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THE HISTORY OF CAPITALISM AND ITS SOCIAL AND ECONOMIC CONSEQUENCES



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Today people rarely think about such complex philosophic topics as political and economic systems and therefore take current formation for granted. The research performed in this paper indicates there are certain reasons to question the current socio-economic and political world order. Despite the capitalistic worldview is the dominant one, there are certain doubts that it can stay effective in its current state while facing the challenges of the 21st century.

The main objective of this thesis is to go briefly through the events of the past centuries in order to understand how the realities have been changing and which factors were the main causes for those changes. Additionally, it is very important to find out if these transformations have a positive or negative influence on different social layers. Finally, this paper has a goal to estimate which trends will be the most influential in the coming decades and what effect they can have on the socio-economic environment in the future.

Data collection for this paper includes both qualitative (in form of two interviews with the industry experts) and quantitative (in form of survey asking the public opinion) methods.

The findings of the research indicate that even though the changes that have happened to the capitalistic system during the last decades were really massive, many people still do not fully realize this fact and therefore continue to live according to the realities of the 20th century. Moreover, people are not interested in political agenda and therefore are not willing to make any significant changes to the current system, which is definitely a very comfortable situation for those who are on the top in today's global hierarchy. In other words, in the 21st century "the rich get richer and the poor get poorer", as the common catchphrase says.

KEYWORDS:

Capitalism, society, economics, democracy, future, socialism, aging problem, consumption

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LIST OF ABBREVIATIONS (OR) SYMBOLS

DoD	United States Department of Defense
EU	European Union
GDP	Gross Domestic Product
TUAS	Turku University of Applied Sciences
UK	The United Kingdom
US	The United States
USSR	The Union of Soviet Socialist Republics

1 INTRODUCTION

“The Master said, “If your conduct is determined solely by considerations of profit you will arouse great resentment.” – Confucius, Chinese philosopher

Today, as the rhythm of life is becoming faster and many people are getting tired of dealing with the private life issues associated with work and family, they usually do not have time and energy to focus deeply on such global philosophical topic as economical and political system they live in. Therefore, the majority is taking the current socio-economic and political world order for granted, still believing in the economical power and future progress of the capitalistic system despite it is currently experiencing a major recession.

However, this topic is not that impractical as it may seem at first sight; in fact it has a much greater influence on the everyday lives of people than it is usually thought. It would be a big mistake to consider individuals and their personal problems in isolation from the global socio-economic system. In the world that is getting more and more mercantile, complicated and interconnected, it is always a good idea to know and understand what is really going on a global stage in order to deal with the current local difficulties and to be prepared for the potential future failures that the capitalistic system can bring in the coming years.

1.1 Purposes and objectives of the thesis

The core purpose of this thesis is to find out what has really happened to the capitalistic system and to understand why it looks so much different now from the original concept of the 19th century or even from what had been seen throughout the 20th century. Once these changes are recognized, it is important to figure out if they are positive or negative for the different groups of people

and, what is even more important, to see how people perceive these changes and if they adjust their actions according to them.

Moreover, the study conducted in this work can be a decent basis for the future research as the topic presented here is really boundless and this paper only gives the basic idea of it.

The main objectives of this thesis can be formulated in the following research questions:

- 1) *How has capitalism transformed since its introduction in the 19th century?*
- 2) *What are the internal and external factors that caused this transformation and that can cause further changes in the future?*
- 3) *Are these changes positive or negative for different social layers?*

2 METHODOLOGY

2.1 Literature review

Numerous books and online resources were used for this paper; however, there are 4 books that stand out from the others as they are the cornerstones that present the core idea of this work.

The first one is the classic book “Capital” (“das Kapital”) by the German sociologist and economist Karl Marx, which is definitely a “must-read” for everyone interested in economics. The author presented a very detailed overview of every economic aspect and the content of this book is quite easy for understanding. The main idea of this book is to criticize capitalism in a constructive way, showing both its strengths and weaknesses. Despite the book was written in the 1860s, its content is still very relevant for the current capitalistic economic formation.

Apart from “Capital”, another cornerstone of this thesis is the book “The future of capitalism” written by the American economist Lester Thurow. The book has a lot of “eye-opening” information and a very detailed analysis of almost every economical, political and social aspect. Similarly to the “Capital”, despite this book written 15 years ago, the ideas presented there are still very relevant for the current situation in the world.

The third book (or actually article) used in this paper is the “Grey dawn” written by the American businessman and politician Peter G. Peterson. This work is fully dedicated to the problem of aging population and its socio-economic consequences. This article was written in 1999 and actually it predicted the current situation quite precisely.

Then, the last of the four core books used in this thesis is the “Future Files” by British writer Richard Watson. Compared to the other three above, this book looks less scientific and has personal author’s opinions, predictions and feelings. However, this book has great value as it is more “fresh” (2010) and

contains the analysis of such important topics as recent economic recession, natural resource scarcity problem and aging problem as well.

Finally, the reliable statistical data from the trusted Internet resources, such as World bank, census.gov and some others was used while performing the analytical work for this paper. All the sources used in this thesis can be found in the “References” section.

2.2 Data collection and analysis

As the topic of this thesis is quite complex and in order to maximize the efficiency of the study results, both quantitative and qualitative research methods are used in this paper to present the topic in a better way. When performing a research, it is always recommended not to rely on any single source of data. In the research terms, this approach is called triangulation (Mills, 2003).

Qualitative analysis suggests information gathering through observation alone or by both observing and participating, to varying degrees, in the study community’s daily activities (techsociety.com, 2010). In case of this thesis, this was done by conducting face-to-face and Skype interviews with experts that possess the knowledge that might be useful for this work. The people interviewed were the sociology professor at one of the Russian universities (interview 1) and the scientist working for a private company in the US (interview 2). Their findings are used in the theoretical part of this thesis along with the ideas of other authors, presented in the “Literature review” section.

Quantitative research method can be seen as a more scientific approach that requires careful analysis of a large sample of well-structured data. It is very important to remember that the sample size should be large enough, because insufficient amount of data can lead to generalizing, which can ruin the whole research. (Bent Flyvbjerg, 2006) In this paper, the online survey was designed in order to gather and analyze data from the recipients. The analysis of their

responses is presented in the “Survey results analysis” section and the original text of the questionnaire can be found in the “References” section.

In order to attract more people and therefore to have a better sample size, the survey was designed in 2 languages – English and Russian. The English version was spread among the TUAS students that study on the International Business program in English. People that answered the Russian version of the questionnaire are mostly students that currently study in different Russian universities – both technical and humanitarian. The total number of responses was 32; 20 people answered the English version of the survey and 12 people answered the Russian version.

2.3 Limitations of the data collection

Despite the fact this research was done in an accurate manner, it is important to remember that as with every research, this thesis has certain limitations that should prevent readers from generalizing.

Firstly, the quantitative analysis obviously may not be very accurate as the sample size is not big enough in order to make general conclusions about the whole population. Moreover, several respondents skipped some questions as the survey did not require them to answer every question.

Then, qualitative research can also have a significant drawback, which is called personal bias. One should always keep in mind that despite being experts, people cannot have a 100% objective opinion about the topic they are interested in – the way they think will always be affected by the personal experience, feelings, beliefs and culture.

3 FROM MEDIEVAL TIMES TO INDUSTRIAL ERA

3.1 The role of technology in the rise of capitalism

Today, capitalistic model is the dominant economic system on the global arena. However, many centuries ago, during the ancient times and Medieval era, another economic model was dominant and that model was called feudalism. During these times, the most valuable item was obviously land (latin *feud* = land) and the main sources of energy were human power and animal power. As these traditional sources of power were very limited in terms of energy production, it was impossible to build factories that would allow hundreds of people to work together under the same roof using the same powerful source of energy. For instance, Leonardo da Vinci, Italian philosopher and inventor, engineered a lot of devices and machines that were too advanced for the era he lived in and therefore the majority of them remained only on paper. One of the main reasons for that was unavailability of a powerful source of energy that would allow Leonardo's inventions to move and act in a way he designed. (Thurow, 1997)

Couple of centuries after Leonardo's death, the steam-engine was finally invented. It was really a major breakthrough at that time, which allowed people to use a great amount of machines and equipment under the same roof using the same source of energy. The invention of railway system gave birth to the national markets and therefore gave birth to the big companies and corporations that were aimed to exploit these newly created markets. The rise of productivity led to the rise of salaries and income level, which in turn increased the overall purchasing power of people – all in all, it can be concluded that the global economy was experiencing a big boom at those times. As time passed, the steam-engine was replaced by more advanced sources of power - electricity and internal combustion engine, which allowed decentralizing the production; however, this replacement did not change the system, but instead increased its effectiveness. (Thurow, 1997)

Such an increase in the productivity level was the main trigger that shifted the power from feudalists that possessed land and traditional sources of energy to capitalists who possessed capital and therefore could organize the production by purchasing land, equipment, machines and hiring workers. The era of feudalism was over and the era of capitalism had begun. (Thurow, 1997)

3.2 The importance of ideology

However, such major changes in the way people live should always be accompanied by changing the way people think – in other words, as they became the new “rulers of the world”, capitalists had to invent new ideology that would motivate people to live and work for them under the new conditions. This change in the way people think had to be quite radical as newly invented values heavily contradicted with the old ones. (Thurow, 1997)

During the ancient and medieval eras (before 1800s) the greed was considered one of the biggest sins and, according to the beliefs, merchants were not pleasing to God. Collectivistic needs and values were much more important than individualistic ones. Classic examples here are the ancient Egyptians and the Roman Empire. Egyptians had to work together to grow plants, to make great buildings such as pyramids – basically almost all the tasks and routines they have been doing were associated with the collectivistic efforts. Along with that, Egyptians believed in the afterlife and they thought they do not need any money or treasures in their normal life; instead, they asked friends and relatives to bury them in the sarcophagi and to put all their treasures alongside with their bodies. Ancient Romans also had a very similar collectivistic mindset. The greatness and collective good of the Roman Empire was much more important than the personal standard of living. In the ancient Rome, a free man working for someone was considered humiliating as that meant obeying someone’s orders – that is what usually slaves do. (Thurow, 1997)

However, these values were definitely not the ones capitalists needed. Instead, what they really needed was the ideology, according to which the greed was one of the main virtues and merchants were especially pleasing to the God. People should believe that they are allowed and they actually must collect as much money as they can. The well-being of every individual should be equal to the level of his/her private consumption. Once again, all these new values were very different from the ones people had at that time (beginning of 19th century), but they had to be implemented – otherwise the whole motivational structure and even the whole point of capitalism did not make any sense and the growth of economy was absolutely useless. (Thurow, 1997)

4 19TH CENTURY

4.1 Forming the basic principles of capitalism

“All I know is that I am not a Marxist.” – Karl Marx, German philosopher and economist

4.1.1 “The survival of the fittest” concept

In the 19th century, English philosopher Herbert Spencer formulated the concept of capitalism which he named “the survival of the fittest” – exactly the same concept that English naturalist Charles Darwin used in his theory of evolution. Spencer believed that economically strong individuals and firms should banish those individuals and firms that are economically weaker. This was the core idea of capitalism – the elimination of weak players out of the market. According to this concept, all social benefits aimed to help those weak players to keep afloat were totally useless as they were just delaying their inevitable death and prolonging their suffering. (Thurow, 1997)

On the other hand, the history has shown that “the survival of the fittest” concept does not work in practice that well. In US, the real free market economy model that existed in 1920s collapsed during the “great depression” and the government had to reconstruct it. In other words, maybe theoretically “the survival of the fittest” concept of capitalism could do well on a long term, but nobody had ever tried to do that. (Thurow, 1997)

4.1.2 The controversy between private and public

In classic theory of capitalism it is assumed that new technological advances just appear out of the blue air; whereas the task of capitalists is just to invest money in order to use them. Today this idea reasonably seems quite old-fashioned, but in the early industrial era it was a common belief that new

technologies just appear. Actually, it was quite reasonable as new technologies at that time were not as advanced and complicated as they are now and, what is more important, they did not require constant investments in specific institutions that would perform the research and development tasks. However, this mindset has completely changed with the rise of the chemical industry in the early 20th century – it became clear that huge investments in research and development are needed in order to speed up the technological progress. (Thurow, 1997)

In fact, investments are a vital part of the whole capitalistic model. However, this is not enough in order to reach economic progress; a well-developed material infrastructure (roads, airports, water, canalization, electricity etc.) as well as good social infrastructure (public security, education, scientific research and development, etc.) should also exist. At the same time, capitalism heavily relies on the idea of maximal private consumption – and that prevents private capitalists from making any voluntary investments in the public sector. In other words, capitalists do not invest their own money in something that will not bring them direct profit. Historically capitalism was able to solve this controversy simply by using public sector to make investments in both material and social infrastructure. Instead of admitting this dependence on public sector, capitalists usually excused such actions by some sort of military threat. However, even though now there is no any major military threat, public sector is still making the majority of investments in the infrastructure. (Thurow, 1997)

4.1.3 The main capitalistic terms and values by Karl Marx

According to the German philosopher and economist of the 19th century Karl Marx, who studied capitalism in depth, the whole purpose of money was heavily transformed by capitalism. The original idea of money was just to serve as an intermediary between all kinds of different goods in the process of trading (Goods -> Money -> Goods). In his book “das Kapital” Marx explained that this formula is not relevant for capitalists. As original formula suggested, the whole

point of trading was to change one type of goods for another using the common intermediary, which is money. Marx suggested the new formula, which should look like this: (Money -> Goods -> Money'), so from the capitalistic point of view goods act only as an intermediary, while money, or, in fact, accumulating money is the whole point of this cycle. Obviously, the cycle (Money -> Goods -> Money) would be absolutely useless as in this case the amount of money spent and got is the same. Therefore, the formula should look like this: (Money -> Goods -> Money'), where Money' = Money + Δ , where Δ is a surplus value or the amount of profit. After such cycle, the amount of money usually increases, which means they act as a capital. (Marx, 1867)

