Sammenfatninger

Kernen i afhandlingens økonomiske teori

BOG 1 om Privatejendom:

1. Afhandlingens umiddelbare genstand er markedsøkonomi. I sin simpleste skikkelse er markedet bytte. Byttet har privatejendommen som sin institutionelle, dermed sociale, forudsætning (Kapitel 1).
2. Privatejendom er gode-besidderens ret til at udelukke andre fra at bestemme over godet; privatejendom er dermed en specifik, negativ beslutningsproces (Kapitel 2).

BOG 2 om Markedsøkonomi:

3. Privatejeren er umiddelbart markedsøkonomiens magthavende subjekt for her ligger beslutningsretten; derfor får individualismen - og subjektivismen - gyldighed i det særlige tilfælde, hvor privatejerne er individer (Kapitel 10).
4. Men middelbart er privatejerne kun pseudo-subjekter, fordi de skaber et overpersonligt marked, der hersker over dem (Kapitel 11.3).
5. Da vor genstand er markedsøkonomi, må vi forudsætte at alle goder er bestemt for markedet (Kapitel 12.4).
6. Da godet er bestemt for andre, er det socialt. Da det imidlertid også er privat, abstraherer besidderen i tanke og handling fra denne sociale sammenhæng, dvs. godet er også a-socialt. Dette er markedsøkonomiens grundmodsætning (Kapitel 13).
7. Markedsøkonomiens koordinationsproblem består i at forvandle private til sociale goder, socialt tilfælde goder til socialt nødvendige goder, således at produktionen tillader medlemmernes behov at blive tilfredsstillet. Denne koordination sker på den 'hårde måde', ved at udskille producenter uden socialt gyldige produkter og forbrugere uden socialt gyldige behov (Kapitel 12.9.4).
8. Penge er qua sikker bytteværdi kriteriet for social gyldighed: Godet skal kunne omveksles med penge og behovet skal kunne udtrykkes i penge, altså være købedygtige behov (Kapitel 15.7).
9. Denne udskilningsproces medfører en polarisering mellem vindere og

tabere, mellem dem der formår at forvandle deres produkter til penge og de der ikke gør det. Altså mellem pengebesiddere og pengeløse. Denne er basis for overgangen til kapitalisme (Kapitlerne 13.6 og 15.7).

BOG 3 om Kapitalisme

10. De pengeløse deler sig i de udstødte, der er helt uden markedsrelevante ressourcer, og de agenter, der har værdifulde produktionsfaktorer, hvis ydelser kan sælges; disse er arbejdet, maskin-ydelser og jord-ydelser (Kapitel 30).
11. Pengebesidderen køber disse ydelser og organiserer dem i produktionen; han bliver selvstændig foretager, mens sælgerne af faktorydelser er reduceret til uselvstændige agenter (Kapitel 30).
12. Konkurrencen mellem pengebesidderne tvinger dem til at profitmaximere, for gør de det ikke, taber de og går fallit. Dermed bliver pengebesidderen kapitalist (Kapitel 31.1).
13. Konkurrencen mellem kapitalisterne giver vindere og tabere, hvor vinderne tendentielt bliver monopolkapitalister (Kapitel 31.2).

English summary

The general purpose of the dissertation is to analyze the relationship between market and democracy, so as to establish whether the prevailing ideology - democratic market economy - is consistent.

The two phenomena seem to be based on contradicting principles, since we all count equally in the democracy (one vote for each person), while our influence within the market depends upon how much money or private property we possess. Liberals, however, will maintain that market and democracy is the economic and political expression of the same, namely freedom.

Book 1: Private property

Behind the market is the institution of private property, which is analyzed in Chp. 2. It is argued that the concept should be understood procedural. It is a certain way of making economic decisions, where 'the others' or society cannot dictate the possessor of private property what to do. But this possessor do not have positive economic freedom, i.e. cannot do whatever he wants, since this could violate the private property of others.

