marx2

the humanist manifesto

生产	production	إنتاج
家庭	home & family	الأسرة
政府	government	الحكومة
社区	community	المجتمع
自然	nature	الطبيعة

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Overview

This is not the old Karl Marx—but drop his jargon and you have a method of analysis remarkably relevant today, when economics looks like a religion worshiping American interest rate policy.

Marx's focus on the organisation of work highlights the dangerous new world created in our 21st century pursuit of growth through unsustainable debt—the rise of speculative capital and the fall in investment for productive efficiency, the inequality and global instability, the growing pressures on family life.

Marx's method explained the distribution of income by examining the organisation of productive work into classes, each with distinct roles and rewards. This framework is broadened here to include all aspects of modern life—how we raise our families, organise our community life and leisure time, influence our political processes and shape our natural environment—and stripped of jargon to demonstrate his method clearly.

The strength of class analysis is this emphasis on how changing roles and rewards shape our future. We are reminded that self-interest will undermine social stability if any class takes an excessive share of social wealth, and that we need more openess and less hieararchical privilege in our political organisations to create a more equitable future.

It was the best of times, it was the worst of times
It was the age of wisdom, it was the age of foolishness
—Charles Dickens (1859)

We are heading for hard times again—many of us sense this. The global economy has turned to chasing short term profits, neglecting long term investment and undermining stability. Regulatory restraints were swept away to create this new "free market" world of tax-avoiding transnational corporations, globally integrated supply chains, shadow banking and hedge funds, speculative bets against commodities and currencies, financial manipulation replacing productive reinvestment.

Chart 1: Scale of financial speculation

The efficiency of free markets has become the foundation for contemporary economics, so western governments are advised to print more money and re-stimulate their markets. Once again we see a bubble building and another bail out ahead, nations chasing the short term advantage without considering the long term consequences.

Public debate is reduced to slogans—"Japan must ignite inflation to restart its economy", "America should maintain stimulus until unemployment returns to its natural rate", "Greece needs to maintain a budget surplus of 9% of GDP until 2023", "global inequality is a key challenge". Complex distributional problems are reduced to simple numbers, avoiding discussion of the causative mechanisms and alternatives.

How did we become so out of touch with the state of our economy? We are all strongly influenced by the organisations which pay us, and organisations across the world have adapted to the pursuit of short term gains. We have absorbed the spirit of the era and accepted the glib justifications. Since the 1980s we've been told that class was dead, so we watched passively while a growing financial sector took ever larger shares of the rewards created in production.

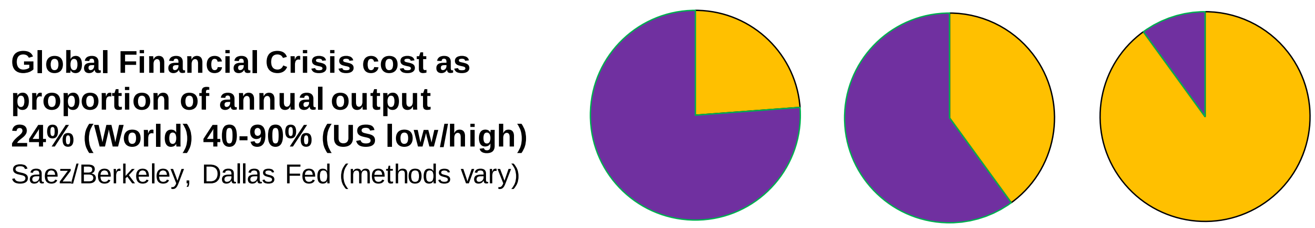
When profits are strikingly high without efficiency gains, this is not innovation and reward - it's a giant sign saying something has gone wrong. Unearned profits don't come from nowhere, they are transfers from one class to another, created by some combination of market manipulation and monopoly, leverage and risk, speculation feeding off instability, regulatory and tax avoidance, lowered wages. In this unstable new world, Marx's method could re-emerge as a critical tool for social analysis because it reminds us to ask these essential questions—who profits from social change and where do their gains comes from?

Karl Marx described the 19th century struggle between owners of capital and labour to control the work process and distribute the relative shares of productive income. This approach of asking "who benefits from work done and how" can also be extended beyond productive work to include analysis of all forms of human work. If we drop Marx's old jargon and "inevitable" socialism, but keep his focus on analysing changing roles and rewards, we can build an integrated explanation of financial capital, patriarchal cultures, political dynasties, dysfunctional democratic movements, military hierarchies and resource exploitation to guide us in the pursuit of global equity and social stability.

Part one starts with the standard model of competitive production, where labour and capital struck a reasonable balance to support increasing living standards up to 1980. After the introduction of floating exchange rates, market volatility increased and the focus of western production shifted increasingly to short term profit. Executive salaries were linked to share prices and corporations abandoned local production to shift factories to low wage countries and profits to tax havens.

Financial capital created new sources of profit by selling collateralised debt and derivatives to insure against price movements, but derivatives themselves increased volatility—a major new class of capital had emerged. Western elites profited and free market economics gained credibility, creating a fertile environment for the national and international speculation behind the global financial crisis. Part one concludes by refocusing on the requirements for stable efficient production.

Chart 2: Cost of financial speculation

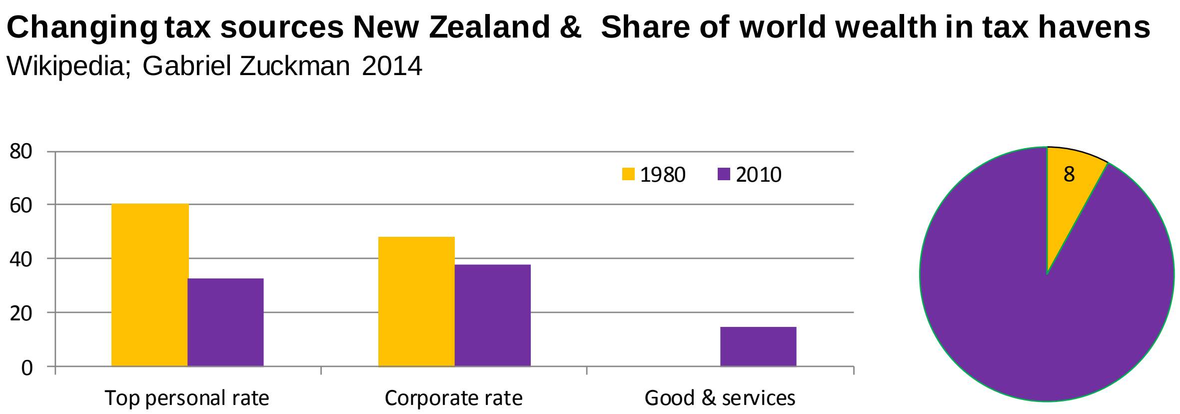


Part two applies the same emphasis on analysing mechanisms of social transfer to Home and Families. Inter-sex inequality and transfers may appear to be personal and smaller scale when compared to production or global resource depletion, but they affect everyone; summed together they have global impacts. National cultural norms for families limit female participation in higher paid work; declining family size and aging populations reduce the tax base; entrenched male military and paramilitary cultures in countries as diverse as Israel and Sudan foment regional instability. Differences in the family affect the nation.

Part three reviews national and international institutions of government, whose work is also shaped and influenced by many forms of social transfer. Though we are in the first stage of a completely new form of international economic crisis, governments' growing integration with income streams from the new economy has reduced their capacity for informed independent regulation, while our global governance institutions are even less democratic.

The most important function of governments is to provide stability by moderating excessive social transfers, whether nation, class, sex, race or resource based. Crucially, governments are now less financially viable, undermined by declining corporate taxes and burdened by bailouts and debt-funded stimulus. Just when effective governance will be essential for global stability, the capacity of governments is undervalued and at risk.

Chart 3: Personal and corporate tax rates & Use of tax havens



Part four looks at community governance and the capacity of popular initiatives to positively influence social equity. Short term forms of protest like the Occupy movement create an outlet for anger but no new solutions, so part four looks at new opportunities for community based governance to influence state and international government. The framework for this section is also based on examining social transfers, so the focus is on community organisations which are more egalitarian and therefore more likely to reduce social inequalities.

Part five considers human use of nature's resources. Rapid economic growth and rising resource consumption over the past 30 years have also created social transfers, this time from sustainable use by future generations to wasteful exploitation today, from the earth's stock of non-renewable resources to human consumption. Stocks of oil, coal and other critical resources are declining so future supplies will cost more to extract, yet growth remains the economists' recipe for solving economic crises. Continuing state-funded stimulation while the costs of production rise only aggravates instability. Our economic aspirations have to become sustainable.

Part six discusses the interrelations between production, reproduction, governance and ecology and the value of an integrated class analysis to understanding our present and shaping our future.

Personal stories *New Zealand and Australia*

These are the countries I grew up in, influencing my early view of the world. New Zealand is a small nation of 4.5 million, with a relatively unscathed natural environment and an economy built on agriculture and tourism. We inherited effective government institutions as a late colonial conquest of England, created a culture of independence after world war two, then adopted free market economics with unusual enthusiasm after 1980.

Australia, with a population of 23 million on an isolated continent, is one of the richest and most stable nations in the world. The economy is built on resource extraction with limited industrial value-adding. There are two tiers of government, national and state, which slows the pace of political change.

New Zealand and Australia's very different approaches to economics meant I lived through an interesting case study on the benefits and drawbacks of recent economic policies. Both countries also had active feminist movements in the 1980s and both now have emerging green parties.

Back in 1979 New Zealand introduced carless days to cope with oil price shocks. Few families had more than one car and carpooling developed to fill the gap, with the benefit of more social commuting. And in Australia's long drought of 1995-2009 we cut water use radically. Experiences like these show that reducing cultures of waste is easier than it looks when change becomes necessary.

In 1984 a newly elected Labour government opened up New Zealand's protected economy. Bruce Jesson, a republican radical, was elected chairperson of the Auckland Regional Services Trust, an organisation set up to fail so that the assets of New Zealand's largest urban council could be privatised. A mix of committed business and community representatives on the board worked together to make the trust a success, repaying debts out of revenue and removing the justification for selling off the city's assets. This was an inspirational example of how government can deliver services efficiently and equitably, even when free market ideology dominates economic thinking.

By 1997 I was working for the department of corrections (prisons) and absorbing the era's emphasis on free market social solutions. I got a big wakeup call when we took a long holiday through Malaysia just after the Asian Financial Crisis hit. Driving past mile after mile of abandoned half-finished buildings and reading stories of forced repatriation for migrant workers was an experience I can't forget.

For the last fifteen years in Australia, my life has been like most people's, dominated by work. I try to keep some balance through fitness but that too caught me out as I aged. After a serious cycling accident I spent a lot of time in hospital. I doubt I would have had time to think back over my life and write this, without that accident. We forget how much work dominates and compromises our lives, because we have so little energy left for considering alternatives.

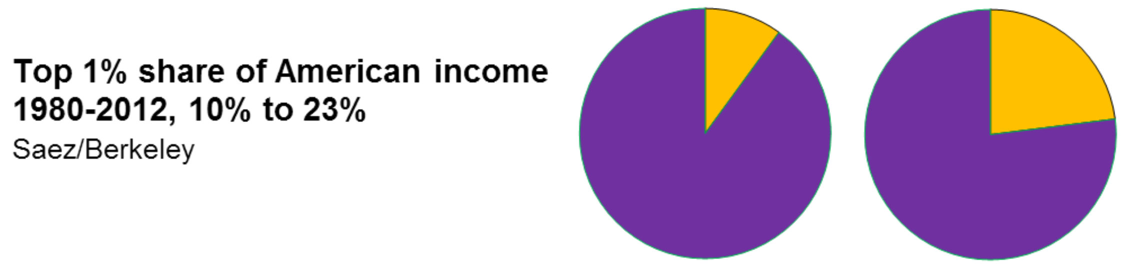
This is a new era and a new world is being shaped, so make the time to reconsider your past, present and especially your future.

1 Production, Work and Rewards

We have blundered in the control of a delicate machine,
the working of which we do not understand
—John Maynard Keynes (1930)

This first section updates and simplifies Marx's original theory of capital and class. International and national banks may dictate global economic policies today but production and reinvestment of profits in fixed capital and a skilled workforce are still the heart of an efficient economy. Though much less work is physical today, we still need people to get out of warm beds each morning motivated by the return on their contributed labour or capital.

Chart 4: Rising inequality, 1980 to 2012



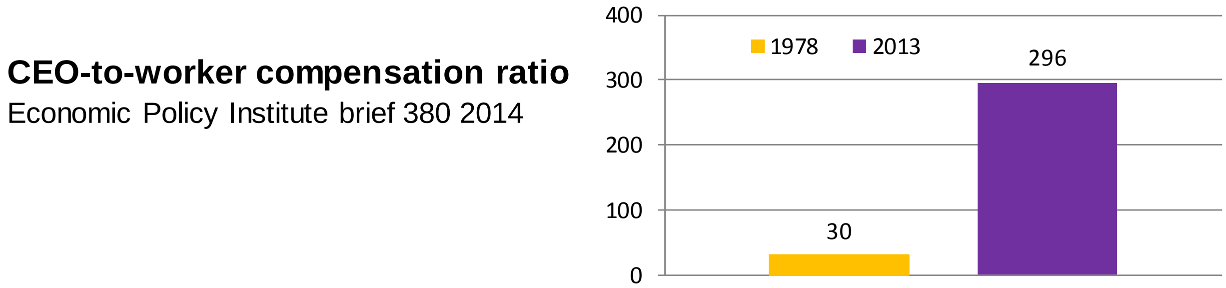
Marx's original analysis claimed only labour produced new value and labelled all return on capital as theft, encouraging the revolutionaries of 1840. Today we are content to see a reasonable return to capital provided we benefit from capitalism's investment in efficient production.

Waged workers still need to organise as a distinct class to gain a fair share of production, but their willingness to do this has reduced over the past thirty years of debt-funded affluence and complacency. When I first worked in 1970s New Zealand, the annual battle between labour and capital over the wage round was much more visible. The resulting economic cycle was predictable—good years created large profits leading to visibly extravagant spending by the rich; big unions then led a catch-up with coordinated annual campaigns; wages went up and profits went down leading to a recession; wages went down, profits up and we started all over again.

The inefficiency of this obvious cycle was easy to criticise, as were the excessive rewards for unions in industries vulnerable to strikes, but the removal of union rights has produced new extremes. It turns out there is no limit to the excess which capital and management can agree together when strikes are restricted and regulation is removed. Inequality has reached ridiculous levels, with executive equity packages encouraging boards to favour short term share-price increases over the long term viability of their corporations and increasingly their nations.

In 2008 we were forcibly reminded by the global financial crisis that western economies and workers are vulnerable. The value of professional and participatory unions is clearer in these newly uncertain times but laws need changing, cultures rebuilding and this takes time. Today's underemployment and long term unemployment creates costs for capital too; lost profits from underproduction, plant write-offs, lost workplace skills and new training costs.

