

The new spirit of postcapitalism

By Paul Mason | 04.08.2019

Capitalism emerged in the interstices of feudalism. Now, we see the seeds of postcapitalism growing in today's European city



Barcelona is one of the 'fearless cities', where the seeds of postcapitalism can start to grow

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The streets are full of young people (and not just students)—sitting, sipping drinks, gazing more at laptops than into each other's eyes, talking quietly about politics, making art, looking cool.

A time traveller from their grandparents' youth might ask: when is lunchtime over? But it's never over because for many networked people it never really begins. In the developed world, large parts of urban reality look like Woodstock in permanent session—but what is really happening is the devalorisation of capital.

Sure, somewhere on the edge of a big city, there is always a financial district where regimented people, uniformly dressed, pursue work-like activity frantically and, in their few hours of release, hit the gym treadmills so that the adrenaline never stops.

But just 20 years after the rollout of broadband and 3G telecoms, information resonates everywhere in social life: work and leisure have become blurred; the link between work and wages has been loosened; the connection between the production of goods and services and the accumulation of capital is less obvious.

Ask a mainstream economist what is going on and they might reply 'consumption' or 'leisure time'. The postcapitalism thesis rests on the idea that there is something more than that. Digital networks, which [Schumpeterian economists](#) assumed would usher in a new and dynamic era of capitalism, have instead begun to break down traditional patterns in four identifiable ways.

First, there is the [zero-marginal-cost](#) effect, whereby the production cost of information goods falls, under conditions of free markets and competition, towards zero — and where, as a result, production costs in both manufacturing and services [also fall](#).

Second is the potential for the decisive [automation](#) of physical work — 47 per cent of jobs or 43 per cent of tasks, depending on the research.

Third is the network effect — what tech corporations experience as 'increasing returns to scale'. On a vast scale networks create [positive externalities](#), where the ownership rights over the utility produced are not preordained by a factory-like division between employer and worker.

Finally, there is the potential democratisation of information itself. A glitch discovered in a piece of software tonight can be remedied on every instance of that software by tomorrow morning; a mistake in Wikipedia can be spotted and corrected instantaneously by the wisdom of crowds.

A new kind of system

The [postcapitalist](#) project is founded on the belief that, inherent in these technological effects lies a challenge to the existing social relations of a market economy, and in the long term, the possibility of a new kind of system that can function without the market, and beyond scarcity.

But during the past 20 years, as a survival mechanism, the market has reacted by creating semi-permanent distortions which — according to neoclassical economics — should be temporary.

In response to the price-collapsing effect of information goods, the most powerful monopolies ever seen have been constructed. Seven out of the top ten global corporations by market capitalisation are tech monopolies; they avoid tax, stifle competition through the practise of buying rivals and build 'walled gardens' of interoperable technologies to maximise their own revenues at the expense of suppliers, customers and (through tax avoidance) the state.

Because information machines can replace humans faster than they create new, skilled jobs, millions of low-paid jobs have been created which do not need to exist. Instead of concentrating work into short bursts, to maximise productivity, the blurring of work and leisure time has been encouraged and consumption activities (booking a holiday, arranging a date, messaging friends) has been tolerated within work time, because this maximises consumption and personal-data production.

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In response to the network effects, a new model — the [platform monopoly](#) — has sprung up, attracting billions in offshore capital that cannot be productively invested elsewhere. The entire business model of such corporations is to charge economic rents and — as with the others — strangle the competition, which in the case of ride-hailing apps is the traditional taxi business and the city government.

In response to the democratising effects of infotech, vast and growing information asymmetries have been created.

Neither competition nor regulation has so far put a stop to this fourfold process of consolidation and sclerosis. Features like monopoly, under-employment, rent-seeking and information asymmetry, assumed by classical economics to be temporary, have begun to look like permanent requirements for the 21st-century private sector. Instead of a fourth industrial revolution, a parasitic, dysfunctional infocapitalism has been created whose monopoly profits and anti-competitive behaviour are so intrinsic to the system that they cannot be challenged.

