Microcapitalism- the end of compulsory growth

Centrally planned economies failed due to their denial of individual freedom. Similarly, the existing capitalism has monopolized nature, culture, and the economy around the world and will also destroy itself due to a lack of individual freedom, and the resulting compulsion to economic growth. Microcapitalism maximizes individual freedom and minimizes concentration of economic power and abolishes the compulsion to economic growth.

Inequality by Semi-Liberalism

The concentration of economic power dismantles individual freedom, and hinders our society to solve its existential problems. ”Neoliberalism“ allows only halved freedoms. The economic power of the entire planet flows into a few capital channels. In so doing, millions of sources and rivers of economic energy and human fantasy are systematically laid dry. The consequences are a paralyzed democracy and compulsion to growth.
Equality of Power by Radical Liberalism

The early form of modern growth ideology (mercantilism) was first criticized by the political economy of liberal individualism.

Levellers (eg. Overton, Liburne ) in the English Revolution, or Paine and Fauchet in the American and French revolution or later John Stuart Mill, regarded a non-expansive economic system as foundation of a free society.

1. In the tradition of revolutionary liberalism we can base post-growth economy on a forgotten constitutional principle: Guaranteeing egalitarian political power and minimizing economic power is the key-principle of a sustainable society.

2. We need to decide: oligopolism or democracy? In order to create rules that secure equal freedom, democracies must be obliged to break up existing concentrations of power and block the growth of economic power.

3. Democracies should reform their constitutions so that it is no longer possible to legitimate or to support the growth of economic power.

4. Therefore, in order to empower the individual to take his or her life into his or her own hands, the system of big corporations and the concentration of large private wealth must be abolished.

5. The concentration of large private wealth has to be dissolved by a progressive wealth and inheritance tax up to 100%.
6. Any step towards a more equal distribution of power will reduce the pressure for economic growth. If every citizen is granted equal and maximal freedom with respect to handle his/her personal data (i.e. when economic power over personal data is minimized by ruling out their commercial use) Google and Facebook would vanish overnight. If all current and future inhabitants of the planet were granted the same rights to ecologic resources, then most large corporations would be bankrupt immediately, as the economic power and dominance of companies like Monsanto, Shell, Daimler or Gazprom is based on a theft of these resources. Any step towards more economic freedom and a more equal access to property reduces the addiction to growth and the tendency of our society for self-destruction. The concept of microcapitalism proposes to replace existing rules that support a concentration of power by rules that grant an equality of power for all.

The principles of microcapitalism:

1. **Microcapitalism is focused on the individual**: Constitutional rights are only granted to individuals not to companies. Only individuals may own shares of enterprises, thereby abolishing the possibility of forming corporate groups.

2. **Microcapitalism provides the possibility to disinvest**: Existing corporate law for joint-stock companies forces destructive growth, as it enables investment in a company (via stocks), but denies the right to cancel these stocks. Microcapitalism grants full rights of even the smallest investor to disinvest. Instead of eternal accumulation of capital it curbs the lifetime of stocks in relation to the cash flow via direct pay-back over a pre-determined number of years (e.g. 4, 6 or 12 years).
3. Microcapitalism breaks the dominance of capital over work: Traded shares must be denied the right to directly influence the management of a company. Instead, millions of microcapitalist owners should decide on investing or not investing in a company. Abolishing the legal framework for joint-stock companies will also abolish the capitalist way of leading a company via the shareholders’ meeting, the board of directors, and the executive board. The management of the microcapitalist company is the task of the company’s employees, according to their liability.

4. Microcapitalism puts an end to the socialization of losses and damages: Chances for profits and the risk of loss will be inseparably linked. Those owning a large part of the company’s capital will be personally liable without limits. Those limiting themselves to small shares will only be personally liable in case of large damages to society (e.g. ecologic damages, human rights). Under these conditions there is a strong tendency to stop investments in enterprises which work with fossil, nuclear or industrial agricultural productions technologies.

Thus, the consequence of microcapitalism is the end of compulsory growth. By enabling all citizens to make market decisions about growth, shrinking, and stagnation, the system as a whole will grow, stagnate, or shrink without losing its stability.

In microcapitalism, individuals decide based on a so-called peer-to-peer-economy. This is the basic condition for a systemic error-friendliness. We should therefore be interested in finding a system that is structurally capable of recognizing the risks of shrinking and destruction and is able to deal with failure and mistakes. This is only possible in a system that offers to a large number of subject’s lots of
opportunities to make decisions, to do business, and that gives feedback — a system that has been individualized to a maximum.

The transition to a microcapitalistic economy

1. Corporate capitalism will vanish as soon as the state withdraws his legal protection.

2. A deconcentration tax could be introduced step by step. The aim would be to skim cash-flow in relation to company size, until large-scale corporations lose their political, economic and ecological power by shrinking or splitting. As the deconcentration tax prevents large firms from making a return on capital, citizens would be induced to invest the capital in smaller companies. Consequently, each individual’s interest in profit maximization would lead to a constant trend of deconcentration.

Microcapitalism enables and requires – only apparently paradoxical – microsocialism.

It is not only the radical individualization that is necessary to break the compulsion to growth, but also the deprivatization of the monetary system. The private banks’ privilege to produce money is also a motor of the compulsion to growth.

There is a step by step solution: The reserve ratio for lending operations has to be gradually increased up to 100 percent. At the same time, the national central banks’ liberty to arbitrarily produce money should be stopped. The central banks production of money has to be bound by rules of economic and ecological sustainability.

Equality of power and the power of equality: the basis for an architecture of civilization
This proposal for an egalitarian market economy without growth compulsion is one example for an „architecture of civilization“. For thousands of years, man has built huts and caves – without any conscious and systematic architecture. Until now, it is similar with civilization that evolved thousands of years with progresses and throwbacks without having a collective awareness of its formation and development conditions. But it is necessary to develop awareness for civilization: The existing capitalism changes constantly the conditions for a civilization process by releasing significant energies under half-aware conditions. As a result of this development there is a risk that our society will irreversibly destroy the basis of civilization. This is because the extreme concentration of capital itself changes the basic requirements of natural and cultural evolution, e.g. via destruction of biodiversity. The political change from blind oligopolistic capitalism to a reflected microcapitalism is an element of civilization architecture. “The architecture of civilization“ means the planning, the construction and the maintenance of an ecological, economic and social space that is needed by the civilization process to progress at all.

Walter Oswalt, 14.03.2014

Walter Eucken Archiv

Dr. Walter Oswalt

Holzhecke 27

60528 Frankfurt

oswalt@eucken.org