Chart 5: Income for staff and executives, 1978 to 2013



Governments face the most critical challenges. In addition to the cost of unemployment support and increased political instability, states are expected to fund restructuring and restimulating the economy. These are huge cost burdens which reduce the long term capacity of the state to support an efficient economy.

Monopoly, inevitably

Free markets are one of the critical preconditions for capitalist efficiency, since competition ensures prices are set according to average costs of production and profits. Free markets may be efficient according to mainstream economic theory, but in practice unregulated large scale producers have a natural tendency to seek higher profits by creating monopoly or its close cousins, market dominance, integrated supply chains and cartels. Competitors are driven out allowing overcharging; control of the distribution chain squeezes suppliers; large players collude on price setting. You can see this in your local neighbourhood when large chains cut prices - until they've killed the competition.

These last three decades of globalisation have encouraged massive industrial consolidation, mainly through international mergers and acquisitions. One hundred giant firms from high-income countries now fund more than 60% of global research and development expenditure among the world's largest companies; two or three integrated firms dominate each high-tech high-added-value industry (p134 Nolan); twenty nine global banks are deemed systemically critical, according to the Bank for International Settlements.

After the global financial crisis, capital-friendly governments chose bailing out over breaking up these "too big to fail" corporations. Nations are being pressured to sell off state assets and fund infrastructure to re-stimulate growth when they should be retaining a role in natural monopolies, both to prevent excess private profits and to strengthen their own income base. Regulation and state monopolies do reduce optimum theoretical efficiency, but not nearly as much as monopoly in practice.

Chart 6: Corporations as share of top 100 global economies

"Is China buying the world?" Peter Nolan:

The global business revolution saw for the first time the emergence of wide-spread industrial concentration across all high-income countries, as well as extending deeply into large parts of the developing world (p17).

The foreign assets of the world's 100 largest multinational companies are 57 per cent of their total assets, foreign employment amounts to 58 per cent of total employment, and foreign sales amount to 61 per cent of total sales. Between 1990 and 2009, the stock of outward foreign direct investment from the developed countries increased more than eightfold (p39).

In 2010 there were seventy-nine firms from low- and middle-income countries in the world's largest 500 firms. However, this is still a small number in relation to the population of developing countries. Moreover, such firms are concentrated in a narrow range of sectors, including twenty-three banks, sixteen oil and gas producers, eleven metals and mining companies, and nine telecommunications service companies. Most of these operate in protected domestic markets and are often state-owned enterprises which cannot be acquired by multinational companies. Moreover, these are sectors that do not generate new technology (p49).

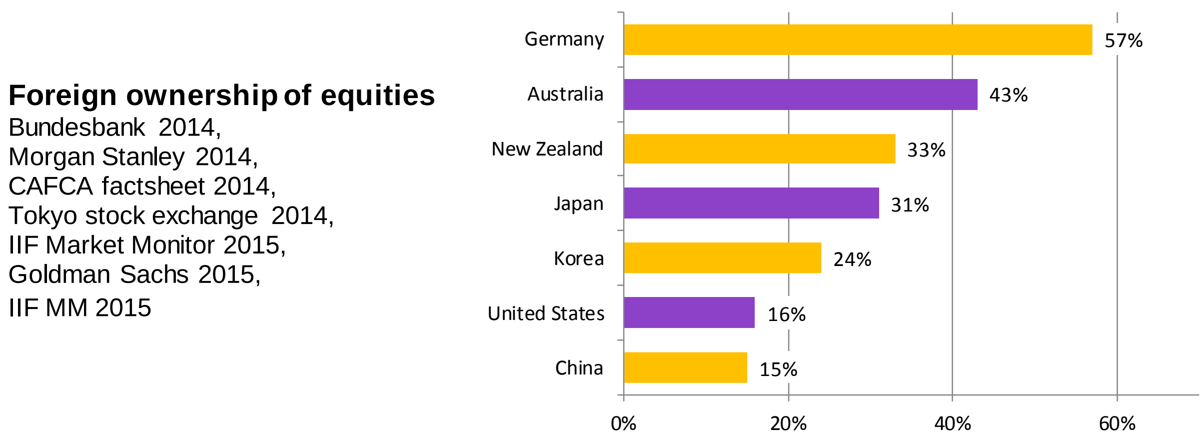
Global firms, with their headquarters in the high-income countries, are increasingly 'inside' the developing countries, typically occupying commanding positions within their business structure in high value-added sectors. This poses a serious policy challenge for developing countries (p135).

Foreign investment

Capital improves our future economic prospects by reinvesting profits to improve productivity, but not all capital is equal. While removing regulation of foreign direct investment is regularly promoted as essential to boost growth, understanding the pros and cons of foreign investment is critical to evaluating successful national economic strategies.

There are enormous trade-offs over the long run between foreign-fuelled growth and support for domestic companies—between faster growth now and future income streams exiting the country, short term financial profit and long term competitiveness, domination by foreign controlled transnational supply chains, revenue and tax shifting across global corporations. And the downside costs of foreign investment in developing countries will be much higher in this era of stimulus-driven bubbles and crises, derivatives and carry trades, global corporations and tax avoidance.

Chart 7: Foreign ownership in nations with published data



Fortunately, global corporations still face barriers to expanding into new countries; it is always easier to grow a business at home than abroad. Skilled staff are harder to source, cultural knowledge helps product targeting, regulatory barriers favour well connected local companies, profits are harder to repatriate, prospects less certain. Consider the tobacco industry, happy to take monopoly profits from addiction in affluent countries, but ignoring the vast potential profits in developing countries until forced to diversify by western anti-smoking laws. And buy-local campaigns are even more appealing when multinational corporations avoid paying their share of taxes.

The home advantage was used very effectively after 1950 by nations like Japan, Korea and now China to grow faster than the west. Behind all the hype though, there are still only nine Chinese firms in a survey of the world's 1,400 largest companies and none in the top 100 (2010, Nolan p66). Foreign invested firms now account for around 28% of the China's overall industrial value-added, 55% of exports and 90% of high-technology exports (p93).

Reducing trade barriers and increasing specialisation for export certainly benefits transnationals, creating an open global market where it is easier for their scale and integration to outcompete national producers. While there are efficiency gains for nations too, at some point the costs and risks outweigh the benefits. Costs include lost national control of economies and jobs, increased volatility and change costs, reduced security of employment and rising work intensity, more and more workers forced to abandon their home and culture to travel for work, and a gradual decline in the depth of national cultures. That cultural shift might appear benign today, when we are swapping our old ways for new wealth and consumer goods—but what if that new wealth is illusory and our debt-binge runs dry, leaving us with more ruthless employers and tougher working lives?

Western economists and global banks also advocate loudly for free "capital markets"—the absence of government regulation on international capital flows—for developing nations. They don't mention that home-grown investment was their own path to early development, when colonial dominance gave the west influence to limit overseas competition from indigenous producers.

In 2014, the world's wealthiest one percent held 48 percent of global wealth (Oxfam, 2014) and controlled the leading global corporations. Many countries already have 30% of their economy owned overseas and net foreign capital inflows to developed nations grew an average of 9.7% every year between 2000 and 2013 (UNCTAD foreign investment database).

Do we want a world where every company is owned "offshore" and paying as little taxes as they can get away with? Where a large share of profits come from global short term betting and national instability? Where every country specialises for export to global markets and the pool of migrant workers soars? Pause and think about that future world, because that is where we are heading today.

"*Is China buying the world?*" Peter Nolan:

The fact that firms with their headquarters in high-income countries have been buying the world to construct global business systems poses complicated, severe and little-understood challenges for political economy in the high-income countries. The close identification of large corporations with the particular country in which they have their headquarters has greatly weakened (p135).

Financial vampires

In the last century, capital was legislated into classes. Saving banks were granted a monopoly on managing cash deposits, in exchange for limits on the size and risk of their lending. Under those rules governments were rarely called on to guarantee people's savings after bank defaults. Investment banks could take greater risk with the funds of the wealthy, but without a government guarantee.

Under deregulation and "financial innovation" this sensible division unravelled rapidly. Savings banks loaned for housing to people who couldn't sustain a mortgage, but believed the price would always go up. Investment banks packaged and onsold the future income of mortgages and other debts (derivatives), hiding the increased risks off balance sheets. Banks followed suit as the profits got too tempting to ignore, and no-one was left with a direct interest in the soundness of the lending.

The old also benefited, cashing out their big city homes at retirement. Here we saw another type of class created. A whole generation becomes a distinct group which benefits from rising house prices, ensuring favourable policy settings and creating a widespread social pattern of investment behaviour which is hard to change. Tax is forgone and housing incentives dispersed to keep the bubble economy going, leaving less money for productive investment in affordable housing, small businesses and long term equity. The young are left to gamble their life's savings against cyclical markets.

Derivatives grew spectacularly, becoming a tool for international speculation by increasing the gains and losses for contracted events. "Carry trades", short term bets on future prices around the globe, made world prices and national currencies more volatile and increased the pressure on productive companies to buy hedging (future prices insurance). Hedging fees to investment banks and profitable bets on volatility by hedge funds both grew; profits from western production were maintained only by reducing real wages.

Hedge funds flourished by offering short term investment products to the emerging class of super rich, whose wealth and tax avoidance reduced their concern for economic stability. Global audit firms found new ways to shift corporate profits to tax havens and global financing arrangements got a whole lot more complex, relying on private markets with minimal capital. Highly leveraged investment banks joined the list of corporations deemed "too big to fail".

"*Extreme Money*" Satyajit Das:

Derivatives include "futures" (price guarantees) and "options" (price insurance). Derivatives are excluded from the balance sheet since all payments are in the future, so they can be used to circumvent accounting regulations, investment rules, securities and tax regulation (p241-2).

Proponents argue that derivatives are used principally for hedging and arbitrage; they are essential to risk transfer, savings, investment and lowering the cost of capital. But volumes of derivative products traded are inconsistent with hedging. In the credit derivatives market, at the peak, volumes were in excess of four times outstanding underlying bonds and loans. While they can be used for hedging, derivatives are now used extensively for speculation, manufacturing risk and creating leverage. In reality, derivatives are used to provide leverage to investors and corporations, increasing gains and losses for a particular event, such as a change in market prices of an asset, in accordance with customer requirements (p271).

> Between 1980 and 2008 the total debt of US financial firms grew from around 20% of GDP to over 100% and in the UK to more than four times the country's GDP (p320).
>
> There is no simple, painless solution. The world has to reduce debt, shrink the financial part of the economy and change the destructive incentive structures in finance. Individuals in developed countries have to save more and spend less. Companies have to go back to real engineering. Governments have to balance their books better. Banking must become a mechanism for matching savers and borrowers, financing real things. Banks cannot be larger than nations, countries in themselves. Countries cannot rely on debt and speculation for prosperity. The world must live within its means (p441).

Today a "shadow banking sector" offers securitization of future income streams like debt repayment, short term corporate debt funding, sale and repurchase agreements for securities (agreements related to debt or equity), sale and repurchase agreements for derivative contracts (agreements to purchase assets at agreed dates, rights to future purchases without obligation), mutual funds which deal in short term debt, non-bank and investment banks (banks which specialise in purchase, restructure and sale of corporations), as well as those institutions and markets which provide traditional banking functions—all without the banking system's regulated deposits as backing.

The US and Netherlands have the largest shadow banking systems at 170% and 150% of bank assets respectively. South Africa and Mexico have the largest shadow banking systems among developing economies at 66% and 56% of their bank assets respectively. China's sector is 30% with the average among the 20 largest nations 50% (Financial Stability Board, JP Morgan). Recent estimates for the size of the shadow banking sector range from $67T (Financial Stability Board) to $100T (Fiaschi), similar to the value of annual global world product of $72T (IMF, all figures 2012).

Many parts of these new financial markets operate with short term funding, which disappears in times of crisis. Since these firms have minimal personal capital at stake they have no incentive to minimise risk and when the crisis hits they have no capital to cover losses, which must be borne by the productive economy. After the 2008 crisis, far too little was paid by investors who had pocketed the benefits of past short term profit seeking.

If governments limit shadow banking and derivatives, requiring them to set assets aside to cover future losses created by their risk-taking, risk and speculation will reduce. If governments continue to treat shadow banking institutions as too big to fail and too hard to break up, capital markets will continue to back their speculation through every boom and expect a bailout in every bust. Financial capital will always exist at the limits of the law, since subverting the law is part of their core expertise.

All sorts of institutions have become dependent on financial products; tax-avoidance states, governments hiding spending off the balance sheet, stateless multinational corporations and private hedge funds, speculative short term traders, shareholders seeking quick returns regardless of risk, housing speculators profiting from cyclic upswings.

Then there is the global dimension to shadow banking; huge corporate profits flow to America, England and Germany, the countries which control the agencies of global governance and lead the economic debate. Reining in the financial sector will not be easy.

Growing instability

You can see a clear break point in long run global GDP growth after 1973, when the average fell from 5% to 3%. This followed the end of the Bretton Woods system and the emergence of floating exchange rates, with exchange rate volatility increasing from a long run average of 2% to 10% (Skidelsky p120). Competition from newly industrialised countries also fed into raw material price hikes in steel and oil. Instability and cost pressures combined to push global unemployment up around the world and keep it at the new levels.

This was the critical point, where the conditions were set to create today's economy. Governments could have continued on a path of incremental policy development, or transitioned beyond the old cycle of excess and recession, economic fine-tuning and regulation. Instead, political parties in America and England adopted an explicitly pro-capital agenda, ending the blunt counter-balancing force which labour had wielded to maintain class equity—and male advantage within the working class—up to 1980.

"*A History of Interest Rates*" Homer and Sylla:

Students of history may see mirrored in the charts and tables of interest rates over long periods the rise and fall of nations and civilisations, the exertions and the tragedies of war, and the enjoyments and the abuses of peace. They may be able to trace in these fluctuations the progress of knowledge and of technology, the successes or failures of political forms, the long, hard, and never-ending struggle of democracy with the rule of the elite, the difference between law imposed and law accepted.

Large capital took full advantage of this new freedom. Incentives for chief executives encouraged profit from new sources—restructuring, offshoring, financialisation of debt. Leveraged buyouts loaded debt on to the new corporations, forcing them to reduce capital expenditure to meet cashflow repayments. "Shareholder value" with its emphasis on inflating the short term share price became more important than productive efficiency. Share markets became more cyclical, so investors valued short term returns ahead of long term prospects. Executives used debt for share buybacks to boost their bonuses.

Each change further reduced companies' ability to invest for long term competitiveness, but profits were maintained by reducing labour's power and share of corporate returns. The stage was now set for the shift of production to low wage nations. Profits still flowed in for the shareholders of foreign assets but western workers increasingly depended on the less reliable service industry. Western nations responded to falling consumer demand by increasing credit and debt.

