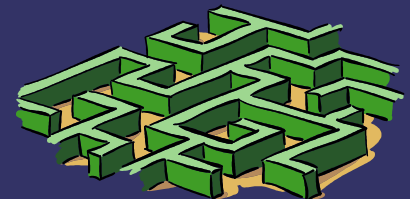


The Economic Policy of Crowding out Capitalism

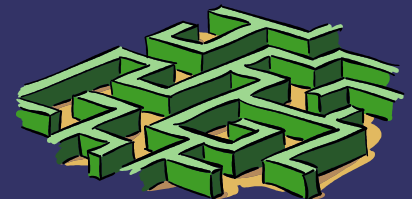
Klaus Hagendorf

<http://eurodos.free.fr/cocnet>



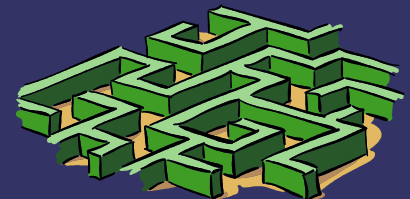
Economic Policy Objectives

- ⇒ Full Employment
- ⇒ Price Stability
- ⇒ Balanced Foreign Trade
- ⇒ Fair Distribution



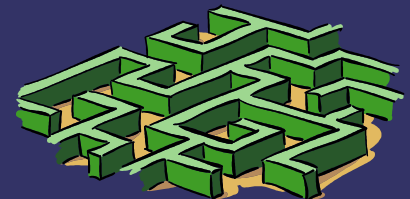
Economic Institutions

- ⇒ Ministry of Economics
 - Planning Committee
 - Public Investment Funds
- ⇒ Ministry of Finance
- ⇒ Central Bank
- ⇒ Enterprises
 - Private
 - Public
 - Co-operatives
- ⇒ Trade Unions / Employers Associations
- ⇒ **Collective Investment Funds**
 - **Wage-Earner Investment Funds**
Controlled by Trade Unions / Public Governance



Economic Policy Instruments

- ➔ Regulation of Economic Activity
 - Determination of compulsory savings rates
 - Investment planning
- ➔ Control of the Price Level
 - Determination of the interest rate
 - Control of the money supply
- ➔ Incomes Policies
 - Fiscal policies
 - Wage negotiations
- ➔ Co-Determination of Enterprise Managements