The rest of this book criticizes different theories of private property, especially the School of Property Rights, which argue that private property can be explained by the fact that it lowers the transaction costs. I endeavour to show that the school only proves the obvious, namely that private property is more economical than no property regulations (chaos), not that it is more efficient than common property.

Book 2: Market economy

This book begins with an analysis of the two variants of subjective economic theory: The Austrian (from Menger) and the Neoclassical (from Walras).

Are there any good arguments for basing the theory of market economy on the subjective values (concepts of utility) of the agents? Why not an objective theory likes Ricardo's or Marx's? I argue that there is one good reason for the subjective approach, namely the legal or institutional: that ultimate power of making economic decisions rests with the possessors of private property. The decision process is atomized in the sovereign

decisions of a multitude of individuals (private agents). This argument implies that the validity of the subjective approach is limited to regimes with full private property.

In the next step (Chp. 11) I ask whether these subjects really are the individuals? This is only the case so far as these human beings have private property, i.e. the defining characteristic of the subject is the private property; people without this property are irrelevant in the analysis of the market, and the possessor of private property need not be individuals (it can be a family), not even a collection of humans (property can be owned by the corporation as such).

The final step is to point out that these agents create an 'invisible hand' (Smith) or a 'foreign power' (Marx), which rules the economy in an impersonal way; this limits the power of the agents, making them pseudo-subjects.

This defence of subjective theory thus includes a number of qualifications.

Chp. 12 discusses the problem of market coordination. I criticize general equilibrium theory for inconsistency, because they insert agents with social rationality (especially the Auctioneer) in an economy where only private rationality can be assumed. Here I follow - and radicalize - the Austrian critique. I conclude - partly with the Austrians - that it is impossible to argue for a tendency towards a pre-determined equilibrium. Equilibrium **is** established by the market, but ex post and by means of a process of exclusion of those producers whose goods cannot find a need, backed up by money (effective demand), and those needs which cannot mobilize sufficient purchasing power.

Chp. 13 presents a model of market economy, emphasizing the tension between the a-social activity and consciousness of the private agents and the necessity of some sort of social coordination.

Chp. 14-16 discuss money. It is argued that money is not a commodity, thus part of what should be coordinated; money is rather a means for this coordination. As such it is necessary, i.e. not an optional device for lowering the transaction costs. This conception of money implies a critique of Walrasian and Neo-walrasian theory of money; money is basically superfluous within general equilibrium theory, i.e. this theory cannot account for money, and when it tries by conceiving of money as a commodity for which there is a market and a demand the theory involves itself in inconsistencies.

Book 3: Capitalism

The first 3 sections are devoted to criticism of received theory.

Chp. 18-20 deals with Austrian theory, especially Böhm-Bawerk but also modern theory (e.g. Kirzner). Two trends can be discerned.

Time preference as the explanation of interest is the logical subjectivist theory. Unfortunately, Böhm-Bawerk's specific reasons do not add up to a convincing defence for the existence of such a preference; later theory has almost given up, one reason being that agents who themselves decide their preferences cannot be predicted to come up with the same pattern.

Neither is the objective explanation of interest convincing. It persuasively argues that time is the defining quality of capital, but that time as such should be productive in any sense is a mystical idea.

The purpose of this critique is, however, not negative, but positive, that is to learn something, which can be of value for the positive theory. Here the prime lesson from the Austrians is that capital - thus interest and profit - is a meta-category in relation to the categories of general market economy; it exists in another dimension and therefore capitalism is not reducible to market economy. From the Austrians, especially the modern, we also learn that capital cannot be defined by listing things: capital is defined by the purpose, namely to create a surplus, whether in the form of interest or profit.

Chp. 21-24 discuss Marx' theory of capital. It is argued that he fails in his original plan, which was to prove the necessity of the transformation of market economy into capitalism, of money as a means of circulation into money as the prime goal. The basic reason for this failure is, I submit, that he never developed the necessary polarization within market economy; this polarization between the winners who possess money, and the losers who at most possess factors of production (especially labour power), Marx simply assumes as a historical fact.