Because national economies were now more specialised and more dependent on exports and imports than thirty years ago, the traditional stabilisation mechanism of currency devaluation was much weaker. Export competitiveness still increased as the exchange rate fell, but import costs also rose. In this global economy, demand and price shocks in one nation are quickly transferred to others.

And the new financial markets, characterised by high fees and low transparency, high leverage and low real assets, can fail overnight when a boom ends, radically repricing real assets and spreading shocks across the global economy. In 2000 the "dot-com bubble" crash-landed and the lack of real profit in the new economy first became obvious. Capital had shifted the playing field too far; a huge share of the returns from production had been transferred from labour to capital and there simply wasn't enough demand left.

This was the second critical point of the modern era. America led the pro-finance crisis response, with the Bush government increasing budget deficits and reducing interest rates. Loans to indebted consumers and corporations increased, fuelling asset price bubbles and temporary spending—but bubbles always burst.

Economists, who had adopted the economic perspective of the rising financial class, carried on talking about efficient markets and ignored the engine of the economy. Nothing is more important to capitalist production than the efficient allocation of capital investment—this is the future—but everywhere you look in the last thirty years, capital was being systematically misallocated.

After the third crisis in 2008, the Washington-consensus view of sound economic policies moved past ideological bias into fantasyland. America, Japan and England had hit the limit of deficit stimulus and started printing money to buy bonds and safe assets, displacing investors into riskier assets. Called "quantitative easing", this was presented as a necessary response to high unemployment.

The US, UK and Japan talked publicly about the risk of inflation as a justification, while knowing that low demand in this newly insecure world would keep prices down. More honestly, money printing lowers long term returns on bonds which leads to devaluation of the nation's currency, increasing export competitiveness and reducing foreign debt. Strong nations profited at the expense of the weak.

Western stimulation became so excessive that "carry trades" became the major form of international "investment". A carry trade borrows money in one country at a low interest rate and invests it in another at a higher rate. This short term money flows in to ride asset bubbles, investing when currencies are low, then pulling out abruptly to take profits without concern for the social consequences.

Today America still continues ultra-low interest rates, forcing reserve banks around the world to follow or face foreign capital inflows and higher exchange rates. Now all nations have equity and/or property bubbles building to another collapse, only this time there won't be enough money for bailouts.

The bottom line—most of this new financial activity takes net value out of production, increasing prices to the consumer and instability around the world. It exists primarily to extract profit from one nation's producers for another nation's financiers, from the developing world to the western elite, and to avoid taxes.

The analysis presented here is mostly drawn from the referenced books and their critiques of mainstream economics and politics. Where the conclusions arise from the method of class analysis rather than mainstream sources, I've highlighted these in separate sections titled "class perspectives":

"Class perspective" Viewed over the *long run*, new forms of financial capital are reducing jobs:

Think about each form of financial capital touted as a pillar of the "new economy"—their distinguishing feature is their *lack* of capital. Financialised corporations like General Motors package up debt instead of efficiently producing cars, banks don't hold enough reserves to survive a run on cash, financial markets rely on recycling short term liquidity, hedge funds can't cover their derivatives positions. Their fees extract value from production, creating the conditions for crises without the assets to survive a crisis. Counting the costs and benefits over the long run—the whole cycle of boom, bust and recovery–these new forms of capital reduce productive investment.

Today's global internet companies also lack capital assets; they aren't providing a physical service which justifies the scale of fees extracted from the owners of hotels and the makers and distributors of products. These businesses create market dominance by centralising consumer access to services, then like Booking.com they take an outrageous 15% of sales revenue from the companies that actually provide the accommodation, for the privilege of not excluding them from their global filter on bookings. Their monopoly power is written into the contract by forbidding participating providers from independent advertising below Booking.com's marked up rate.

Financial and virtual capital can easily transfer funds from nations producing services to corporate tax havens, is easier to site offshore, and adapts quickly to circumvent laws and minimise taxation. This is what unregulated global capitalism looks like—not much capital behind the financing arrangements or the intellectual property, a burden on the real economy, few jobs inside these sectors and reduced jobs in the real economy.

Productive capital, or capital stock, relies on physical assets to enhance the efficiency of our work producing goods or services. Increasing the national capital stock used to be the top priority for capitalist economies, because this reinvestment of profits creates new jobs and new income. Free markets used to mean competitive production, not this new freedom to extract monopoly profits and financial fees without contributing to employment and efficiency. To reverse today's cycle of crises and inequity, economics needs to refocus on productive capital.

Crises and bailouts

Crises create a window of opportunity to return to stable capitalism but our post-2008 response was directed primarily to weaknesses in the global financial system—complex money markets dependent on short term funding, collateralised lending practices, banks and investment banks too big to fail. The world has now spent most of its collective government crisis capacity to address financial weaknesses rather than productive weaknesses. Then, instead of removing the excessive stimulus which had created the problems, we delivered much more of the same.

The most effective responses were largely omitted in the rush to prop up existing financial institutions. Capital write-downs for investors in unsound businesses, break-up of "too big to fail" corporations and monopolies, limiting bank and derivative risk, structural incentives for long term investment, taxing and limiting short term bets like carry trades and property speculation, developing counter cyclical interventions, new currency settlement systems, more democratic global governance—these largely remain outside our public policy priorities.

This guarantee for business-as-usual is the worst possible response because today's economy creates extreme inequality, and growing inequality is itself an economic problem. Extremes in wealth aggravate cyclical imbalances—the rich can cancel luxury spending and trade their investments for American cash in a crisis, but the poor still have to cover their living costs. The call is always for structural reform (read "wage cuts") after a crisis; cutting executive excess and preventing parasitic financial profits are far more relevant structural solutions.

In developing nations, the collapse of Asian financial markets in 1997 followed by western financial markets in 2008 provided a huge incentive to grow their internal capital base while limiting foreign investment and short term capital flows. New lessons have been learned from this latest crisis, with widespread rejection of the failed Washington Consensus. Avoiding unfair trade and investment agreements in the post-crisis scramble for export supremacy will be the next test of this newly found independence.

2008 remains an important lesson in one aspect of managing crises though. Since no amount of free credit was sufficient to get financial markets back up and running, governments simply had to take over and directly provide both liquidity and equity to failed free markets. The world would be more stable and the vast majority better off if state and global regulation returned and the incentives for cyclical instability were reversed. Can these reforms happen in western economies? We won't know until we see the size and shape of public responses to the next crisis, but to make a difference we would need much more public engagement than we've had to date.

Personal story Crises and recoveries:

It's a strange thing to admit but when I was told I had prostrate cancer my first thought was that some good will come of this; when the body is finished dealing with pain, the mind kicks into overdrive. I conceived Marx2 while in hospital recovering from a cycling accident, I finished and distributed it while recovering from this second operation. But I don't know the end of that story yet; sometimes personal crises bring more pain than gain and the same is true of social crises.

In my lifetime I've seen first hand the cost of uncritically adopting free markets in tiny New Zealand and free financial markets in Asia. Every crisis is shaped by the society we create when we close our eyes and minds and edge closer to the next precipice. And since 1980 we have done a very good job of undermining our institutional contributors to social equity and transfering power to profit-driven transnationals.

How we respond in periods of rapid change can still be critical though. During cancer I had to read research and seek expertise, choose surgery, do the rehabilitation program, then I had a rethink about what I wanted from the rest of my life. Even coming from pain, these moments when we change the course of our lives can be high points.

Crises are an opportunity which can go either way. After America's early wild-west capitalism and the 1930s depression, Franklin Roosevelt and his supporters were able to push through wide-ranging changes towards a more egalitarian United States. In this century the rise of independent voices in developing nations gives me hope that self-serving American solutions can be pushed off centre stage; that we can increase global equity again.

Economy: Future prospects

Class analysis can bring a new perspective to understanding crises by reminding us that the rules governing capital can change, not just the conditions for labour. When financial markets crash again and national governments lack the capacity for a new round of stimulus, what might be the emergent responses? More stimulus or a shift to sustainability, global debt issued by the IMF or regional development stimulus from emerging Asia, bailouts or breakups, European Union exits or equity, better or worse national and global governance?

This next decade will be a critical time. Working people—which includes the “middle” class—face an uphill struggle in a world which has turned radically against us, where our jobs are much less stable and our government is much less effective. We need to reorganise and assert ourselves again—nobody else is going to create a safer world for us—but increasing global equity will take more than a return to traditional male working class militancy. Unions also need to become more professional, democratic and women friendly because working women lose most without effective organisation. Increasing gender equality in the poorest nations would make a big contribution to both equity and economic development.

Global corporations may seem to hold all the cards, but they are also flawed and unstable. In the long run the future could still belong to nations which learn from our global experience to create stable and productive national economies and regional blocs. All national governments and all citizens need to pay more attention to understanding these problems, not riding each new bandwagon to crisis. The future we get, for better of for worse, will be the one we have created together.

Production: Equity priorities

- Promoting evidence based economic models in developing nations
- Democratising and diversifying institutions of global debt management
- Incentivising long run productive efficiency over short run asset inflation
- Removing monopolies and restoring competition by limiting corporate market share
- Restoring corporate taxation for transnational corporations
- Minimising financial and commodity speculation
- Re-evaluating the costs and benefits of export economies and open capital markets
- Rebuilding efficient, effective and democratic workers’ organisations
- Employment schemes for unemployed youth

2 Home and Family

We've begun to raise daughters more like sons...
but few have the courage to raise our sons
more like our daughters.
—Gloria Steinem (1983)

Families recreate each new human generation, but our families, lives, skills and personal health are themselves shaped by social institutions and culture. And as in production, relationships between couples, parents and children, extended families and networks create a complex division of work and rewards to sustain human societies.

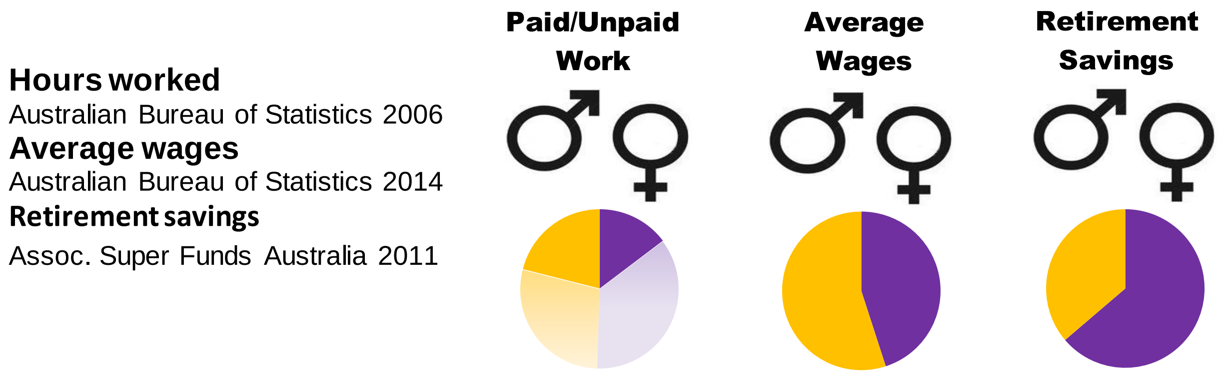
While pregnancy and birth naturally introduce gender differences into the lives of all parents for a short period, gendered social inequality is not natural. It is created by each nation's complex blend of differences in family organisation, workplace equality and social equity, and recreated in new forms by each generation.

The importance of gender differences is underrated in a world dominated by men and money, but gender divisions are an important determinant of national wealth and life satisfaction. Any framework for understanding social institutions and social change has to consider the family, and work-family interdependence.

My friend Christine says "The material benefit of patriarchy is as obvious today as it was when I was a teenager". So why is feminism hardly talked about in the west today? Christine works in the community support centre of a working class neighbourhood, while a majority of wealthy western women do well under the modern gender divide. The lives of working class women like those who visit the centre are largely ignored in public debate.

On the positive side, time use surveys show that, on average, Australian fathers and mothers now have nearly equal total hours of work. This generation's women are more involved in paid work and men contribute more to unpaid domestic work. The gender wage gap has been declining in the west as women's higher workforce participation delivers financial gains.

Chart 8: Average male and female wages, retirement savings, paid and unpaid work hours (Australia)



But western birth rates are declining too, confirming more mothers are not finding the combination of increased workforce participation and parenting satisfying. And exported jobs, youth unemployment and crises mean the next generation will have less access to meaningful work. Home ownership is less affordable, removing younger families' most important means to accumulate family capital for a comfortable retirement. In the US with its low social mobility the change is particularly marked; parenting rates for middle and upper class families have fallen so far that a much higher percentage of children are now born into poor single parent families.

The traditional lifetime balance of trade-offs between parent and child in rich nations has shifted. Children still need long hours of parental assistance and guidance in their early years and education costs today's parents much more, but longer working lives and higher incomes have radically reduced the need for adult children to return support to their parents in old age. The internationalisation of careers, increased work hours and intensity, the separation and commercialisation of parent's and children's entertainment and many other changes also combine to weaken cross-generational family bonds. Parenting has become less rewarding in today's world.

My emphasis here is on gendered inequality in a developed western economy since I live in Australia, but this structured approach to gender analysis can be adapted to the varied cultures of each nation, their particular stage of development, the vast differences in every nation's social institutions and the diversity of the lifecycle stages which reproduce each new generation. As in section one I'm asking at each stage of family life, how is the work organised? what are the transfers? who benefits? who shapes our "personal" lives?

This second section is quite detailed and anecdotal compared to section one on Production, reflecting the complexity of our life-cycle. Through all the many stages of our long lives, each of us gradually gets closer to understanding that tiny slice of the greater world which we personally inhabit. This natural learning lifecyle guides each individual well along our unique path, but is much less effective at showing us the big picture.

We all collect conditioning along the way from the gender we grow up in and the classes of work which provide our income; we draw conclusions from the narrow slice of life we have personally seen; we treat gender differences as natural rather than the result of specific trade-offs in roles and rewards passed down the generations; we get bogged down in the demanding challenges of working life, weakening our relationships at home; we grow old and forget the struggle facing youth; and men and women with social power and influence learn through the passage of their personal lives to portray this only as fair reward for hard work.

Applying a common approach which emphasises the complexity and interdependence of productive and reproductive class roles reminds us that the ways we organise work in families and factories are both crucial contributors to today's global inequities.

Part 1 Stages over the reproductive lifecycle

Independent single adults

Today young adults stay at home longer, study longer at greater cost to parents and themselves, and join the workforce later with lower access to quality jobs than their parents' generation. With interaction now mediated through commercialised entertainment, young people are less connected to their family, their community and their cultural history. Social skills and knowledge are less diverse, less practised and therefore less developed.

