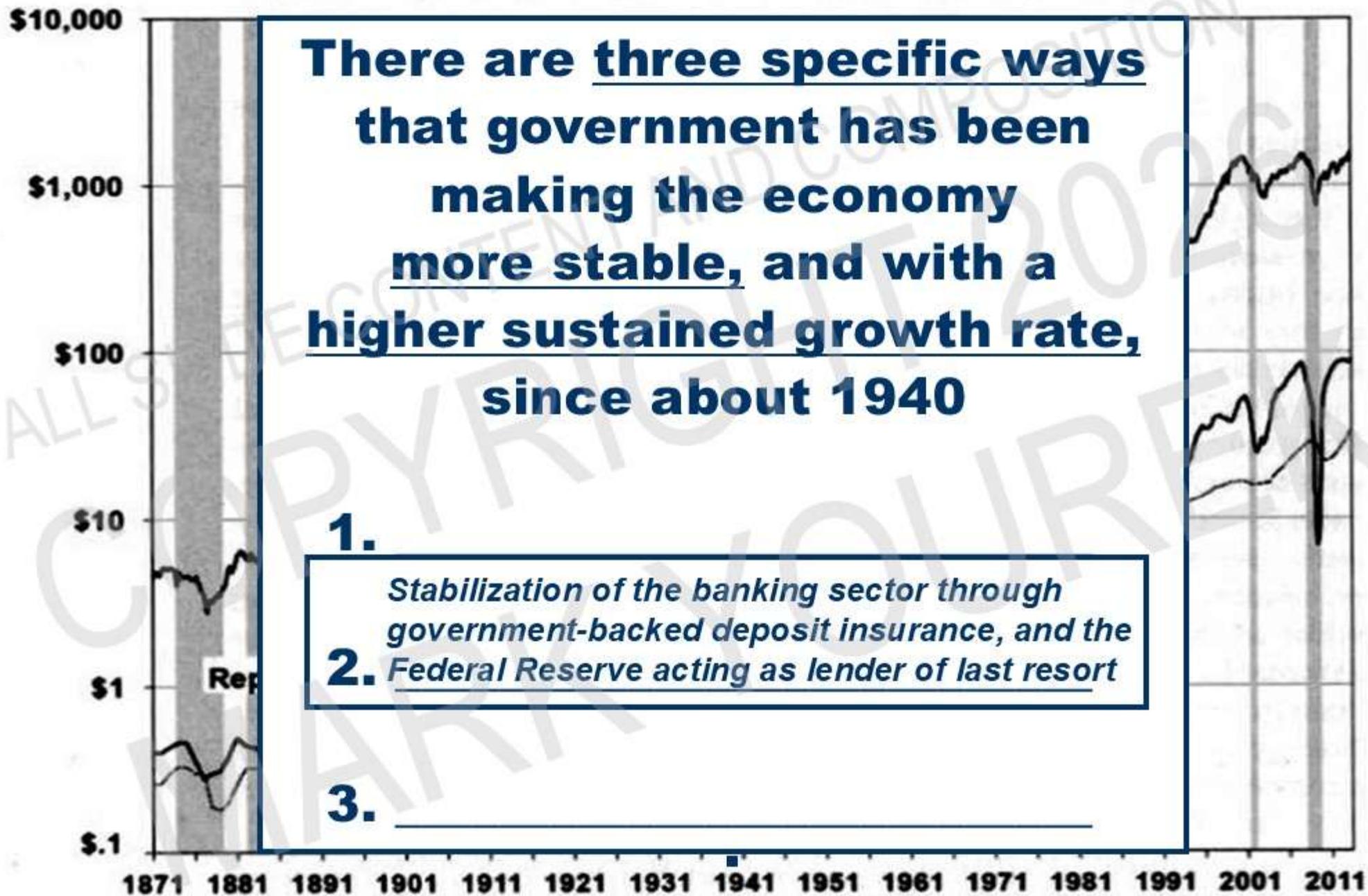
Capitalism is **bipolar** –
always alternating inevitably
between boom and bust

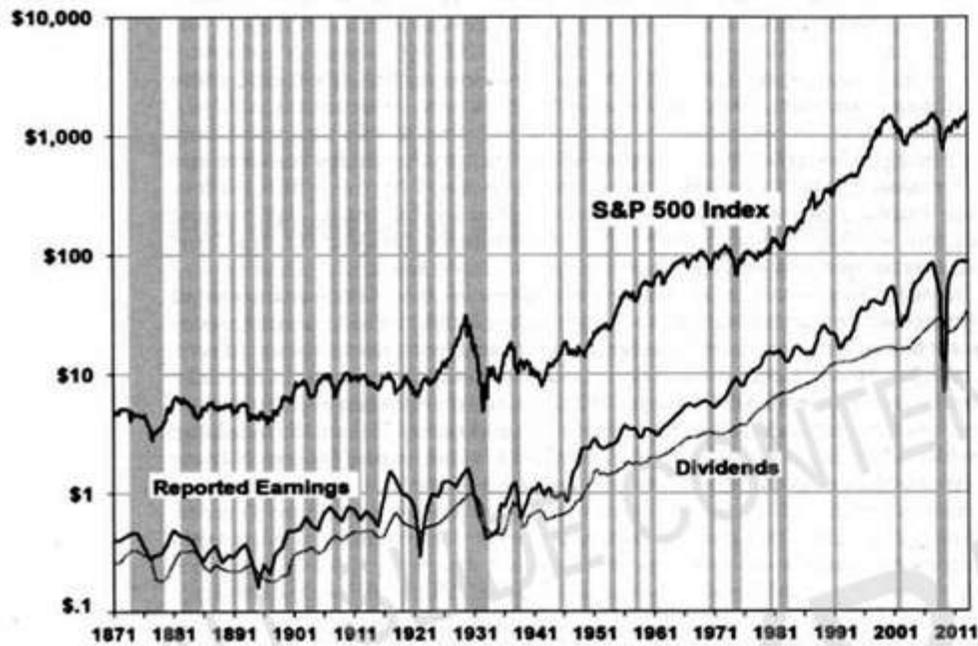
Five key arguments about capitalism and government, being made in this course

Capitalism
is inherently
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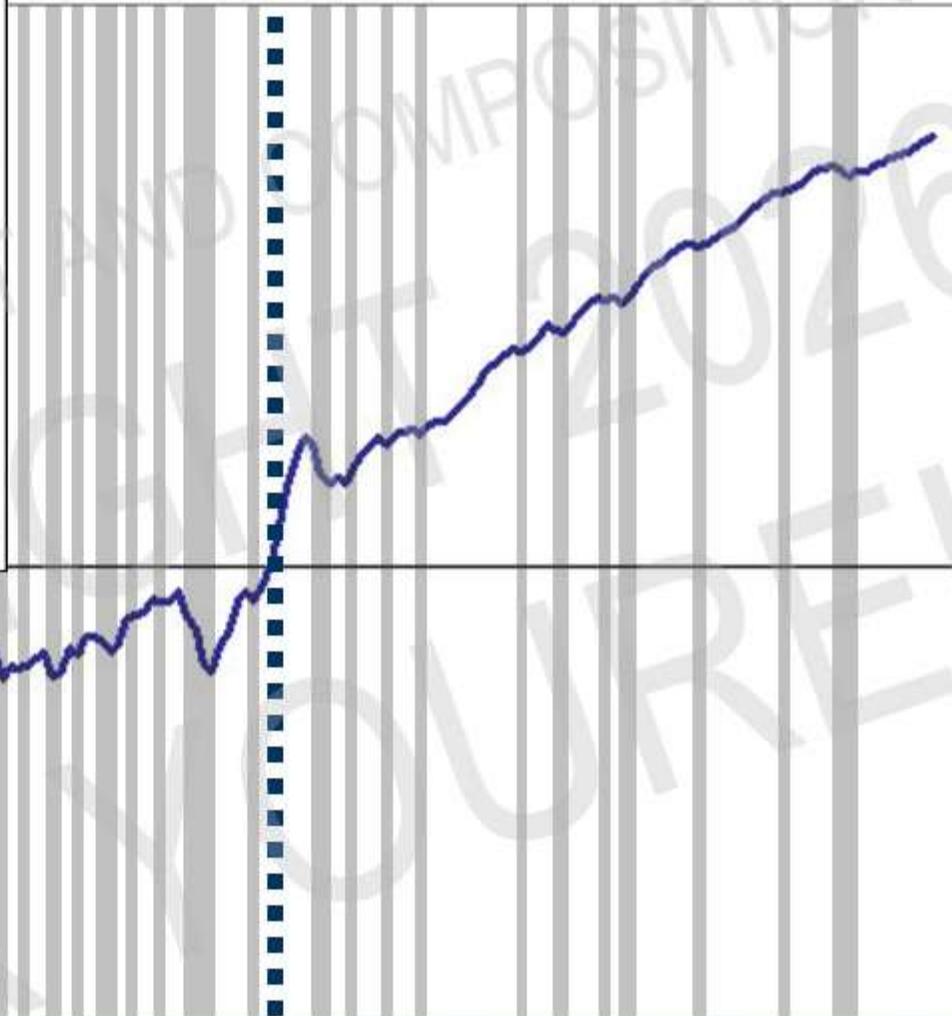
*(a fact the right
is mostly in
denial about)*

Stock Prices, Earnings, Dividends, and Recessions 1871–2012





GDP per capita 1840-2019



Why is the slope of this line so much straighter than the S&P 500 graph?



So, let's talk about capitalism...

Capitalism: the economic interaction of human beings through competitive free markets, in the era since industrialization

Industrialization is the process of applying science and knowledge to work and production to drive innovation, and to progressively improve efficiency and productivity

Capitalism: the economic interaction of human beings through competitive free markets, in the era since industrialization

- Capitalism is **not a predefined economic system**; it is an organic interaction of human beings, with free markets and competition being the defining characteristics, and the rational pursuit of self-interest as the dominant motivator

Capitalism: the economic interaction of human beings through competitive free markets, in the era since industrialization

- In the modern-day industrial era, capitalism drives ongoing **innovation** and **productivity improvement**: it leverages science and drives technological progress, to devise improved products and services, and improved / more efficient means of production, spurred by competition, re-investing accumulated wealth to produce more wealth

Capitalism: the economic interaction of human beings through competitive free markets, in the era since industrialization

- Capitalism is not limited to the participation of private actors; i.e. **state capitalism** is a recognized phenomenon, but private actors are usually the far more numerous, and more *necessary*, participants

Capitalism: the economic interaction of human beings through competitive free markets, in the era since industrialization

- Capitalism has never, and could never, exist outside of the context of other human institutions, or outside the context of history (cultural, political, economic, social, demographic, etc) in any given place or society. It encompasses processes of **economic interaction**, but does not define systems to govern other forms of human interaction

Capitalism: the economic interaction of human beings through competitive free markets, in the era since industrialization

The story of capitalism has been unfolding ever since the beginnings of industrialization, around 300 years ago

But the story of capitalism unfolds within a *much more complex reality, and history*, in which human beings have often also found themselves interacting economically, in contexts having *nothing to do with competitive free markets...*

COERCION, WAR, CONQUEST, ENSLAVEMENT, COLONIALISM, IMPERIALISM

In this course, we are focused on how *capitalism* works, so we will seek to distinguish *capitalism* and *the functioning of free markets*, from the backdrop of all these other actions, that also impact people and countries, economically

Capitalism: the economic interaction of human beings through competitive free markets, in the era since industrialization

Long before the era of modern industrial capitalism, certain fundamental building blocks of capitalism appeared sporadically, over and over, in many different times and places

Dating back to antiquity, historians can cite many examples of entities that operated as banks, and many examples of entities that operated as private corporations: compacts organized to pool private capital across large groups of people, to fund various large-scale and / or risky profit-seeking endeavors: things like **ships** for long-distance commerce; **mills** and other **water projects**; and **large-scale buildings**

As reflected in the deep historical record, these kinds of building blocks appeared and disappeared in many different times and places, before **modern industrial capitalism** took solid, permanent root, in the 1600s

The essential elements of capitalism:

buying and selling in free markets,

with competition

entrepreneurship

investment

in the era since industrialization

Europe is where industrial capitalism got going first

A number of things had to happen,
to open the path for it to emerge

The essential elements of capitalism:

**buying and selling in free markets,
with competition
entrepreneurship
investment**

in the era since industrialization

One necessary precondition
was the emergence of *less-extractive,
nation-state-scale* governments,
in the 1200s-1800s

up through the Middle Ages:

Feudal lords own stretches of territory by inheritance from previous generations; someone in the past fought their way into seizing and possessing these lands, and forced everyone else into indentured serfdom, passing the advantage of land ownership to future generations of their own family, in perpetuity

Fiefdoms belong collectively to kingdoms, with kings either acquiring their position through violence, or inheriting it from a forebear who acquired it through warfare or violence

Rudimentary technology; very little transportation or travel over more than short distances

The purpose of government by kings and lords is decidedly **extractive**: designed fundamentally to enrich these rulers, serve their interests, and perpetuate their own position and power

starting toward the end of the Middle Ages:

Technology advances enough to support the construction of better road networks, which facilitate commerce over wider regions... and the better transportation also, simultaneously, gives rise to more centralized, organized polities, on a larger, 'nation-state' scale

There is a gradual development of thought, around the idea that government should no longer be conducted simply on the basis of force and violence, and that government should no longer be run primarily on an **extractive** basis: *i.e.* with the end mainly of forcing the broad population to serve the rulers, so as to preserve the wealth and power of the incumbent ruling class

An idea is taking shape, that government should derive its legitimacy from the consent of the governed, somehow, and that government should exist to serve the needs of the population as a whole, rather than just the rulers...

was the emergence of *less-extractive, nation-state-scale* governments, in the 1200s-1800s

The essential elements of capitalism:

buying and selling in free markets,

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in the era since industrialization

Out of this era, in parts of Europe in the 1600s-1700s, **industrialization** was born as a byproduct of these trends in politics and government, of the ***Enlightenment**** and the ***Scientific Revolution****, and it resulted in a sustained, expanding accumulation of technological progress, which has been accelerating continuously, ever since

One arena of technological progress: **Transportation**

200 centuries of progress

Antiquity [\[edit\]](#)

- 20th millennium BCE – rafts used on rivers.
- 7th millennium BCE – Earliest known shoes.
- 6th millennium BCE – Dugout canoes constructed.
- 4th millennium BCE – The earliest vehicles may have been ox carts.^[2]
- 3500 BCE – Domestication of the horse and invention of the wheel in Ancient Near East
- Toys excavated from the Indus valley civilization (3010–1500 BCE) include small carts.
- 3000 BCE – Austronesians construct catamarans and outriggers.
 - In the Mediterranean, galleys were developed about 3000 BC.
- 2nd millennium BCE – Cart mentioned in literature, chariot and spoked wheel invented.
- 800 BCE – Canal for transport constructed in Ancient China.
- 408 BCE – Wheelbarrow referenced in Ancient Greece.

EXPECT
DELAYS

UNTIL WHEEL INVENTED



ADT

One arena of technological progress: **Transportation**

18th century [edit]

- 1716 – Swedish scientist, Emanuel Swedenborg, creates the first concept of a hovering vehicle.^[8]
- 1731 - Sextant first implemented to accurately determine latitude.
- 1733 - William Kent developed an early stroller.^[9]
- 1740 – Jacques de Vaucanson debuted his clockwork powered carriage.
- 1760s - Inline skates invented.^[10]
- 1761 - Marine chronometer invented as a means to accurately determine longitude.
- 1769 – Nicolas-Joseph Cugnot demonstrates his *fardier à vapeur*, an experimental steam-driven artillery tractor
- 1776 – First submarine to be propelled by screws, and the first military submarine to attempt an attack on a ship, *Turtle*, is built.
- 1779 - The Iron Bridge built in Shropshire.
- 1783 - First parachute.
- 1783 – Joseph Montgolfier and Étienne Montgolfier launch the first hot air balloons triggering Balloonomania.
- 1783 – Jacques Charles and Les Frères Robert (Anne-Jean Robert and Nicolas-Louis Robert) launch the first Hydrogen balloon.
- 1784 – William Murdoch built a working model of a steam locomotive carriage in Redruth, England.^[11]
- 1789 - The pedal powered tricycle was invented by two Frenchmen, named Blanchard and Maguier.
- 1790s – Canal Mania, an intense period of canal building in England and Wales.