Marx' theory of capital is the theory of surplus value, which assumes that the worker sells his labour power, not his labour. This assumption is shown to be false. It implies that the wage labourer becomes a slave, and the category 'value of labour power' leads to absurdities (e.g. that the time for consumption should be included in this value). I conclude that the specific characteristic of capitalism is that everything can be sold, **except** labour power, and that this exception to what the market can regulate makes for a build-in instability in capitalism.

Finally, Neoclassical capital theory is discussed (Chp. 25-28). I offer an interpretation of the Capital Controversy, where the point is that all the confusion originated in the fact that the older theory (Clark) did not recognize that capital and its 'fruits' belong to a new and different dimension.

Intertemporal general equilibrium theory acknowledged the mistakes of Clark, but it did not admit that capital and the rate of interest cannot be reduced to the categories of market economy. The theory, therefore, hardly qualifies as a theory of capital. There is more substance in Fisher's theory, which is also discussed.

The critical part of Book 3 concludes with a critique of the circular flow model of capitalism. It is argued that this model is not viable because it assumes that the entrepreneur and his firm is without resources, making it impossible to finance the purchase of factor-services. It is necessary that the independent producer be in possession of money.

The next section (I) presents the theory of capital.

In Chp. 30 the basic model of capitalism is developed, on the basis of the instability shown within general market economy. This economy will, left to itself, produce to types of polarizations, first between those outcasts who cannot find a living within this economy and the rest, and second - in the last group - between those who won in the competition and therefore have gained money and can proceed as independent producers and those who lost but still possess factors of production whose services might have market value.

Only the last two groups are relevant here. There relationship differs from the neoclassical (circular flow) by asserting that the defining characteristic of the firm is its possession of money.

Chp. 31 is essential since it addresses what I consider the most important problem in economic theory: how come that the owners of the firms - and capitalism as a system - is driven by the pursuit of profit? from what economic mechanism do profit maximization originate? The rational human being will always strive after utility, not money as such; from this point of view money will always be a means. It is not greed, nor inherent qualities in money (Marx), but the force of competition, i.e. systemic forces, which compels the capitalistic firm to disregard utility and human needs and focus exclusively on increasing the original amount of money. Whether this, as a by-product, optimizes the welfare of the agents or not is another question. In this argument I have been inspired by

Hobbes' political analysis of power.

It is finally argued that capitalistic competition, left to itself, necessarily is unstable; some firms will win, others lose, and the result is a tendency towards monopoly capitalism. In this connection I criticize neoclassical theory for not taking account of the power of money, when they argue that capitalistic competition can be a stable system.

In the last section of Book 3 the scene changes, from the pure theory of capital to a blend of analysis and description of specific forms of capital.

Chp. 32 deals with the corporate form of capital as well as capital invested in the information sector. Both types depend critically on a privilege given by the state: The corporation enjoys ‘limited responsibility’ while informational capital is guaranteed a monopoly status (patents and copyrights). The problems of legitimizing these types of capital are discussed, and it is argued that patents and copyrights are irrational from a social economic point of view.

In Chp. 33 it is argued, on the basis of an empirical study, that market economy and competition is giving way to a new form of capitalism, characterized by widespread cooperation among the multinational corporations and their dependant firms.

Chp. 34 presents a theory of interest and loan-capital. It is argued that interest originates in two factors: the uncertainty connected to loans, and the asymmetric relation between those who can afford to loan and those who are compelled to borrow; in average the first are rich and powerful, the second poor and powerless, making it possible for the creditor to demand interest.

Chp. 35 discusses the relationship between productive capital and finance capital, between the 'real economy' and the 'money economy'. Has the liberalization of capital movements created a separation between the two? The experience from the economic crises in East Asia in 1997/98 gives some evidence for such a hypothesis. But if that is the case, finance capital loses much of its legitimacy: what is the purpose of this capital if it does not benefit the real economy?