Couple relationships

Couples without children still have to negotiate a world created by gendered social expectations and institutions. Boys are schooled to value competitive sport which translates to time-wasting as passive spectators when they start work. Girls are schooled to pursue appearance which translates to purchasing “lifestyle” as adults.

A majority of male-female relationships still involve traditional gendered trade-offs—male as main earner, for increased leisure time and toys; female as main parent, for reduced career pressures; beauty, for a richer husband with lower expectations of the female partner working; women providing emotional support work and men talking sport. The resulting power imbalances make women’s lifetime prospects less certain, with today’s heterosexual partnerships much less likely to last a lifetime.

Same sex relationships are gradually edging closer to legal equality but are still culturally marginalised rather than supported, despite social benefits (reduced population pressure on shrinking natural resources) and personal benefits (no risk of pregnancy, no parenting costs, less relationship trade-offs to fit gender stereotypes).

Unpaid domestic work

Unpaid work is just as necessary as paid jobs but the dynamics are very different, especially for couples who have to negotiate their personal balance under the shadow of less flexible paid-work constraints. Hours of domestic work by women have been declining since the 1960s while men’s hours have been increasing. In the most recent Australian Time Use Survey (2006) the gap between women and men was down to 17 minutes per day, but total hours worked by couples are increasing.

Peer and recreational pressures

Cultural gender stereotypes encourage competition above cooperation and favour attractive girls and physical boys, giving a minority more attention therefore confidence and skills to assist them throughout life, and disadvantaging the majority born with average physical attributes.

Sexuality

More effective birth control and increased economic and social independence within the family have increased youth’s control over their sexuality. With its mix of satisfaction and vulnerability, sex continues to be associated with beginning a long term relationship, but an increasing minority defer commitment.

Australian studies have found a larger majority of men in heterosexual relationships described sex as very or extremely physically satisfying (90% vs 79% for women). This contrasts with homosexual relationships where only 86% of men but 93% of women described sex as very or extremely physically satisfying. Similar variations were recorded for emotional satisfaction (Richters Grulich de Visser Smith Rissel, 2003).

This satisfaction gap shows gender stereotyping intrudes on equal enjoyment of sex, with boys still pursuing girls for sexual experience but with too little interest on building good relationships and too little responsibility for possible children, while girls are torn between pursuing good providers and good relationships. The gap has narrowed though since early feminist Shere Hite exposed the gulf between American male and female sexual satisfaction in 1976.

These are all unusually high satisfaction rates for a social survey too, so we can safely conclude the obvious, that sex is usually fun and helps us offset the burdens which economic inequity imposes on our personal lives. The most recent evidence though shows a big drop in the proportion of women experiencing orgasms and the frequency of sex (Kontula, 2015) which is likely linked to the increasing work pressures of modern life.

Sex for sale

Commercial sex and supported mistresses are widespread in countries with traditional gender roles, while exploitative internet imagery is accessed by a significant proportion of our population. Both extract resources from families and undermine longer term relationships.

Sexual violence

With gender inequality comes abuse. A 2013 UN study reported that on average 30% of women reported physical or sexual violence by their partner, while for example 50% of Chinese men admitted physical or sexual abuse of their partner and 72% of Chinese rapists suffered no legal consequences. Even in comparitively wealthy countries, most policing still treats relationship violence as “domestic”, requiring the partner as witness rather than placing the obligation on police to gather evidence at the crime scene and prosecute.

Separation

As women’s working hours increase and employment security declines, differences in who does what work at home are more likely to create pressure and conflict rather than diversity and mutual satisfaction. It’s not easy to maintain a balanced and supportive relationship among today’s gender conventions and the proportion of single parents is still climbing (NZ Census 2006-2011). To provide a safety net, rich countries increasingly regulate for relatively equal division of resources and child support after separations.

Pregnancy

Time off work during and after pregnancy is reducing, a trade-off by women to pursue increased employment equality in the workplace.

Birth

Patriarchal medical institutions are increasingly controlling the birth experience. Caesarean rates keep rising, hospital stays get shorter with less emphasis on supporting informed choices. Birthing a baby today today feels less like a vocation and more like elective surgery.

Breastfeeding

Breastfeeding rates and duration are reducing as the health system shifts from primary to institutional services, with subtle but long term impacts on child health.

Parenting

Parenting time—imparting interpersonal skills and social knowledge to children—is reducing, replaced by far less subtle commercial television, computers and internet entertainment. Tomorrow's children will be more susceptible to systemic commercial manipulation.

Childcare by grandparents has increased as more couples enter paid work and life expectancy increases. Paid childcare is growing, reducing parenting time and family closeness, increasing parents' working hours to meet the cost.

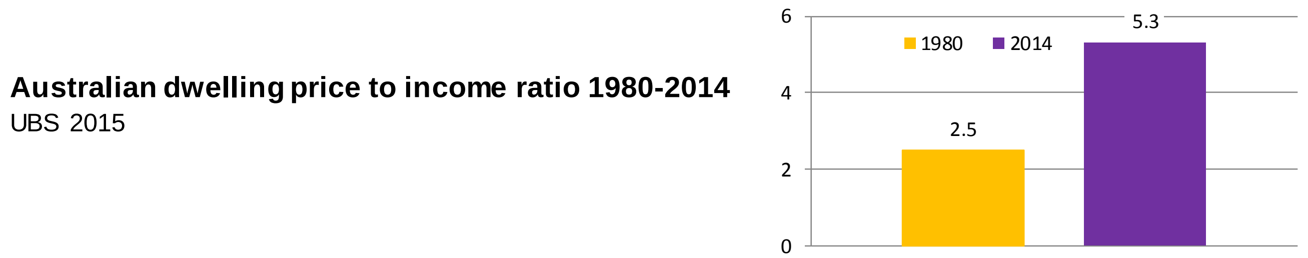
Renting a home

Rental costs for independent living have increased relative to today's youth wages, while job security and future prospects have reduced. High housing costs also provide a strong financial incentive for couple and group relationships, since a single residence is much more affordable with multiple incomes.

Owning a home

Housing tax policies in many rich countries have evolved to favour capital gain, driving prices up faster than wages and increasing home purchase default risk in downturns. Younger people have less access to secure meaningful work today and home ownership rates are falling, removing their most important means to accumulate family capital for stability and a comfortable retirement. The cost of housing also segregates rich from poor in separate neighbourhoods with vastly different services and opportunities, undermining equity and social mobility.

Chart 9: Cost of home as proportion of annual income, 1980 and 2014 Australia



Separations with children

Women head the vast majority of single-parent households and provide the majority of parenting hours when separated couples share parenting, reinforcing a life-long gap in male-female earning and retirement savings. All nations struggle to ensure non-parenting partners provide sufficient support for their children and ex-partner. Despite this, women's greater commitment to longer term family stability can still result in higher rates of home ownership for single women than men, *if* the law supports fair separation settlements (New Zealand Census 2006 age groups 20-65).

Cooking and diet

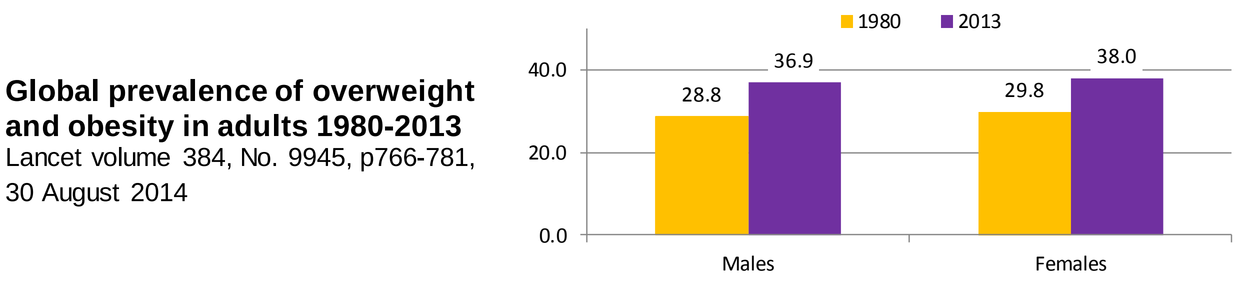
Reduced after-work personal time and lowered costs for purchased meals have combined to radically increase consumption of poor quality food by the poor. Obesity and diabetes rates are high and rising at rates which will soon generate health costs greater than smoking.

Physical exercise

Physical work is less necessary in the west, reducing appreciation of the value of recreational activity to maintain physical and mental health. The physical capacity of the average adult in affluent nations is declining, with the greatest decline among the poor as cheap commercial food provides an increasing share of unhealthy family meals.

Sporting organisations are growing more commercial, more competitive, less community based, encouraging an elite minority while discouraging the majority from participation in organised sport. Watching and talking sport is not healthy; aggression is not character, it is a building block for dominance and violence.

Chart 10: Percent of population overweight or obese, 1980 and 2013 Australia



"Class perspective" The personal is political:

The power of this affirmation, so evocative of American feminism, suggests this simple message resonates with many levels of human experience. The social constraints on domestic life—home, housework, family and children—is the first, obvious layer. Male advantage across productive and domestic work, so persistent it frequently compromises couples' personal support and sexual exchanges, is another.

Another interpretation is important too, related to our struggle for clarity among the complexity of modern life. Our busy brains typically oversimplify and misrepresent based on our limited personal experience. We need diverse engagements to understand our world, but even diversity isn't enough. To take class analysis beyond superficial simplifications requires more experience of working and sharing together, of debate in more equal forums, of community groups building alternatives denied in the mainstream. We need experiences which are both diverse and egalitarian, because without equity underlying those personal relationships, we are drawn to deceive ourselves and others, happily repeating explanations to justify self-interest.

Sharing domestic tasks to make both partners' lives easier and happier, cooking for guests to create a small sharing community, seeking innovation by building relationships with people who expand and inspire our lives; these example of cooperation don't change the world, but they are good training for the first step, understanding our world. All co-operative elements in our work, family and community lives have special value; they open up our potential to see our world as it really is, the very complex combination of billions of lives layered back through generations.

And seemingly small personal experiences sometimes shift our views through their parallels with larger social questions niggling away in our unconscious mind. Lately I've thought a lot about the west's pressure on families through increased hours for both partners. Is falling family size a positive choice related to better birth control, or a reflexion of lost domestic happiness? When this debt-funded mirage lifts, might we make a shift to a more sustainable world, consuming less and working less, even engaging more to ensure a fairer world?

This revision of marxism, the very broad view of "class analysis" presented here, includes production, reproduction and all the rest of personal lives because there is no part of the social fabric which can be ignored if we seek knowledge to understand and influence our world.

Health and recovery

Medical advances have lengthened lives by fixing many illnesses and most injuries but a growing share of the population have become dependent on chemical solutions to social and behavioural problems. The continuing growth of male dominated medical interventions in women's lives (hospital births and caesareans, cosmetic dentistry and surgery) reinforce commercial solutions ahead of personal health.

Recreation, relaxation, reflection

Passive commercialised "recreation" is displacing active organised participation in sport. Time to relax among friends and in nature, time to discuss and reflect has reduced. Personal entertainment is shifting away from people gathering together, towards people sharing virtual links about someone else's life.

Virtual entertainment

Recreational use of virtual online products with no real life value has increased exponentially, dominating many people's personal lives and allowing commercial priorities to intrude into personal time. These new tools are addictive and will increasingly filter and control life choices, squeezing out real communication and alternative perspectives.

Online packages will be crafted to dominate free time with a mix of instant entertainment gratification and subtle integration with consumer culture. Applications will be free or appealing, but only until we're too addicted to leave. This is the standard corporate model of establishing market dominance followed by monopoly profits. America's dominance of the entertainment industry and enthusiastic integration of male violence in online culture will have growing real-world consequences.

Retirement

The current generation of western retirees got the easiest deal ever—plentiful jobs, easy home purchase, rising asset prices, generous pensions. The older working generation still has lifetime work prospects sufficient to provide a good retirement. For today's youth, access to and quality of entry jobs has fallen, home ownership is harder, and their parents' wealth is spent on housing and health over longer retirements. The working and middle class of this new generation will be poorer in retirement than their parents.

Part 2 Intersections between family, capitalism and government

Our personal lives as adults are lived under a large shadow; they are the leftover hours after our most alert time is spent meeting employment obligations which are strongly reinforced by the workplace hierarchy. Though our home life is under our own control, the shadow of work makes it harder for us to come home and assert quite different, sharing and egalitarian ways—to be different people—at a time when we're tired and in a place where we're socially isolated. In the short term it is often easier for women to accommodate than oppose male partners' expectations of power and advantage carried over from the workplace. Surveys show rates of relationship satisfaction are lowest in poorer households, where there is less surplus to share around at home.

Even in rich countries like Australia today, a majority of couples still have to balance trade-offs between men's higher rewards at work and women's greater unpaid work at home. And while the total hours worked by men and women are nearing equality here, the combination of longer worked hours for couples and reduced employment security has increased pressures on families, making them more likely to separate and less likely to have children. Both sexes have less time and energy to create a satisfying personal life and are living less diverse, less connected, less healthy lives.

Beyond the west, gender differences in workplace rewards and in family roles are much more obvious. Male near-monopolies dominate whole sectors of many developing countries—political parties, government agencies, the courts and armies, small and large businesses—holding back both women and national development. The burden of gender disadvantage is more extreme in the developing world, but the potential gains from change are also greatest for impoverished families there.

Home ownership is by far the largest form of capital for most workers but purchasing a family home has become much more difficult all around the world. Family working hours, job insecurity, labour migration, wage inequality, speculative investment and social debt have all increased. As a result real house prices are higher and housing price cycles are more extreme, raising the risk of catastrophic losses for recent purchasers. Free market policies have decreased the incentives to build new affordable housing and made the pursuit of stable family home life significantly harder.

Increased working hours for couples

Full time employed couples of working age work longer paid hours today compared to the 1960s. Most of the increased hours come from women, leading to a steady fall in women's hours of domestic work. Increased work hours and pace leave partners with less time to be helpful and relationships less likely to last.

Childcare

Households relocate more often for employment today, breaking family connections and support. Commercial childcare is replacing the extended family, reducing the net return on second incomes. A growing number of entrepreneurial women are providing small-scale home-based childcare.

The rise of marginalised employment

As production moved out of the rich western countries, part time and insecure jobs replaced higher paid skilled work. Young people entering the workforce are much more likely to have insecure employment, limiting their progress to skills and higher rewards. Japan's long recession and rigid corporate hierarchies show how much this can affect family life, with just 25% of irregular workers in their 30s married compared to 70% of men in their 30s with regular jobs (Katz/Financial Review "Broken Arrows").

Labour mobility

Globalised corporations and European Union migrant labour have increased employment mobility, reducing neighbourhood and family connections. Individuals are more vulnerable to the latest spin, less connected to their cultural roots. Class perspectives like labour's organisational lessons from the 1930s depression or the connection between the 1980s' organised wage rounds and social equity are more easily forgotten.