1 century of progress

**Science-driven technology,
and the advent of capitalism**

Early 19th century [edit]

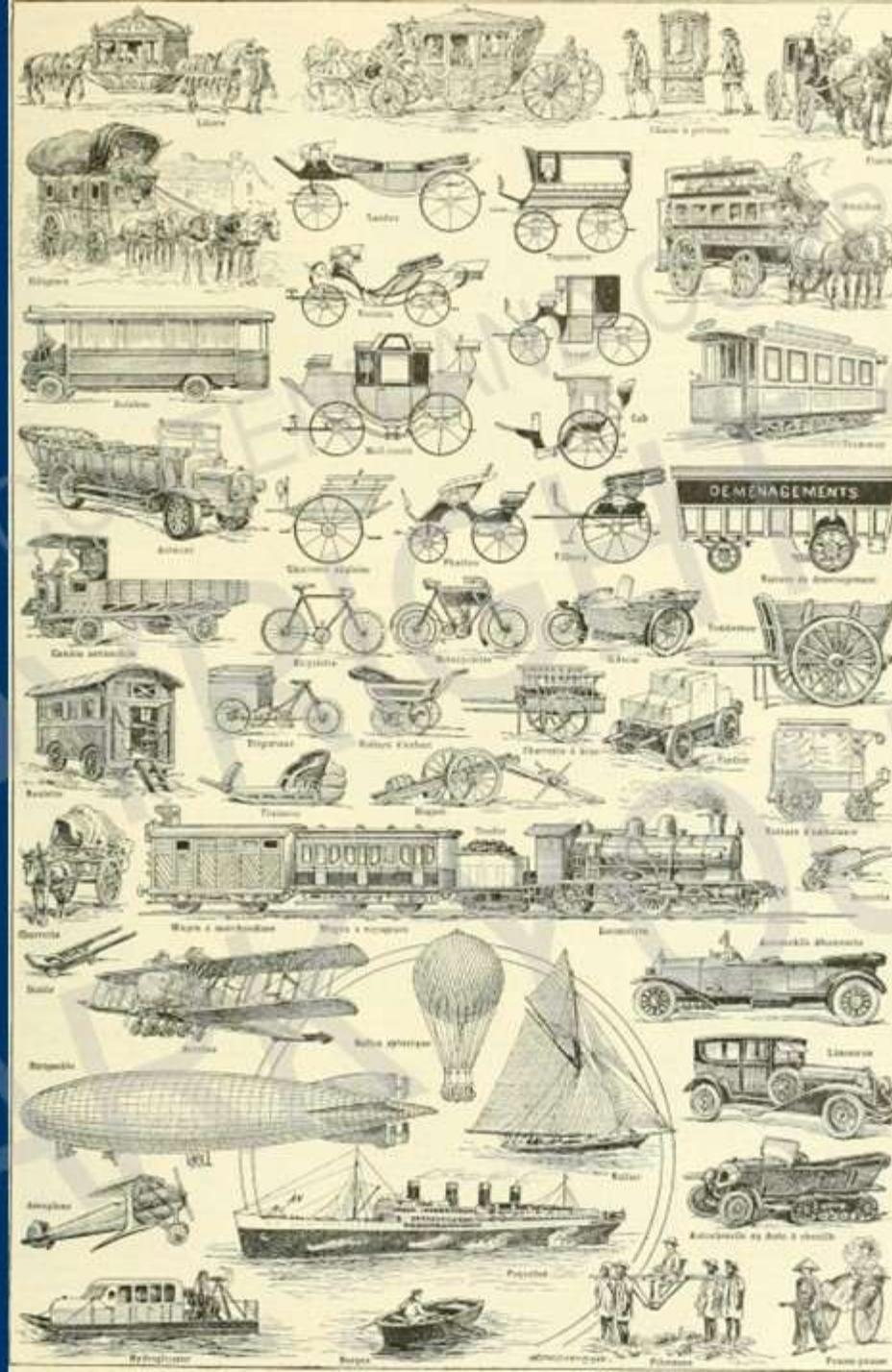
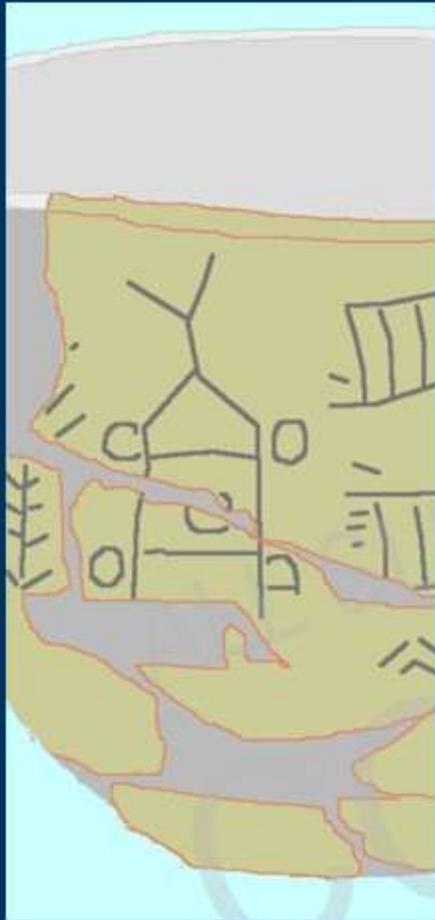
- 1801 – Richard Trevithick ran a full-sized steam 'road locomotive' on the road in Camborne, England.^[11]
- 1803 – Richard Trevithick built his 10-seater London Steam Carriage.^[11]
- 1803 – William Symington's *Charlotte Dundas*, generally considered to be the world's first practical steamboat, makes her first voyage.
- 1804 – Richard Trevithick built a prototype steam-powered railway locomotive and it ran on the Pen-y-Darren Line near Merthyr Tydfil Wales.
- 1804 – Oliver Evans (claimed to have) demonstrated a steam-powered amphibious vehicle.
- 1807 – Francois Isaac de Rivaz – the De Rivaz engine, the first internal combustion engine using hydrogen as a fuel
- 1807 - The Swansea and Mumbles Railway ran the world's first passenger horsecar tram service.
- 1807 – Robert Fulton's *North River Steamboat*, the world's first commercially successful steamboat, makes her maiden voyage.
- 1807 – Nicéphore Niépce installed his Pyrèolophore internal combustion engine in a boat and powered up the river Saône in France.
- 1807 – Isaac de Rivas made a hydrogen gas powered internal combustion engine and mounted it on a vehicle.
- 1812 – First commercially successful self-propelled engine on land was Mathew Murray's *Salamanca* on Middleton Railway using toothed wheels and rail.
- 1812 – Timothy Hackworth's "Puffing Billy" ran on smooth Cast Iron Rails at Wylam Colliery near Newcastle
- 1814 – George Stephenson built the first practical steam-powered railway locomotive "Blutcher" at Killingworth Colliery.^[12]
- 1816 – The most likely originator of the Bicycle is the German, Baron Karl von Drais, who rode his 1816 machine while collecting taxes from his tenants.
- 1819 – SS *Savannah*, the first vessel to cross the Atlantic Ocean partly under steam power, arrives at Liverpool, England from Savannah, Georgia.
- 1819 - Denis Johnson invents kick scooter.
- 1822 – Stevenson built a locomotive and designed the railway for Hetton Colliery which is first railway not to use any horse-traction but it did have several rope hauled sections.
- 1822 – First Meeting of Liverpool Manchester Railway Company Permanent Committee.^[13]
- 1825 - Stevenson's Locomotion No. 1 runs on Stockton & Darlington Railway which opens as first public railway and uses horses and self-propelled steam engines and vehicle on it.^[14]
- 1825 – Sir Goldsworthy Gurney invented a series of steam-powered passenger carriages and by 1829 completed the 120-mile journey from London to Bath, Somerset.
- 1825 - The first suspension railway was opened at Cheshunt, England, United Kingdom on June 25.
- 1826 – Bill passed for Liverpool and Manchester Railway at second attempt and George Stevenson commences work on 35-mile twin track line permitting simultaneous traffic in both directions.
- 1828 – Stevenson's "Lancashire Witch" runs on Bolton and Leigh Railway line - a public goods line to connect Leeds and Liverpool Canal and Manchester Bolton & Bury Canal.
- 1829 – Rainhill Trials to find best self-propelled engine for Liverpool Manchester line are won by Robert Stephenson's Rocket proving there is no need for horse traction and the use of coal rather than coke.
- 1830 – Liverpool and Manchester Railway opens. First public transport system without animal traction, first public line with no rope hauled sections for main journey, first tunnels under streets, first proper modern railway which formed the template for all subsequent railways.^[18]
- 1837 - The first electric locomotive built in 1837 was a battery locomotive. It was built by chemist Robert Davidson of Aberdeen in Scotland, and it was powered by galvanic cells.
- 1838 – Isambard Kingdom Brunel's SS *Great Western*, the first purpose-built transatlantic steamship, inaugurates the first regular transatlantic steamship service.
- 1839 - An early electric boat was developed by the German inventor Moritz von Jacobi in 1839 in St Petersburg, Russia. It was a 24-foot (7.3 m) boat which carried 14 passengers.
- 1840s – Railway Mania sweeps UK and Ireland. 6,220 miles (10,010 km) of railway line were built
- 1843 - Dalkey Atmospheric railway opens.
- 1847 - The first steam railcar was designed by James Samuel, the Eastern Counties Railway Locomotive Engineer, built by William Bridges Adams in 1847, and trialled

another
50 years of
progress

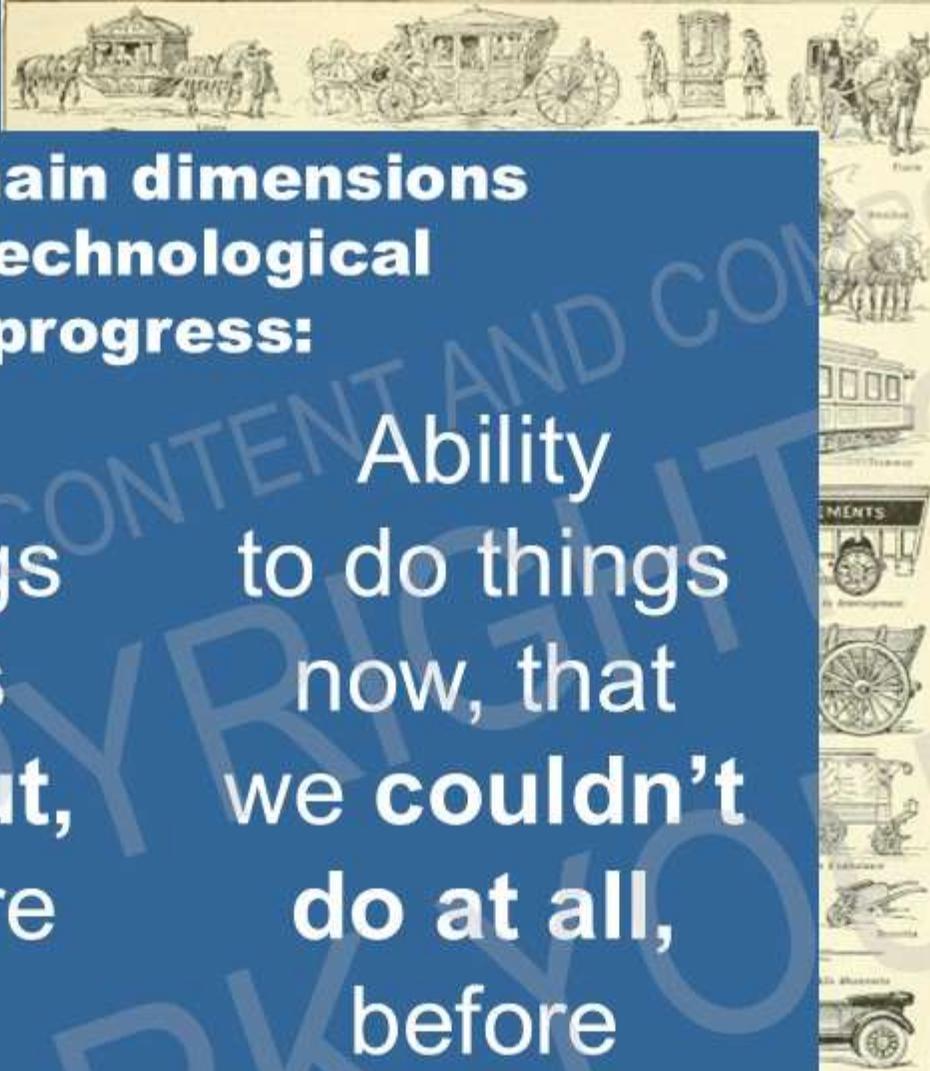
Late 19th century [edit]

- 1852 – Elisha Otis invents the safety elevator.
- 1853 – Sir George Cayley built and demonstrated the first heavier-than-air aircraft (a glider).
 - - Quadricycle invented.
- 1859 - First model railway for Napoléon, Prince Imperial.
- 1859 - Gaston Planté invented the lead–acid battery, the first-ever battery that could be recharged by passing a reverse current through it.
- 1862 – Étienne Lenoir made a gasoline engine automobile.
- 1863 – London's Metropolitan Railway opened to the public as the world's first underground railway.
- 1863 – Étienne Lenoir– Hippomobile
- 1867 – First modern motorcycle was invented.
- 1868 – Safety bicycle invented.
- 1868 – George Westinghouse invented the compressed-air brake for railway trains.
- 1868 – Louis-Guillaume Perreaux's steam velocipede, a steam engine attached to a Michaux velocipede.^[19]
- 1870 - First definite record of a kicksled.
- 1874 - Midland railway introduces the first bogie.
- 1875 - World's first electric tram line operated in Sestroretsk near Saint Petersburg, Russia, invented and tested by Fyodor Pirotsky.^{[20][21]}
- 1880 – Werner von Siemens builds first electric elevator.
- 1881 - World's first commercially successful electric tram, the Gross-Lichterfelde tramway in Lichterfelde near Berlin in Germany built by Werner von Siemens who contacted Pirotsky. It initially drew current from the 1883.
- 1882 - The trolleybus dates back to 29 April 1882, when Dr. Ernst Werner Siemens demonstrated his "Elektromote" in a Berlin suburb. This experiment continued until 13 June 1882
- 1883 - MÖdling and Hinterbrühl Tram, Vienna, Austria, first electric tram powered by overhead wire.
- 1884 - Thomas Parker built a practical production electric car in Wolverhampton using his own specially designed high-capacity rechargeable batteries.
- 1885 – Karl Benz invents the first car powered by an internal combustion engine, he called it the Benz Patent Motorwagen.^[22]
- 1887 - The first Battery electric multiple unit (battery rail car) was used on the Royal Bavarian State Railways.^[23]
- 1888 - Flocken Elektrowagen built by German inventor Andreas Flocken, the first true electric car.
- 1889 - The first interurban tram-train to emerge in the United States was the Newark and Granville Street Railway in Ohio, which opened in 1889.
- 1889 - First introduced in 1889, battery vehicles milk floats expanded use in 1931 and by 1967 gave Britain the largest electric vehicle fleet in the world.
- 1890s – Bike boom sweeps Europe and America with hundreds of bicycle manufacturers in the biggest bicycle craze to date
- 1890 - The City and South London Railway (C&SLR) was the first deep-level underground "tube" railway in the world,^{[24][note 1]} and the first major railway to use electric traction
- 1893 - Recumbent bicycles invented.
- 1893 - first moving walkway debuted at the World's Columbian Exposition
- 1893 - The Liverpool Overhead Railway opened on 6 March 1893 with 2-car electric multiple units, the first to operate in the world.
- 1893 - Frank W. Hawley adapted an ordinary steam canal boat to a trolleyboat (named after him), which was tested on the Erie Canal in the US.^[25]
- 1894 – Hildebrand & Wolfmüller became the first motorcycle available to the public for purchase.
- 1895 – First motorbus. In Siegerland, Germany, two passenger bus lines ran briefly, but unprofitably, in 1895 using a six-passenger motor carriage developed from the 1893 Benz Viktoria.^[26]
- 1896 – Jesse W. Reno builds first escalator at Coney Island, and then reinstalls it on the Manhattan side of the Brooklyn Bridge.
- 1896 - First battery powered monorail, Ontario Southern Railway (Ontario).
- 1897 – Charles Parsons' Turbinia, the first vessel to be powered by a steam turbine, makes her debut.
- 1897 – Most likely the first electric bicycle was built in 1897 by Hosea W. Libbey.^[27]
- 1899 - The Lohner-Porsche Mixte Hybrid was both the world's first hybrid vehicle, and the first four-wheel drive without a steam engine.
- 1899 – Ferdinand von Zeppelin builds the first successful airship.^[28]
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yet another 50 years of progress