The owner of this capital is referred as capitalist, who acts as a first and final point of destination for money at the same time. His main goal is not to get an instant unit of profit; instead his aim is to repeat this cycle countless amount of times in order to have constant profit that would increase every cycle. This acquisitiveness makes such person very similar to a treasure hunter with the difference that treasure hunter usually tries to save and hide money, whereas capitalist is always trying to put them into action at every opportunity. (Marx, 1867)

It is also important to note that it is impossible to have a surplus value (Δ) out of nowhere. Obviously, what is profit for the one side is a loss for the other. The overall combined value of the goods involved remains the same and the only thing that happens is that some money changes its owner – so, the result is the same as if one side simply stole that amount of money (Δ) from the other. Therefore the conclusion is that the whole class of capitalists in the selected country cannot exist and profiteer on their own – they are in a constant need for the new “food” from outside. (Marx, 1867)

5 20TH CENTURY

5.1 The rivalry between capitalism and socialism

“Freedom in capitalist society always remains about the same as it was in ancient Greek republics: Freedom for slave owners.” - Vladimir Lenin, Russian politician and theorist

5.1.1 The concept of socialism

Capitalist invests money only if he sees an opportunity to profit. Therefore, the market cost of the good he produces will always be higher than the real cost of production. However, all the profit capitalist gets either remains in his pocket or goes through the production cycle once again (Money -> Goods -> Money'). As a result, the minority of people has the control over the majority of goods and resources, which at some point causes global economic crises as the majority of people do not have enough free money to buy goods that capitalist has produced. During such crises, the poverty and unemployment are blooming. (Marx, 1867)

In the last 150 years, left-wing parties were able to come up with an alternative utopist idea – socialism - that was designed to overcome this drawback. The main idea behind socialism was to eliminate private capital in order to make it public. All the control and regulation tasks will be performed by the government. In this case, instead of making capitalists richer, all the profit will be spread equally among all the members of society. (Thurow, 1997)

With the rise of the collectivistic mindset – thinking as “we” instead of “I” - there will be no need in regulating money and profits. This will lead to the complete elimination of government and money – such system is called communism. (Marx, 1867)

5.1.2 The rise of the social welfare state

In the 20th century, the popularity of socialistic idea was a real threat for the capitalists. However, they were able to anticipate that their survival in a long-term perspective depends on the avoidance of such critical situations where the majority has nothing to eat and therefore is ready for a revolution in order to take down the ruling class. In 1880s, Otto von Bismarck, the German aristocrat and author of numerous conservative policies, invented retirement pensions and medical insurance, both of which were supposed to be paid by the government. In 1911, Winston Churchill, the son of an English duke, established the first large-scale system that provided unemployment insurance. The US president Franklin Roosevelt, a descendant of the patrician family, designed the concept of social welfare state, which saved capitalism after the catastrophe, which happened in the United States in the 1930s. The key feature of welfare state was to provide with minimal income those people who are not demanded by the capitalistic system – mainly elder, unemployed and disabled people. All these reforms were made in order to protect capitalism from the socialistic threat. (Thurow, 1997)

5.1.3 The failure of socialism and its influence on the traditional capitalistic values

Surprisingly, as the time passed and the main rivals were becoming extinct, the core values of capitalism, such as economic growth, full employment, financial stability and salary growth were also vanishing and transforming. Something has changed within capitalism itself. Now, in order to survive, capitalism should once again re-adjust and make appropriate positive changes. (Thurow, 1997)

The key conflict lies in one of the cornerstones of the capitalistic ideology – the concept of free competition. According to the capitalistic values, firms cannot be effective without competition; so now, when the main rival – socialism

– is dead and social welfare state is in a decline stage, the whole capitalistic system is in exactly the same dangerous situation as capitalistic firm without any proper competition, which means the whole system is losing its effectiveness. (Thurow, 1997)

Moreover, people that are currently at the very top do not want to make any changes within the current capitalistic system as such changes might decrease the probability of their staying at the top on a long run and shift the political and economical power towards other people. In fact, that is the same reason why communism has failed; every new generation of the communist leaders were more passive and conservative than the previous one. They did not want to make any changes to the system and that was one of the reasons that lead to the collapse of the whole communist bloc. (Thurow, 1997; Interview 1)

When the socialistic rival is gone, capitalism does not feel any pressure anymore and that brings out all the natural limitations. For instance, one of these limitations is the high level of unemployment in the capitalistic countries. It is no wonder that when the socialistic threat is gone, the percent of unemployed is rising, the difference in income level is growing and the number of people that cannot fit into the capitalistic system is also increasing. All these issues are natural for capitalism and they are an essential part of the capitalistic system. Looking back through history, they were the main causes of the rise of the alternative ideas, such as socialism, communism and the welfare state. (Thurow, 1997)

Therefore, if capitalistic communities do not want to get new rivals – same as socialism was in the 20th century – they need to create a new global goal that would motivate everyone within the system to work for the better tomorrow. In the past, those who believed in the ideas of socialism and the welfare state had those utopian goals. These models promised a better life for people who were feeling that they were left behind. However, now, when the alternative ideas are gone, people that are left behind by the capitalism have nothing to believe in. (Thurow, 1997)

The danger for capitalism now is not that it can collapse in a same way as communism did, because in order to collapse it should have a decent competitor that could unite all those people who are dissatisfied with the current capitalistic reality. The main danger for capitalism is stagnation that can destroy the system from inside. (Thurow, 1997)

5.2 Capitalism and democracy

“Democracy is the road to socialism” – Karl Marx, German philosopher and economist

5.2.1 Basic principles of the democracy

“Democracy” is a very positive-sounding and probably one of the mostly used words by the today’s politicians; however, its meaning today is very blur as every person understands it differently. (Interview 1)

Democracy as an equal right to vote for everyone is a very new meaning and it is still not proved that this form of government is the most optimal one. The original concept of democracy was born in the ancient Athens and its idea was very different from the modern American one. The ancient democracy was relevant only for the men aristocrats and was not relevant for all the other social layers – slaves, women and children. (Thurow, 1997)

In the past, many societies were quite successful despite they had big economical inequalities – ancient Egypt, Roman Empire, Chinese Empire and the Aztecs. However, their political and social ideologies had a perfect match with the economical realities. In other words, inequality was considered absolutely acceptable politically, economically and socially as well. In the ancient societies slavery was also considered fair and acceptable as it was believed it suited well for people with slavish mindset. (Thurow, 1997)

Now, however, there is quite a significant mismatch between the main economical and political ideologies – capitalism and democracy. Democracy

believes in the “one person – one vote” principle for the political power distribution, whereas capitalism suggests that the economically fittest should banish those who are less fit from the market. Capitalism protects economic inequalities by claiming those inequalities are fair and valid. In other words, capitalism is quite compatible with slavery; on the other hand, democracy is not compatible with slavery. (Thurow, 1997)

5.2.2 Common values for capitalism and democracy

Despite having different values, capitalism and democracy have something in common. Both ideologies can be seen as a set of guidelines and recommendations; by following them, one can become wealthier. However, they do not have any common goals or ideas that would inspire every member of the society to work for the better collective tomorrow. Instead, both are concentrated on the individuals but not the groups. They assume workers can switch their jobs if they have the opportunity to maximize their income somewhere else and firms can fire people every time they see the opportunity to maximize their profits. Similarly, during the elections people are making choices only according to their individual interests and not to those of the other members of the society. While some other ideologies claim that society is something more than just the sum of individuals and has its own group values, both capitalists and democrats think otherwise. According to them, individualistic needs and wants are the only drivers of the society. (Thurow, 1997)

5.2.3 The controversy between capitalism and democracy

There are two sources of power in the democratic-capitalistic societies – wealth and the political status. During the 19th and 20th centuries, there were two factors that made the co-existence of such different sources possible. Firstly, it was always possible to transform the economical power into political

and vice versa. Therefore, people that at first had one of these powers were usually able to get the second one. Secondly, governments were always used to correct the “invisible hand” of the market in order to make the wealth distribution fairer. In the 20th century the conflict between democratic and capitalistic values was partly avoided by the introduction of the social welfare state. The social security system that was financed by the government was designed to protect economically weak (old, poor, disabled and unemployed people), whereas governmental investments in the educational system were aimed to decrease the salary gaps that the market creates. All these programs had one common thing in mind – to show people that if capitalism is treating someone poorly, the democracy is always on their side. Democracy cares about the economical inequality caused by the capitalism and is trying to minimize it. Nowadays, the majority of the governmental investments in the educational system are being cut down in order to pay pensions and medical care for the old people. As a result, with the decline of the welfare state the conflict between democracy and capitalism is becoming more obvious and the traditional capitalistic values based on the “survival of the fittest” concept are coming back. (Thurow, 1997)

Since capitalism was introduced and people started to measure differences in income between different classes, there were no such periods in history in terms of inequality as we are experiencing now. Governments have decided not to put much effort in preventing the gap between rich and poor from growing instead of regulating tax percentages, salaries and other expenses according to the current economic situation. The reasons for that are mostly political as such massive changes might hurt the popularity of certain people or political parties. In such circumstances, the co-existence of two different ideologies – capitalism and democracy – is in great danger. (Thurow, 1997)

5.2.4 Elections: “One person – one vote” principle

“The oppressed are allowed once every few years to decide which particular representatives of the oppressing class are to represent and repress them.” - Karl Marx, German philosopher and economist

Some conservators believe the voting right should be given according to the economic status of a person in order to prevent poor people from using the political process as a mean to confiscate the property that belongs to rich people. In theory, this problem makes sense, but there is no need for such a radical decision. In the democratic societies, there is no reason to implement unequal voting system to protect the capitalistic inequalities. For instance, significant percentage of people does not use their votes during the elections. Moreover, the political influence does not depend only on number of votes, but it also depends on the budget of the election campaigns. (Thurow, 1997)

It is no accident that capitalistic societies created a political system where economic power can be transformed into the political power. Today, this materialized in the election campaigns sponsorship, using which some groups that possess economic power can buy the political power. Pre-election debates now are just polls that ask trivial questions with obvious answers and their success depends on how does the candidate looks on the TV. Nowadays elections are seen as substituting one gang of crooks for another. The real democracy cannot be a process of electing friends and relatives and it cannot be a process where every candidate just promises to operate the current system better than the opponent. The real democracy suggests there should be a variety of ideological alternatives to choose from. However, what can be seen now is all the candidates have approximately the same ideas - capitalism and democracy - by default and without any alternatives. (Thurow, 1997)

The right-wing parties stick together, because they enjoy the past and don't argue about the future as it would cause disputes. These conservative parties do not have any goals or dreams – they are just “letting it ride” with the

current market system. The task of left-wing parties is even tougher as they need to create a utopian dream about the future that would give a boost for a change. Their utopian ideas are usually unreachable, but they have elements that could be used to build a better society. The history shows right-wing parties have often adapted left ideas – Bismarck with his governmental pensions and medical insurance or Churchill with his benefits for unemployed. By making these actions, they preserved the capitalist system from the left-wing revolutionists. (Thurow, 1997)

5.2.5 The voting apathy

In many countries, especially Western ones, elections that are supposed to be every citizen's duty are becoming quite a meaningless and unpopular procedure, and this trend is only rising every year. For instance, many popular TV shows are now getting more total votes than presidential or governmental elections. As a result, politicians are now being selected by the minority of voters that still participate in the elections – in 2001, Tony Blair was chosen by only 25% of the UK electorate. (Watson, 2010)

The main reason for such voting apathy is the poor approach from candidates that are lacking fresh ideas and that believe they should only say commonplace and often meaningless things that every citizen would like to hear. For such candidates, the main purpose of elections is not to come up with a great idea and make people love it, but to make a research and find out what the majority of electorate wants and use this idea as a slogan of their campaign. In other words, politicians today avoid showing their real personalities as it might hurt the result of the elections. (Watson, 2010)

Another reason that makes elections unpopular is the materialistic approach of the average voter that is disengaged from the national agenda. The majority of people have too many individual problems associated with work life, family issues, debts and others and therefore they usually do not have time or

energy to think deeply about the national politics. Therefore, such people usually vote for the person that is optimistic and good-looking on the TV. (Watson, 2010)

Couple of decades ago, the attitude towards the elections was very different. As there were two opposing ideologies – capitalism and socialism, that reinforced the class division and had the comparable amount of followers, people were more engaged in this battle of ideas. Today, when capitalism is the one and only major worldview, the interest towards the elections is much weaker than it has been before. (Watson, 2010)

5.2.6 The need for the utopian dream. Separatism

Successful societies should build over the central plot – the thrilling story supported by the strong ideology. Leaders that do not have such a story have neither a proper program nor confidence in what they are doing. In order to stick together, people need a utopian dream that would motivate every member of society to work together. Communism has such a story and all the world religions also have them as well. This is why the religious fundamentalism is such attractive – it can tell such a story. (Thurow, 1997)

But what story can capitalism with all its individualistic values tell in order to keep all members of society together? Capitalism believes only in the individual interests and maximal private consumption and does not believe in the need for the society. However, individual greed cannot be a factor that could make people stick together over a significant period of time. When there is no dream, societies will face internal ethnical conflicts. In such case, the only thing that keeps people together is the anger towards the specific minority that should be “kicked out” of the country. It can be people of other religion, language, race or beliefs. The majority starts to believe the minute this specific minority will be sent out of the country, the world somehow magically will become better. Examples of such separatism can be found in the former USSR countries, in

Eastern Europe and even in the historically capitalistic Western countries, such as Canada (Quebec), Scotland, Wales, Spain (Catalonia and Basques) and Italy (North versus South). (Thurow, 1997)