Book 4: Democracy

In this book the scene changes to political theory. As usual the dissertation begins with an analysis of received theory.

Originally (by Aristotle) democracy meant rule by the poor, assumed to be the majority. This I designate 'proletarian democracy'. By emphasizing

majority rule it contributes an essential element to the modern concept of democracy. It conflicts, however, with this because it does not (necessarily) include political freedom for the minority.

At a later time Rousseau developed what can be termed 'idealistic democracy'. Here democracy means 'rule for the people', i.e. in the higher interest of all the people, rather than 'rule by the people'. Democracy as a process of decision-making is less important than the result of this procedure. The idea of democracy is to realize the Common Good, while it is an open question who should define this General Will; this could open the road to repression.

'Liberal democracy' was developed by Locke and later Stuart Mill and Lord Acton. It emphasizes political freedom, in the sense of the right for all to express their political opinions. But political freedom does not imply political equality, i.e. the principle of one vote for each person; as a result it is highly unlikely that the political systems advocated by classical liberalism will result in majority rule. It is also shown that modern liberal theories (Hayek and Buchanan) in various ways conflict with democracy; there is a deep tension between liberal, negative freedom, i.e. the rights of the individual vis-à-vis society, and democracy, where all should follow the will - though not the opinion - of the majority.

Thus, all tree concepts both contribute to and conflict with the modern concept of democracy.

In the important Chp. 41 I suggest a theory of democracy. It is argued that political equality is the fundamental characteristic of democracy, the reason being that both political freedom and majority rule can be deduced from political equality, while political freedom is consistent with minority rule and majority rule with lack of political freedom. Historical evidence seems to confirm this conclusion.

Democracy is thus determined as a certain decision process, characterized by equal political influence. But what is the domain of this procedure? In Chp. 42 I suggest two criteria. First non-objectivity, i.e. the subject matter should not be of a type, which only allows one correct answer (as in mathematics or technology); democracy presumes that there is more than one correct answer, i.e. the possibility of disagreement. Second relevance: it would be absurd if those parts of my actions which have no repercussions for other people were subject to political decision, however democratic.

Finally, the value of democracy is treated explicitly in Chp. 43. Woll-

heim's paradox is discussed, and it is suggested that democracy is a meta-value in relation to specific ideas about the just or good society. Democracy is normatively based on the idea that all our opinions have equal worth when making these decisions.

Book 5: Economic democracy

In the last book I return to the basic problem in the dissertation, i.e. the relationship between the principles involved in the market and in democracy. Since both private property and democracy are determined as decision processes a direct comparison is possible.

In Chp. 44 it is argued that these principles contradict each other. In the market we have influence according to how much private property (money) we possess while we all have equal influence within democracy. And the common denominator - freedom - is shown to be spurious, since two very different concepts of freedom are involved: in the private economy we have negative freedom, i.e. freedom vis-à-vis the social economy, but in democracy we have positive freedom to influence how society should be; the first is an a-social freedom, the second a social freedom. This contradiction is aggravated when we take account of the specific forms which private property attains in capitalism.

But perhaps the two principles can live peacefully side-by-side, each having its own domain (economy and politics)? This is doubted in Chp. 45, and as a consequence I argue for extending the democratic principle to the economic sphere. This implies that private property is substituted for common property, and that market economy and capitalism is substituted for a democratically planned economy. It is also argued that this plan economy should exhibit a high degree of decentralization.

The last chapters (46, 47 and 48) leave the world of principles and reflect on the current conditions of democracy. I argue that it has been weakened, because neoliberal policy has unchained capital and attacked the public sector; this sector is the democratic sector because we here have equal influence. The same policy has furthered a monopolization of financial and productive capital, creating vast empires of capitalistic planned economies. Thus genuine competition-based market economy is also weakened. Therefore, the earlier alternative between democratic market economy and dictatorial planned economy has been substituted for a choice between democratic and capitalistic planned economy.