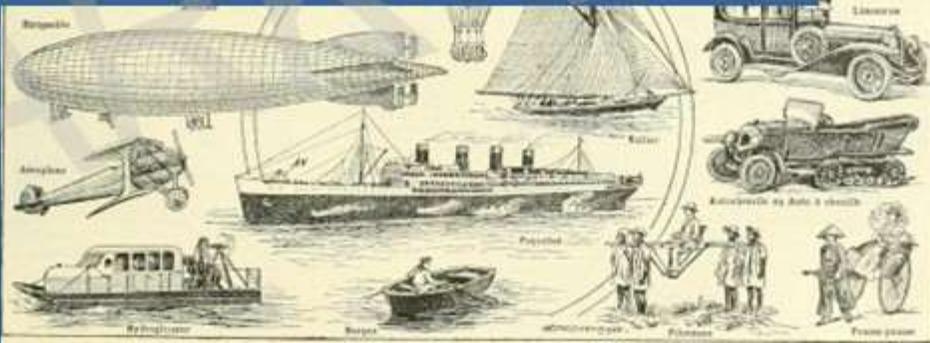
Since the 1700s,
the pace of
technological
progress
has kept
getting faster
and faster –
**enabled by science,
and powered by
capitalism and
industrialization**



**Two main dimensions
of technological
progress:**

Ability
to do things
with **less**
labor input,
than before

Ability
to do things
now, that
we couldn't
do at all,
before



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Estimated annual average productivity increase per unit of labor input

20,000 BCE to 1250 CE

0.000%

Estimated annual average productivity increase per unit of labor input

1250 - 1850

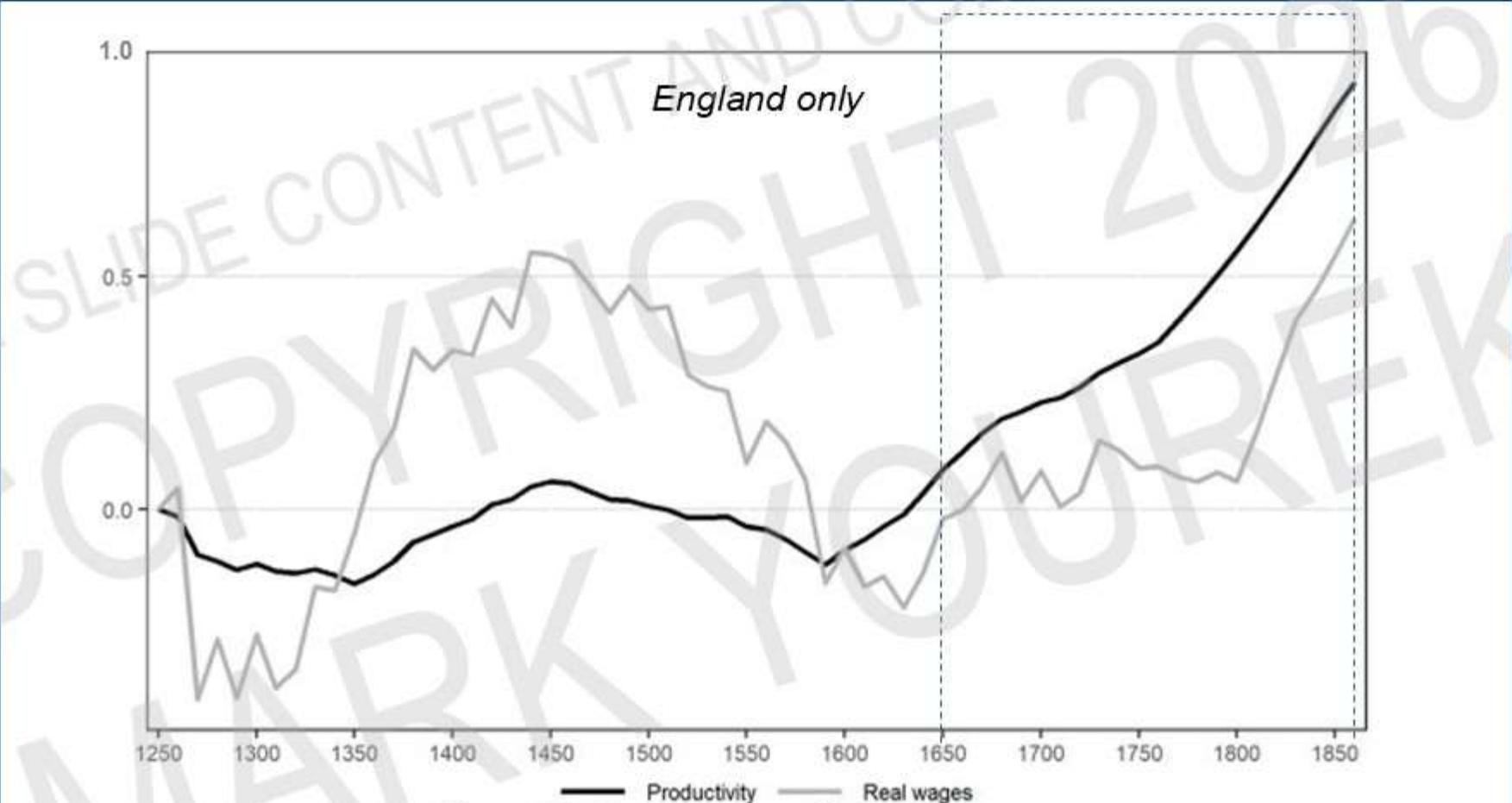


Figure 11: Comparison with Real Wages

Note: The figure plots our estimates of the evolution of the permanent component of productivity \bar{a}_t along with the real wage series we use.

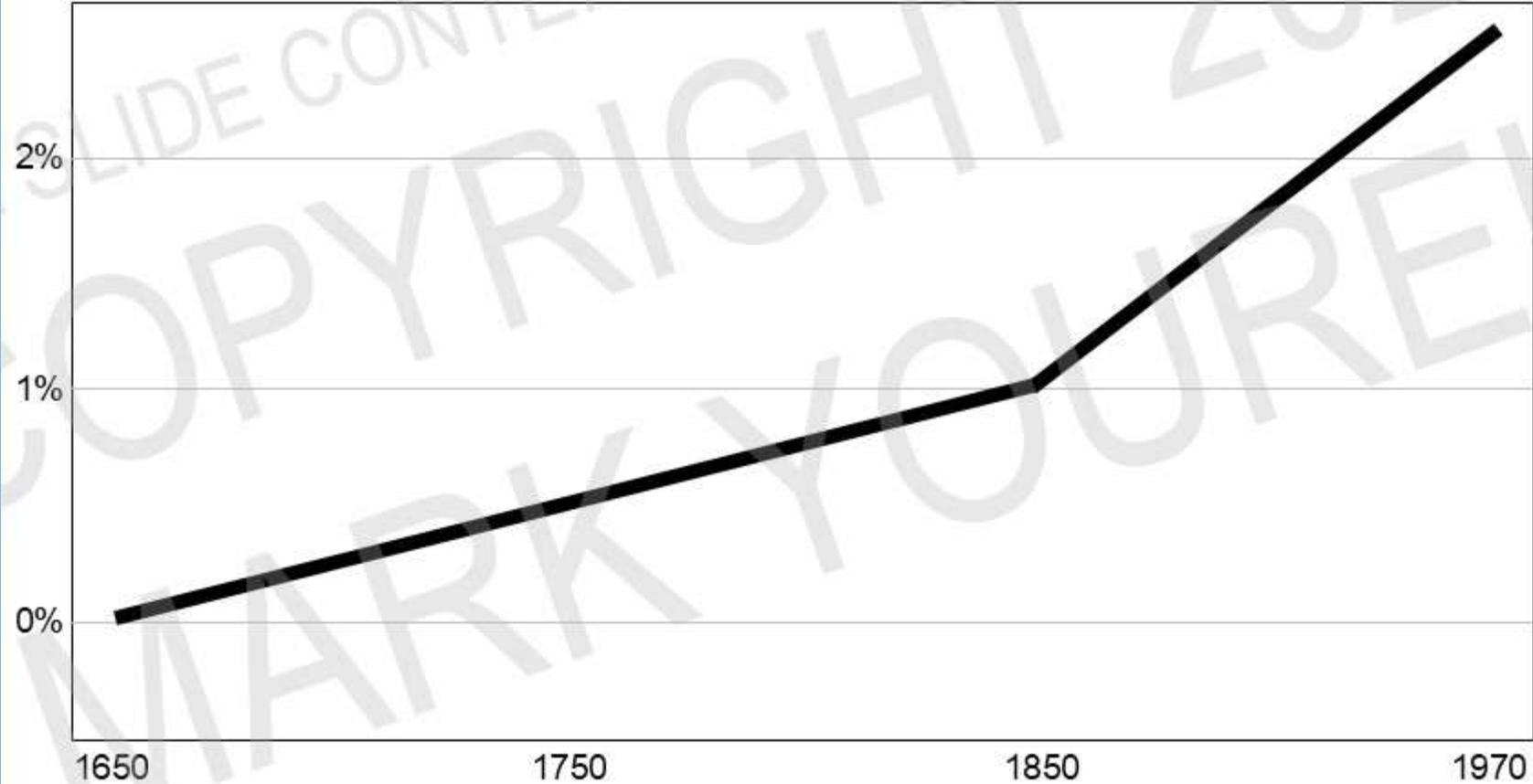
Bouscasse, Nakamura,
Steinsson

2023
Cambridge
UC Berkeley

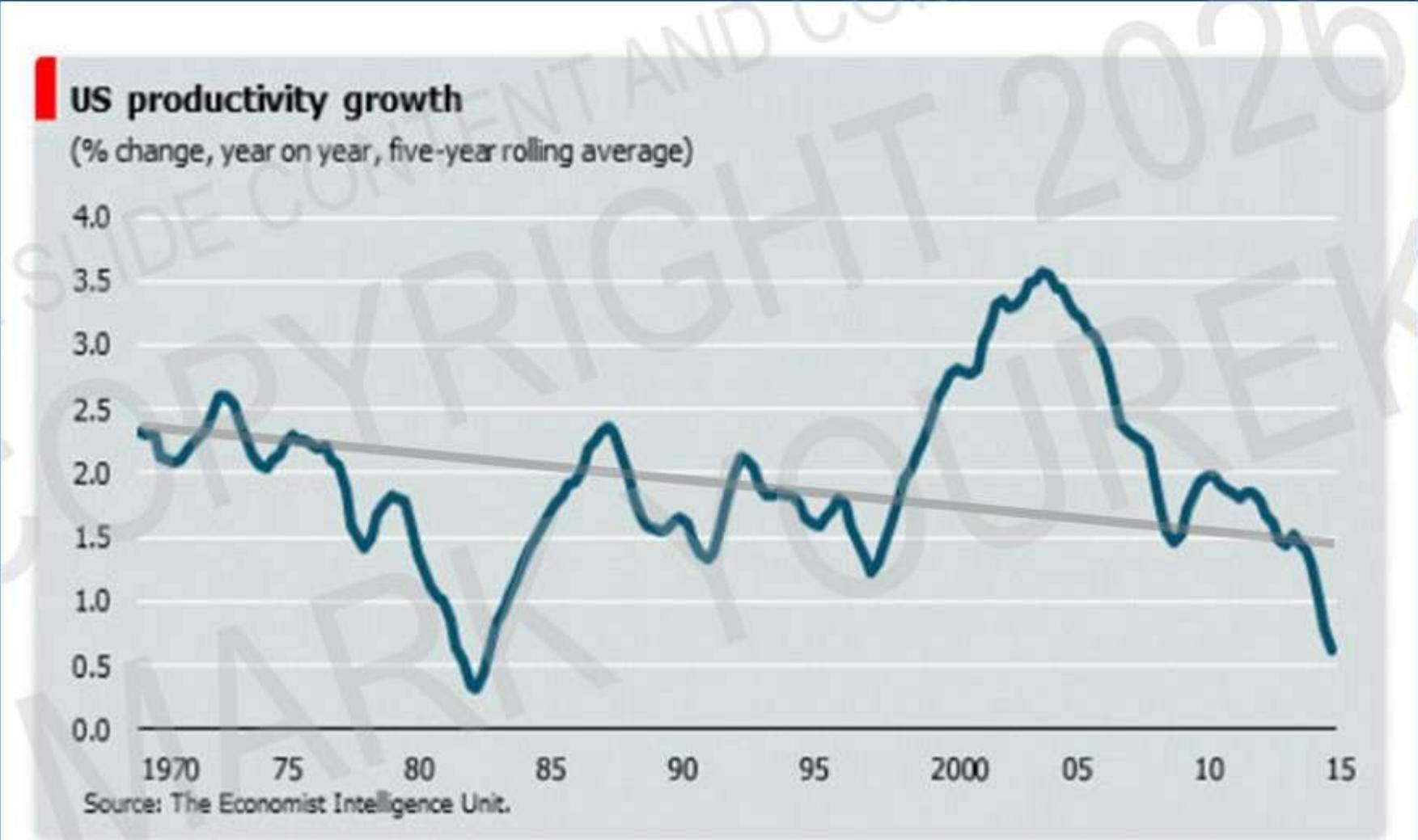
Estimated annual average productivity increase per unit of labor input

1650 - 1970

secular trend for leading non-disrupted industrial economies



Estimated annual average productivity increase per unit of labor input 1970 - 2015

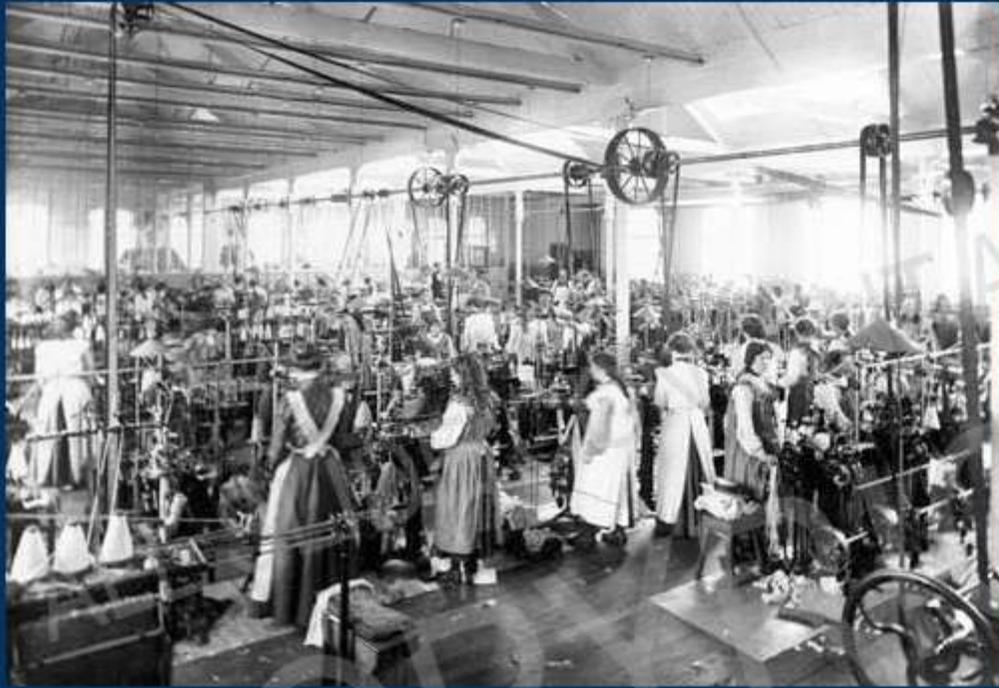


Estimated annual average productivity increase per unit of labor input

1970 - 2015



In the United States since 1900, increasing productivity has caused the average value produced by a single unit of labor input to roughly **double** every 35 years



On average, in 1900 it took 11 or 12 times as much time and effort to get something productive done, as it does today



**In 1900, one agricultural worker
could produce enough food
to feed around 6 people**



**By 1970, one agricultural worker
could produce enough to feed
around 50 people**



In 1900, one agricultural worker could produce enough food to feed around 6 people

There are some things that are *billions of times more productive* today, than in 1900



Today, one agricultural worker can produce enough to feed around 150 people

There are other things that are *not much more productive* today, than in 1900



And these radical productivity improvements aren't limited to just the workplace –

In 1900, one agricultural worker could produce enough food to feed around 6 people