On the other hand, there are other ways to keep the society members together. For instance, they can unite when facing the external threat. For sixty years, ideological and military threat from fascism and then communism kept Western democracies together. That allowed putting aside all the inner capitalistic problems. Now, however, this external threat does not exist anymore, which means all the inner problems of the capitalistic system are coming on the top. (Thurow, 1997)

All in all, it will be unlikely for capitalism and democracy to remain together on a long term as social systems should match each other. It is impossible to have the ideology of equality – which is democracy – and economic system that increases inequality accompanied by the decrease of income of the majority of population. (Thurow, 1997)

5.3 Economic and social novelties of the 20th century

5.3.1 Inflation

The uncontrolled growth of inflation in US began in the 1970s and still continues to this day. (Thurow, 1997)

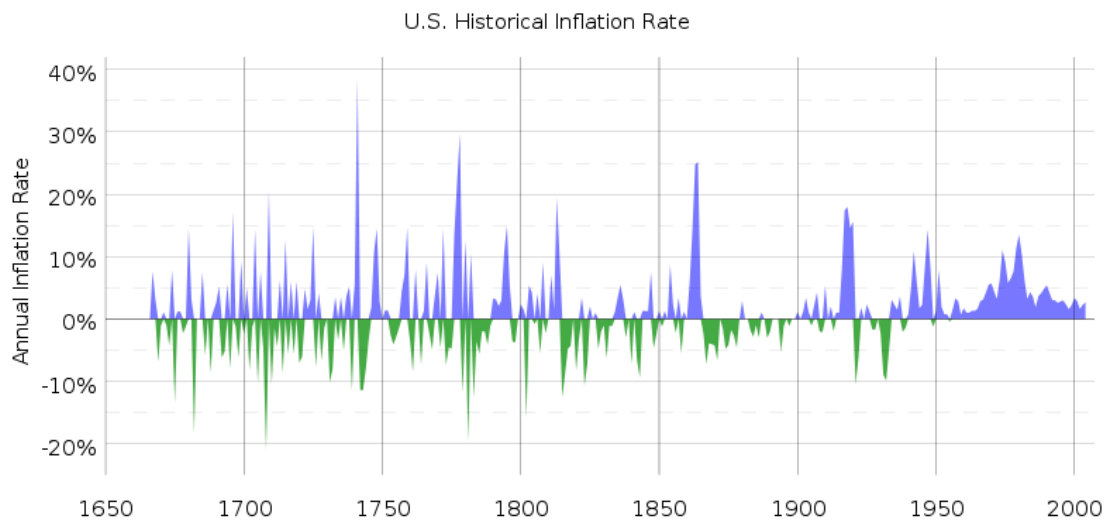


Figure 1. US Historical Inflation Range
(austincc.edu, 2013)

The main reason for that were the Vietnam War and the oil shocks that happened in the 1970s. At first, governments tried to control the income levels and prices, but these actions did not help to overcome the inflation. All the industrial countries came to a conclusion that the only way to overcome the inflation was to raise taxes and to reduce costs in order to intentionally slow down the economic growth, to increase the unemployment level, to cause the reduction of wages and to keep prices under control. (Thurow, 1997)

Capitalists found the uncontrolled inflation very convenient. As the decline of real income in the form of real salary decrease can be very painful for workers, it would be much wiser for employers to annually increase salaries, but on a slower pace than the inflation is growing. In that case, employees can only blame the impersonal system for the real salary decrease, but not their direct employers. (Thurow, 1997)

The same logic can be applied to the growth of prices. In every economy, relative prices should be changed from time to time. If the inflation is very low, this can be done only by the price reduction, but capitalism does not work well in such circumstances. If the prices were going down, it would be hard to

motivate people to buy goods as tomorrow's price would be always cheaper than it is today. In turn, the economic growth would also go down. As capitalistic societies are interested in the economic growth, low inflation or even deflation cannot be the goal for them. (Thurow, 1997)

Today, when there are no Vietnam War or oil crises, it is quite hard to justify the existence of inflation. However, as corporations find it quite convenient, the process of fighting the imaginary inflation is still being imitated. The governments are constantly talking about the restoration of the real wages growth, but at the same time are intentionally creating the workforce oversupply aimed to bring salaries down. Therefore, a certain doubt is always there when politicians talk about the economic system with high wages and real income growth. Salaries can go up only when there is a workforce shortage but not when there is an oversupply of it. (Thurow, 1997)

5.3.2 The decline of the trade unions

In US, some capitalists undoubtedly made a conspiracy in order to destroy the system of the American trade unions that were aimed to protect workers from the employers. In the 1980s, the government began to support this initiative behind the scenes by passing the laws that decreased the authority and made the establishment process of trade unions much harder. Firms began to ignore the trade union rights; in case they broke the labor laws they just paid a small compensation and continued breaking the labor laws. This strategy was a great success as it immediately decreased the membership in the trade unions by 10-15%. Today, their membership is much smaller and even though the trade unions still continue to exist, they lost their power to control the wages within the industry and to negotiate the working conditions with employers. The EU, where the trade unions were traditionally stronger, is following this trend as trade unions here are also losing the authority and their members at a high pace. (Thurow, 1997)

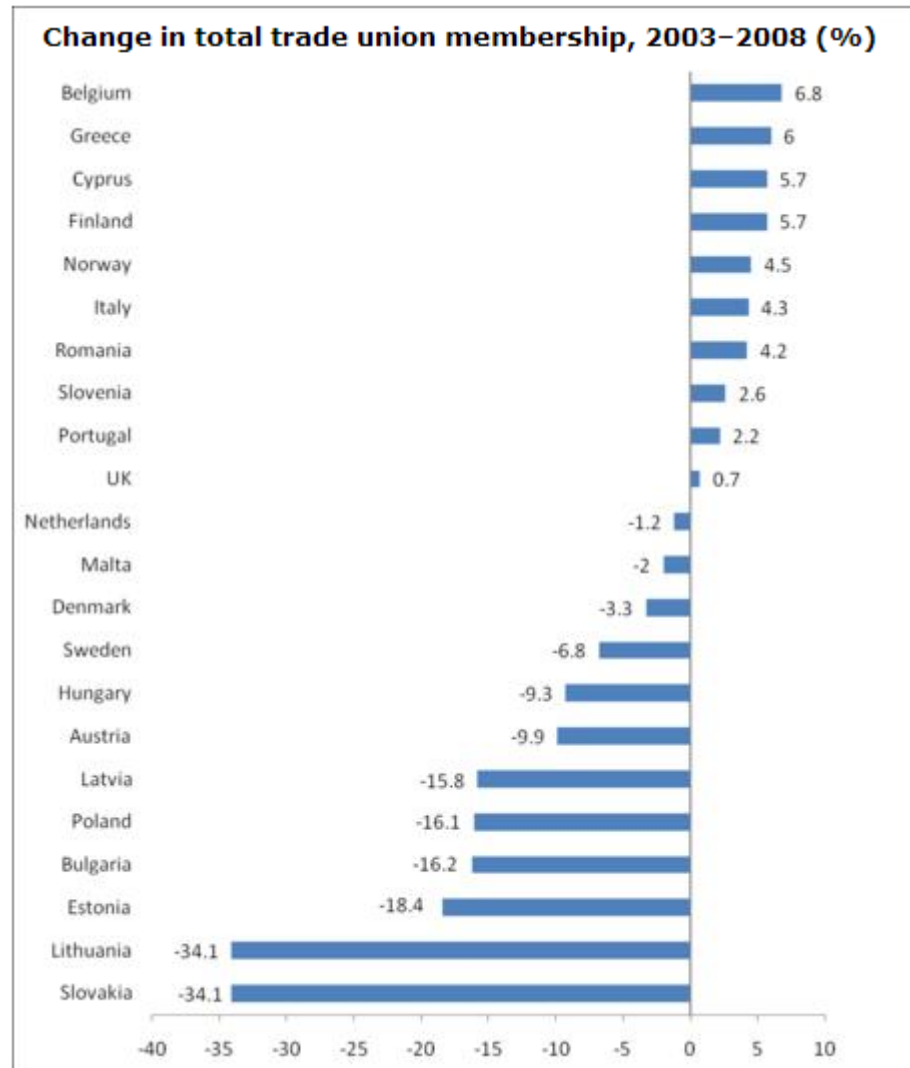


Figure 2. Change in Total Trade Union Membership, 2003–2008 (%)
(eurofound.europa.eu, 2009)

6 21ST CENTURY: PRESENT AND FUTURE

6.1 The recent economic recession and its consequences

“If you make a mistake and do not correct it, this is called a mistake.” - Confucius, Chinese philosopher

6.1.1 The economy of debt

The economic downfall that happened in the late 2007 and strengthened during the 2008 caught many people off guard; however, some experts predicted such an outcome months and even years before. The main reason for such a collapse was a combination of a highly networked global economic system along with huge level of debts - the only question that was hard to predict was when such recession will occur. Moreover, there is a certain probability that even bigger global downfall is waiting around the corner – in that case, Asian countries that were able to minimize the consequences of current crisis may experience it to the full due to the increasing interrelation of the global economy. (Watson, 2010)

The danger for the Western economies such as US, UK, EU and others comes from inside and not from outside and includes such issues as housing bubbles, unproductive workforce (aging) and, of course, huge amount of debt – not only on governmental level, but on individual level as well. In the US alone, the total amount of credit card debt is five times bigger than it was in 1990. Historically, being in debt was considered shameful and even dangerous for freedom; however, now it is seen as a normal way of living. (Watson, 2010)

In the future, this trend will most likely continue to exist as young generation – those who are 25 and younger – already see being in debt as a natural part of their lives. This starts from borrowing money for the new cell phone purchase, which is promoted by marketers as an essential thing for every youngster. As a result, the amount of debt is rising among poor families as well as buying status items is seen essential for everyone regardless of the income

level. In addition to that, those of younger generation have not seen a real recession before and therefore do not feel the potential danger of being in debt. What they have seen instead is their parents using loans for the property purchasing. Parents and schools do not emphasize this problem and therefore the culture of being in debt is absorbed by the young people from the very school days. Therefore, the problem of debt is partly caused by the government itself, which is not willing to spend money to educate young people in this area. (Watson, 2010)

The most important question regarding the recent crisis is if the lesson has been learned or not. When such economic recession is short in time it usually means people will go back to their normal materialistic attitude, banks will continue giving loans to people that are not that creditworthy and governments will continue doing nothing in order to correct the “invisible hand” of the market. In that case, the whole economic bubble will continue to grow, which will at some point lead to a much bigger collapse thanks to the rising level of debt and the networked nature of risk. (Watson, 2010)

However, when the duration of such recession is long and its consequences are worse than expected, the actions made by the government and by the society could be quite radical. People may become more careful about their money and would not borrow money every time they need to buy an item that would have little use apart from highlighting their status. National economies may become much more domestic-oriented, which will decrease the amount of imported goods and in turn can provide local people with jobs. Physical assets, such as gold standard may come back and replace the current debt-based global economy. Poor economic conditions may also lead to the political instability. Various extremist groups may gain power and anti-immigration sentiments may become really popular. The collectivist values may come out on top over the individualistic one. People may start to question the effectiveness of the current economical and political systems. (Watson, 2010)

6.1.2 Middle class in the new economic realities

Regardless of the duration and the outcomes of the current economic recession, it can be concluded that the middle class will most likely suffer the most in the 21st century. As expectations of the middle class that are based on the economic success of the previous decades can't match the modern economic realities, people are being told that they need to adjust their appetites to the new realities. The amount of middle class people that can afford having own house is declining every year. They will live in a different world, where the level of real income will be constantly decreasing and therefore the standard of living will be also coming down. The middle class is scared and it has all the reasons to be scared; as these people do not possess any significant wealth as upper class does, their economic safety depends on the external environment that continues to deteriorate. As a result, some people from middle class will experience the fall into the low-income category. Even if it continues to exist on paper, middle class category will become much thinner than it was in the 20th century. (Thurow, 1997)

6.1.3 The inequality of income: wealth comparison (1960s – 2010s)

During the industrial era, capitalist economy experienced a major boom and was growing at a very steady pace. However, in the past 4-5 decades, the world economy was not growing; moreover, it was and actually still is experiencing a steady decline. In 1960s, the world economy was growing at a rate of 5.0% per year, in 1970s the growth slowed down to 3.6% per year, in 1980s it dropped to 2.8% and in the first half of 1990s this number was just 2.0% per year (Thurow, 1997). As of 2012, the world GDP growth was 2.2% (World Bank, 2012).

