

# Decent Capitalism

## A Blueprint for Reforming our Economies

Sebastian Dullien,  
Hansjorg Herr  
and Christian Kellermann



**PlutoPress**  
www.plutobooks.com

# CONTENTS

<i>List of figures</i>	<i>vii</i>
<i>Preface</i>	<i>ix</i>
<b>Introduction</b>	<b>1</b>
<b>Part I The roots of crisis capitalism</b>	<b>9</b>
<b>1 The rise of market liberalism</b>	<b>11</b>
The end of Bretton Woods and its consequences	14
Weak left and strong right	24
<b>2 Unleashing financial markets</b>	<b>27</b>
Breaking points in finance capitalism	33
Shareholder capitalism's flawed logic	39
The illusion of rationality	<b>41</b>
<b>3 Global imbalances fuel global instability</b>	<b>49</b>
International capital flows as source of instability	52
The United States as the battered hegemonic power	57
Chinese mercantilism	62
Destabilising imbalances in the European Monetary Union	64
<b>4 Labour in the wake of markets</b>	<b>v69</b>
Labour in the face of paradigms	69
Erosion of labour market institutions	77
Increasing inequality	80
The situation in the United States, Germany and China	82
<b>5 The next stage of the crisis</b>	<b>87</b>
From private debt to sovereign debt	87
How we moved away from the abyss	89
Who rescues the rescuers?	94
The danger of a long period of low growth	95

<b>Part II The path to decent capitalism</b>	<b>99</b>
<b>6 Main features of a new economic model</b>	<b>101</b>
Focus on demand and green growth	101
A financial system for growth and innovation	104
More equitable income distribution	107
Robust financing of state budgets	110
Levels of regulation	111
Markets as part and parcel of freedom	112
<b>7 Resurrecting the public sector</b>	<b>114</b>
Governments' strategic spending	115
Sources of solid government revenues	119
More than just 'automatic stabilisers'	127
Targeted measures beyond 'automatic stabilisation'	132
<b>8 Revaluing labour and wages</b>	<b>140</b>
Macroeconomic needs for wage development	141
Strengthening of wage bargaining and minimum wages	142
Case studies: the United States, Europe and China	145
<b>9 Global finances need global management</b>	<b>148</b>
Restructuring of the financial system	148
Reform of the global monetary and financial system	162
Reform of corporate governance	174
<b>10 A new growth paradigm</b>	<b>178</b>
Why more GDP is still a worthwhile goal	178
Reconciling economic growth and ecological sustainability	182
A 'Green New Deal'	188
What we can produce in the future	192
More leisure time	194
<b>Conclusion: A new tale to tell</b>	<b>196</b>
<i>Notes</i>	203
<i>Bibliography</i>	208
<i>Index</i>	217

Capitalism functions articulated with a discourse about freedom of choice and individual autonomy. This discourse makes us less free and more incapable of transforming what has been naturalized as the only horizon of the possible, that of capitalism itself. Capitalism involves economic and non-economic variables and hence is dynamic and instable. Because of this reason, a dynamic framework is embraced in this study which takes into account the changes in concrete historical [Show full abstract] time. Capitalism is an economic system based on the private ownership of the means of production and their operation for profit. Characteristics central to capitalism include private property, capital accumulation, wage labor, voluntary exchange, a price system and competitive markets. In a capitalist market economy, decision-making and investments are determined by every owner of wealth, property or production ability in financial and capital markets whereas prices and the distribution of goods and