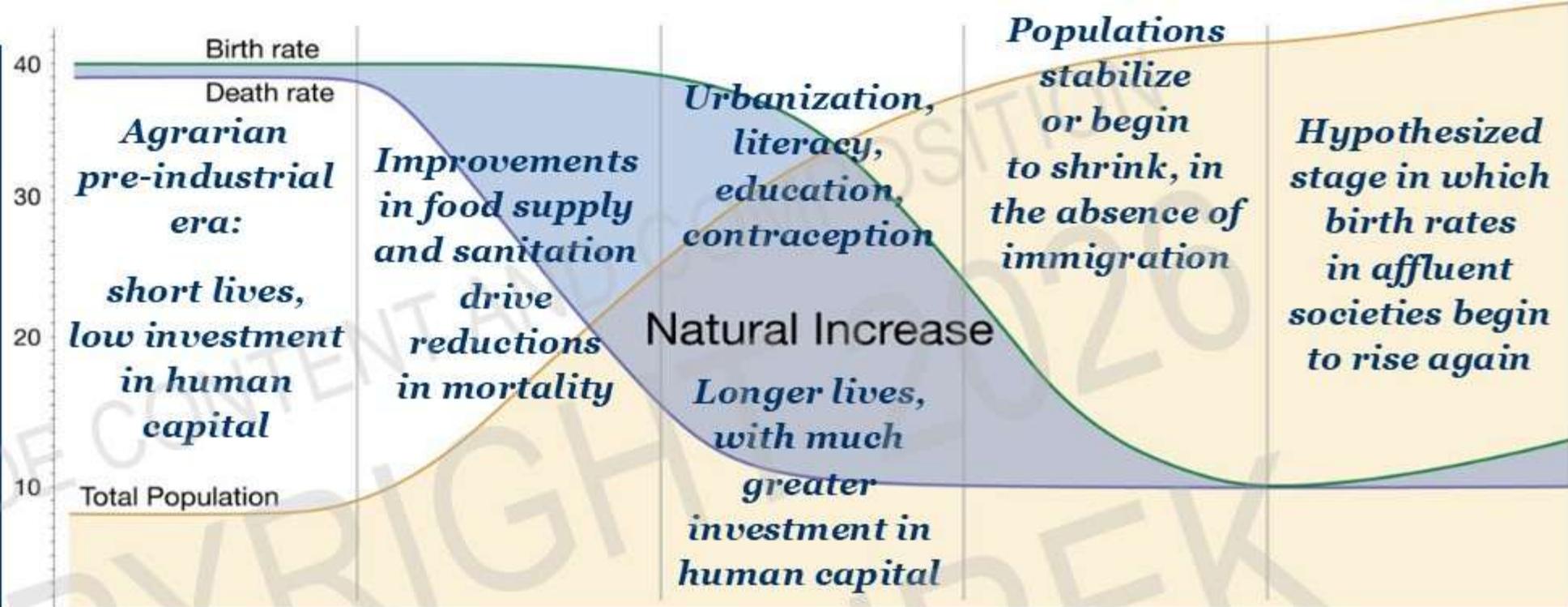
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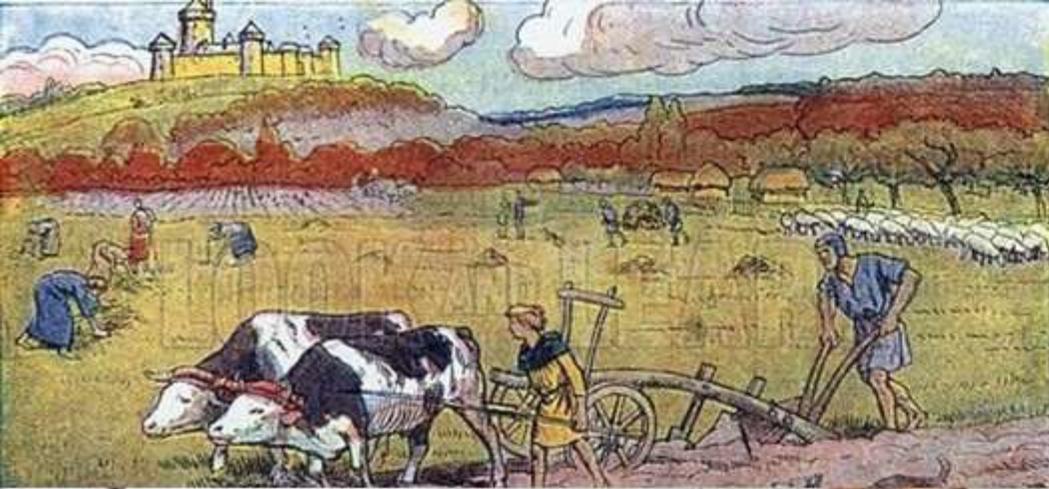
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The world demographic transition, powered by capitalism and industrialization



	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
Birth rate	High	High	Falling	Low	Rising again
Death rate	High	Falls rapidly	Falls more slowly	Low	Low
Natural increase	Stable or slow increase	Very rapid increase	Increase slows down	Falling and then stable	Stable or slow increase
Population Pyramid					



Capitalism
over the last
300 years
has engineered
a massive,
progressive,
**transformative
improvement**
in the material
lives of
human beings

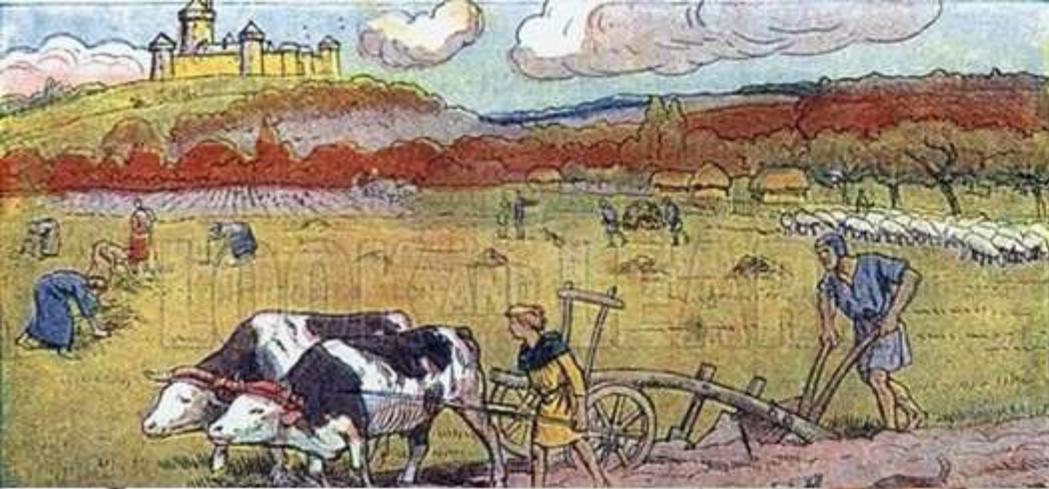
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Capitalism
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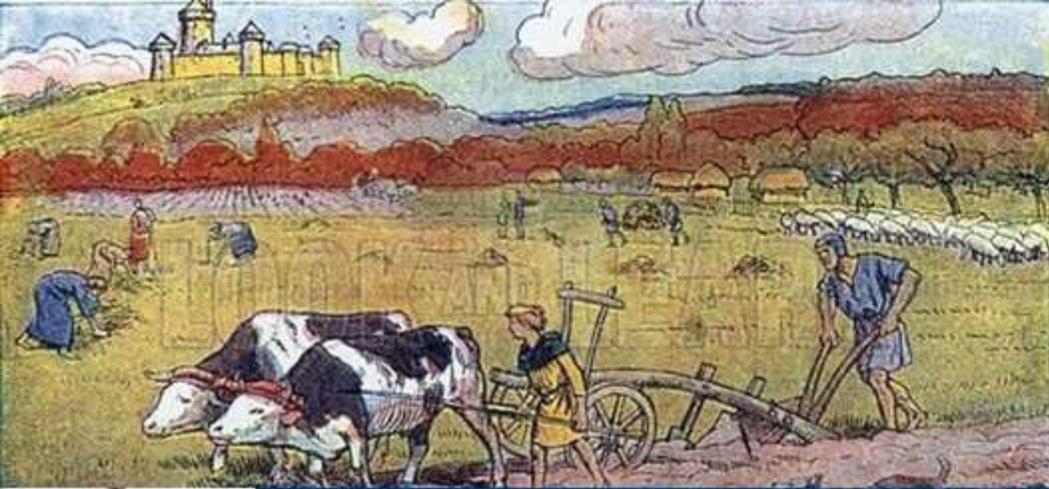
*(despite
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Capitalism
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*(a fact the right
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But –
this ongoing
transformation
has *always*
been accompanied
by a *significant*
downside



This path of progress, of changes driving a rising overall standard of living, has always been ***extremely painful*** to many, many people, during the course of their lifetime



But – this ongoing transformation has ***always*** been accompanied by a ***significant*** downside

Capitalism often ***forces change*** into the lives of workers – change that they frequently experience as ***hardship*** and ***economic setback***:

Acute convulsions thrust into the lives that people have already constructed for themselves, based on existing technologies, practices and institutions

Fundamental changes to the nature of production and work;
massive disruption of people's existing livelihoods;
and, frequently, the **obliteration of the ability**
of millions of people to make a living
with their existing, obsolescent skill sets

The changing nature of work and production, with the rise of capitalism

pre-industrial

low levels of technology

(in retrospect)

low productivity

(in retrospect)

unchanging ways
of doing work

stable skill sets

stable livelihoods

most work is performed
individually or in small shops
(major exception is plantation agriculture)



The changing nature of work and production, with the rise of capitalism

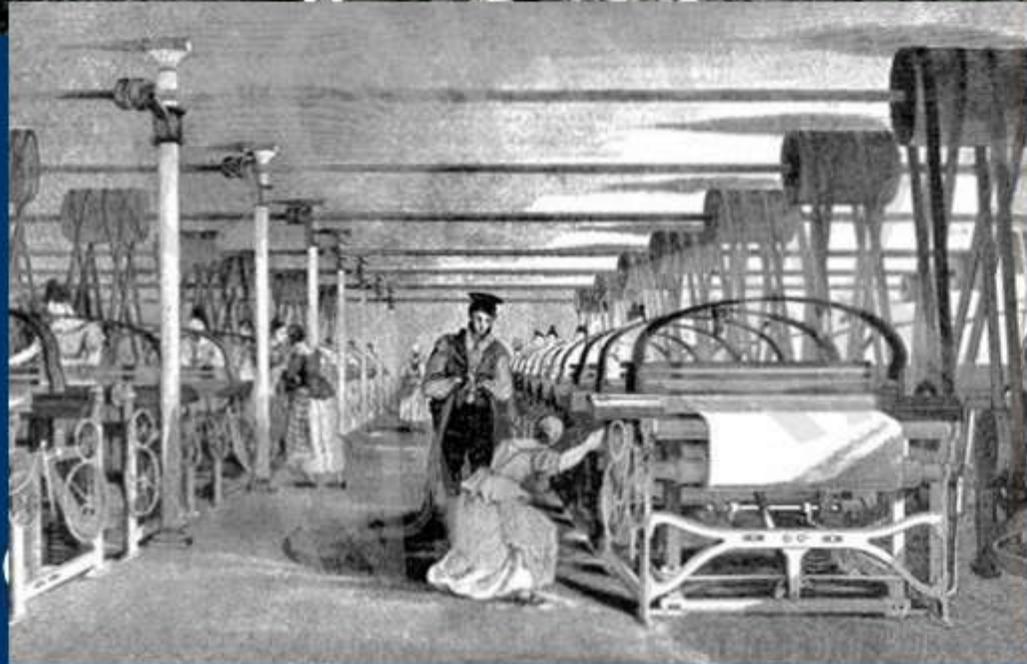
with industrialization

steadily advancing technology
steadily increasing productivity
evolving ways of doing work,
and changing skill sets

disruption of livelihoods,
and the large-scale elimination
of specific jobs and livelihoods

more and more work is performed
in large-scale workplaces, away from home

many kinds of work are seen
as becoming much more regimented
and de-personalized



The changing nature of work and production, with the rise of capitalism

with industrialization

steadily advancing technology
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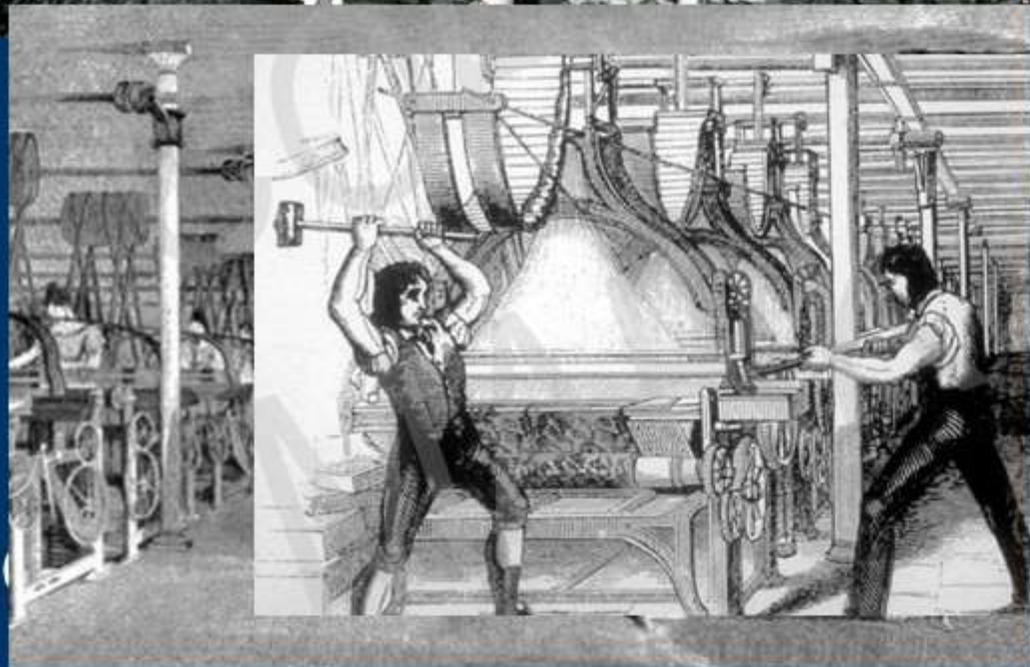
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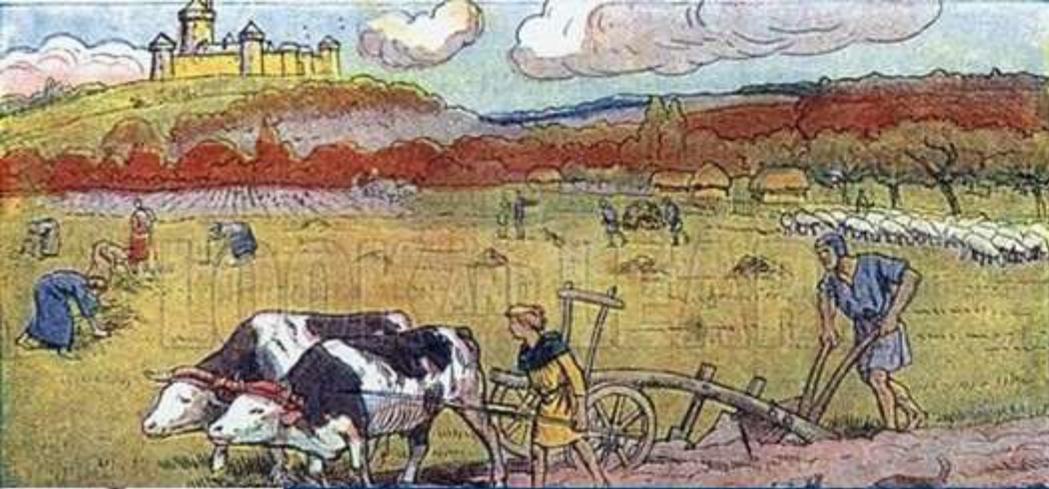
more and more work is performed
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In the late 1700s and early 1800s,
the phenomenon of specific
work skill sets becoming obsolete
was new – and many people were
horrified, that this could happen





Capitalism's path of progress,
driving continuously rising
overall standards of living



Massive
transformative
improvement,
across time

Significant
disruption,
suffering,
and distress,
in real time

Five key arguments about capitalism and government, being made in this course

Capitalism has radically transformed human life for the **better**, over the last 300 years

(despite the left's bad attitude)

The ongoing changes driven by capitalism can be very **painful** and **detrimental** to those who get hurt, but are nonetheless absolutely **necessary**