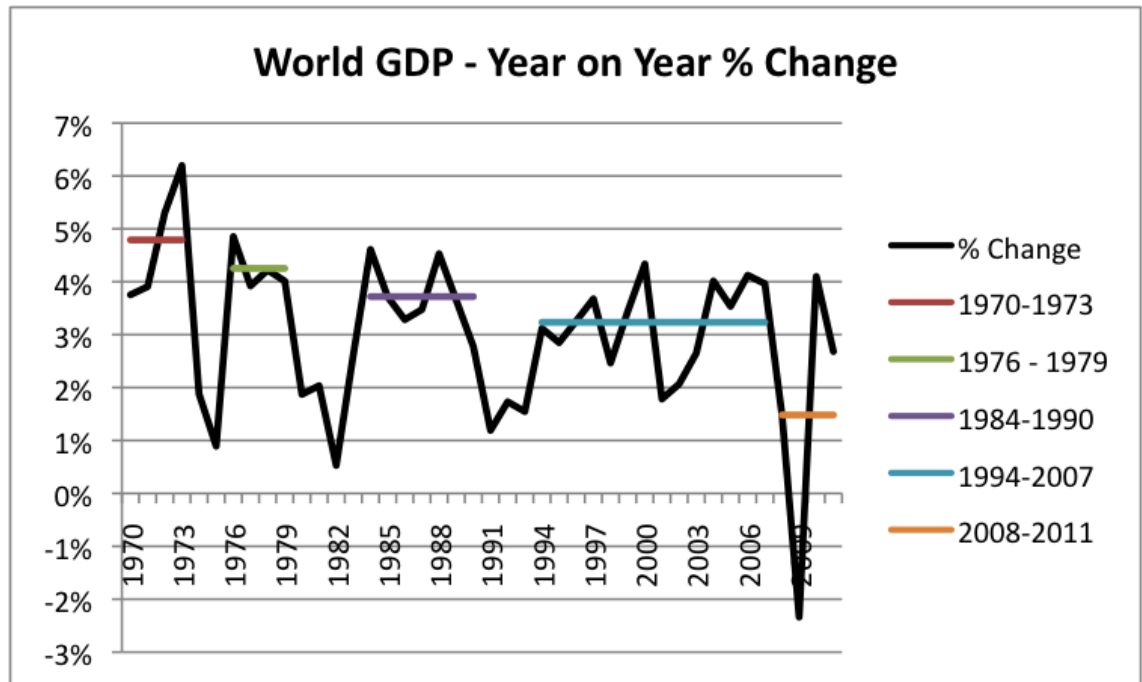


Figure 3. World GDP – Year on Year % Change
(ourfiniteworld.com, 2012)

The decline of the global economy was accompanied by the decrease in average salary. From 1973, the real income of men (inflation adjusted) began to fall down in almost every industry. (Thurow, 1997)

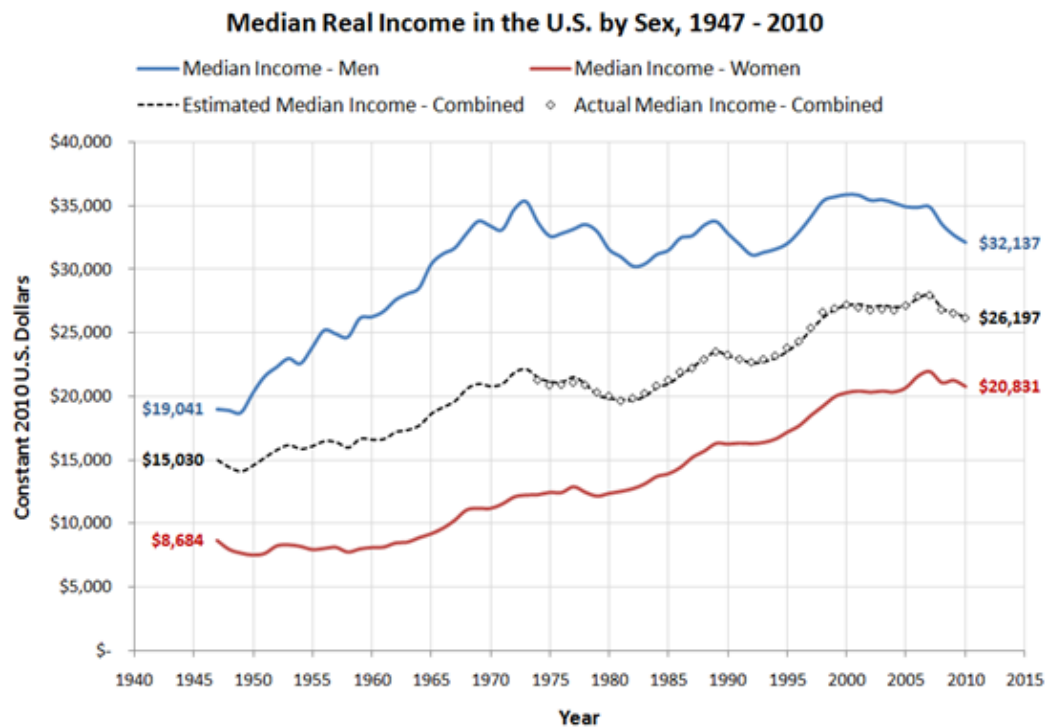


Figure 4. Median Real Income in the US by Sex, 1947 – 2010
(census.gov, 2010)

The income of households, though, experienced a slight growth. One of the main reasons for that was the fact women started to actively participate in earning money, which in turn compensated the losses in men's salaries. In addition to that, the average amount of working hours per year has increased since 1970s, which allowed households to maintain the income level, but with taking much more effort than before 1970s. (Thurow, 1997)

However, the average salary is not a very significant parameter as it mixes up the income of all classes. For example, in the US inflation adjusted GDP per capita increased by 36% between 1973 and 1995, but the hourly salary of 'normal' workers (that do not have anyone else at their disposal) decreased by 14% during the same period of time. As a result, at the end of 1994 the average worker was earning the same amount of real money as an average worker in the late 1950s. That means top 20% of the workforce got the entire surplus; moreover, top 1% got 64% of that surplus. (Thurow, 1997)

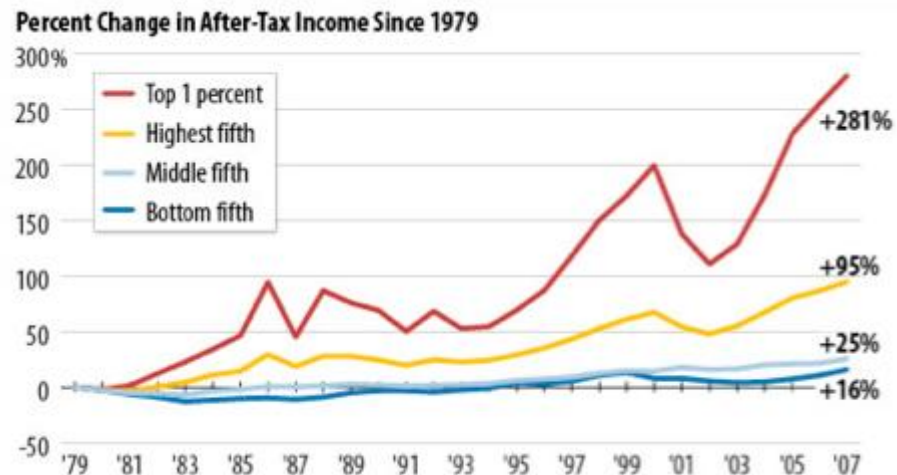


Figure 5. *Percent Change in After-Tax Income Since 1979*
(workersrights.twu.org, 2011)

This trend is not only relevant for the US – the same situation can be seen in European countries, such as Germany, France, Italy and UK, where salaries of the management staff doubled or even tripled between 1984 and 1992 (Thurow, 1997). Today, despite the recent recession, this tendency has not changed; moreover, it has amplified significantly since the 1990s.

In modern economic realities average workers can't expect annual salary increase as it once was some decades ago. After the World War II, the business leaders were paying the “effective salary” as it was named at those times. The “effective salary” was higher than the average market level and its main feature was the motivating factor, which inspired workers to constantly improve their skills and to remain loyal to their current employer. Now, when the threats from socialism or from powerful professional organizations do not exist, there is no need to pay “effective salaries”. The motivating factor has also changed – today it is a fear to be fired or cut down and thrown out to the labor market with very unpredictable and unstable conditions. (Thurow, 1997)

Companies are also adjusting to the new market conditions that are now more favorable for them than they used to be some decades ago. They are now able to transform the traditional meaning of being employed using various

methods. For instance, instead of hiring traditional employees, many firms create irregular workforce that is forced to work shortened day, temporary workers, short-term workers, student interns and even rehiring those who were fired earlier with a different status - as “freelance consultants”. The core idea behind all those actions is simple – to cut down the salary expenditures. (Thurow, 1997)

6.1.4 The role of education in the new realities

Historical experience tells that the best way to overcome low salary level is education. However, this does not seem to be working in modern realities as the income level is decreasing regardless of qualification. In other words, now it is not obvious that the investment in education will pay off at the end as even though the average salary of the high-skilled workers is still higher, both low-skilled and high-skilled workers are experiencing the same trend, which is the decrease in their salaries. (Thurow, 1997)

In the 20th century, the opposition between the two dominant economic systems – capitalism and socialism was the main trigger for a large number of people to get higher education, especially in the USA and the USSR. The main reason for that were the governmental investments in the educational system. As capitalism and socialism were competing in many fields, including high-tech areas such as space program, there was a great need in the educated people that were able to engineer and maintain complex devices. (Thurow, 1997)

Today, when the socialism is dead and no other system is able to compete with capitalism, from the governmental point of view there is no need in such large amount of educated people. Therefore, the governmental investments in the educational system are being cut down every year. Moreover, the concept of free education is opposite to the capitalistic values: on the one hand, the service that can be sold is being given away for free and on the other hand,

some people are being forced to 'buy' a service that they don't want to buy. (Thurow, 1997)

Therefore, in many countries, mainly because of the increased competition for university places and jobs, the education is heading back towards the path of private investments (Watson, 2010). However, as education in such schools and universities is quite costly for an average family, children from rich families have more opportunities to get good education than those from poor families as for them the risk of failure is too high. As a result, the level of competition on the high-skilled labor market will decrease and in this case people will actually be more motivated to have good education as it will give them certain competitive advantage in the future. (Thurow, 1997)

6.1.5 Human capital and professional training

Along with the changes within the economical and educational systems as well as the technological progress that was achieved in the past decades, now capitalistic firms concentrate their attention on human capital (education, qualification and knowledgeable workers) instead of traditional physical capital (machines and equipment). This change was mainly caused by the increased importance of knowledge in the current technological realities that are getting more and more complicated. The activities that are now being performed on a daily basis require much more skilled workforce than ever and there is a certain confidence that this trend will continue to grow over the next years. (Thurow, 1997)

For example, automobile companies that usually hired people after the high school or even without it now require their average production workers to have decent mathematical knowledge. New technologies transformed low-skilled work at the conveyor into new activities that require deeper knowledge and skills. The tasks that were earlier performed by the low-skilled workers are now being performed by robots, which in turn create the need for high skilled-

people to operate and repair them. Therefore, automotive companies are now hiring people that have been studying or graduated from college. (Thurow, 1997).

On the other hand, robotization is a serious obstacle to the labor market balance, because it cuts down the need in human workforce, especially in the professions that do not require any specific knowledge or skills (Interview 1). The changes in technology and in the way companies operate lead to the shortage of work places on the market and therefore the loss of job security by the employees. Today, fewer people think of switching work places as it is not an easy task to find a new one. Overall, both low-skilled and high-skilled labor markets are oversaturated with specialists. There is a possibility that will change on a long-term in case the global economy will be able to continue to grow and to create new work places, but currently the situation is not quite favorable for the workers as the level of competition is very high. (Watson, 2010).

However, from the logical point of view, firms now should be motivated to build more close and long-term relationships with their high-skilled employees in order to increase their loyalty. Instead, what they do is the opposite – companies fire workers including knowledgeable workers on a regular basis and their salaries are being decreased every time there is a market opportunity. Firms are investing less in the professional training of their employees, because they know there may be no need in these employees in the future. At the same time, workers are often not interested in improving their professional skills using their own money simply because they don't know whom they will work for and which skills they will need in the future and therefore they do not want to invest in useless qualifications. As a result, there are almost no investments made in qualifications when there is a big market need for them. Instead, firms are always seeking for a cheap labor force in order to substitute their current expensive workers. (Thurow, 1997)

6.1.6 Deindustrialization in the West and moving production to the East

For the first time in human history, almost every good and item can be made anywhere and be sold to anyone. One of the main triggers for that was the technological progress that made the transportation easy, fast and relatively cheap. In terms of capitalistic economy, that means the production and other activities can be transferred to places, where the expenditures are smaller and after then the goods can be sold in places, where the prices and therefore the profits are higher. Minimizing the expenditures and maximizing profit are the core values of capitalism. On a contrast, there is no more room for sentimental attachment to a certain geographical place. (Thurow, 1997)

Today, when the infrastructure and equipment in Asian countries are of the same quality as in Western world, European firms are not that interested in hiring and expanding their staff in Europe as before. Instead, they prefer to locate their production sites in cheaper countries, where the quality is the same, but social expenditures (salaries, paid vacations, bonuses, unemployment benefits, pensions, etc.) are much lower. National governments have to compete with each other in order to convince firms to locate their businesses in a particular country. As a result, Western countries remain without the tax revenue, which makes national budgets significantly poorer and therefore it becomes harder to provide high-quality services to the citizens. (Thurow, 1997)

6.1.7 Globalization vs. localization

While many experts agree that the pace of globalization will not decrease over the coming decades, there is a certain doubt it can stay for such a long time. The economic misbalance caused by the globalization can at some point cause the opposite trend called localization, which is already quite strong at some parts of the world. This movement can be a big threat for international organizations, such as EU and even to the national integrity of some countries. Therefore, there is a possibility that Western world can make protectionist

decisions that would prevent globalization from the further growth. The resource scarcity (most notably oil) that may occur in the next decades can also help localization to come into power as the cost of transportation will be significantly higher than it is now. (Watson, 2010)

6.2 Capitalistic mindset: inability to innovate

“Sell a man a fish, he eats for a day, teach a man how to fish, you ruin a wonderful business opportunity.” - Karl Marx, German philosopher and economist

6.2.1 Short-term orientation

Under normal conditions, capitalism never thinks on a long-term perspective - more than 8-10 or even 3-4 years ahead. In the modern capitalistic society, to think long-term is the main task of the government; however, current governments usually act vice versa – they decrease investments in the future to increase the current level of consumption. (Thurow, 1997)

Throughout history, the role of governmental investments played a vital role in the scientific research and innovations. One of the most recent major examples is Internet that was initially financed by the US Department of Defense (DoD). The core idea of this innovation was to connect military research bases in case of the nuclear attack. The Internet was being financed by the US DoD for the 20 years and no private investment was allowed during that period and in fact it was not very attractive as nobody at that time could predict the emergence of the cheap PCs; today, when the Internet is in a developed stage, services for people are being sold by the private Internet service providers. That example illustrates how important is the role of the governmental investments for the success of private firms. (Thurow, 1997)