Male dominated unions

Feminists promoted equal pay for work of equal value in the 1980s but traditional male dominated unions were more able to survive the free market onslaught which followed. Today, more professional, egalitarian and participatory unions are slowly re-emerging. Promoting equal pay is doubly important today because it would provide equity for women and better prospects for all workers stuck in insecure service jobs.

Employment inequality

In Australia today the gender pay gap across all industries averages 24.7%, with the largest sector gaps in the male dominated finance (37.8%) and legal sectors (35.6%, Workplace Gender Equality Agency, 2014). This gap results from a complex combination of direct wage discrimination, different career choices for men and women, differences in educational level, traditionally male jobs which pay men more for work of equal value and are less women-friendly, time off the career track when women have children and parents (usually women) opt for less-demanding jobs to have more time and energy at home.

China provides the most striking example of employment and gender inequality. Extremely rapid growth put a premium on skilled workers, increasing wages dramatically, but with more men employed in the better-paid and faster-growing manufacturing sector the income gap between China's men and women has widened between 1990 to 2010. Compositional analysis confirms that the wage gap is reduced by economic development but increased by expansion of the market economy. China's women have a comparitively high workforce participation rate; in most developing nations women still face a huge imbalance in power and access to employment.

Armies, paramilitaries, prison workers

Rich countries' armed forces hierarchies increase the cultural incentives for violence and war while imposing high social costs for the benefit of under trained and under skilled men who do minimal productive work. In addition to ending and damaging the lives of low-ranked soldiers, today's armies are not well prepared for interventions to reduce conflict or to respond to disasters, nor do they do a good job of preparing men for after-army working life and after-hours domestic life.

Investment skills

In a large study of investment data, men traded more often than women, single men traded less sensibly than married men, married men traded less sensibly than single women (Barber and Odean "Boys will be boys" MIT Quarterly Journal of Economics 2001). Data analysis consistently shows huge corporate bonuses cannot be justified by skills differences between the recipients.

Commercial food

Food production in the home has declined as family working hours increased and the cost of purchased meals fell, but the personal health costs as well as the social costs of western obesity are rising so fast they can no longer be ignored.

The standard business model for franchises is first to drive out competition with scale, visibility, quality and low pricing, then reduce quality and raise costs once the sector is controlled. Junk food followed this model and is now so pervasive it appears normal, with schools and sports club accepting sponsorship and promotion from corporations built upon undermining children's health. Changing eating choices will be hard but not so long ago smoking appeared equally entrenched, and the social cost of obesity is rapidly overtaking the cost of smoking.

"Class perspective" Limiting free markets:

Junk food is an obvious example of the natural drive for profit-driven industries to expand the boundaries of free markets until the social costs (obesity in this case) reach unsustainable levels. The result is massive social transfers to global corporations from the poorest workers and consumers, and from government healthcare systems and reactive preventative programs.

In the current era of free market orthodoxy, we have failed to set meaningful limits on private markets and the consequences are obvious. To solve any problem of this scale the market intervention also has to be large scale, requiring evaluation of a complex set of trade-offs between market efficiency, social costs and intervention costs. A prerequisite before we can expect to see real solutions is a return to widespread public respect for a well-funded government as the most effective active agent to promote overall public-good solutions.

Health services

With longer lives, profit-driven hospitals and reduced primary care, health is now a larger share of household expenditure. Future affordability and quality will depend on the equity of taxation and the level of state support for public health services.

Education

Modern education is more gender neutral, increasing gender equality among children and young adults. Private education is increasingly subsidised by market-obsessed governments at the expense of public education and working class social mobility.

Communications media

Newspapers and television have been dumbed down to reduce costs, with analysis mostly replaced by crude American entertainment. Despite the media's power the sector has below average profits; the real profit from media control is not on the balance sheets but in aligning the public policy agenda with corporate interests.

Housing

Housing capital plays a critical but under recognised role in today's economies, even after America's deceptive loan-based derivatives put housing on centre stage in the global financial crisis. Savings towards home purchase contribute the bank deposits which underpin home loans and business lending, and buying a home is most families' only form of capital, their best chance for secure retirement. If we learn only the simplest lesson from 1980 to 2020, future housing incentives must change to discourage speculative unaffordable housing and incentivise affordable housing.

"Class perspective" Affordable housing can assist both families and capital:

Housing tenure varies widely across the western world. Private rental comprises 60% of housing stock in Germany today compared to 67% home ownership in Australia; social renting provides 19% of housing in the Netherlands, 4% in Australia and 0% in Germany (Haffner/AHURI 2012). Provided there are mechanisms to ensure affordability and security of tenure, many solutions can provide satisfactory short term housing.

Over the longer term though, Australian research confirms the intuitive conclusion that low to moderate income households are better off after a few early years of financial austerity if they purchase rather than rent their home (Hulse Burke Ralston Stone/AHURI 2010).

Home ownership rates are high in Australia because incomes are high, but recent housing policy has encouraged speculative capital to dominate in both housing supply and rental markets. Land release legislation is complex so land developers are large, while most housing construction companies are small. This imbalance allows land developers to bank land and maximise their return at sale, pushing builders towards higher-cost, higher-return housing. Tax policy favours landlords through negative tax gearing and reduced capital gains taxes, which supports rental property purchases with minimal capital.

As a result of these policies and easy credit, house price increases since the 1990s have far outpaced real income growth and house construction is biased to expensive homes, leaving a shortage of affordable rental. This is an unstable equilibrium, where the high burden on new home purchasers is balanced against their precarious dream of capital gains.

The benefits flow to older established home-owners, particularly investors; the costs and risks are passed to younger renting and purchasing households. If changed government policies made home purchase for residence more affordable, real living standards for working households would rise and reduce the pressure for wage increases.

Working households must also save for retirement, and superannuation and home ownership compete as the two most efficient means to smooth living standards over the whole lifecycle. In this rising housing market driven by speculative investment, home ownership has attracted an artificially high share of household debt and savings. Bank lending for housing in Australia has grown from 24% in 1990 to 60% 2013 (Reserve Bank of Australia, Bank lending by category).

Freeing more savings for superannuation would also benefit the whole economy, because today's giant superannuation funds target long run stable profits through investment in the productive economy and national infrastructure.

And if government's tax and regulatory incentives were crafted to be anti-cyclical by encouraging affordable housing construction and employment in lean times but discouraging purchase of investment properties in booms, general demand would be boosted when needed but restrained in good times to discourage boom-and-bust cycles.

Population growth

Nearly half the world's population lives in nations where fertility rates are below replacement levels but the global annual growth rate is still 1.14% (United Nations), driven by increased life expectancy as health care improves. Global population pressures raise the cost of limited natural resources, increasing economic instability.

Ageing populations

Longer lives have added to the social costs imposed on the productive sector. Post-war Japan was the first country to hit the resulting demographic bulge, with government stimulus creating a housing bubble and the 'lost decades' of zero growth. China is just starting that transition, and the west is not far behind.

Economic crises

Family expenditure declines if unemployment rises, becoming much less responsive to state stimulus as long as employment prospects remain uncertain. In rich countries today, a large share of purchases are non-essential and spending is increasingly funded by rising debt. Households are making rational decisions to lower their long term spending, living longer with parents or in share houses, adopting alternative lifestyles—while business and government continue to chase unrealistic growth.

Cultural traditions

Every nation and community is influenced by past practices and cultures, some supporting gender equity and some undermining it, while today's institutions constantly reshape those traditions. Government and community groups play a critical role in mediating these transitions, for better or for worse.

Feminist organisation

Discussion of gender inequality is no longer part of mainstream public debate. Participation in feminist organisations with an explicit commitment to gender equality has declined as gendered privilege increased for the west's most wealthy families, leaving working women less organised to fight for change. Class analysis emphasises the importance of social organisation to both knowledge and action. Separate organisational forms for women, particularly working women, are a necessary part of increasing gender equality, and gay and lesbian organisations form a natural part of the movement for gender equity.

Annie Lennox:

Why are we not valuing the word 'feminism' when there is so much work to be done in terms of empowerment and emancipation of women everywhere?

Family: Future prospects

Every nation is different and all are complex, needing their own analysis. For women in Iraq or Sudan, the major concern may shift to male dominance of military aggression, religion, government, courts and families. In China, the priority might be creating a social safety net or building affordable rental housing to replace factory dormitories and luxury apartments. International differences in patriarchy can be extreme, but in every nation more equal economic rewards and political participation would create a better world for women and men.

The disadvantage of women in poorer developing nations is striking, despite research evidence for their greater capacity to sustain small businesses. Lower female work participation rates and male dominance in families, businesses and government brings with it men's control of economic assets and family finances, as well as their weakness for putting personal privileges and short term payoffs ahead of long term stability.

One gender difference found consistently in research is the gap in life expectancy between men and women across all nations and levels of development. Research attributes the majority of men's shorter life expectancy to tobacco and alcohol use; that preference for short term rewards reinforced by traditional male cultures and most prevalent in countries like Japan and Turkey. This international life expectancy gap is a reminder that despite all the diversity and complexity across national gendered cultures, the average experience across all men's lives remains significantly different to women's. The net economic and power advantages of men is measurable and demonstrable—but that class difference comes at a cost even to men.

At the national level, pro-rich government housing policies in both rich and poor nations are a key contributor to family pressures. From China's pricy apartments while workers live in factory dormitories, to the west's runaway property markets driven by investor tax breaks and quantitative easing, planning for affordable housing is all words and no capital investment. The interrelationships between male economic and domestic domination and male political cultures is a pervasive force supporting social inequity in all these forms.

Family life is in steady retreat today under the pressure of business practices and housing markets which have changed too much and patriarchal politics which haven't changed enough—increasing work hours and intensity, decreasing job security, labour migration, commercialised recreation, housing speculation, institutional male bias. Families, just like global production, could become either more or less sustainable in our future world, depending on the path we take from here.

If class analysis is to move away from its roots as a chauvinistic movement pushing for revolutionary conflict, we have to start by acknowledging the scale of male social dominance today and the absence of effective counter-movements.

Family: Equity priorities

- Promoting evidence based development models in developing nations, including more support for women.
- Anti-cyclical policies after the housing bubble bursts to keep housing affordable.
- Campaigns for equal pay for work of equal value and against discrimination

- Increasing working class feminist influence in community, workplace and political organisations.
- Opposition to war and demilitarisation of society, reducing physical violence and all forms of social coercion.
- Supporting diverse and equitable relationships as alternative role models to those promoted by competitive capitalism and manipulative political parties.

3 Nations and Government

> *When a nation goes down, or a society perishes,*
> *one condition may always be found;*
> *they forgot where they came from.*
> *They lost sight of what had brought them along.*
> *—Carl Sandburg (1957)*

We can also use a class approach to understanding state institutions by determining which forms of social transfer push governments away from serving their constituents by improving social equity.

Optimising competitive markets

The single most important economic function of modern governments is to limit the extreme inequity of unconstrained capitalism. Unfortunately, this critical role of regulation—limiting market transfers like pollution and monopoly profits, ensuring banks invest client savings safely, investment funds have real assets to cover default risk—is easily characterised as inefficient in good times, and only briefly exposed to public debate after crises.

"*Crisis Economics*" Nouriel Roubini:

In order to stabilize the system even further, all banks—including investment banks—should be forbidden to practice any kind of risky proprietary trading. Nor should they be permitted to act like hedge funds and private equity firms. Instead, they should confine themselves to doing what they've done historically: raising capital and underwriting offerings of securities (p232).

Regulators need not fear that cracking down on these instruments (derivatives) will somehow imperil economic growth. Far from it: their continued existence poses a far greater danger to global economic stability (p203).

The wall of liquidity and the Fed's suppression of (bond market) volatility can keep the game going a bit longer. But that means the asset bubble will only get bigger and bigger, setting the stage for a serious meltdown (p291).

Private sector debt accumulated before a crisis often morphs into public sector debt … debt either moves up the economic food chain, or governments take on new debt to cushion the burdens of existing debt. Whatever the mechanism, the effect is the same: unsustainable levels of sovereign debt (p304).

In the future, central banks must proactively use monetary policy and credit policy to rein in and tame speculative bubbles (p274).

The end of Russian communism provided the most dramatic example of unconstrained capitalism last century, when the west ignored its own long history of incremental development and encouraged an overnight shift to free markets. Without time to build institutional infrastructure and capacity, the result was shocking but predictable. A tiny minority got very rich while the average person's life expectancy fell by ten years.

By contrast, China's steady state-led transition from socialism has produced faster growth than the original revolution of capitalist industrialisation. Historical evidence confirms that large and effective governments also create stronger economies in developing capitalist nations (Ha-Joon Chang).

Social equity and mobility

The state is also the critical redistributive institution, particularly today when global corporations maximise the share of their productive returns which can be passed to shareholders and executives, and minimise their taxes. The American example of hands off government shows how far capitalism can reduce social equity and mobility, even in the richest nation in the world. In contrast, nations with strong traditions of tolerance, democracy and social safety nets have much better results for both equity and mobility.

Over the last thirty years the importance of equity has been forced out of public debate by finance-driven economics, but the latest research from the International Monetary Fund confirmed that countries with lower inequality tend to experience higher and more stable growth, while the growth benefits of lower inequality are typically greater than the growth costs of the redistributive measures to achieve them (Ostry, Berg and Tsangarides).

So how far could we increase equity? The original Marx said "From each according to his ability, to each according to his needs" and this remains an inspiring ideal. For economic policy though, we need practical and achievable targets to maximise the benefits of capitalism's productive efficiency. There is no proven setting for equity which will guarantee a balance between incentives for capital and labour, but normal profit is defined as the average rate received by productive enterprises in competitive non-monopoly markets. The best modern approximation of competitive markets was around 1980, providing a practical benchmark for equity. In 1978 the ratio of CEO to average wages in America was 30:1, today it is 300:1.

"Class perspective" Better government through tax-funded elections:

In many countries today, political donations and hidden transfers have handed control of key government economic policy to capital. The class perspective reminds us that institutional incentives shape the actions of their participants, and government is no exception.

If nations allow unlimited political donations, as America does, government will be run for the benefit of the largest corporations. In today's globalised world, even dictators can buy articulate public relations teams to neutralise media and public scrutiny. The only policy which structurally incentivises political transparency over the long term is to fund political parties and elections from taxation, using clear and equitable rules.

Also from the perspective of structural incentives, when political systems have too many levels or too many parties, they struggle to make decisions and the public become disconnected from politics, leaving policy to be dominated by paid staff in political parties and their backers. My home country New Zealand has one of the world's most effective systems, with a single house of parliament and a fair form of proportional representation which still ensures parties have to be large enough to compete across a substantial share of all electorates, and reserving seven seats for indigenous Maori representatives.