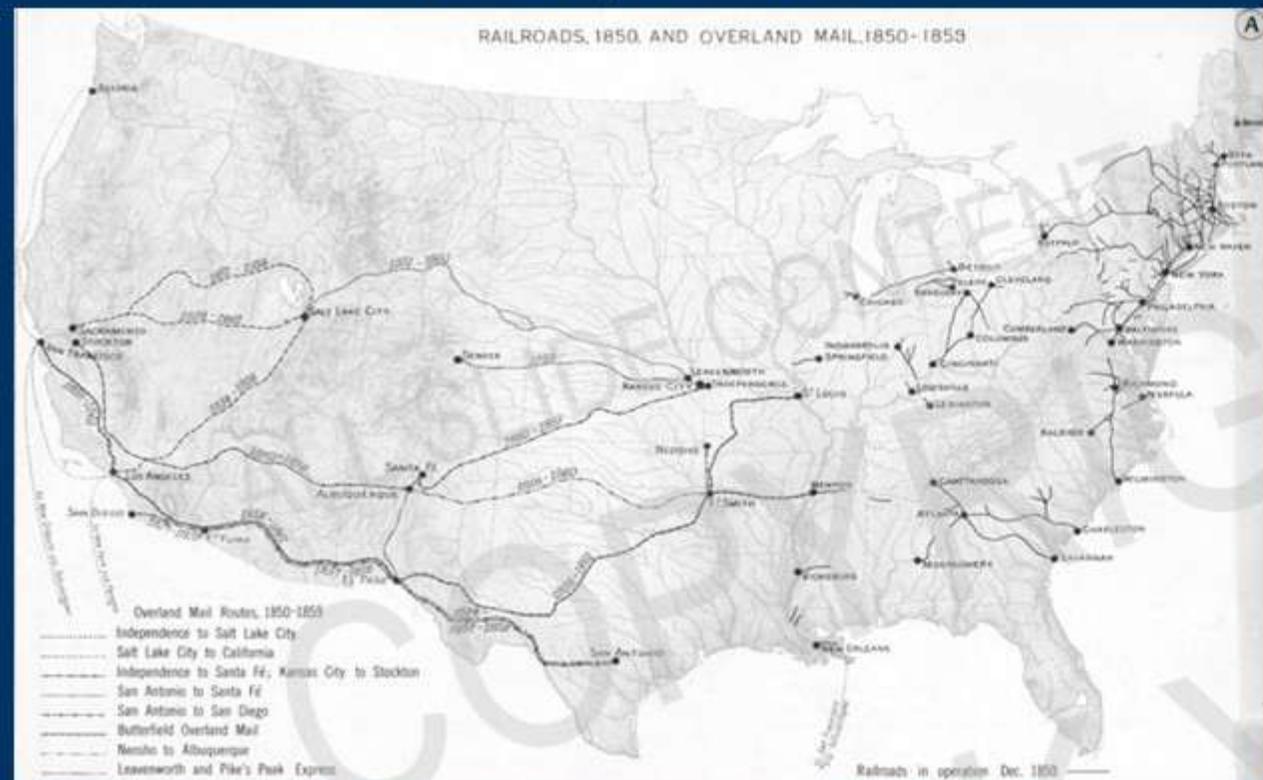
(a fact the left is often in denial about)

Capitalism is inherently **unstable**, and prone to recurrent, inevitable **crisis** and **collapse**

(a fact the right is mostly in denial about)

The growing interconnectedness of the US economy during the 19th Century

Railroads in operation as of 1850



Railroads in operation as of 1900



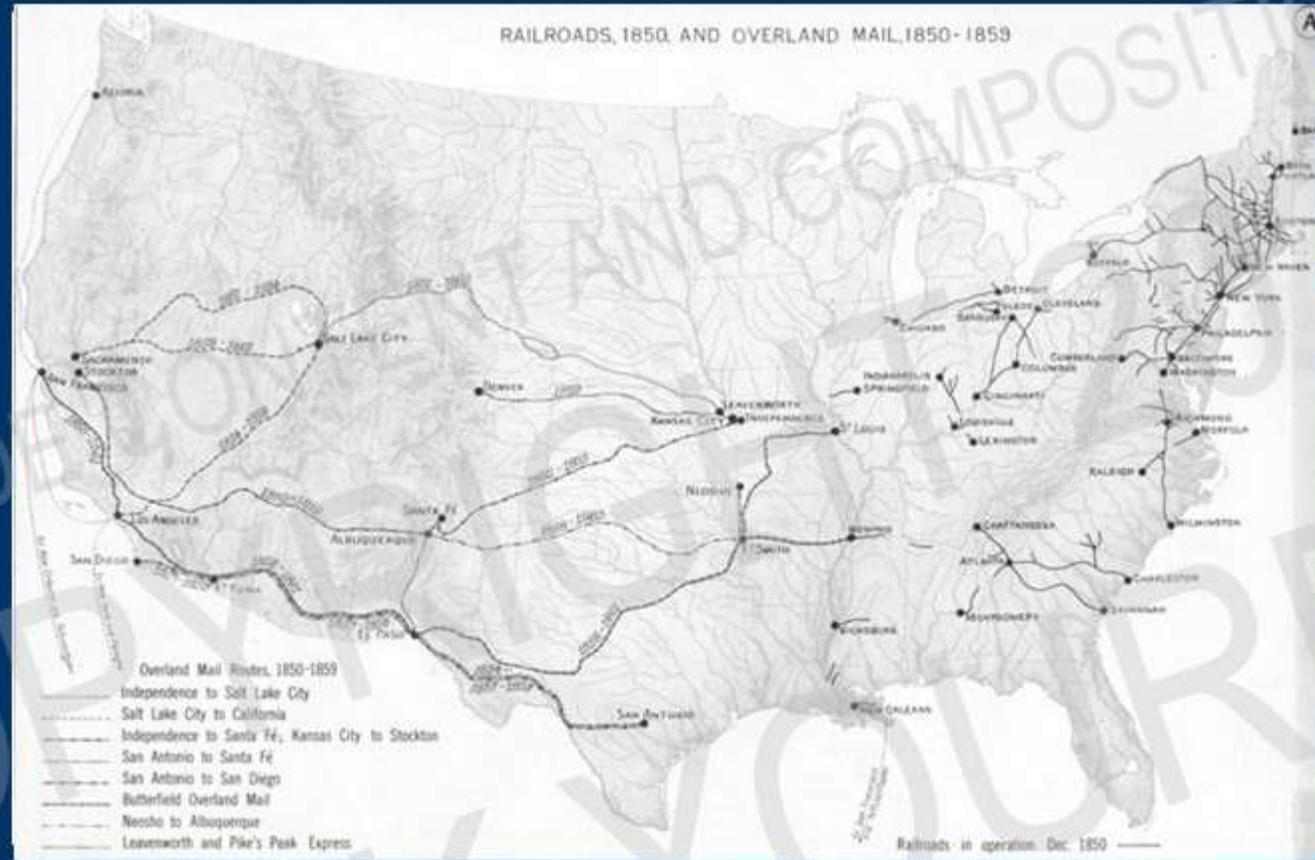
Another example: changes in the lives of many workers, as driven by the coming of the railroads, in the late 1800s

The growing interconnectedness of the US economy during the 19th Century



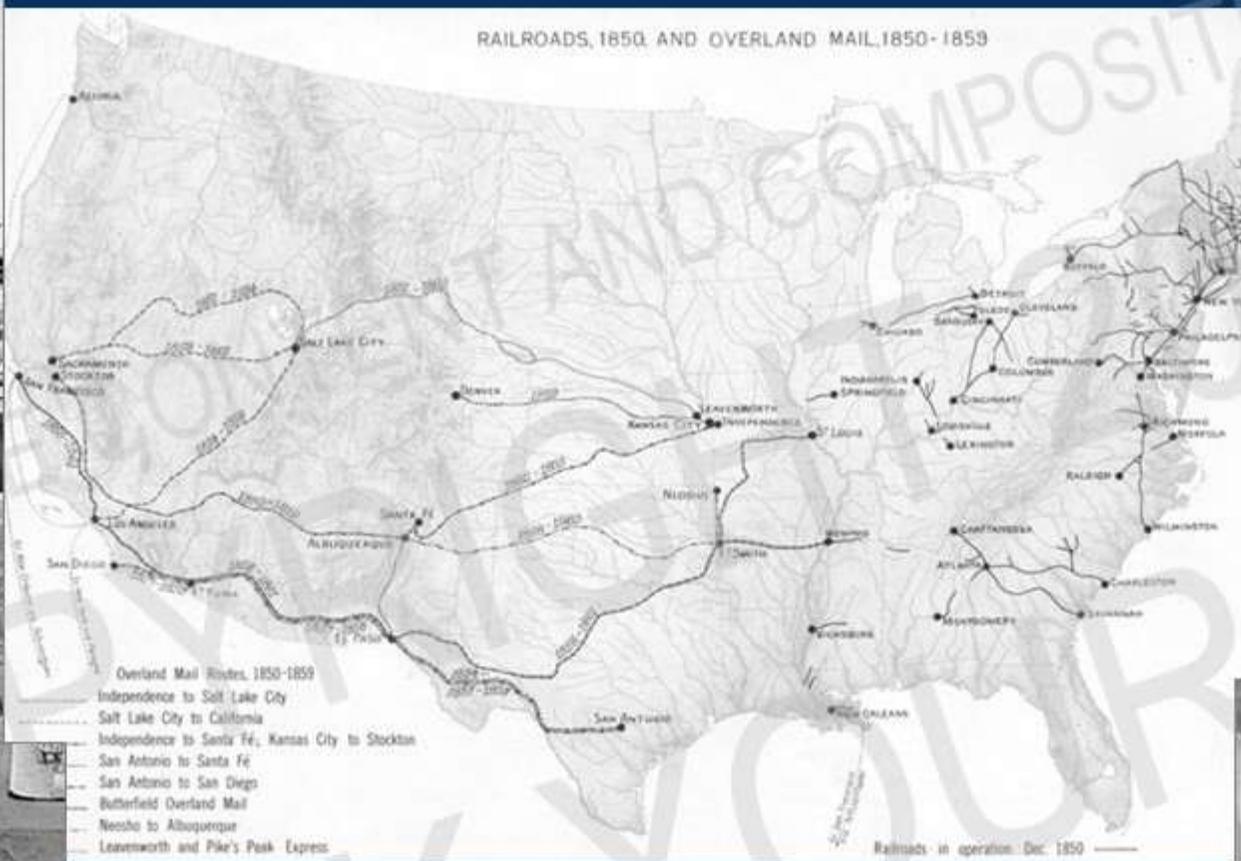
- Dramatically increasing **interconnectedness in transportation and communication**
- Dramatically increasing **industrialization**
- Dramatic increases in **productivity, and overall prosperity**
- Dramatically increasing **economic interdependency**

The growing interconnectedness of the US economy during the 19th Century



But, back before this massive wave of change, when most people lived in towns and small cities, that operated as 'economic islands'