Today, however, both private sector and government are trying to convince people to think short-term instead of thinking long-term by using

various social and economical reasons: banks are giving loans for individual consumption, governments are providing their citizens with social security benefits and pensions that make people forget about saving money and the global population itself is getting older, especially in the Western world, which means they do not need that much money to be saved for future needs. (Thurow, 1997)

Unfortunately, capitalism does not have any system of social norms that would prevent individuals from the natural tendency of thinking short-term. Nobody is saying that everyone should consume less and save more. Individuals have right to consume as much as they can or even more by taking loans; however, if nobody is saving and everybody is spending, the society cannot develop further as money cannot be borrowed out of the blue air. Capitalism does not promise the collective growth of the society, what it promises is the freedom of choice for the individuals, which is considered more important than the collective interest of the society. (Thurow, 1997)

Mass media and marketing also have an impact on the mindset of people by making them to think on a shorter term. It is impossible to imagine a TV show or movie illustrating people that cut down their consumption for the sake of the future. It is more entertaining to see advertisements of new commercial products and goods and it how these goods are being consumed in the shows and movies. The only goal of advertizing is to convince people to buy new products and this goal is being successfully reached. (Thurow, 1997)

From the classical capitalistic point of view, nothing should be done in order to prevent people from thinking short-term; even though situation can become much worse in 50-100 years, its current negative influence is minimal and therefore no efforts should be made to prevent the future catastrophe. In 50 or 100 years, when this negative influence is critical, capitalists will again decide to do nothing as it is already too late to fix current problems, but too early and costly to think about the future problems. If every generation makes such capitalistic decisions, the result will be very painful for the whole humanity. (Thurow, 1997)

6.2.2 The influence of monopolies

One of the best examples of capitalistic mindset blocking the scientific innovations is the current situation around the natural resources - oil, gas, coal etc., which are still at their peak in terms of usage even though many researches point out that, for instance, the world reserves of oil may come to an end only in 2050s or 2060s, and that means 2-3 more generations may theoretically live without having any troubles. (Interview 2)

In the coming 20-30 years oil, gas and coal will still remain the only major types of fuel, which means their prices will continue to rise every year. Meanwhile, the development of the new types of fuel will be one of the main tasks for the next 50 years. Apart from the obvious reason such as scarcity, there is also a political reason that in theory should inspire such countries and regions as US, China, Japan and Europe to make this scientific breakthrough as their dependence on Middle Eastern and Russian oil is already quite strong and it will continue to increase in the coming decades. (Watson, 2010)

However, these reasons don't seem convincing enough in order to start the full-scale research and development process towards the new types of fuel. In fact, Russian and Middle East exporters are not the only ones that benefit from the current situation; as current global economic system is much interconnected, the existence of new type of fuel may bring danger to corporations that are currently global leaders in various industries, such as car manufacturing, IT-related services and others. These corporations may lose their monopolistic position – for example, in there is no petrol anymore, car manufacturing companies can lose their power or can even be eliminated from the new solar-energy car manufacturing market. Therefore, relying on a foreign natural oil seems like a “lesser of the 2 evils” for the current leaders. (Interview 2)

6.3 Capitalism and society

“The worst form of inequality is to try to make unequal things equal.” - Aristotle, Greek philosopher

6.3.1 Corporatocracy as the new political system

From the traditional capitalistic point of view, there is a small number of cases when the governmental intervention can have a positive impact on the economy and there are a big number of cases when this effect will be negative. Unlike socialism, the government is not seen as an essential thing for having the effective economical system; moreover, it is considered an obstacle towards the economical success. Therefore, the best option from the capitalistic perspective is the governmental neutrality towards the national economy. (Thurow, 1997)

Nevertheless, in the past, national economies were often regulated by the governmental policies. Today, the growing global economical system is changing the world order that had existed for centuries. Global economic forces are now dictating their rules and economic policies to the national governments, which have lost their traditional levers of economic control mainly because of internationalization and globalization. (Thurow, 1997)

At the same time, corporations, especially big and multinational ones, are becoming much less tied to a certain country, which in turn means in the future the loyalty of people may be directed toward one's company first and one's country second. (Watson, 2010)

The era of direct regulation by the national government has come to an end. Nowadays, businesses are able to move to the places, where their activities cannot be regulated and often this can even occur without any physical movement simply by the change of the legal address. Meanwhile, the employees of these offshore companies are still working in the same offices in New York, London and other big cities. Governments are increasingly refusing

to provide their citizens with economic security while passing the bills that are beneficial for the big corporations. In 1964, only 29% of people in US believed that their country was being ruled in the interests of rich; 30 years after this number increased to 90%. (Thurow, 1997)

6.3.2 Individualism vs. traditional family

The “singularization” of society is one of the major trends of the beginning of the 21st century – the number of people living alone is steadily increasing. In 2006, 25% of homes in UK were single-person households and this number is expected to rise to 40% by the year 2020. The same situation can be seen in the other European countries and in the US as well. This trend is especially strong in the big cities, where people feel themselves as a collection of individuals instead of being a part of the community. In the era of Internet, when people have hundreds of Facebook “friends”, the place for real friends is getting smaller. (Watson, 2010)

In turn, this has an effect on the number of children being born as people are less likely to establish a family. For instance, 22% of UK women say they are not planning to have children. (Watson, 2010) In the US, the number of families with children has fallen off from 47% in 1950 to 34% in 1992 (Thurow, 1997).

6.3.3 The rise of individualistic mindset

Current economic formation has a big impact on this social phenomenon. When the price of goods goes up, people are buying less - the same principle can be applied to a modern family. As the ability of men to make a major contribution in supporting the family financially has decreased during the past decades and children now need longer and more expensive education than before, the cost of having children is increasing while the income level of a family is falling off. (Thurow, 1997)

Therefore, in order to have acceptable way of living, wives also have to earn money. This creates another problem – women have to combine their jobs with the work around the house including taking care of children, which means women today often work two times more than men. In turn, such big amount of work can lead to stressful situations. (Thurow, 1997)

6.3.4 Capitalism as one of the reasons for ruining family ties

The main threat for the family values comes from the current economic system, which has changed the traditional way of family life with the father that is taking care of the family in financial terms and mother that is taking care of the home and children. The “middle class” with one working parent does not exist anymore. The changes inside the capitalistic system make the co-existence of the traditional family and market economy impossible. (Thurow, 1997)

However, the traditional values are changing not only because of the economical reasons, but also because of social reasons as today many people treat individual achievements much higher than family; the individualistic culture prevails over the collectivistic one. In the past centuries, when the factor of urbanization was not as strong as it is now, the family worked as a whole and people had the economic value from the early childhood as children often helped their fathers, especially during planting and harvesting. The extended family was taking care of little children, old and disabled family members. As it was hard to survive without the help of the family, people usually supported these relationships for the whole life. (Thurow, 1997)

Today, people pay less attention to the family as in many cases it is not a necessity anymore – they are able to survive on their own. Family members do not work together in the field and see each other just occasionally, mainly because of different work or school schedules. Family members are losing the link between each other and, in fact, extended family in a Western world today

is a big rarity. The family does not have its traditional functions anymore in terms of providing social and financial help to each other. The family in that sense is now replaced by the government, which is paying pensions and other social benefits to old, disabled and unemployed people. From capitalistic point of view, children today have no value anymore as they still need help from parents, but parents do not need any help from children and most likely will not need it in the future. Moreover, if governments suddenly stop providing these services, it is unlikely that the situation could reverse and family could take over these functions again. (Thurow, 1997)

6.4 The problem of aging

“Give me just one generation of youth, and I'll transform the whole world.” - Vladimir Lenin, Russian politician and theorist

6.4.1 The forgotten culture of saving money

When the income per capita in the Western countries is increasing and the wages are decreasing, it means someone else apart from working people is gaining extra profit; in most cases, this “someone” refers to elder people. Apart from capitalists, these people are the main gainers in today’s economic system and that will “rule” this system in the future. For the first time in history, the societies will have a large group of economically passive people that require expensive medical care and financial aid from the government. This group of people is becoming a big threat for the social welfare state. (Thurow, 1997)

Two centuries ago, when the governmental supporting system was not implemented, people had to work until they die, which usually happened at age 40 (Watson, 2010). As socio-economic realities were different and people could not rely on the governmental financial aid, they tried to save money during the time they were able to work. In fact, that is the reason why the inheritance in the past was more significant than it is today – as people did not know how long they could be able to live, they tried to save large sums of money and gold,

which in turn were inherited by the future generations of the family. In such circumstances, people had to be very careful about the money they had; otherwise, they could die of hunger when they got older. (Thurow, 1997)

6.4.2 Social welfare state in modern realities

All the modern social programs (medical care, pensions, benefits, etc.) in general decrease the motivation to save money for the future. Some people that suggest cancelling the social security programs would make people to save more are right, but that would require a massive decrease in the level of private consumption, which would not be very popular idea in the masses. In fact, it would be much easier to live without the social security system if it never existed than to cancel it when it already exists. (Thurow, 1997)

The pension system that was aimed to help people who were not working by using the taxes generated from the income of working people was doing fine until the number of retirees and unemployed was significantly lower than the number of working people. However, as today people tend to live longer than in the 19th century and, on the other hand, the fertility rate is not as high as it was in the 20th century, the social system is not that effective anymore because of the imbalance between those who earn and those who consume. For instance, it is expected that in Japan, the number of people aged 75+ will increase by 36% between 2005 and 2015; the taxation percentage should increase by 175% in order to sustain current benefit levels. (Watson, 2010) In the US, the percentage of people aged 65+ climbed from 4% in 1900 to 13% in 1995 and the further growth is expected as “baby-boomers” are approaching towards this age group (Thurow, 1997). Until the Industrial Revolution, people aged 65+ made up 2-3% of total population, whereas by the year 2030 they are predicted to reach 25-30% of the total world population (Peterson, 1999).

On the other hand, falling birthrates make the problem of aging even more dangerous. In the late 1960s, the worldwide amount of lifetime births per

woman was 5.0, which was well within the historical range. Today, such factors as urbanization, feminism, rising female participation in the workforce, new birth control technologies and legalized abortion made this number fall down to 2.5 births per woman. (Peterson, 1999; World Bank, 2011)

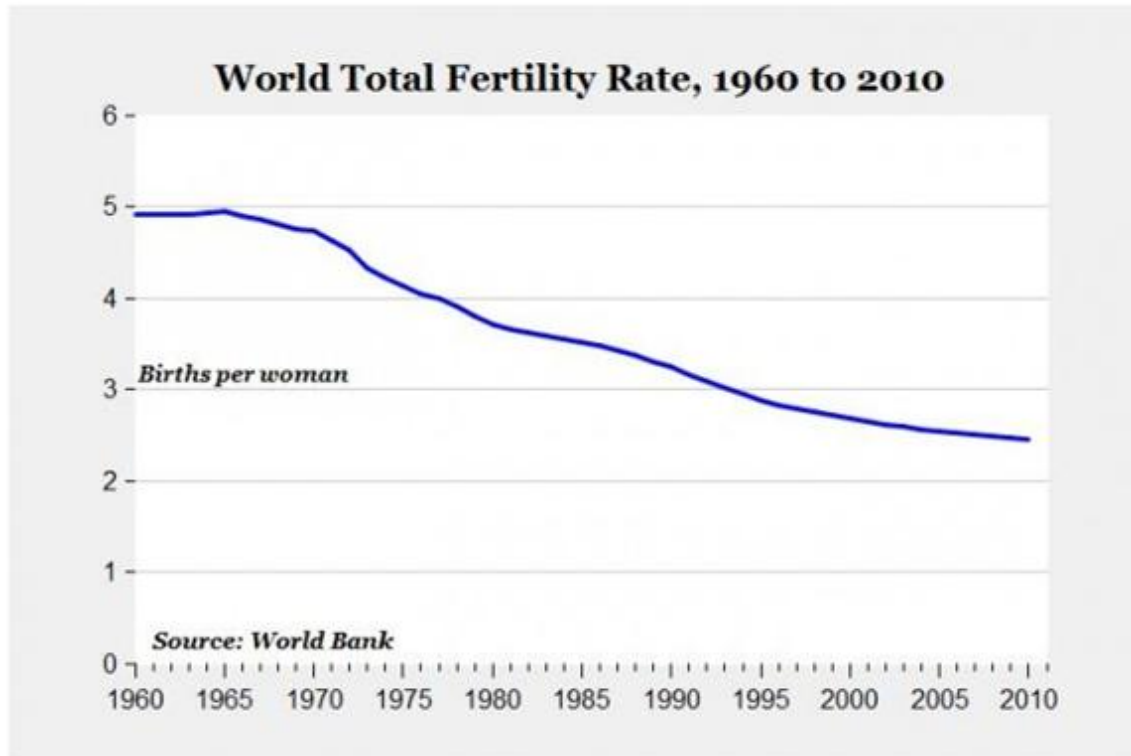


Figure 6. World Total Fertility Rate, 1960 to 2010
(aei-ideas.org, 2013)

6.4.3 The impact of elder people on the democratic procedures

In general, elder people are much richer than people of younger age. Such imbalance turned elder people into voters that are interested only in one question – if the government is going to increase or cut down their pensions and medical benefits. Therefore, this social group has a great impact on the democratic political process as their votes usually do not split between the candidates; as a result, older people have the power to elect a political person single-handedly due to their large number. (Thurow, 1997)

The former prime-minister of Singapore, Lee Kuan Yew, once proposed a new system that would enable to reduce voting dominance of elder people by giving two votes instead of one to each taxpaying worker. However, neither Singapore nor any other country was able to enact Lee's "undemocratic" suggestion as political leaders are not motivated to act on behalf of the long-term future when their current main electorate is the elders. (Peterson, 1999)