Structural misincentives

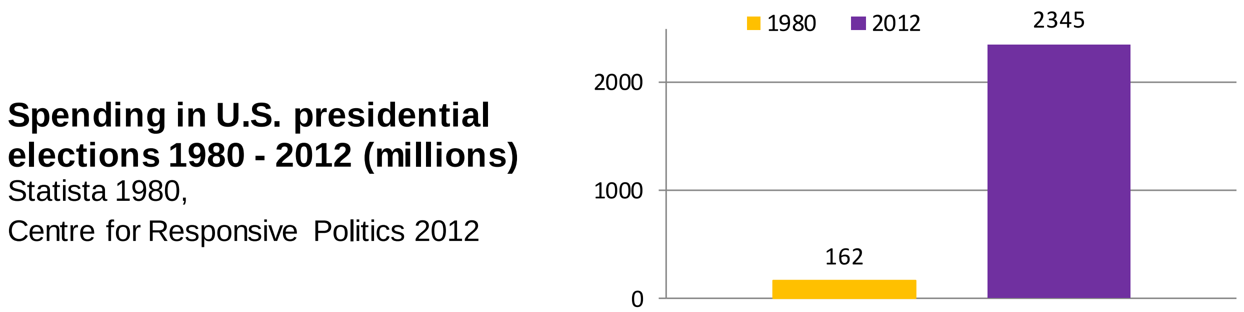
All forms of government have strengths and weaknesses due to their internal classes, including political party employees, state service managers, senior advisory staff and operational staff. These groups can have significant power precisely because their decisions have important consequences in the economy.

In Australia a new class of enthusiastic middle managers recently joined the public service from the private sector, keen to advance their careers by implementing the market-first approach of an incoming conservative government. The traditional public service culture emphasising stability and continuity over change was replaced by uncritical implementation of the latest party agenda, a trend reinforced by job cuts in the post-2008 budget cuts. There were also positive and overdue changes though, since Australia's multi-level political system holds back policy development.

The European Union works well for its stronger nations, who benefit from a lower averaged exchange rate, but fails the smaller member economies. Without separate national currencies to keep their industries competitive, they are reduced to migrant labour sources. The EU's central bureaucracy then prioritises repayment of issued debts regardless of the economic prospects of its poorer member nations. Historical evidence suggests exit from currency unions may be the best option to retain jobs in small poorer nations (Rose), while remaining part of the common market. In the long term, new and fairer forms of regional currency exchange need to be developed.

America exemplifies the leadership model of democracy, where a single person is the public face of government policy and the executive dominates decision making. Reagon (1980) and Thatcher (1979) were able to completely transform social policy through privatisation and deregulation, despite the risks of these unproven strategies. The rapidity of these changes showed how weak their institutional and democratic checks and balances had become.

Chart 11: Change in US electoral expenditure, 1980 to 2012



The election cycle also provides a strong internal incentive for policies which deliver quick results. Governments in both rich and poor nations are reinforcing this trend by expanding teams which specialise in polling, data analysis and manipulating public messages. The resulting short term priorities increase our long term economic and social instability.

And governments naturally tend to be pro-growth since economic growth increases taxable income. Stimulus which creates net value has a place, but excess stimulus just creates bubbles and increases debt, reducing the state's capacity for future economic support. Stimulating housing in particular has led to excessive investment in high end housing and neglect of affordable housing.

Governments are primarily funded by taxation, but after the 1980s debate on the merits of tax forms became largely ideological. Governments were demonised as inefficient and taxes reduced. Since the global financial crisis bailout, corporate tax avoidance has shot back to the top of the G20's global agenda. Despite this push for internationally coordinated reform from most developed nations, financial penalties on short term capital flows were over ruled by the United States, then by the United Kingdom in the European Union.

National governments' emphasis remains on the efficiency of tax collection, rather than equity and new incentives to reshape the economy. Regressive consumption taxes threaten to replace corporate taxes, further dampening consumer demand.

"*Boomerang*" Michael Lewis:

I had gone to see Germany's deputy minister of finance, a forty-four-year-old career government official named Jorg Asmussen. He was a type familiar in Germany but absolutely freakish in Greece or, for that matter, the United States: a keenly intelligent, highly ambitious civil servant who had no other ambition but to serve his country. His sparkling curriculum vitae was missing a line that would be found on the resumes of men in his position almost everywhere else in the world—the line where he leaves government service for Goldman Sachs to cash out. When I asked another prominent German civil servant why he hadn't taken time out of public service to make his fortune working for some bank, the way every American civil servant who is anywhere near finance seems to want to do, his expression changed to alarm. "But I could never do this, " he said. "It would be illoyal!" (p144, Lewis)

There is no free money

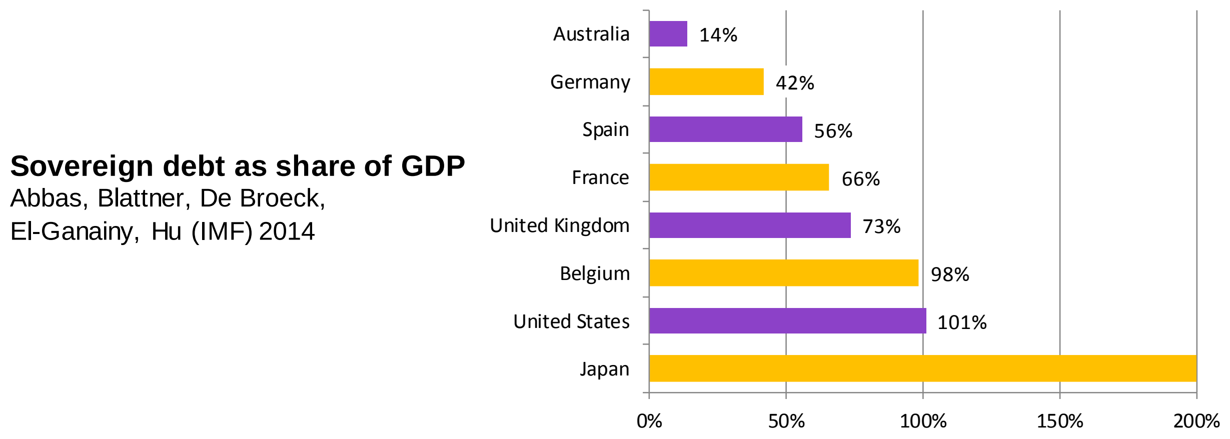
Once, the value of coins was the value of their metals but today money depends on the credibility of national financial institutions and policies. Currencies are sold up or down according to capital's assessment of each nation's current and future prospects.

The temporary exception is those countries powerful enough to ignore global financial governance conventions, large enough to make markets cautious about the risk of systemic collapse if they pull out capital, and with sufficient reserves to defend their currency. America, Japan and the EU can print more money, depreciate their currency, watch exports expand and share markets soar.

This is partly a confidence trick, relying on public suspension of disbelief. Printing money does benefit shareholders in America, Germany and Japan in the short term, but it has many short and long term trade-offs. Like all forms of stimulus, money printing will add to future government deficits. At some point central banks have to return the money supply to normal, which requires selling the assets they have purchased. Krugman's conservative estimate compares the purchase of long term 10 year bonds in a low interest environment with rates 2.5%, to sale when interest rates are closer to the long run average of 6%, where each $1T of quantitative easing produces a loss of $240B. If interest rates are higher, reflecting a future environment which recognises higher investment risks, central banks have to sell riskier assets into a falling market and losses could be much larger.

More critically, the purchase of assets with printed money forced investors into riskier purchases to maintain returns on their capital—and with the enormous losses of 2008 still on the books, corporations are not investing for productivity, banks are lending less, consumers are saving more. When the share market reaches its peak, everyone will pull their money out at the same time and find there's no safe place left to invest. Crises, corporate and sovereign defaults will force a sudden return to high interest rates.

Chart 12: Sovereign debt



"*Class perspective*" Who wins when the free money runs out:

"There is no free lunch" and "The price of debt rises with risk". These are two fundamental beliefs of modern economics, so why is interest-free debt created by government money-printing the defining characteristic of the early 21st century?

Private debt purchasers can suspend their disbelief, but this will last exactly as long as they find high short term profits in the associated market volatility. A decade of easy money, picking the short term winners and losers, is more appealing than re-balancing economies in a global slowdown. That slowdown will arrive sooner or later though, whichever path is taken, since it is driven by fundamentals—falling capital investment and productivity, increased state and private debt, the demographic shock of ageing populations with falling birth rates, and natural resource limits. And with more debt in an already debt-ridden world, the crisis will be more severe.

These are the main winners and losers from today's cheap debt:

- Powerful nations launched state money-printing, gaining from lowered currencies;
- All nations had to follow into debt and rising risk to compete in this export-driven era;
- All investment is forced towards short term gains and riskier forms of capital;
- Financial capital benefited from stable low interest, growing again after the GFC;
- Today's rich avoid tax more easily in free financial markets;
- Western retirees either getless interest income or take risks they cannot afford;
- National crises will trigger capital flight to rich nations and sharp rises in interest rates;

- Developing nations will suffer most as their states and businesses are more vulnerable;
- This long boom/bust cycle will leave next generation's workers to face massive job cuts;
- Transnational corporations will increase market control in crises, unless states intervene.

National and international conflict

> *On to peppery and waterlogged countries!—at the service of the most monstrous industrial or military exploitation. Farewell here, anywhere. Well-meaning draftees, we'll adopt a ferocious philosophy;*
> *ignorant of science, sly for comfort; let the shambling world drop dead.*
> *This is the real march. Heads up, forward!*
> —Arthur Rimbaud, Democracy (1886)

Government includes military forces, another sector which transfers value out of the productive economy. Historically, there is no doubt that military and paramilitary elites created hierarchies with cohesive classes which extracted a toll from productive income in conquered nations. Powerful nations still retain strong traditions favouring their military, deeply ingrained from those earlier eras when the wealth of nations came from overseas theft through force of arms.

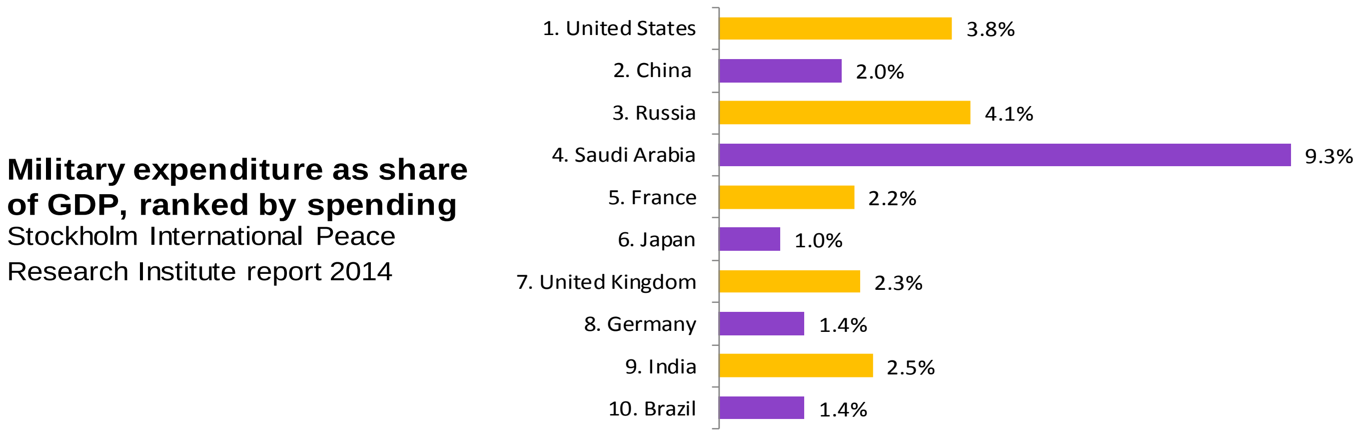
Today's largest modern armies also create profits from their monopoly of high technology weapon sales and the resulting international instability. By the time modern-era technology and international economic integration removed the potential gain from aggressive wars of conquest, public debate on improving cooperative conflict resolution had died out. American-led unilateral initiatives filled the gap, barely hiding their underlying economic self-interest, and arms sales continued to undermine national stability.

If today's aggressive rich powers stopped unilateral actions and ad hoc military coalitions to support better international responses through a more effective United Nations, conflicts would reduce and more money could flow back to the families of soldiers from developing nations. Military training time could be reduced over time as conflict was reduced, supplemented by development and disaster recovery training and deployments to create genuine skills and post-army employment prospects.

Class has another link to armed conflict too. The creation of a new class of international terrorists in Iraq prisons, in militarised Israel and Palestine, in developing countries dominated by foreign exploiters of natural resources is never justifiable. Short term military and corporate objectives will not deliver social benefits to balance the long term costs of creating a generation of well organised armed terrorists.

The depth of hardship created by war is impossible to convey here, but understood by most people. Violent interventions destabilise whole regions for generations. We have an opportunity since the price of unilateral war is harder to fund today and the mobility of international terrorism is harder to counter. We also have a legacy of semi-autonomous military command hierarchies and significant public enthusiasm for military nationalism. In an uncertain global economy, the prospects for peace are equally uncertain.

Chart 13: Global military spending



"*Class perspective*" Who won that war?

The distribution of suffering and advantage through war will extend across a very long timeframe. Remember the brash 2003 pronouncements of Donald Rumsfeld and Paul Wolfowitz ahead of the Iraq war; "Something under $50 billion for the cost" and "We're dealing with a country that can really finance its own reconstruction, and relatively soon". The best estimate for Iraq is now $4-6 trillion (Bilmes, 2013); the United States has yet to reach the peak year for veteran on-costs from even the Vietnam war; Australia recently costed the resettlement of 12,000 Syrian refugees at AU$700 million.

To really understand the distributional effects of war requires uncovering all the costed and uncosted consequences:

- Civilian death and injury; lost communities, homes, jobs, capital; traumatised adults, children;
- Destroyed productive capital and skills, destabilised and degraded national governments;
- Armed forces deaths, injuries and long term rehabilitation;
- Family support for veterans; depression, suicide, drug, alcohol, spouse and child abuse;
- Refugee support, long term resettlement and training;
- Direct terrorism deaths and injury, indirect costs of security, policing and border contol;
- Opportunity costs from lost investment, eg cost-effective infrastructure, good government;
- Economic distortions, inefficiencies, costs, eg higher oil prices after the Iraq war;
- Perpetuating inefficient trade dependencies, eg Russian threats against Ukraine EU entry;
- Lost disaster assistance capacity due to the military's emphasis on combat, necessary or not;
- Enormous rewards, pre- and post-employment, for military-industrial executives and politicians;
- Lifetime prestige to senior military staff and military-industrial employees and their families;
- Non-combat veterans in rich nations, mostly men, receive good wages and excellent pensions.