The growing interconnectedness of the US economy during the 19th Century

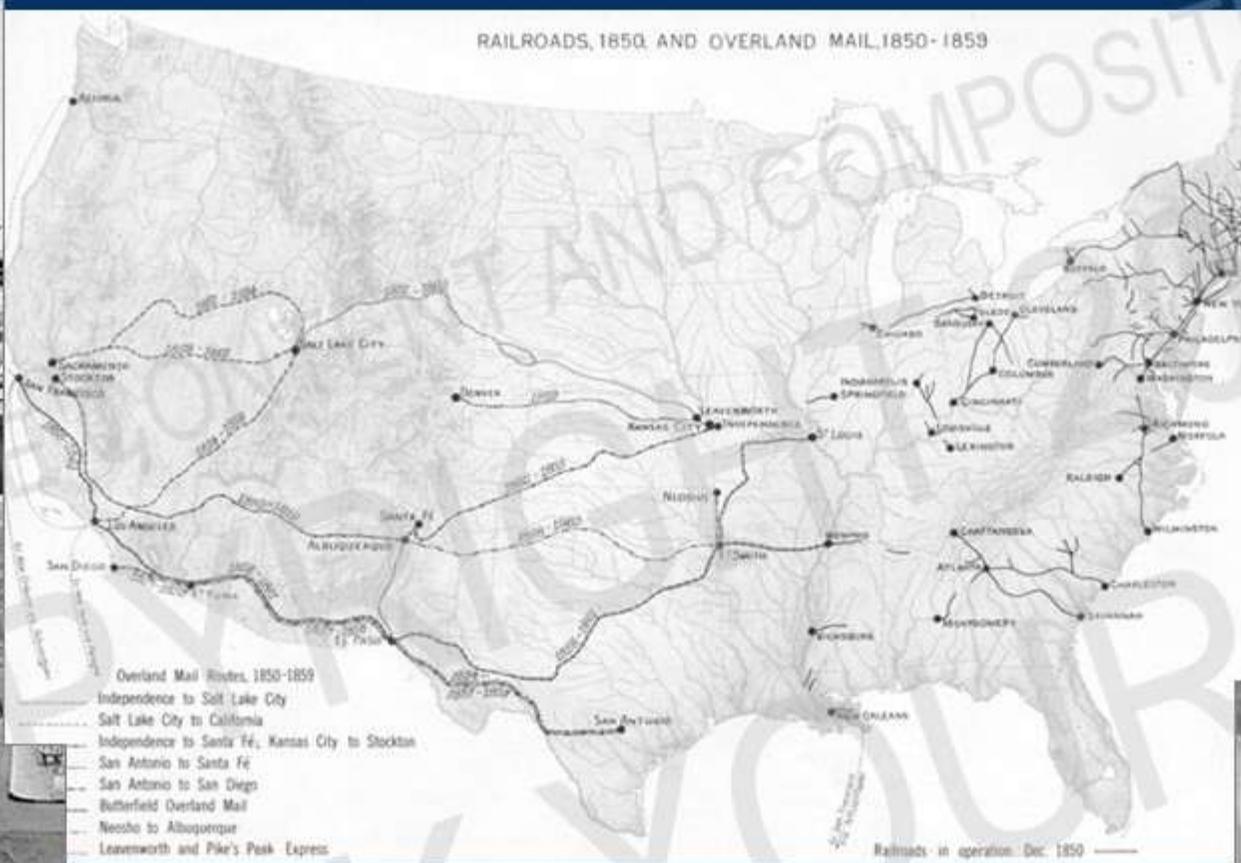


you could be a person of **average intelligence**, and **average education**

and also possibly be **the best in your town**, at what you did

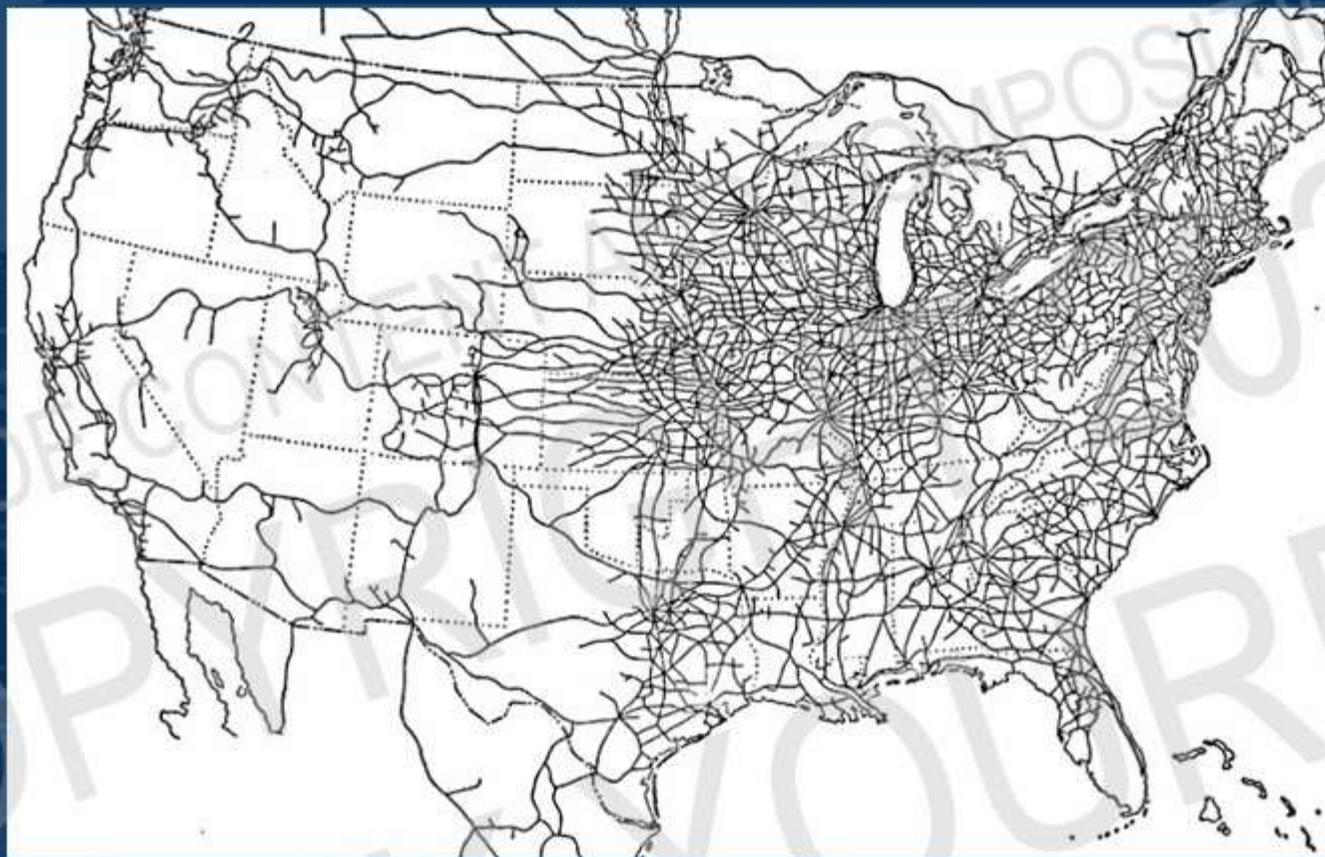


The growing interconnectedness of the US economy during the 19th Century



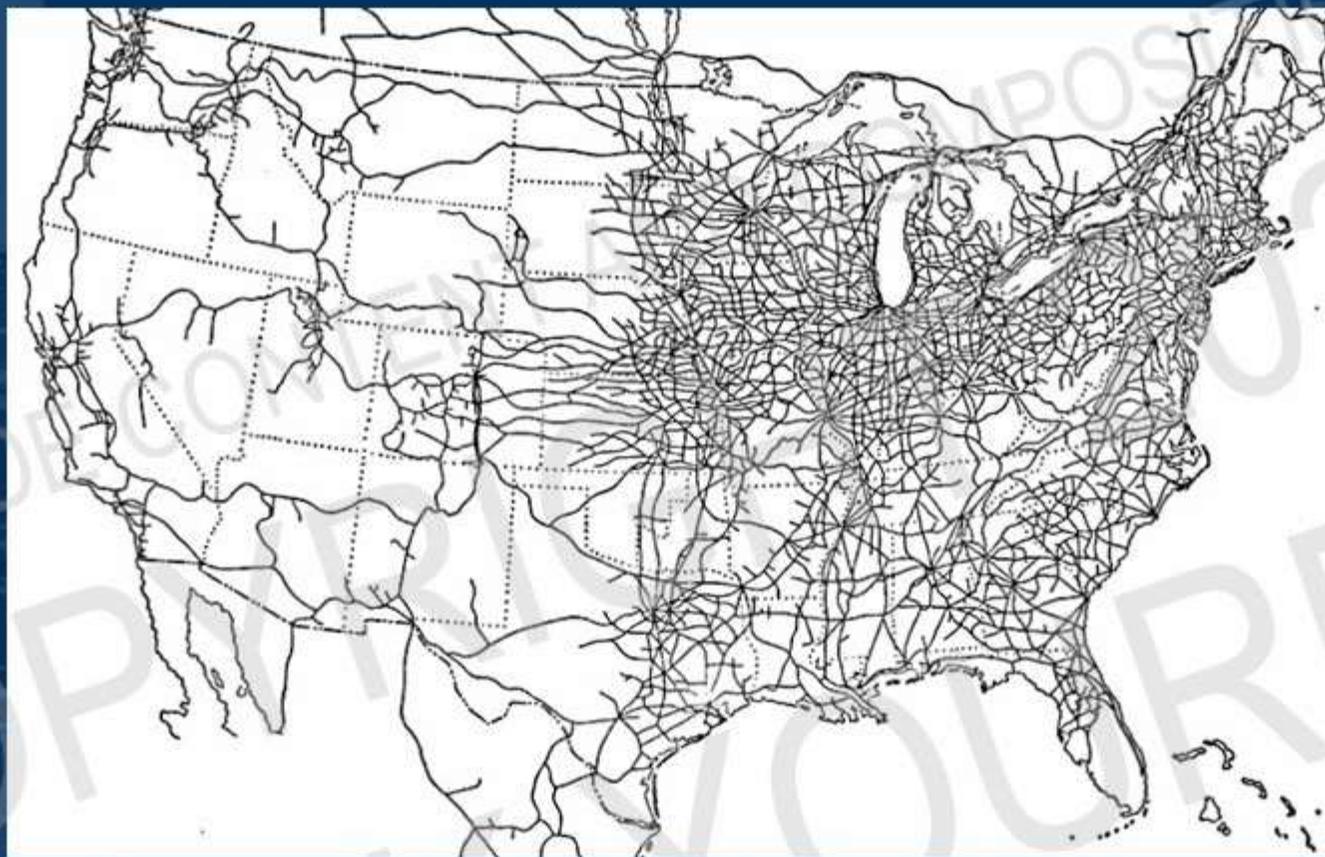
And you would be recognized
as being the best,
and respected accordingly

The growing interconnectedness of the US economy during the 19th Century



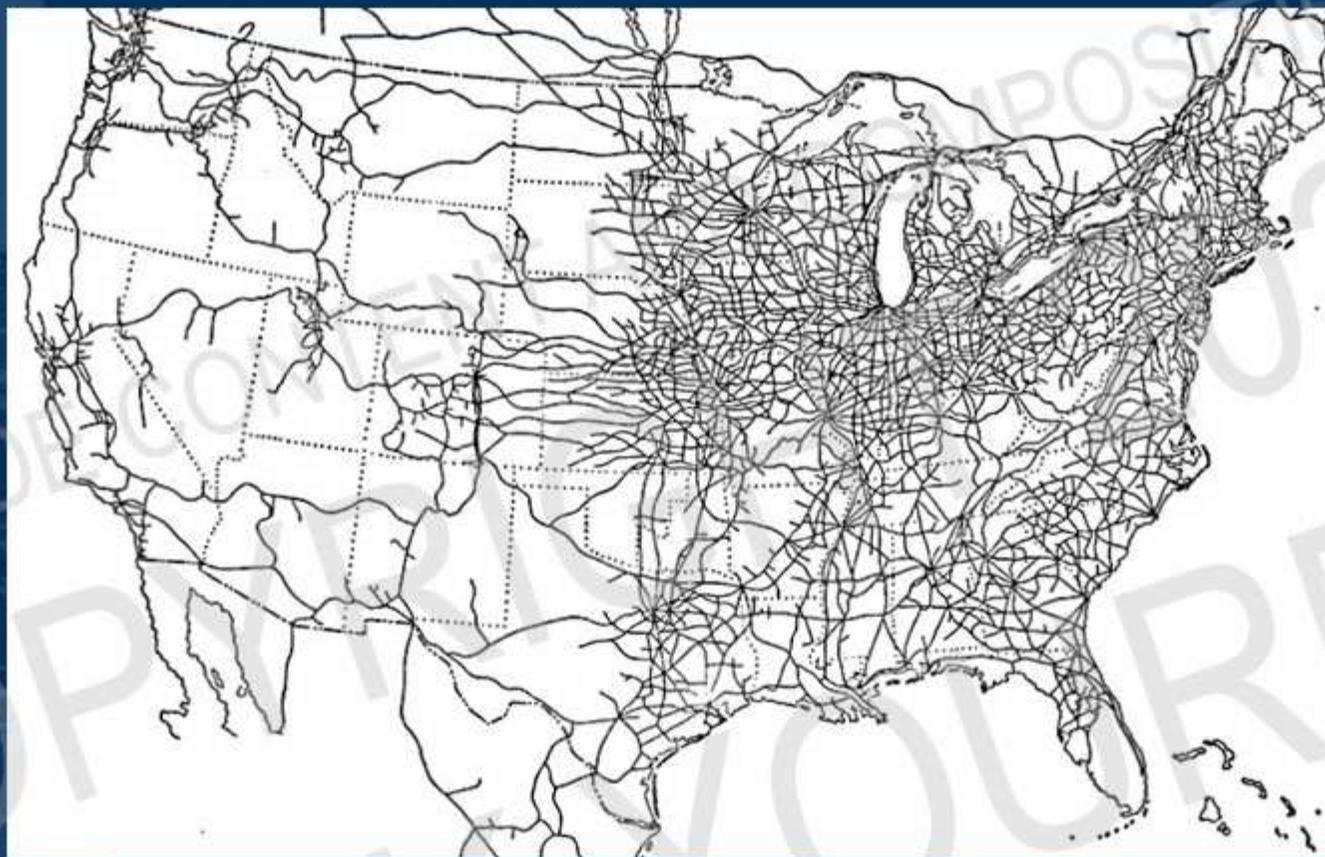
With the coming of **much greater interconnectedness**, many of these livelihoods were industrialized and centralized to factories far removed from most individual towns and cities

The growing interconnectedness of the US economy during the 19th Century



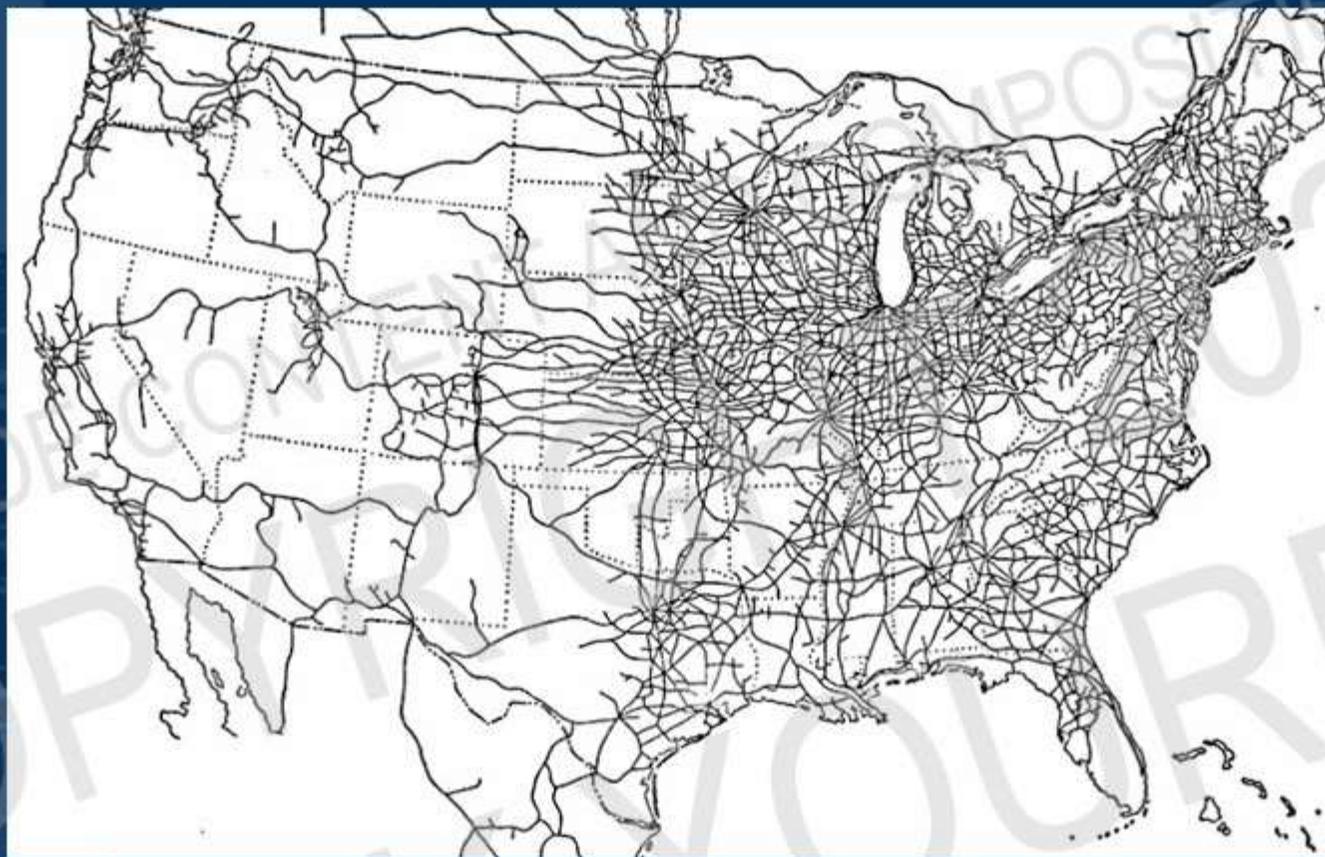
And growing interconnectedness put people in competition with a much larger pool of competitors – companies now, as well as individuals – thereby dramatically raising the bar on value to be delivered

The growing interconnectedness of the US economy during the 19th Century



And although what drove all this change was the actions of tens of millions of individual consumers, in their endless quest for higher value

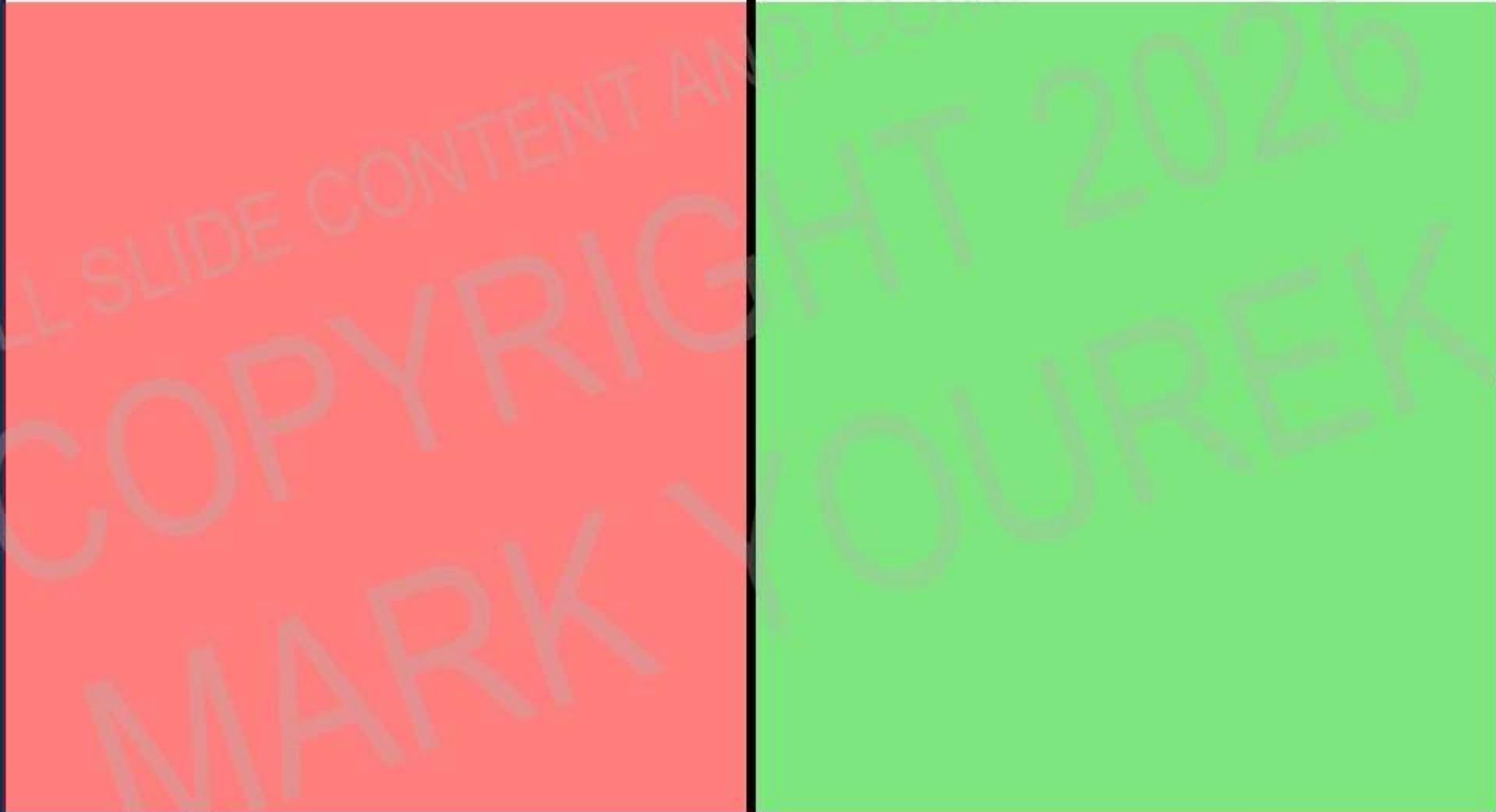
The growing interconnectedness of the US economy during the 19th Century



many people all over the country experienced these changes as extremely painful – *wrenching dislocations* that entailed the disappearance of livelihoods and of ways of life that many were deeply attached to