6.4.4 Sacrificing future for the past

The needs and demands of the elder people are ruining the whole concept of social welfare state and are a great liability for the governments that have to sustain their current standard of life by increasing the national debts, which means at some point all the Western governments will go bankrupt. It appears the governments promised to elder people much more than they can afford simply by collecting taxes from the working people. (Thurow, 1997; Peterson, 1999)

In order to meet the needs of elder people, governments cut everything else in their budgets. Aside from elder people, the other social expenses are decreasing every year in the majority of countries. What is more important, the investments into the infrastructure, education and scientific research are going down. However, in the democratic societies, the governments are too scared to cut down the pensions as elder people possess quite solid political power; therefore, it is quite hard to imagine that they can theoretically be cut down in the future. (Thurow, 1997)

Currently, the largest group of people that needs financial aid is children under the age of 18. However, governments are paying much more attention to the elder people (that have voting rights) than to younger generation (that are not able to vote yet). Therefore, the group that needs initial investment in order to get qualification and in turn pay taxes to support elder people is getting very little help from the government. (Thurow, 1997)

6.4.5 Potential solutions

Many politicians tried to raise the aging issue at meetings and summits; nobody did pay any attention to this problem 10 or 20 years ago. For example, Margaret Thatcher confessed she tried to discuss this topic at the G-7 summits, but the politicians at that time decided to postpone this discussion and to pass it to the next generation: “Of course aging is a profound challenge, but it doesn’t hit until early in the next century – after my watch”. (Peterson, 1999)

Now, however, when the aging problem became really critical, many politicians started to think on how to overcome the negative effects of the demographic misbalance in the society. (Interview 1)

The first and most logical solution they came up with was to increase the retirement age. In 1891, when Bismarck set the retirement age at 65, the average lifespan for male population in Germany was less than 45 years. Today, as the average lifespan increased during the last century, the retirement age should be set at 95 according to Bismarck’s formula. If such rule really existed, the problem of aging would not have any negative economic consequences. (Thurow, 1997)

The second solution, that sounds more radical, is that people should save up when they are young and pay for their own retirements when they get older (Watson, 2010). However, most likely they will not do it as current generation has lost the habit of saving money and therefore depends on the governmental benefits too much. The fundamental truth is that people do not save money unless they are forced to do so, which would not be a democratic solution. (Thurow, 1997)

The third potential solution to the problem is quite innovative and truly democratic – people should have an opportunity to choose if they will use the governmental social security system when they get old or not, and that decision should be made at the very early stage of the every individual’s career. In case they decide to use the system in the future, everything will remain the same for

these people. If some people decide to live without the social security system, they will not have to pay for the current retirees. (Interview 1)

However, these strategies along with the others, such as enlarging the workforce through immigration, encouraging the fertility rate, investing more in education and professional development and others all have the same drawback – they are breaking the social contracts that have been in existence for many decades already, which prevents politicians from applying them as the potential social shock may be quite strong. (Peterson, 1999)

6.4.6 Other beneficiaries of the social security system

The problems of the social security system are not only about the elder people. In Europe, where a large part of the population is receiving some sort of aid from the government, there is a certain change in the way how people perceive these government benefits. When the social security systems were first introduced, people used this sort of aid only in cases of extreme poverty due to the moral principles of that time. However, as time passed, the moral principles have also changed. Today, people want governments and corporations to pay for their everyday needs that they are usually able to pay for themselves. As a result, the system that was first designed to help people in extreme cases is now being used at every opportunity. Therefore, the amount of money needed to support these numerous clients of the social security system today is much bigger than it was suggested in the beginning. (Thurow, 1997)

7 SURVEY RESULTS

7.1 The background of the respondents

The main idea of the quantitative research performed in this paper was to ask the younger generation from various countries what is their opinion regarding the topic of the thesis.

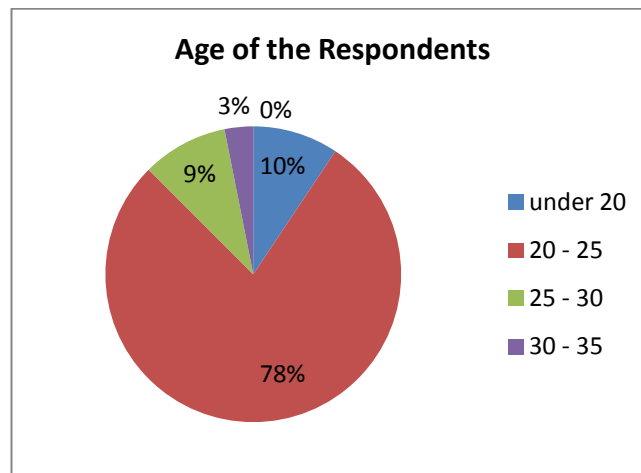


Figure 7. Age of the Respondents

The majority of respondents (78 %) are aged between 20 and 25, which was expected as the focus group consisted mainly of students. This was the initial idea of the survey as it was not focused only on historical questions, such as capitalism vs. communism, the history of the welfare state, etc. Instead, it was designed mainly to evaluate the current and future of our socio-economical environment.

The majority of people (81 %) that answered the questionnaire are originally from Europe (mainly Finland and Russia), which could hurt the results in a certain way as the answers may be too “one-sided”. However, as Russia is a historically inhomogeneous country that includes plenty of different cultures and political views, it partly levels this shortage.

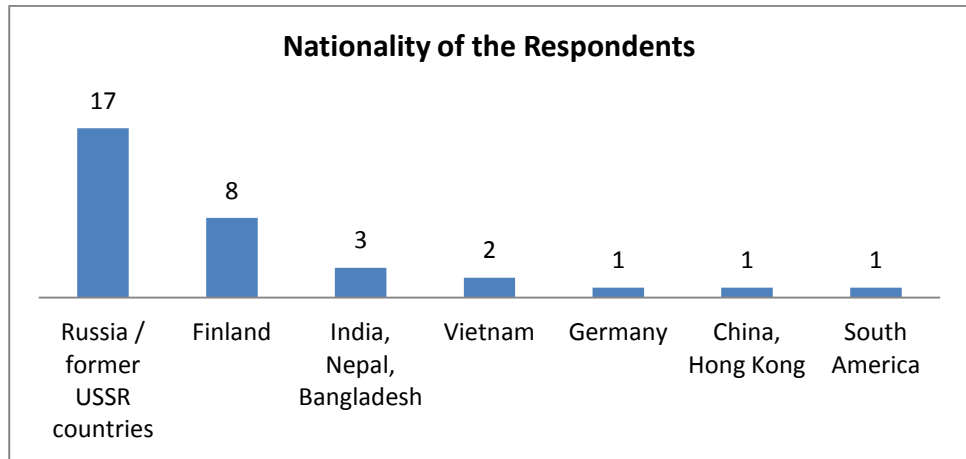


Figure 8. Nationality of the Respondents

People that answered the Russian version of the questionnaire make up for 38 % of the total number of respondents.

The majority of people that answered the survey (81 %) have income level below 1000 euro per month, which is quite reasonable as these people are mostly students that do not have an opportunity to work full-time or post-graduates at early stages of their careers. It is also interesting to note that all the respondents but one have an income level of 2000 euro per month or less.

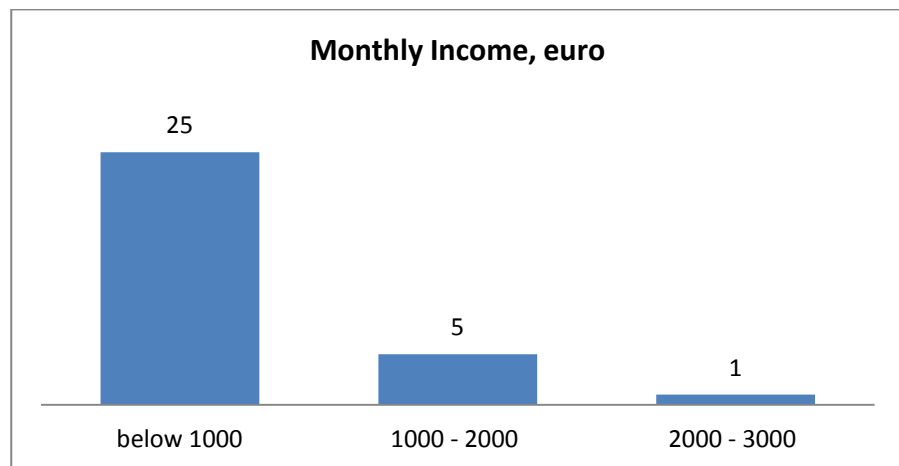


Figure 9. Monthly Income, euro

The majority of respondents (91 %) are students and a relatively large share of them (31 %) has to combine their studies with part-time work or with paid internship.

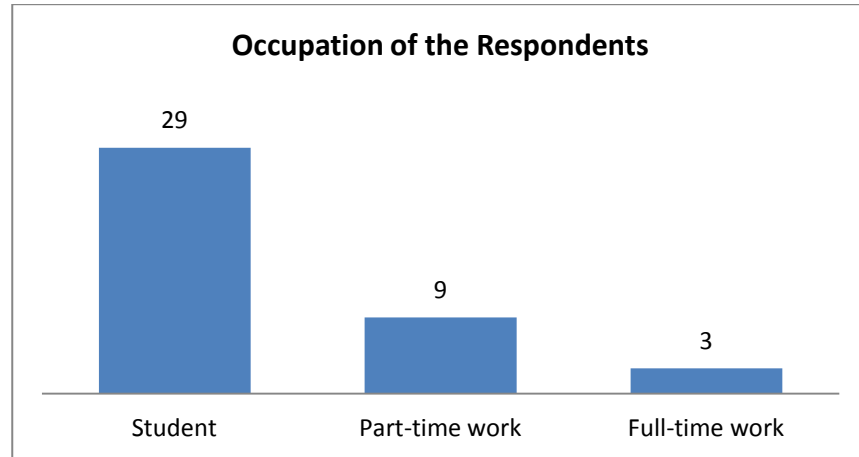


Figure 10. Occupation of the Respondents

This fact along with the previous one regarding monthly income leads to the conclusion people answered the survey mostly belong to the 'working class', which definitely has an influence on the answers provided. However, the vast majority (88 %) of people believe they belong to the middle class, whereas only 6% think they belong to the lower class.

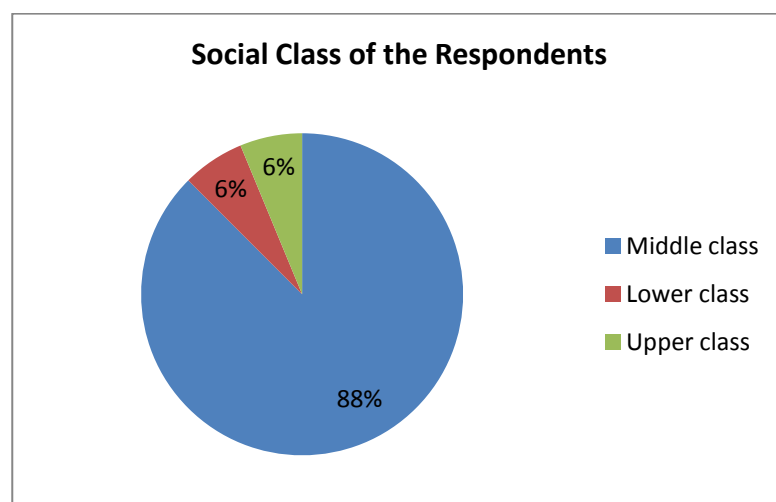


Figure 11. Social Class of the Respondents

7.2 Survey results analysis

7.2.1 Economic environment

Only 16% of respondents have taken a consumer credit before. The main reason for that is the fact almost all the people that answered the questionnaire are young students and therefore most likely they did not have a chance yet to make a big purchase that would require taking a loan.

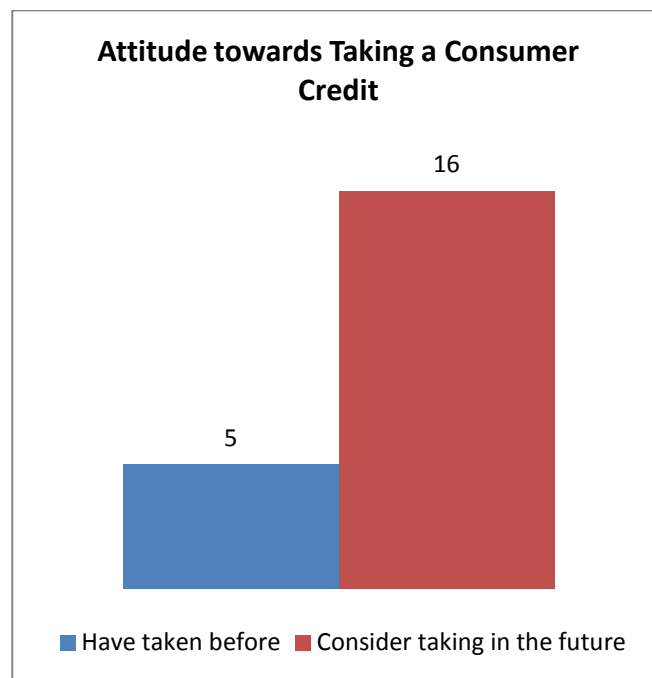


Figure 12. Attitude towards Taking a Consumer Credit

However, the half of people answered the survey still considers taking a consumer credit in the future despite admitting that the economic conditions today have not improved significantly compared to the 20-30 years ago and the situation on a labor market is becoming tougher every year. Such behaviour correlates with the experts' conclusion that being in debt has become a general habit for people, especially for youngsters. At the same time, the view of the respondents on the current economic realities is more optimistic than the economists' opinion.