Embryonic forms

In a medieval city, the embryonic forms of bourgeois society were effectively invisible. If we picture 14th-century Paris at the time of Etienne Marcel's revolt, the power lay in the great hôtels of the provincial feudal lords, in the monastery, in the myriad churches and in the university. Together they formed a machine for administering and validating the wealth produced on rural estates. Cross-border banking was effectively a secret service, reliant on religious orders for storage depots and complex forward contracts to get around the ban on usury. Even the actual bourgeoisie refused to back Marcel's attempt to impose the rule of law on the king, so alien did the concept seem.

But from the vantage point of knowing what became of feudalism we can see the guilds, the proto-banks, the cross-border trade networks and scientific thinking within the medieval university as a kind of 'capitalism in embryo'.

If I return to the scene in Barcelona, the microcosmic changes in everyday life now have a

different meaning. The free time is a product of under-employment. To keep people servicing capital through interest payments, apps and e-commerce, they must have a job, a credit card and a cellphone — no matter how poor they are. The [under-employed, poor, information-rich young person](#) is the avatar of both the malaise and the possibility of a solution.

People survive the creation of what David Graeber [calls](#) 'bullshit jobs' by blurring work and leisure, and by living frugally — because though monopolies are racking up high prices for their goods, the zero-marginal-cost effect allows one to live cheaply on the basics. Most people are using open-source or very cheap software without even knowing it. The monopolies, in addition, give away information services in return for the right to farm our personal data. Life is lived by ducking and diving between rent-seeking monopoly services: Uber, Airbnb, Tinder.

You can see the same kind of life in any big city — but I chose Barcelona because, together with Amsterdam and a few other self-described 'fearless cities' under left hegemony, it has, for now, a political leadership which understands the potential of an economy based on open-source software, information symmetry and the abolition of monopolies and economic rent.

If you look closely enough at the attitudes of young people brought up in an entirely digital world, you see a new spirit at work.

Under Ada Colau, who became mayor after leading a housing-rights movement, the city has dedicated 22 staff and €16 million over four years to fostering social, co-operative and solidarity economics. Hackers, housing activists and environmentalists hold office and senior technocratic jobs.

The city has used its €1bn a year procurement budget to force outsourcers to accept the principle that data are a public good, not to be farmed at zero cost by tech giants. By consciously promoting alternative forms of ownership, and by preferring local, co-operative tech firms over the multinationals, the city now has more than 4,800 registered co-operative businesses.

It looks as unspectacular and fragile as early capitalism did amid the splendour of late feudalism. The task of turning it into something bigger requires, first, a revolution in government intervention, whereby the state consciously shapes the creation of an open-source, collaborative and non-market sector of the economy.

Secondly, these alternative forms of business model must evolve so as to scale — so that their best practices can be turned into drag-and-drop solutions for start-ups.

Thirdly, there must be access to finance, though in a different form than that encountered in the tech start-up world.

Finally, a revolution in human attitudes is required.

There is a great passage in Max Weber's *The Protestant Ethic and the Spirit of Capitalism* where he describes the take-off point of industrial capital. A young man from one of the 'putting out' families in the textile trade instilled rigour into his cottage-based workers, sought economies of scale and cut out all middlemen. As a result, the idyllic life of rural spinners and weavers collapsed. Weber concludes: 'It was not generally in such cases a stream of new money invested in the industry which brought about this revolution ... but the new spirit, the spirit of modern capitalism, had set to work.'

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The bourgeois would call it fecklessness; the big consumer brands call it 'pro-sumption'. Sit in a squat, a collaborative workspace or a state funded arts lab in one of these cities and you can see it is instead, quite consciously, a determination to live 'despite' the implicit assumptions of mainstream economics.

Until the 2010s, though the co-operative and 'solidarity' economies had proliferated as a counter-culture in rich countries, few had thought to advocate that the state should foster this new form of economic life. As with early industrial capitalism, however, this is exactly what is needed — a project to regulate capitalism in a way that supports, rather than strangles, emergent collaborative, non-profit, non-financialised business models.

In the next contribution I will examine what states and cities have begun to do to promote the transition. I will argue that, as with the transition from feudalism to capitalism, the project cannot be merely legal or regulatory, but must change the way we think about time, culture, scarcity and abundance.

This article is a joint publication by [Social Europe](#) and [IPS-Journal](#).