Capitalism's 'Zones of Economic Engagement'

where people are in the workforce, in a given time and place



Capitalism's 'Zones of Economic Engagement'

Zone of **Economic Brutalism**

**People with skill sets
of marginal value
work for earnings
that don't enable
them to provide
decently for
themselves or
their families
*(or, they face the
chronic absence of
any realistic prospect
of employment)***

Zone of **Healthy Economic Engagement**

**People with useful /
valued skill sets
can find or devise
productive work
by which they can
support themselves
and make decent lives
for themselves
and their families**

Capitalism's 'Zones of Economic Engagement'

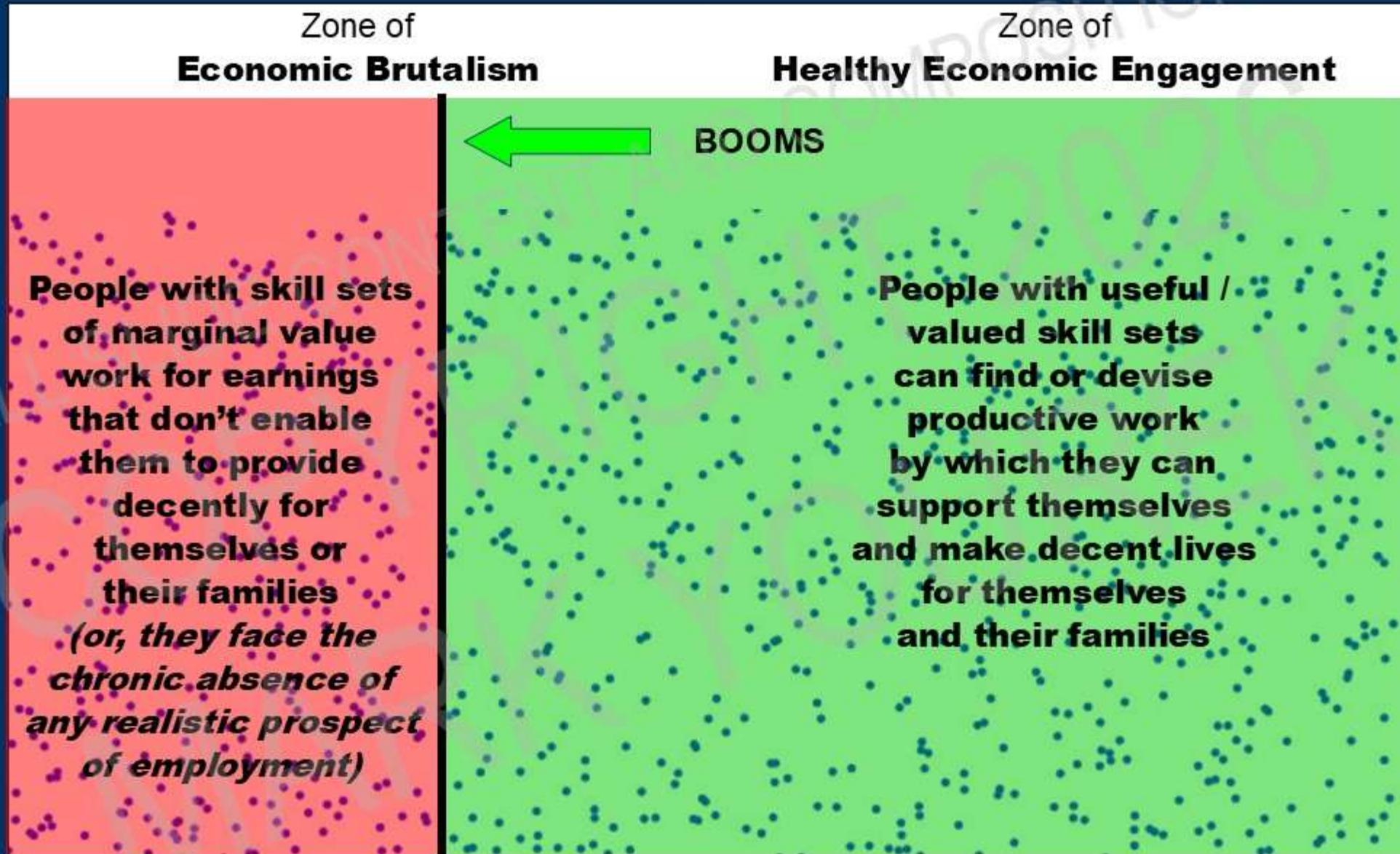
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Zone of Healthy Economic Engagement

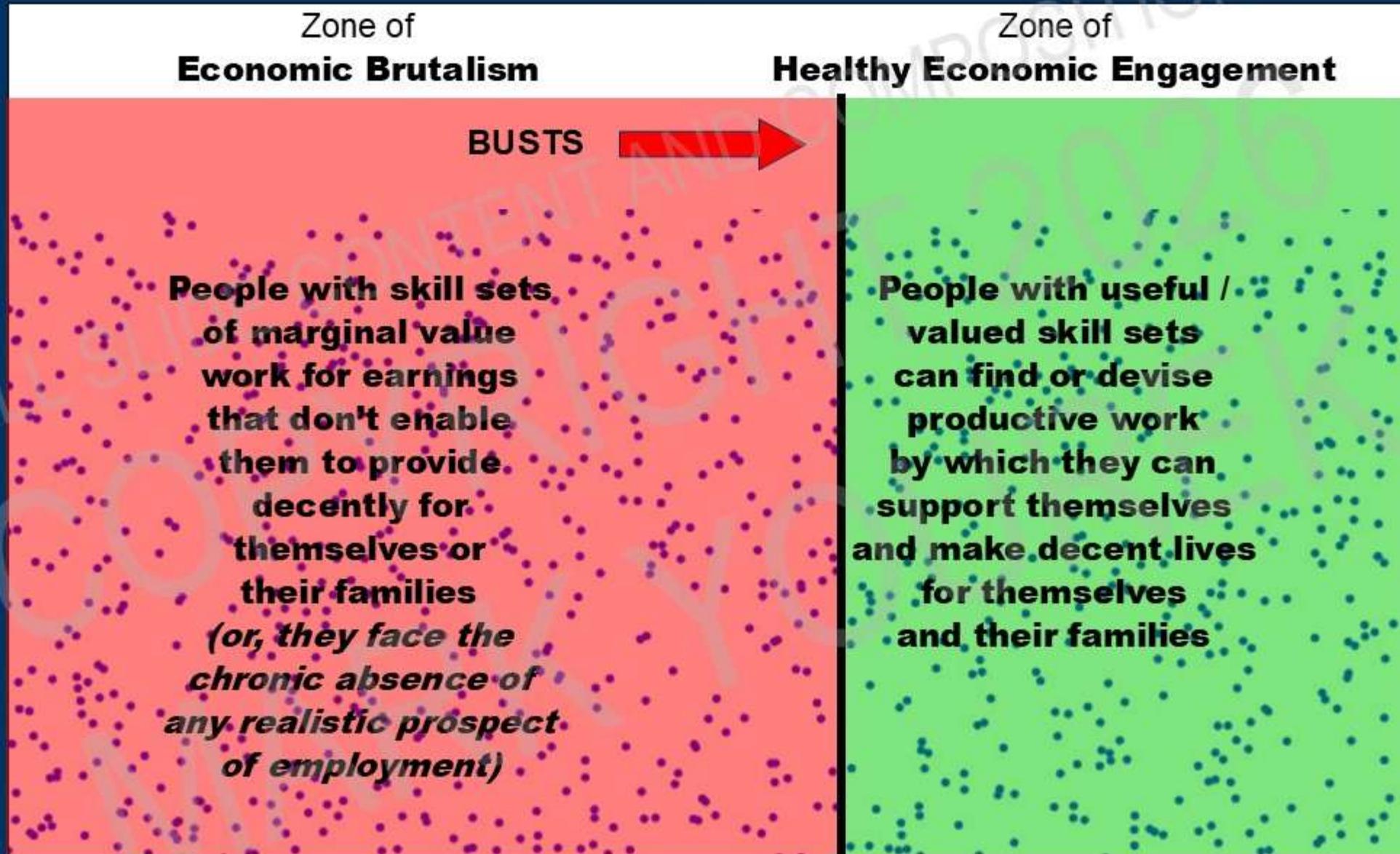
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Continuously – since industrial capitalism got rolling in the early 19th Century:



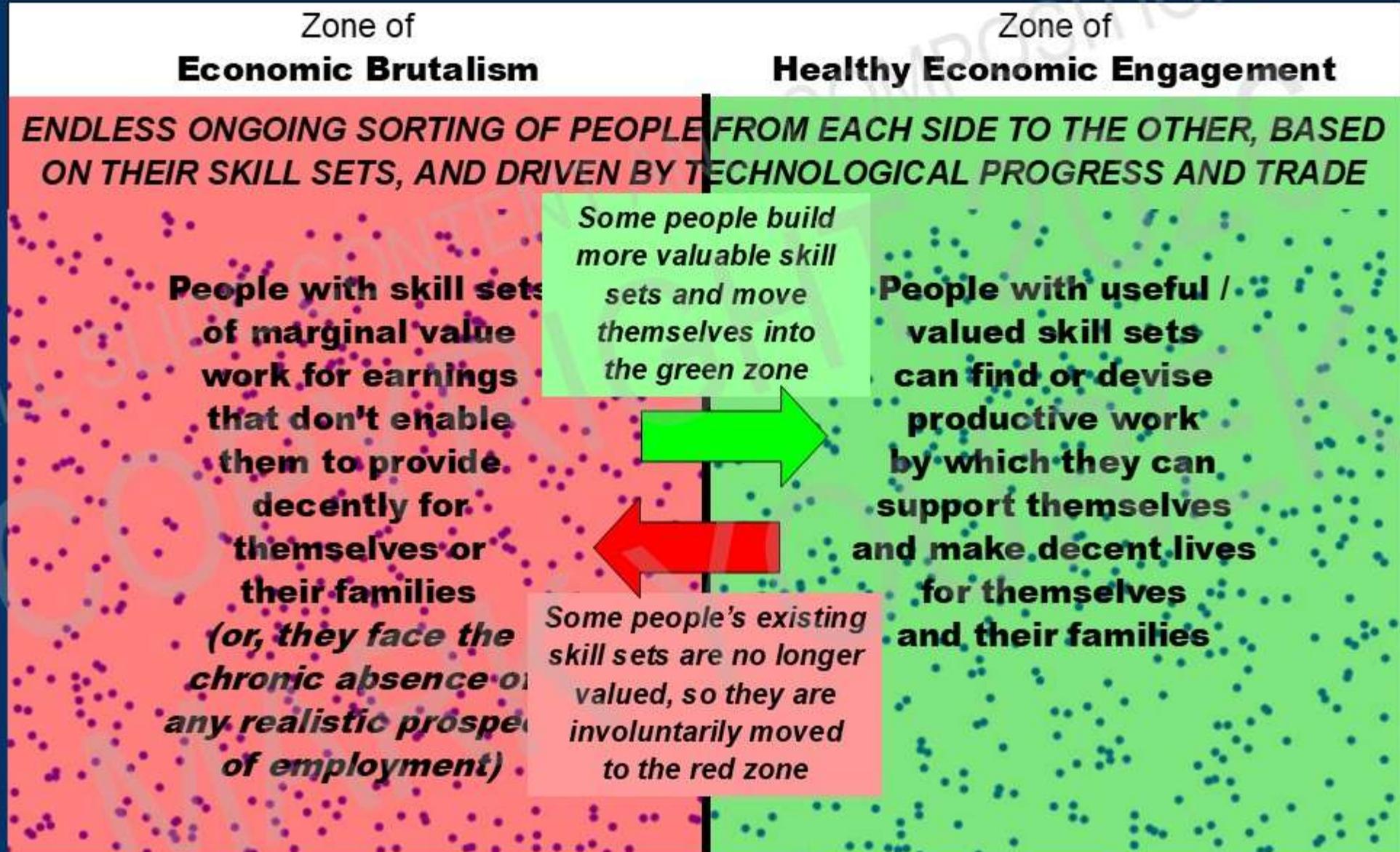
Proportions illustrated here are suggestive, not actual / quantitative

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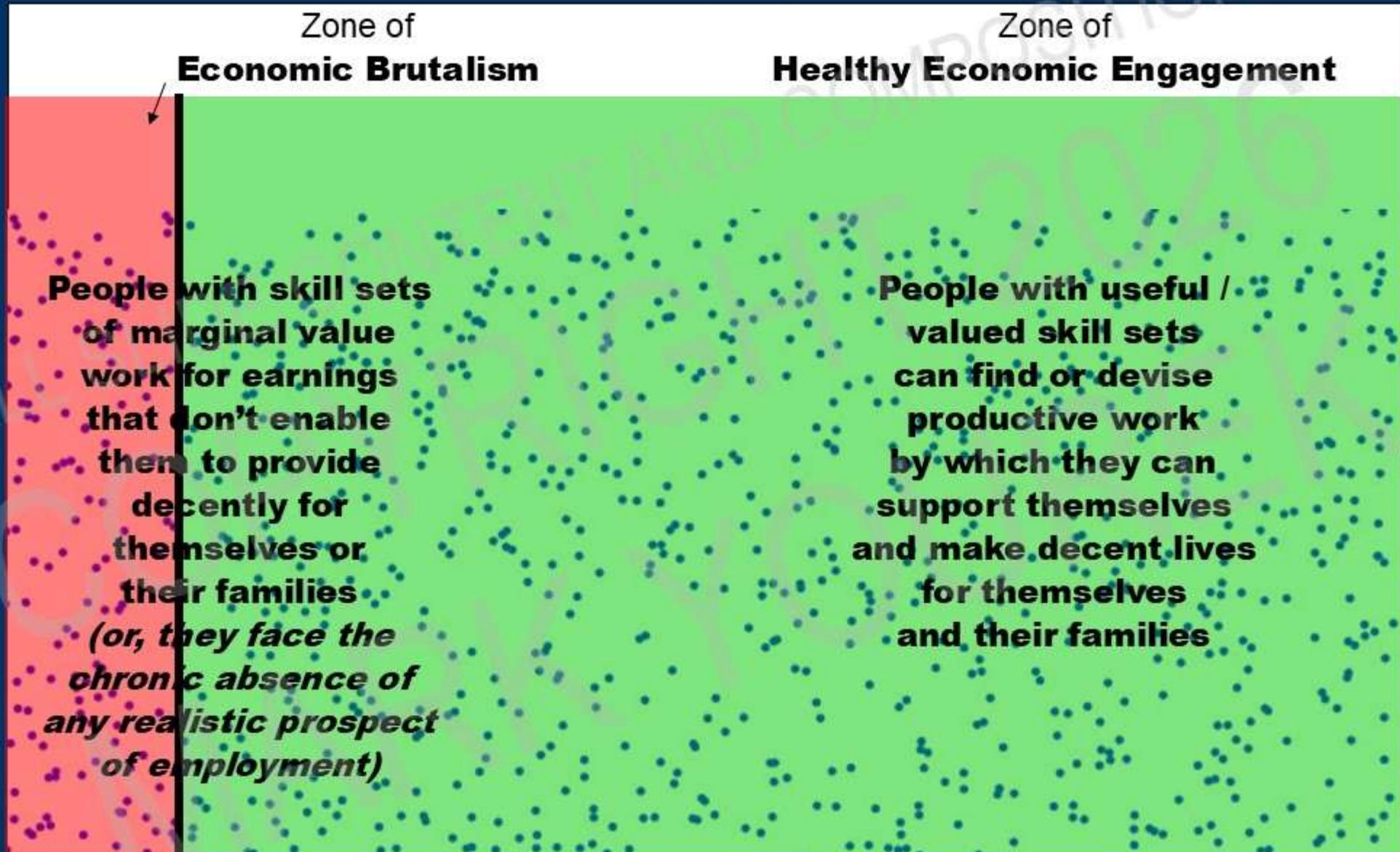
Proportions illustrated here are suggestive, not actual / quantitative

Continuously – since industrial capitalism got rolling in the early 19th Century:

Next up for elimination (or significant modification):
a vast number of jobs, to be replaced by artificial intelligence



In the United States – secular averages from the 1940s to 1970s:



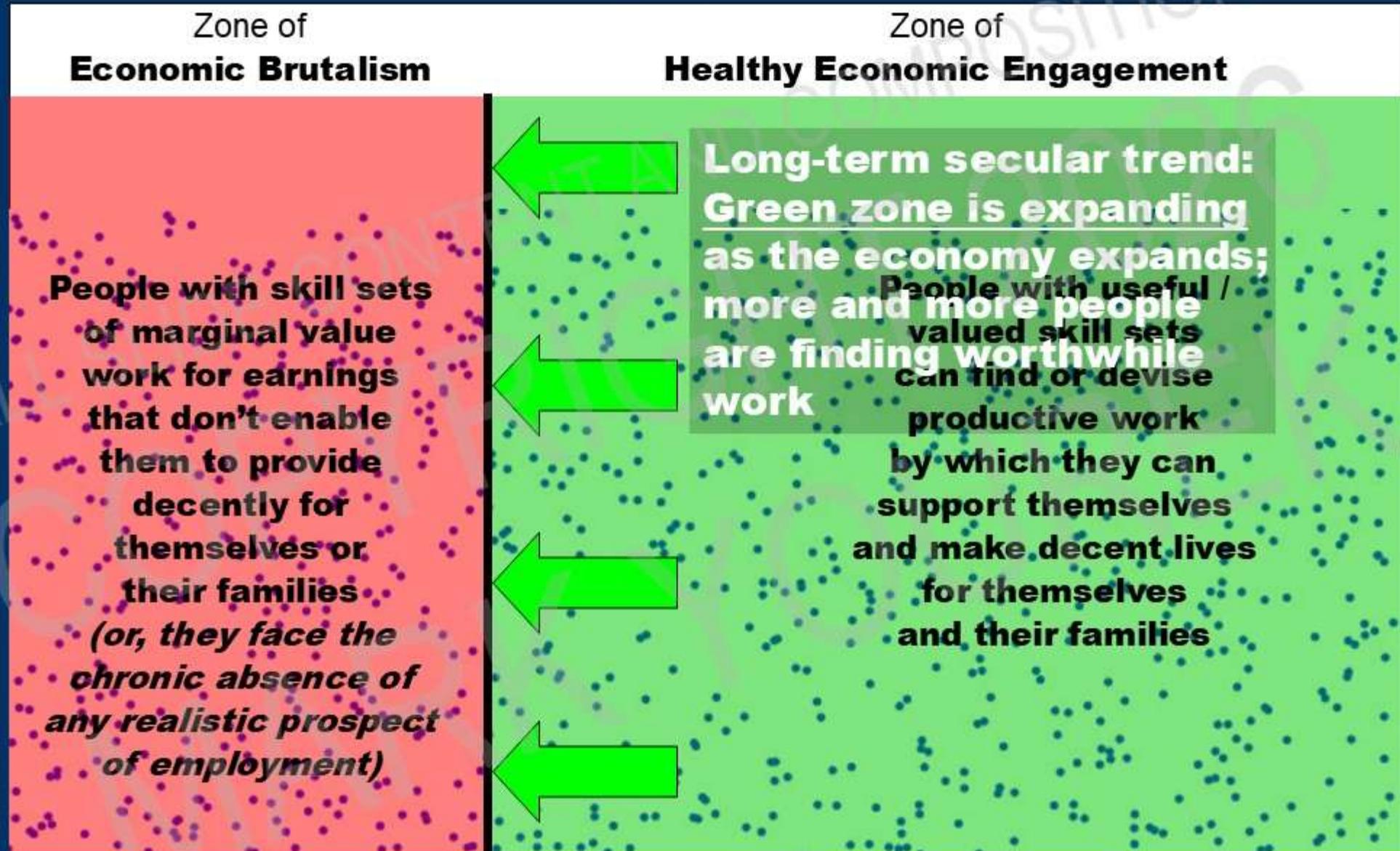
Proportions illustrated here are suggestive, not actual / quantitative

In the less-developed 'Third World' – secular averages from the 1940s to 1980s:



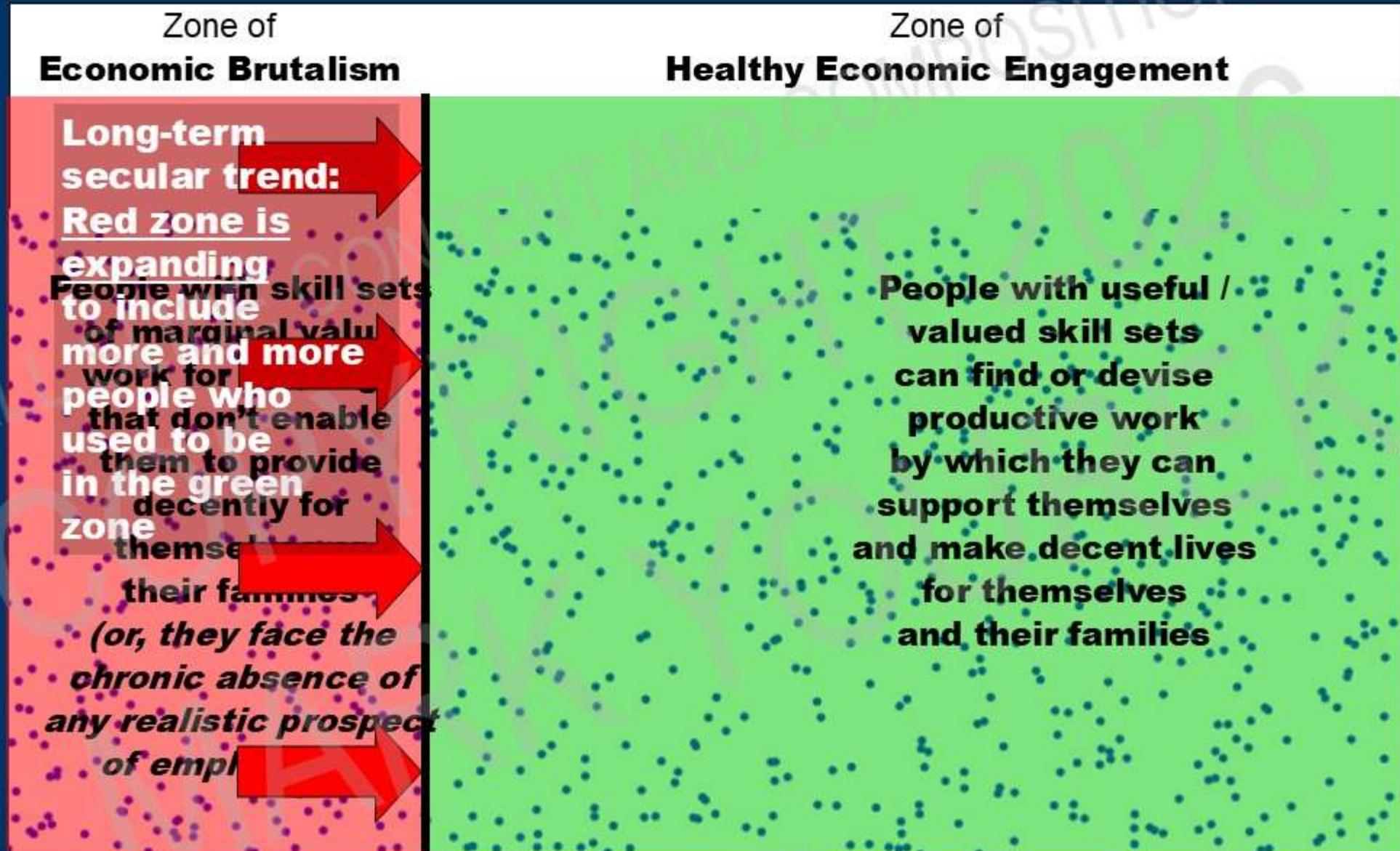
Proportions illustrated here are suggestive, not actual / quantitative

In many developing countries, particularly **China** – since the 1980s:



Proportions illustrated here are suggestive, not actual / quantitative

In the United States – secular averages since the 1980s:



Proportions illustrated here are suggestive, not actual / quantitative

The expansion of industry and jobs in China, and the reduction of jobs in the United States, has often been directly linked, at various points

one example,
from 20 years ago:

The Rise and Sudden Decline of North Carolina Furniture Making

The industry was hit hard by offshore competition

Article by: John Mullin

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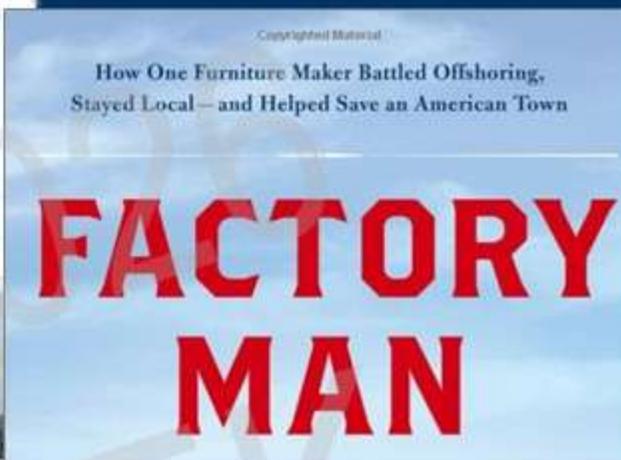
It happened so quickly. In just 10 years, between 1999 and 2009, North Carolina's furniture manufacturing industry lost more than half of its jobs. The chief culprit was increased competition from lower-cost furniture imported from Asia — mostly China. The U.S.-China Bilateral WTO Agreement, signed in November 1999, had opened the door to Chinese imports by lowering U.S. tariff barriers and easing the way for China to join the World Trade Organization (WTO). At the time, proponents of the agreement predicted that it would have a relatively modest effect on U.S. manufacturing imports and jobs. Studies of the subsequent history, however, strongly suggest that these predictions were incorrect. Increased imports from China turned out to have a major effect on U.S. manufacturing jobs and a particularly devastating effect on furniture manufacturing in North Carolina.

One of the story's wrinkles is that the influx of Chinese imports had not been initiated by Chinese industrialists but rather by the North Carolina industry's own leaders, who had sought cost advantages that could put them ahead in what has historically been, and remains to this day, a highly competitive industry. Another wrinkle is that, by undercutting North Carolina's furniture manufacturing base with Chinese imports, they were replicating a pattern that had played out during the 20th century, when the North Carolina industry successfully competed with the furniture manufacturing industries of New England and Michigan.



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The White Furniture Company in Mebane, N.C., was organized in 18... was one of the earliest furniture manufacturers in the Piedmont region and remained in Mebane until the 1990s.



The villainous Chinese stole nearly the entire furniture industry from North Carolina, running a large number of companies out of business, and throwing hundreds and hundreds of Americans out of work

The expansion of industry and jobs in China, and the reduction of jobs in the United States, has often been directly linked, at various points

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from 20 years ago:

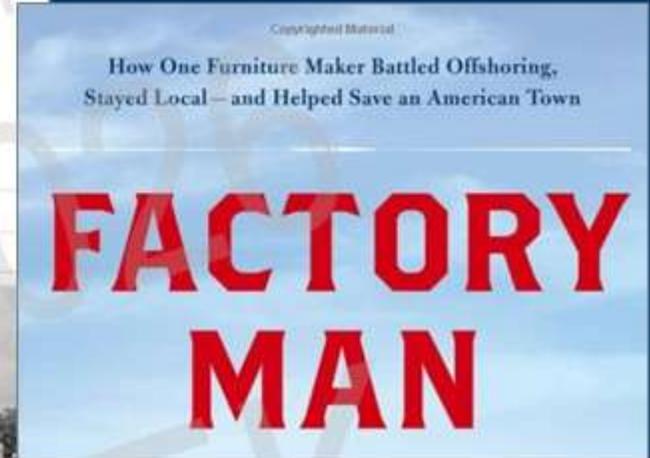
The Rise and Sudden Decline of North Carolina Furniture Making

The industry was hit hard by offshore competition

Article by: John Mullin

 Download article

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But: just 100 years earlier, the villainous North Carolina businessmen stole the entire furniture industry from New England, running a large number of companies out of business, and throwing hundreds and hundreds of Americans out of work...

The villainous Chinese stole nearly the entire furniture industry from North Carolina, running a large number of companies out of business, and throwing hundreds and hundreds of Americans out of work

One of the st...
imports had r...
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The expansion of industry and jobs in China, and reduction of jobs in the United States, is directly linked, at times

There are lots of people who are enthusiastic proponents of capitalism, free markets and free trade – but only as long as all this is operating ***in their own self-interest***

(even while they flatter themselves, into sincerely believing that they are acting out of high principle)

The Rise and Sudden Decline of North Carolina Furniture Making

Making

It had been a long time by now since the industry had lost more than half of its jobs. The chief culprit was imported furniture from China. The U.S.-China Bilateral WTO Agreement, signed in November 1990, had opened the door to Chinese imports by lowering U.S. tariff barriers and easing the way for China to join the World Trade Organization. At the time, it was expected to have a relatively modest effect on U.S. manufacturing.

But the furniture industry was particularly devastated. The White Furniture Company in Mebane, North Carolina, had been a major manufacturer in the Piedmont region and remained in Mebane until the 1990s.

One of the story's wrinkles is that the influx of Chinese imports had not been initiated by Chinese industrialists but rather by the North Carolina industry's own leaders, who had sought cost advantages that could put them ahead in what has historically been, and remains to this day, a highly competitive industry. Another wrinkle is that, by undercutting North Carolina's furniture manufacturing base with Chinese imports, they were replicating a pattern that had played out during the 20th century, when the North Carolina industry successfully competed with the furniture manufacturing industries of New England and Michigan.

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How One Company Made Banded Offshoring, and Save an American Town

The villainous Chinese stole nearly the entire furniture industry from North Carolina, running a large number of companies out of business, and throwing hundreds and hundreds of Americans out of work

The expansion of industry and jobs in China, and reduction of jobs in the United States, is directly linked, at times

Economic Brief

one example,
from 20 years ago:

The Rise and Sudden Decline of North Carolina Furniture Making

The industry was hit hard by offshore competition.

Article by John Mullin

Download article

From 1970 to 1980, North Carolina's furniture manufacturing industry grew from 10,000 workers to 100,000. By 2000, and 2009, North Carolina's furniture manufacturing industry was down to 10,000 workers. The industry was hit hard by offshore competition, particularly from Asia, mostly China. The U.S.-China Bilateral Trade Agreement, signed in November 1999, lowered U.S. tariff barriers and easing the way for China to join the World Trade Organization (WTO). At the time, components of the agreement predicted that it would have a major effect on U.S. imports and job losses. However, the subsequent history, however, strongly suggest that these predictions were not accurate. The U.S. furniture industry, particularly in North Carolina, has a long history of competing with imports from other countries. In the 1950s, the industry was one of the earliest furniture manufacturing in the Piedmont region and remained in Mebane until the 1990s.

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How One Family Made Banded Offshoring, Saved Lives—and Helped Save an American Town

FACTORY MAN

The villainous Chinese stole nearly the entire furniture industry from North Carolina, running a large number of factories out of business, and throwing hundreds and hundreds of Americans out of work

Five key arguments about capitalism and government, being made in this course

Capitalism has radically transformed human life for the **better**, over the last 300 years

(despite the left's bad attitude)

The ongoing changes driven by capitalism can be very **painful** and **detrimental** to those who get hurt, but are nonetheless absolutely **necessary**

(a fact the left is often in denial about)

Capitalism is inherently **unstable**, and prone to recurrent, inevitable **crisis** and **collapse**

(a fact the right is mostly in denial about)

**Capitalism,
Government,
Money,
and the
Future of
the World**

**HOMEWORK
ASSIGNMENT**

**FOR EXTRA CREDIT
AND DEEPER
UNDERSTANDING**

Opinion | I've always loved tech. Now, I'm a Luddite. You should be one, too.

By Brian Merchant
September 18, 2023 at 6:30 a.m. EDT



Opinion | I've always loved tech. Now, I'm a Luddite. You should be one, too.

I test drove the first-generation Tesla Roadster. I once lived on Soylent powder shakes for a month. My Twitter account is almost old enough to drive. I wrote a book about the iPhone.

Also, I'm a Luddite.

That's not the contradiction that it might sound like. The original Luddites did not hate technology. Most were skilled machine operators. In the early days of the Industrial Revolution, what they objected to were the specific ways that tech was being used to undermine their status, upend their communities and destroy their livelihoods. So they took sledgehammers to the mechanized looms used to exploit them.

It is that spirit that I've come to appreciate in the age of tech monopolies and generative artificial intelligence. The kind of visionaries we need now are those who see precisely how certain technologies are causing harm and who resist them when necessary.

Opinion | I've always loved tech. Now, I'm a Luddite. You should be one, too.

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READ THIS ARTICLE, AND COME PREPARED TO DISCUSS, TOMORROW:

Do you agree, or disagree, with Brian Merchant's argument?

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**Capitalism,
Government,
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*Finding
and Keeping
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in
Market-Capitalist
Democracies*