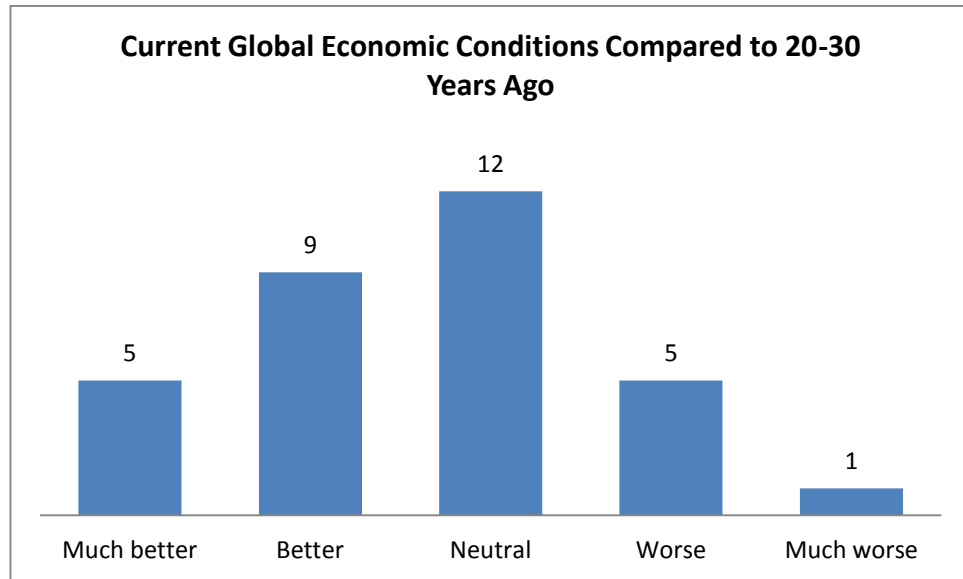


Figure 13. Current Global Economic Conditions Compared to 20-30 Years Ago

Current market conditions make the life of the private business owners much harder and therefore today we experience a great decline in the number of work places in Europe, especially in small and medium sectors. This creates a great misbalance in the labor market and makes the process of finding a job more and more stressful, especially for young people that do not have that much work experience. The majority (62 %) thinks that the process of finding a job for them became more difficult than it used to be for their parents, which is totally supported by the theoretical part of this work.

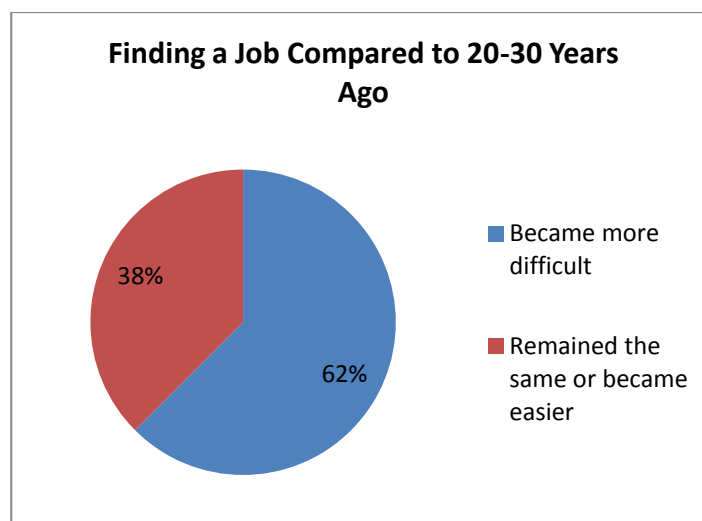


Figure 14. Finding a Job Compared to 20-30 Years Ago

Despite admitting that the global economic environment has not improved much recently and therefore it is quite hard to find a job in today's realities, the majority of people (87 %) believe their personal level of income will improve in the next 5-10 years. However, it is important to note this opinion might be partly affected by the background of the respondents, who are generally students and therefore their current income is not that high.

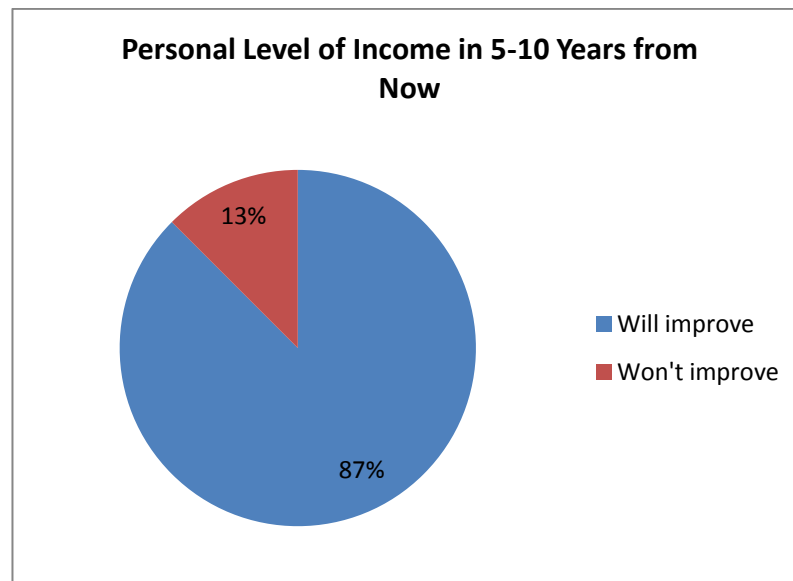


Figure 15. Personal Level of Income in 5-10 Years from Now

7.2.2 Negative factors that affect the socio-economic situation

When asked about the factors that make the current socio-economic situation quite poor, the respondents' opinions were quite diverse.

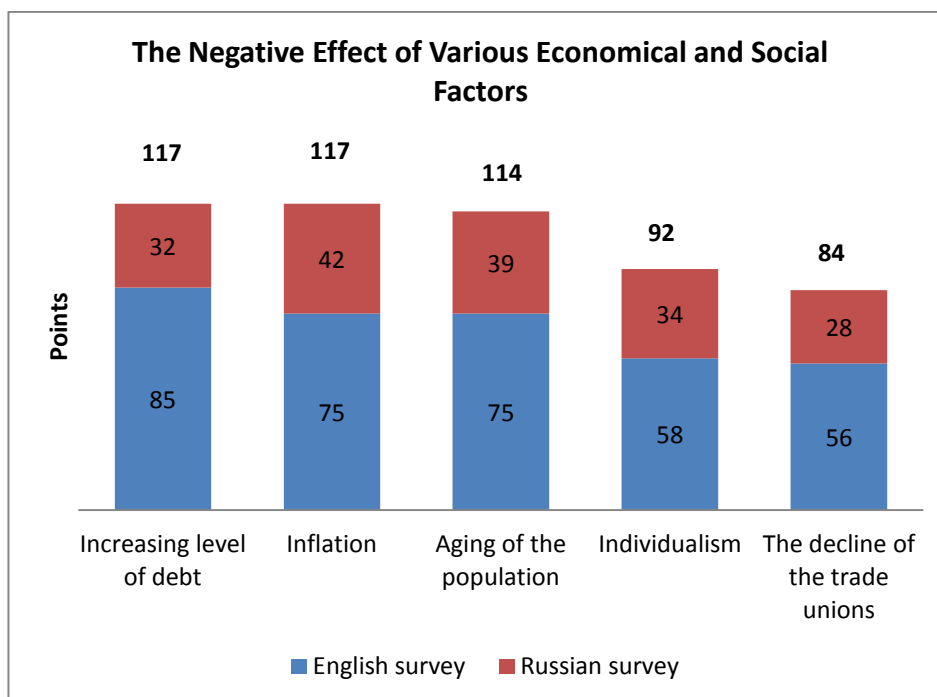


Figure 16. The Negative Effect of Various Economical and Social Factors

One of the most popular causes is the increasing level of debt (got 117 out of maximum 155 points). This view is quite popular as the problem of governmental debt is a hot topic in the European and US mass media and the majority of people that are interested in macroeconomics are aware of this fact. However, people that answered Russian version of the survey do not consider debt as a serious negative factor.

The second popular opinion is that uncontrolled inflation has a negative effect on today's economic environment (117 out of maximum 155 points), which is especially true for the economically unstable regions.

Then, the respondents also consider such problem as aging (114 out of maximum 155 points) quite influential, which is also reasonable as this problem is really global and refers to almost any country of the world.

The attitude towards such factor as individualism (92 out of maximum 155 points) was quite neutral. Probably the main reason is the fact this issue is not

seen as direct threat by many people as its negative effect is not that obvious compared to such problems as inflation, debt and aging.

The decline of the trade unions (84 out of maximum 155 points) is not seen as a serious negative factor by the majority of respondents.

7.2.3 Individualism vs. collectivism

The vast majority of people think that their own wealth (35 %) and wealth of their family members (44 %) have the higher priority than the wealth of their country (15 %) or of all nations (6 %).

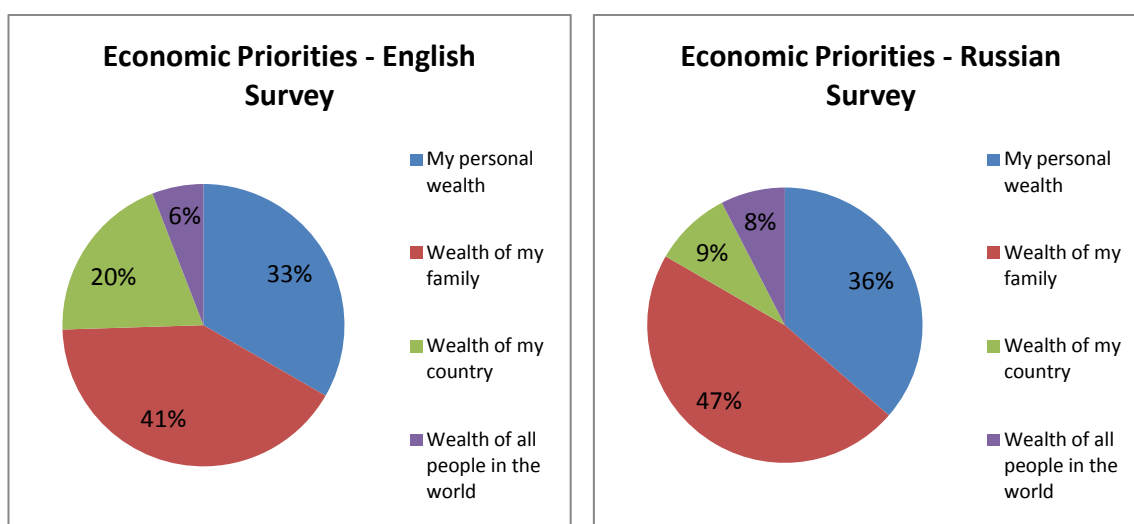


Figure 17. Economic Priorities – English and Russian Surveys

The difference in the answers provided between the English and Russian versions of the survey is not that big – the only fact that is worth noting is that the option “wealth of my family” was ranked first by the 82 % of Russian respondents, whereas the same option got only 53 % in the English version of the questionnaire.

It is also interesting to point out that the option “wealth of my country” got only 15 % and only 9 % in the Russian survey - seems that patriotic ideas today are not that popular among the young people and do not keep the society

members together, which totally correlates with the theoretical part of this paper.

7.2.4 Politics

The number of respondents who claimed they are not interested in politics is quite impressive (66 %); in other words, the majority of young people are completely disengaged from the global and national political agenda. Therefore, when asked which existing socio-economic formation would they choose if they had such power, half of the respondents (50 %) preferred to have the current system unchanged, which can be partly explained by the fact people are not that interested in politics and therefore are not eager to think of new solutions in that area. This political disengagement and disinterestedness of people was also highlighted by the experts in the theoretical part of this thesis.

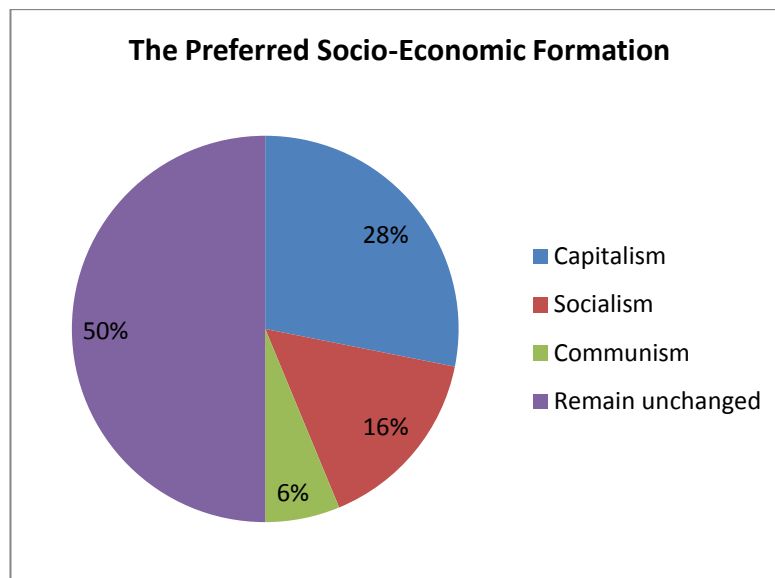


Figure 18. The Preferred Socio-Economic Formation

Socialism and communism are the least popular options (16 % and 6 % respectively), mainly due to the poor image that mass media is trying to give to these formations. However, it is quite noteworthy that people answered the

Russian version of the survey preferred capitalism (42 %) over communism (8 %) and socialism (8 %), which shows that Influence of the socialistic traditions from the USSR times is not that significant anymore for the young generation.

Despite being disinterested in politics, the majority of people still consider their participation in the presidential and/or parliamentary elections process quite important, which can be partly explained by the democratic traditions that are quite common for the Europeans. However, this does not go in line with the experts' opinion on the topic, that suggests people are becoming less involved in the political procedures.