Military forces always rely on extreme hierarchies. The privileges for higher ranks are enormous and the risks zero, the life of basic recruits is tough and the risks occasionally high; yet most veterans still support the military institution. Unfortunately, our lifecycle-centred human way of learning coupled with such a dominating culture closes minds to the bigger picture of social cost-accounting. It's natural to feel "I've become a stronger person through my life; my character was forged in the military; therefore, the military is necessary and just". And many recruits will never experience war, receiving a generous lifetime package with higher, earlier pensions in Australia, or extorting kickbacks in countries with weaker government.

Foreign military bases around the world provide intelligence and logistics to support unilateral interventions. American leads the list with bases in 31 other nations, followed by the UK in 17, France in 15, Italy and Russia in 9 and Turkey in 6 (Wikipedia). Military bases played a key role in recent international conflicts including Russia's annexation of Crimea to protect its Black Sea Navy base and Syrian interventions to protect its Mediterranean Navy base at Tartus. Foreign bases also build long term support for the military culture and lifestyle, in the owning country through lucrative overseas postings and in the host country by integration with the local economy and community.

Drones are the military's latest strategy: fewer troops, but more unmanned aerial strikes. Predator drones alone have flown more than 80,000 missions in Afghanistan, Pakistan, Iraq, Yemen, Libya, and Somalia. When do these operations constitute a war? This robotic warfare makes it easier to run covert unofficial attacks without a declaration of war or political oversight, and kills innocent civilians, ensuring a long term stream of recruits for militant groups. Unless their use is subject to scrutiny, drones are making the world less safe.

The Iraq war was novel in another way too, marking America's first return to debt-funded war since France financed their War of Independence. Financing wars normally requires up-front increases in taxes but the United States cut taxes in 2001 and 2003. The costs of this war will be paid by future taxpayers.

The United States dominates the global security debate, spending far more than any other country on military spending per capita and around 20 percent of its total federal budget, nearly six times more than China and 43% of the entire global military spend (SIPRI 2011). As a consequence of its recent wars, 24% of United States adult males are veterans of the armed forces (Gallup January-October 2012), so don't expect positive new global security strategies to be American led.

We need to re-evaluate the past and consider new strategies for the global security environment in which modern wars take place:

- Expelling Iraq from Kuwait showed direct annexations are more vulnerable, so less likely today;
- America's military elite favour unilateral action but miscalculate the costs and consequences;
- The Iraq invasion boosted international terrorism and its future cost to the whole world;
- Israel's planned but unacknowledged annexation of Palestine has similar future costs;
- The United Nations, under funded and ineffective in recent years, needs revitalising.

And finally, consider another layer on top of all these direct military considerations. Add the consequences of a future global economic slowdown and crises, the increased share of shrinking global wealth which corporations and powerful nations will horde in harder times, and rising border tensions. Improving the governance of our global conflict resolution will be more important than ever in the 21st century.

Global government

For the last thirty years floating exchange rates backed by currency reserves in US dollars have allowed America to pursue and promote bad policy yet still be the beneficiary of capital flight in every crisis. The west presents its wealth and dominance as the result of more developed state institutions but our museums and histories show that strong modern governments were built on a foundation of military plunder in weaker nations, a middle game enforcing unequal trade arrangements, and an endgame of foreign ownership and control.

Global institutions of government regularly prescribe platitudes for developing nations—free trade for growth, free capital markets, flexible exchange rates, repayment of debts—rules which favour large rich economies and a very different path from their own successful development. Ironically, after the global financial crisis these leading economies found their own prescription for others was now optional at home. The rhetoric of flexible exchange rates is forgotten as they print money to lower their currencies, while the European Union gives priority to its richest nations' banks and pushes austerity for its struggling smaller member nations.

Multinational trade deals like the Transatlantic Trade and Investment Partnership (TTIP) and Trans-Pacific Partnership Agreement (TPPA) have become secretive lobbying vehicles for global corporations to press for new privileges like direct action against states which limit their profits by protecting employment, the environment and health rights. The deals are intended to boost western business's "ability to compete with states" and limit "politicians' real impact on the economic life of a country", in French CEO Bernard Arnault's approving words.

The International Monetary Fund's Special Drawing Rights (SDRs) are likely to be expanded in future crises, making it the next global creditor of last resort, but the IMF is notoriously undemocratic. Voting is one vote per dollar, giving the US an effective veto since it holds 18% of the shares and decisions require an 85% majority. Support will come with conditions; reduced national control of economic policy and a focus on debt repayment.

In hosting the Group of 20 summit in 2014, Australia has added new commitments including a mammoth infrastructure program along with health and education spending cuts and privatisation, despite doubt over parliamentary support. Other nations made similar G20 commitments to restart growth which will be reviewed by officials from two member nations and evaluated annually by the International Monetary Fund and the Organisation for Economic Co-operation and Development.

Western advocacy for opening China's financial markets is the latest example of corporate self-interest. The Chinese population has much more to lose than gain from western expertise at circumventing limits on business, and with plenty of internal capital there is no need to allow foreign investment to send a larger share of future profits overseas. Gaining expertise through limited partnerships will prove much more rewarding.

All nations need to scrutinise these international deals much more closely; too many have taken wealth out of nations into the corporate ether where tax has been redefined as optional. The 2012 UNCTAD report shows the British Virgin Islands, a tiny tax haven, receiving more foreign direct investment than the entire United Kingdom.

"*Boomerang*" Michael Lewis:

Kyle Bass, manager of a hedge fund called Hayman Capital, made a massive wager against the subprime mortgage bond market. He was now rich and even, in investment circles, a little famous. But his mind had moved on from the subprime mortgage bond debacle: having taken his profits, he had a new all-consuming interest, governments. They were no longer talking about the collapse of a few bonds. They were talking about the collapse of entire countries.

And they had a shiny new investment thesis. It ran, roughly, as follows. From 2002 there had been something like a false boom in much of the rich, developed world. What appeared to be economic growth was activity fuelled by people borrowing money they probably couldn't afford to repay. The public debt of rich countries already stood at what appeared to be dangerously high levels and, in response to the crisis, was rapidly growing. But the public debt of these countries was no longer the official public debt. As a practical matter it included the debts inside each country's banking system, which, in another crisis, would be transferred to the government.

"The first thing we tried to figure out," said Bass, "was how big these banking systems were, especially in relation to government revenues. We took about four months to gather the data. No one had it." The numbers added up to astonishing totals. Historically, such levels of government indebtedness had led to government default. Still, he wondered if perhaps he was missing something. "I went looking for someone, anyone, who knew something about the history of sovereign defaults," he said.

He found the leading expert on the subject, a professor at Harvard named Kenneth Rogoff. "We walked Rogoff through the numbers," said Bass, " and he just looked at them, then sat back in his chair and said, 'I can hardly believe it is this bad.' And I said, 'Wait a minute. You're the world's foremost expert on sovereign balance sheets. If you don't know this, who does?' I thought, Holy shit, who is paying attention?" (xii-xiii).

Government: Future prospects

Complex economic incentives within the institutions of all nations have limited the capacity of today's governments to deliver stability and equity, yet good government is essential to achieve these critical outcomes. With debts accumulated from the 2008 bailout, pressure to privatise assets and demands for endless stimulus, nation states are now weaker and transnational corporations are much more powerful. Either societies invest more to secure the independence, viability, quality and responsiveness of government or live with the consequences of unconstrained markets, instability and inequity.

We are now entering a dangerous cycle where governments are expected to sell off strategic state enterprises, handing over natural monopolies to be milked by private corporations and further reducing the state's income and viability. Consumer costs will rise and expenditure will fall, jobs will be lost and taxes shrink. Governments are also under pressure to subsidise business with potentially unsustainable infrastructure projects to boost growth. If we continue on this path, government will be permanently weakened and a far more dangerous capitalism unlocked.

To avoid further crises, national and international regulation needs to shift incentives towards rewarding long term investment while discouraging speculation and instability. Governments need to add counter cyclical tools to their agenda, holding back booms from becoming bubbles. State assets need to be retained to avoid monopoly producers and help fund the government. These are not easy policies to sell since they don't engage the public, while attracting instant opposition from corporations.

There's a lot at stake here and far too little open discussion of the options. In this climate of limited global leadership, building effective economic models in developing nations may be the best short term strategy to minimise the costs of global instability. Asian regional blocs of nations could become critical innovators to protect themselves and force changes on the international order, retaining the benefits of productive national investment for both local capital and local workers.

Developing nation blocks will still favour big nations over small, corporations and state monopolies over social equity, so workers also need to improve their organisational strength, communities need to increase their political influence, women need increase their public power and influence if long term equity is to improve in these difficult times.

Government: Priorities for equity

- Rebuilding support for increased government capacity, the value of economic regulation and state ownership of natural-monopoly assets, equitable tax revenues, countercyclical stimulus and restraint, sustainable use of natural resources;
- Funding elections from taxation not corporate lobby groups;
- Promoting evidence based economic models in developing nations, reducing corruption and increasing the capacity and governance of economic and social institutions;
- Democratising global governance institutions and/or creating new regional alternatives;
- Developing international capacity to limit wars and end unilateral military interventions, diversifying military training into disaster responses;
- Minimising global financial and commodities speculation;
- Providing legislative, institutional and cultural support for effective unions, gender and racial equality, social equity and class mobility.

The boom, not the slump, is the time for austerity at the Treasury.
—John Maynard Keynes (1937)

4 Politics and Community

Who will walk through the mirror door,
Will there be music or will there be war,
Will we be rich or will we be poor,
Who will walk through the mirror door.
—Pete Townsend (2006)

Equitable organisations to improve equity

How do we create more public clarity about the path to an equitable and sustainable future? Western activists responded to the global financial crisis with the Occupy movement, which made the young unemployed visible but didn't offer solutions. Unstable nations are having an outbreak of regional councils who propose to replace established government and many of their institutions, but these popular initiatives regularly rise out of crises to establish only a new elite with similar vested interests—"Meet the new boss, same as the old boss" (Pete Townsend again, 1971).

Just as hierarchies and their rewards create self-interest and instability in production, family and government, they also shape the responses of many current forms of community political organisation. The limitations of political activist groups often mirror those of mainstream parties—blinkered focus on part of the picture, patriarchal organisational and personal styles, pursuit of personal advancement, poor governance—advocacy groups and political movements can suffer from all the same problems we identify in society at large.

Support for a sustainable alternative future can also come from less hierarchical community forums which avoid recreating social inequities in their internal processes. One option which supported equity in places as diverse as ancient Athens, England's Putney debates and the Swiss cantons is open community forums to promote and advance public discussion of new policy. The Alternate G20 movement is good example, providing a peoples' summit to discuss alternative policies alongside a G20 which can only propose more stimulus and growth.

New forms of community governance also contribute to improved public debate, increasing the community's capacity to influence national and international government. Today's rich nations are increasingly partitioned; the super-rich live overseas in tax havens, the rich live in expensive enclaves and never enter poor neighbourhoods, the poor find it harder to escape them. More collaborative organisations would help by putting the disadvantaged back in public debate.

Truly strong community organisations also need deep links into national culture, a good example being the Catalan independence movement. Catalan flags fly everywhere and the Sagrada Familia cathedral lends dramatic support in imagery and words with "give us this day our daily bread" embossed on the main door in all the world's languages. As one local said, "we aren't Spanish, we just lost a war".

"Class perspective" Community capacity to increase equity requires organisational equity:

In 1981 a racially selected team from South Africa toured New Zealand. The anti-Apartheid movement was well established and planned a series of public protests. Some opponents wanted more than peaceful protest—glass was thrown on the pitch, helmets were worn to protests, aggressive self-defence became popular among my friends. I couldn't put my finger on what was wrong at the time but knew there was way too much testosterone around; I skipped the excitement and helped out at the crèche for protestors' children during the final test match.

This experience, the friendship of feminists during the 1980s, and a lifetime of reading about peace and development issues have highlighted how persistent cultures of male dominance hold back our pursuit of equity. Our political forms, from small activist groups up to national political parties and unions, continue to institutionalise the gendered hierarchies which undermine social equity. We need new forms of political activism which flatten and democratise institutional hierarchies.

Organising open public forums on parallel timeframes to key meetings of national and global institutions is one effective response, challenging and rethinking mainstream conclusions while raising the quality and profile of alternative views. Neighbourhood groups can take informed debate into the community, thematic groups can bring different perspectives together, representative forums can summarise alternative perspectives for public distribution and discussion.

Can we develop new community responses which embrace a return to equity and gather enough support to achieve it? We are still in the up cycle of the greatest boom-and-bust since the 1930s so it's too early to know yet. Social change in a crisis is always confusing and chaotic, but choosing to participate in those responses which both work for equitable solutions and work in equitable ways is the surest way to shape a better future.

Community: Future prospects

The problems we face today are far harder to solve than in the past. Knowledge of complexity requires more information sharing and collaboration. Is your community more connected, interactive, supportive than in your parents' era? Does the business of government today look collaborative to you? The latest trend is for highly paid US consultancies to inform elites and dictators around the world on how to crunch data and better manipulate public opinion.

Can we develop new and effective community forums to match the growing power of transnationals? Hard times always generate new initiatives for social change but so far this century community responses in the west have been relatively muted. The ease of life in richer nations has not generated the determination which created widespread support for social reform in the 1950s and radical alternative movements in the 1970s. If the incredibly rapid rise of phone and tablet addiction continues, most people might instead be on a path to digital addiction and real life withdrawal.

No-one can predict how communities will react in the next crisis but given recent levels of long term unemployment, history suggests violence when people see no other alternative. We need to find new ways to improve the level of public participation in social debates, because nations which can create new social forums and better solutions for economic and social problems will also generate social stability, and stability is about to become a lot more important in our world.

Community: Priorities for equity

- Building community movements to improve participation in national governance.
- Democratising global governance institutions and creating new alternatives.

And the past it all becomes distorted
Like it was broke before you bought it
Remember, you're the one who paid
Pulled the pin out of that hand grenade
—Darren Hanlon (2006)

5 Nature

The greatest book of all is the book of Nature,
forever open and forever worth reading.
Every other book is a version of this one,
riddled with the errors and interpolations of man.
—Antonio Gaudi (1852 - 1926)

Humanity's impact on nature is also brought into sharp focus by analysing our work extracting and consuming resources and the resulting social transfers. These transfers take two main forms. The first is corporate and state exploitation benefiting the powerful; the second are long term social transfers from sustainable use by future generations to wasteful consumption today. Spending time in nature, paying attention to the declining capacity of our environment to support diverse habitats including our own, is a powerful reminder that long term changes are much more important than short term gains.

Today we are so far away from a sustainable path, so out of touch with natural balance. Take some time to reflect on the perspective of a much older culture which had firm roots in the physical world. These extracts are from "Gurindji Journey", stories told to Minoru Hokari by the Gurindji people of Daguragu and Kalkaringi in northern Australia.