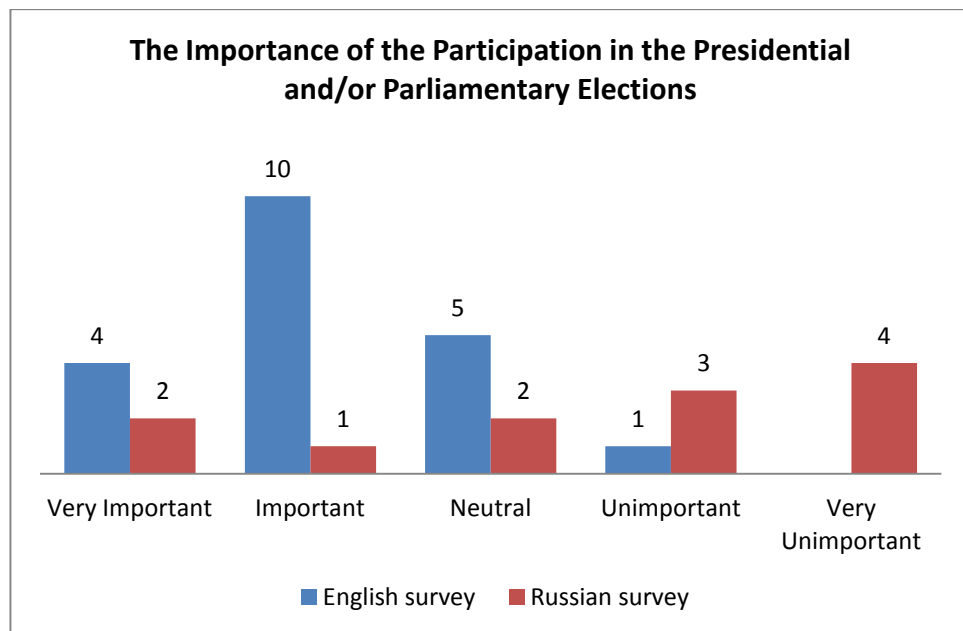


Figure 19. The Importance of the Participation in the Presidential and/or Parliamentary Elections

However, it is quite interesting people that answered the Russian version of the questionnaire mostly consider their participation unimportant (25 %) or even very unimportant (33 %), which is completely the opposite from answers for the English version of the survey. This fact reminds once again that it is impossible to generalize when talking about such global topic as national politics.

8 DISCUSSION AND CONCLUSIONS

8.1 Conclusions

The research performed in this paper indicates that the capitalistic system has experienced many changes compared to the original “survival of the fittest” concept that was designed in the 19th century or even from its own state of the 20th century.

There are numerous internal and external factors that caused these changes, such as the decline of socialistic idea and the whole communist bloc, inability to innovate, inflation and others. Along with the today’s problems – aging of the population and individualistic society - these factors may cause the further transformation of the global capitalistic system in the near future.

As always, while changes that happened within the system during the last decades are beneficial for one group of people, they are seen as negative by the other. Today, while the influence of the global recession is still there and the majority of people that belong to middle class (working class) are slowly recovering from the financial shock, CEOs and top managers of big multinational corporations are still increasing their profits every year as if the global financial crisis never occurred and currently there are no any major signs of positive changes in the near future in that area.

8.2 Final thoughts

“The proletarians have nothing to lose but their chains. They have a world to win. Workingmen of all countries, unite!” – Karl Marx, German philosopher and economist

Apart from the main research questions, there are some other important conclusions that can be made based on the results of the research.

First of all, it is important to mention that the whole purpose of this work was not to prove capitalism is a poor system while others (i.e. socialism) are good; the main idea was to show capitalism is not as effective anymore as it used to be some decades ago and therefore it needs to be seriously transformed or even completely substituted by some other system in order to meet the needs of the modern society.

What can be seen today is actually quite far from the original capitalistic values in many cases. For instance, the free market competition (one of the classic features of capitalism) is unfortunately very rare in the today's conditions as many firms and corporations tend to create cartels and buy each other in order to create a monopoly and to dictate their rules to the customers that don't have any alternative in many cases.

It is also important to remember that despite capitalism is the only global ideology left after the collapse of the socialist bloc, capitalism should not be seen as an ideal formation for any country in the world. It is a very fierce ideology, the main goal of which is not to make everyone in the world rich and happy; instead, its goal is to make rich and happy only the selected group of people – otherwise, there would be no motivation for people to work for someone for the money compensation.

When there is no any opposing ideology, it seems the social welfare state is also becoming ineffective as today it has a clear tendency towards the core capitalistic "survival of the fittest" concept while cutting down all the socialist benefits. Therefore, the Western society will soon have to decide what is more important – theoretically unlimited individual consumption without any social guarantees (capitalistic values) or average but stable income and common goal for everyone (used to be socialistic values) as it seems the symbiosis of these ideologies is not working anymore. It would also be a good idea for both politicians and "normal people" to start thinking and discussing the ideologies and values that can be alternative to the capitalistic ones in order to have a real opportunity to choose in the future. However, it will take time to develop and

spread these new ideas in order to grow the real competitor to the capitalism like socialism was in the 20th century.

Mass media is also trying to present the majority news and events from the angle that is beneficial for the capitalists and corporations. For instance, in the 1990s, after the USSR collapse there was a massive capitalistic propaganda in many Russian newspapers and many people started to believe that the transition from socialism to capitalism was beneficial for them as capitalism would allow people to surpass the "average level" of salary which was supposed to be one of the major disadvantages of socialism. However, mass media "forgot" to mention that the new Russian salary will be much smaller than the old Soviet salary in terms of purchasing power in the vast majority of cases (and in many cases the salary wasn't even paid). By the way, the purchasing power that the Soviet people had before 1990s is still not reached by the capitalist Russia despite astronomical oil prices in the early 2000s.

Finally, many problems we are facing now (aging, unemployment, inflation, etc.) were predicted by the leading economists and philosophers a couple of decades ago; however, governments almost haven't made any positive changes to battle with those hurdles at time they were relatively small and therefore beatable or avoidable. Every generation of politicians decided that this was not "their watch" and continued to leave the economic system unchanged. However, the majority of people was quite satisfied with that and was not protesting until the real problems hit in the 2007-2008 with the global recession. The majority of people does not want to even think about changing the current system; instead, they would rather like to fit into it and – if they are lucky enough – to become one of the top people in the existing hierarchy. Therefore, even though the capitalism is in a declining stage now, it is still in a very safe situation and most likely will continue to exist as the only choice for people until their mindset is changed, which would take a very long time.

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Interviews

English version

Interview 1 (Sociology professor at one of the Russian universities)

Social

- Do you consider aging a serious problem for the Western world in the near future?
- What would be the possible solutions for the aging problem?
- Do you think the social welfare state concept can survive in the 21st century?

Political

- In your opinion, what were the main reasons for the USSR collapse?
- In the mass media, especially in the US and European newspapers it is often being said that current Russian president, Mr. V. Putin is bringing the country back to the communist times. Do you agree or disagree?
- What is the correct meaning of the word "democracy" today?

Labor market

- Do you think it is much harder to find a job now than it was 25-30 years ago?
- Do you think the labor market misbalance will change in the future?
- Are you a member of any trade union?

Interview 2 (Scientist working for a private company in the US)

Capitalism and Innovations

- Do you think capitalism is blocking the innovation process?
- Could you provide any examples of this?
- Do you agree that it would be beneficial for the European and US corporations to get rid of oil as a main type of fuel as it creates dependence on Russian and Middle East exporters?

- Are there any examples of recent radical innovations or are there only incremental ones?
- Is it true that many innovations in US were first sponsored by DoD?

Labor market

- Do you think it is much harder to find a job now than it was 25-30 years ago?
- Do you think the labor market misbalance will change in the future?
- Are you a member of any trade union?

Russian version

Interview 1 (Профессор социологии в одном из Российских университетов)

Социум

- Считаете ли Вы старение населения серьезной проблемой для Западного мира в ближайшем будущем?
- Каковы потенциальные решения данной проблемы?
- Считаете ли Вы, что концепция «государства всеобщего благосостояния» сможет выжить в 21-ом веке?

Политика

- Каковы по Вашему мнению основные причины развала СССР?
- В СМИ, особенно в Западных, часто говорится, что президент России В. Путин тянет страну назад в коммунизм. Согласны ли Вы с этим мнением?
- Что подразумевается сегодня под словом «демократия»?

Рынок труда

- Как Вы полагаете, труднее ли сегодня найти работу, чем 25-30 лет назад?
- Думаете ли Вы, что перекос рынка труда выправится в будущем?
- Являетесь ли Вы членом профсоюза?

Interview 2 (Ученый, работающий в частной фирме в Америке)

Капитализм и инновации

- Считаете ли Вы, что капитализм блокирует инновации?
- Могли бы Вы привести какие-либо примеры этого?
- Согласны ли Вы с утверждением, что европейским и американским корпорациям было бы выгодно сменить нефть на новый вид топлива чтобы снизить зависимость от российских и арабских экспортеров?
- Существуют ли недавние примеры радикальных инноваций, или же инновации сегодня в основном инкрементальные?
- Правда ли что многие инновации в США изначально спонсируются Министерством обороны?

Рынок труда

- Как Вы полагаете, труднее ли сегодня найти работу, чем 25-30 лет назад?
- Думаете ли Вы, что перекося рынка труда выправится в будущем?
- Являетесь ли Вы членом профсоюза?

Surveys

E-mail letter sent to the IB students of TUAS

Hello,

My name is Dmitry and I am a NINBOS10 student currently writing a thesis on a topic "The history of capitalism and its social and economic consequences". I would highly appreciate if you could spend 5-7 minutes to answer this short online questionnaire to help me in my research:

http://eSurv.org?s=OCHHFO_30f623ab

Please note that the results of this survey are completely anonymous and will not be analyzed on an individual basis.

Many thanks in advance.

English version of the survey

Your sex

- Female
- Male

Your age group

- under 20
- 20 - 25
- 25 - 30
- 30 - 35
- over 35

Please select your country (region) of origin:

- Finland
- Sweden, Norway, Denmark
- Russia / former USSR countries
- Germany

- Spain
- France
- China, Hong Kong
- Vietnam
- India, Nepal, Bangladesh
- Africa
- Northern & Central America
- South America
- Australia & Oceania

other (please specify):

Please specify your monthly level of income

- below 1000 euro
- 1000 - 2000 euro
- 2000 - 3000 euro
- over 3000 euro

Your current occupation

- Student
- Full-time work
- Part-time work / paid internship
- Business owner
- Unemployed

In your opinion, to which social class do you and your family belong?

- Lower class
- Middle class
- Upper class

Have you ever taken a consumer credit from the bank or other credit organization?

- Yes
- No

Do you consider taking a consumer credit in the future?

- Yes
- No

How would you rate the current global economic conditions compared to 20-30 years ago?

- Much Better
- Better
- Neutral
- Worse
- Much Worse

Do you think it is much harder to find a job now than it was 20-30 years ago?

- Yes
- No

How would you rate the negative effect of the following economical and social factors?

Inflation

Aging of the population

The decline of the trade unions

Individualism

Increasing level of debt

Do you think your personal level of income will be better in 5-10 years than now?

Yes

No

Please sort in order of priority for you: (please drag and drop from the left box to the right)

Wealth of my country

Wealth of all people in the world

Wealth of my family

My personal wealth

If you had the power and an opportunity to choose the socio-economic formation of your country, what would you prefer?

- Capitalism
- Socialism
- Communism
- Remain Unchanged

Are you interested in politics?

- Yes
- No

Do you think it is important to participate (to vote) in the presidential and/or parliamentary elections?

- Very Important
- Important
- Neutral
- Unimportant
- Very Unimportant

Thank you for your answers!

Russian version of the survey

Ваш пол:

- Женский
- Мужской

Ваша возрастная группа:

- до 20 лет
- 20 - 25
- 25 - 30
- 30 - 35
- более 35 лет

Пожалуйста укажите Ваш месячный доход:

- менее 40000 руб.
- 40000 - 80000 руб.
- 80000 - 120000 руб.
- более 120000 руб.

Ваш род деятельности:

- Студент
- Работаю, полная занятость
- Работаю, частичная занятость
- Владелец бизнеса
- Безработный

К какому социальному классу Вы бы отнесли себя и свою семью?

- Низший класс
- Средний класс
- Высший класс

Брали ли Вы когда-нибудь потребительский кредит?

- Да
- Нет

Планируете ли Вы брать потребительский кредит в будущем?

- Да
- Нет

Как бы Вы оценили текущее состояние мировой экономики по сравнению с состоянием 20-30 лет назад?

- Намного лучше
- Лучше
- Не изменилось
- Хуже
- Намного хуже

Считаете ли Вы что сейчас намного труднее найти работу чем 20-30 лет назад?

- Да
- Нет

Как бы Вы оценили негативное влияние следующих экономических и социальных факторов?

Индивидуализм / Обособленность людей

Растущий уровень внешнего гос. долга

Старение населения

Инфляция



Уничтожение профсоюзов

Считаете ли Вы, что Ваш личный уровень дохода будет выше через 5-10 лет чем сейчас?

Да

Нет

Пожалуйста, расставьте Ваши приоритеты в порядке убывания значимости: (перетащите из левого квадрата в правый)

<input type="checkbox"/> Благосостояние моей страны		
<input type="checkbox"/> Благосостояние людей во всем мире		
<input type="checkbox"/> Благосостояние моей семьи		
<input type="checkbox"/> Мое личное благосостояние		

Если бы Вам предоставили возможность изменить или выбрать экономический строй своей страны, что бы Вы предпочли?

- Капитализм
- Социализм
- Коммунизм
- Оставить все как есть

Интересуетесь ли Вы политикой?

- Да
- Нет

Насколько важным Вы считаете свое участие в голосовании на президентских и/или парламентских выборах?

- Очень важным
- Важным
- Средним
- Маловажным
- Очень маловажным

Спасибо за Ваши ответы!