"An Indigenous perspective" Living in Gurindji country:

The Gurindji people, especially the elders, often sit on the ground and do nothing for a long time. I thought they were doing nothing. It took me a while to realise that they were actually seeing, listening and feeling. If you want to know what is happening in this world, you should stay still and pay attention to the world. Be aware of what is happening around you. Do not make your own 'noise', which often fogs your senses.

I usually try to understand the world by asking and searching. However, Gurindji people demonstrated to me how to know the world by simply being still and paying attention. The art of knowing is not always the way of searching, but often the way of paying attention.

Paying attention is also essential when the Gurindji people practise their history. Paying attention to the world means not only knowing what is happening, but also remembering what happened here and there. The Gurindji people do not search for history as most academic historians do. Instead, they pay attention to their history.

For instance, you drive a car to visit your family in another community and see a hill, and you remember (or you hear the elders' teachings or discussion) that old people were killed there by kartiya [whitefella] in the early days. History should be listened to, seen and felt around oneself in everyday life. History is something your body can sense, remember and practise.

In addition, the Gurindji people often draw diagrams on the ground to explain their history. For them, all bodies, objects and landscapes contain memories. According to the Gurindji people, the world is full of life. In fact, it is not easy to find non-living beings in this world. Dreaming or ancestral beings are all alive in the world too. They include stones, hills, rivers, waterholes and rainbows as well as animals, insects and plants.

What is probably more important is that the earth itself is alive too. Jimmy Mangayarri told me this. He picked up a handful of sand and taught me that you may think this janyja [soil] was just soil, but this was a 'man'. He also said the earth tells you the 'right way'. Furthermore one of Old Jimmy's favourite sayings was, 'Don't matter what it is, everything come out longa this earth.'

When Old Jimmy says that everything comes from the earth, he means that everything was created and has been maintained by the earth. To describe this, Old Jimmy often used the following five different words: 'earth', 'Dreaming', 'law', 'right way' and 'history'. Traditional aboriginal Dreaming stories tell you not only about the origin of the world, but also about how the world has been maintained. Dreaming teaches us how to look after this created world. The Gurindji people have been part of moral history because they have been participating in sustaining the world by following the Dreaming, or the 'right way'. Landscape is also history because it contains visible memories and evidence that tell you that the world has been maintained.

History is not just the story of the past. The earth is always there. That hill has been there and should always be there. Dreaming is always active, and therefore this world should always be maintained. Therefore Dreaming is not just a story of the past; it contains the present and the potential future at the same time. That hill was there, is there and should be there for all time.

For a while, I thought the Gurindji people liked travelling, just as many settlers do. However I realised that their movement is normally not travel at all. Their mobility is not for getting out of their home but for living in their home. For the Gurindji people, 'nomadic' life does not mean a travelling lifestyle or life without a home, but it means life in a massive home, the traditional Gurindji country.

One of the reasons you have to move around the country is that Dreaming sites are scattered all over the country. The Gurindji cosmology is based on networking among many sites, countries and people. The world is maintained through the web of connection between Dreaming beings, people and their countries and ceremonies.

This view of Gurindji cosmology leads us to the unique positioning of 'self' in the world. First of all, 'self' as a living human cannot be the centre of the world. The Dreaming or ancestral beings are as alive as living human beings. Humans cannot exist if the Dreaming dies, because humans are a part of this living world that is sustained by the Dreaming. Humans not only maintain the world but are also maintained by the world.

Second, you cannot maintain your country by yourself, but only by connection with other people and their countries. Third, there is no one person, nor any institution, which can control the whole community by her/his/their/its own will. Decision making is the process of negotiation with one another to build a 'connection' among the people in the community.

As 'self' is relationalised through the web of connection, so knowledge is also relationalised. There is no one person, as well as no place, that generates exclusive knowledge. Some people and places may generate more stories than others. A person who has more knowledge and connection to other people and places may assert more authenticity over more stories than others. But because there is no authentic centre that guarantees the validity of information, knowledge naturally acquires many variations through the process of networking.

The Gurindji people's historical knowledge accepts many different versions of events. Information running through the web of connection is rarely judged according to whether it is right or wrong. Multiple variations of information are produced, pooled and maintained as a bundle of possibilities without urgent judgement. This mode of knowledge system is not only open; it is also flexible. Knowledge or pooled stories are always chosen and used according to the context of the story being told.

In order to maintain their information system, it is important to spend an enormous amount of time discussing, learning, teaching and sharing. The open and flexible system of knowledge can function well only if people do not rush to make a decision. It was amazing to know how long people could sit down, discuss and negotiate an issue in order to explore every possibility of their decisions. In order to keep the knowledge system functioning, you should take as much time as you need.

Once a decision has been made, action follows immediately. After waiting two months for discussions about the ceremonial visit to Docker River, I thought it would never happen. However, when it happened, it happened ridiculously quickly. When they finally decided to leave the community, we were driving cars towards the south by the evening of the same day!

Depletion and rising costs

Some nations are still rushing headlong to degrade their environment by extracting short term resources like coal seam gas. Others are starting to think more carefully about the long term balance between human needs and a sustainable world. America is clearly desperate for growth at any price; China faces such obvious health costs from pollution that the government has to act. Smaller countries suffer most from rising commodity prices but have limited power in international forums to influence more powerful nations and corporations.

Regardless of our differences, the cost of extracting non-renewable energy will keep increasing and economic solutions have to be found by all nations. We need to change national and international economic policies, to move away from growth targets towards sustainable levels of production and investment which maximise our efficiency and our alternatives.

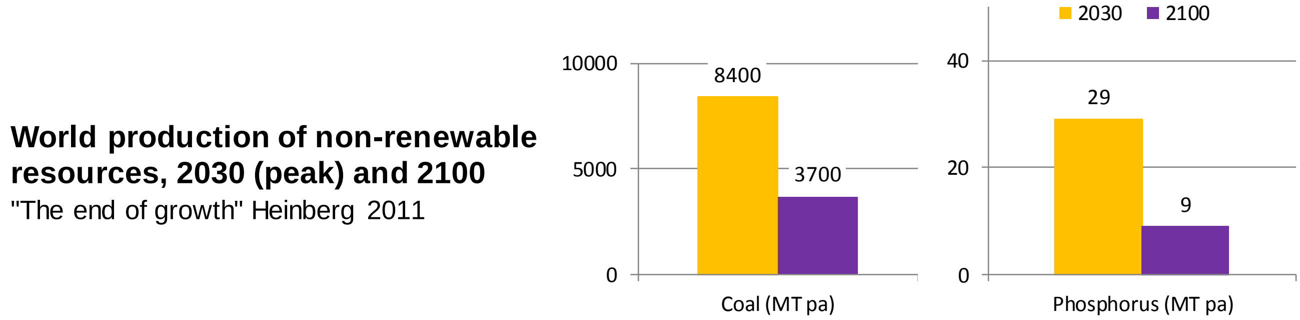
"*The end of growth*" Richard Heinberg:

What might a sustainable society look like? Assuming we do everything right, what could we achieve? How might the world look as a result?

The economy of the future will necessarily be steady-state, not requiring constant growth. It will be based on the use of renewable resources harvested at a rate slower than that of natural replenishment; and on the use of non-renewable resources at declining rates, with metals and minerals recycled and re-used wherever possible. Human population will have to achieve a level that can be supported by resources used this way, and that level is likely to be significantly lower than the current one.

But these criteria leave many details open to conjecture. What technologies could we develop and use under these conditions? Exactly what size of population would be sustainable? The supportable population size will also depend on how much we degrade soil, water, and climate *before* we achieve a condition of sustainability (p280-1).

Chart 14: Estimated production of non-renewable resources, 2030 and 2100



Water is another finite resource where human use is increasing much faster than the rate of population growth. Water consumption has tripled over the past 50 years, with our annual requirement predicted to reach 90% of all available water in rivers, lakes and underground aquifers. Around 60 percent of the world's population live in areas that receive only a quarter of the world's annual rainfall.

The amount of global arable land has been relatively constant over the last decade at around 3.4 billion acres, but food production will need to increase by 60-70 percent by 2050 to feed the world's population. Grain yields have tripled since 1950 but the rate of improvement is now falling as we reach technological limits.

"Class perspective" Exploiting nature is always a class transfer:

"Green accounting" applied to Africa's national accounts shows wealth per person declining by 2.8% per year for 1970-2000. Resources have been plundered for elite consumption, without creating alternative investments to generate future replacement income streams (Collier, p121).

The story of planetary exploitation, like production and reproduction, is shaped by social transfers; historically from Indigenous peoples through land theft, on to today's degradation of productive farmland for short term profit, and into global control of scarce and strategically important natural resources.

There are the obvious short term transfers which enrich governments, investors and sectors of workers, but discourage efficient large scale production because political corruption and instability create unacceptable risks for long term infrastructure investments. There are transfers between the developed and developing worlds, between political elites and citizens in developing nations.

Unsustainable short term exploitation today also lays a foundation for transferring costs to future generations, reducing investment to develop sustainable alternatives and increasing pressure for inhumane exploitation of animals and fish for food.

Nature: Future prospects

It's remarkable that there is virtually no debate about what kind of world would be genuinely sustainable, even though we need to find radical new solutions to these problems this century. The best evidence today suggests human impact will push the natural world past a tipping point, creating long term climate change and economic dislocation. Debate about the cost of climate change has recently shifted towards consensus that the costs are impossible to model reliably but they are not excessive (fifth report of the Intergovernmental Panel on Climate Change working group three 2014).

Agreement is growing on the necessity to act now so that temperature rises may be limited to two further degrees, beyond which both uncertainty and risk become unacceptable (Heinberg). Agreement on how to achieve that goal is much harder, but the sooner we accept that growing affluence has limits, the sooner we will find stable settings for our economies and our resource use.

Government regulation is clearly essential to restrain monopoly and corruption, to keep resource use sustainable, to prevent speculative price instability. Economists also need to embrace sustainability and develop anti-cyclical market interventions. Growth targets are our problem not our solution for both the environment and the economy, yet the idea that good economic management could mean zero or negative growth rarely appears in mainstream debate.

Communities face an enormous challenge to put sustainable long term economics back on public and government agendas. Family and community life is also far less in touch with nature today—a majority see our natural world only from a car stop or on digital media, a minor diversion from busy working lives. Reclaiming more time out of the city encourages a balanced perspective on what's important in both the natural and human worlds; we may reserve more time for family, friends and recreation. Seeking solutions for global problems can have personal value too.

Nature: Equity priorities

- Rebuilding support for government regulation and equitable tax revenues, stable economies and sustainable use of natural resources.
- Reducing corruption in developing nations, which undermines long term investment in sustainable natural resources.
- Democratising global governance institutions and/or creating new regional alternatives.

6 An integrated world view

I meet many people who are genuinely interested in understanding the puzzle of global change, but don't have the time to sustain their interest and pull together the disparate chunks of knowledge we all discover along the road of life. Our world is a complex place, and modern working life demands most of our attention just to function well within this complexity.

To hold onto an alternative view it helps to have a clear framework, a structure which reminds you what is important and why, a place to consolidate pieces of real knowledge when you spot them among the world's distracting mix of conventional wisdom and self-interested spin. I hope you find this revision of class analysis in "marx2" useful when the next depression hits. We can shape a better response, but only if more people pay attention to our changing world.

Sections one and two examined production and gender as if they were separate social institutions. This simplification helps us gain a clear appreciation of the dominant tendencies in each process, temporarily ignoring external interactions. Then section two continued with the interaction of production and reproduction, while sections three and four looked at our institutions of governance, section five at our use of natural resources, and section six at integrating the whole picture.

Each section here analysed the work process, then the distribution of rewards. This was Marx's original approach to class analysis in production, drawing from the scientific method which was popularised in the 1800s. Put simply, break down complex unknowns into their components, assess the internal processes of each separate element, then evaluate their importance and relationships within the dynamics of the whole system. Using this explicit framework helps guide analysis, clarifies our assumptions and political priorities, encourages debate and improvements.

The scientific method also requires repeated cycles of observation, measurement, experiment, hypothesis, testing and hypothesis modification. If class analysis is to re-emerge as a useful analytic tool, users need to embrace "testing and hypothesis modification" more fully than traditional marxists. Many different forms of social organisation are always possible—Spain's cooperative corporations, China's state enterprises, America's transnationals—and good class analysis will reflect the observed diversity of real world cultures and history.

In economics, the power of class analysis is its clear focus on how changing roles and rewards shape our future. We are firmly reminded that if any class takes an excessive share of social wealth, self-interest will undermine social stability. How did we let a new financial class take over economic orthodoxy so quickly and with such disastrous results? Because we stopped seeing class and equity as important.

We also see social inequities in aspects of life beyond productive work. I have included family, government, community organisations and resource usage here, but racial exclusion through segregated housing has also proved very persistent in America. Youth have to confront the cost of age-biased housing policies and are increasingly excluded from skilled employment. When any group's losses are sufficiently pervasive they can feel like a class and act together.

Every disadvantaged group has to understand its origins and create its own path towards improved equity, just as each nation needs its own analysis of their historical path, institutions and culture. Life is this complex changing whole—the interrelationships between production, reproduction, governance and ecology—which we usually consider as separate and independent, natural and right.

What is our conclusion then, considering all these changes across all types of social class? An economic crisis is building, family life is under pressure, government capacity and viability are reduced, community organisation is weak, resource use is unsustainable. All are approaching critical change-points and none should be underestimated. We are facing our most difficult era since the last world war, and we are unprepared to understand or respond to these changes.

Human society depends on organised work to create the daily necessities of life, on families to reproduce a capable next generation, on participation in governance to keep societal and environmental extremes at bay, and ultimately on the social distribution of rewards from all these labours. These different forms of work, each with their overlapping class roles and rewards, are what shape our lives.

But life should be more than long years of labour and short breaks. Just as we need knowledge and skills to earn a share of today's economic productivity, we need to improve our global awareness and understanding to ensure our future quality of life.

Peace, peace! He is not dead, he doth not sleep
He hath awakened from the dream of life
—Percy Bysshe Shelley (1821)

Mainstream economics	*Class perspective*
Policy built on abstract market models	Analysis of work and its rewards
Markets are naturally efficient	Reinvestment creates economic efficiency
Transnational corporations are efficient	Restrict corporate size to retain competition
Deregulate and trust free markets	Unregulated production = monopoly
Free capital markets are essential	Pros and cons for foreign investment
Government is inefficient	Good government supports economic efficiency
Control of inflation an economic fundamental	Inflation signals cost increases
Stimulus for growth	Anticyclical interventions for long term stability
Growth over sustainability	Sustainability over growth
Free trade and capital markets	Large state and protection during development
Unpaid labour doesn't count	Paid and unpaid labour equally important
Ignore military costs and consequences	Favour stability over aggression
Short term efficiency perspective	Long term common good goal
Banking and corporate interests bias	Global common good goal
Government by experts	Good government requires participation
Corporate funding creates bias	Organisational hiearchies create bias
There is no alternative	Conclusions depend on evidence