Control of the Economy

Ministry of Economics



- Economic Planning
- Compulsory Savings Rate
- Control of Level of Investment

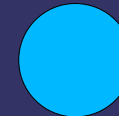
Central Bank



- Monetary Policies
- Interest Rates
- Money Supply
- Exchange Rate



Ministry of Finance

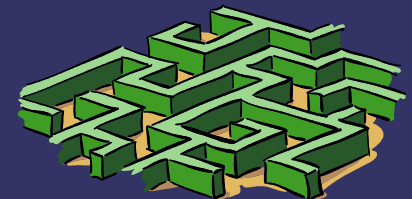


- Government Budget
- Incomes Policies
- Income/Wealth Taxes

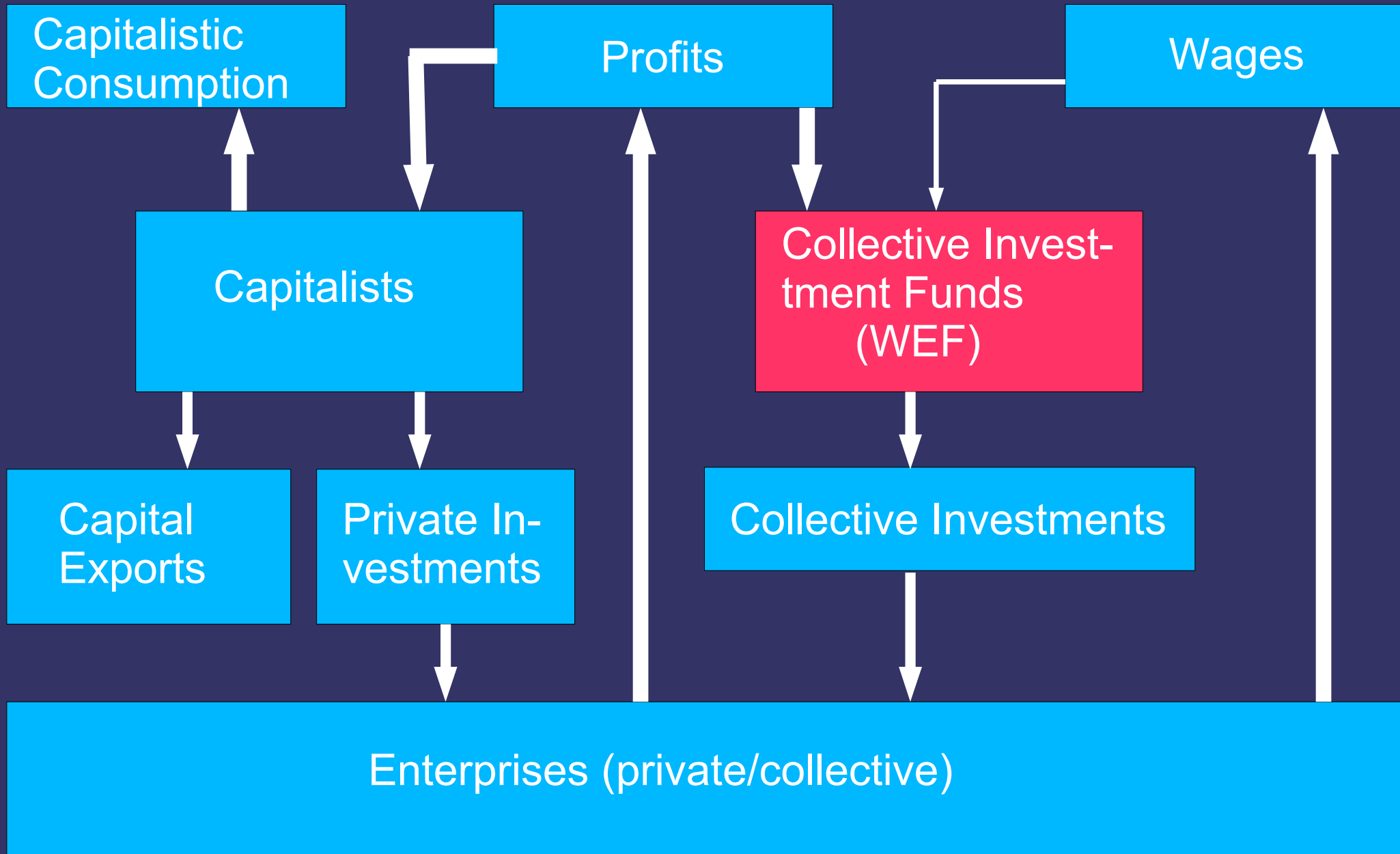
Enterprises
Trade Unions



- Wage Negotiations
- Management of the Companies



The Finance of Investments with Collective Investment Funds



Collective Capital Formation vs. Capitalistic Accumulation

Characteristics	Collective Capital Formation	Capitalistic Accumulation of Capital
Socio-economic Form of Accumulation	Collective Accumulation of Capital (Wage-Earners Investment Funds)	Private Capitalistic Accumulation
Objective of Capital Accumulation	<ul style="list-style-type: none">- Increase of Labour Productivity-Augmentation of Production- Guarantee of Full Employment	<ul style="list-style-type: none">- Profits (Increase of Private Wealth)– Exploitation of Labour
Source of Accumulation and Appropriation	Surplus Value is Socialized by Society	Surplus Value is Appropriated by the Capitalists
Character of Accumulation	Accumulation is Organized in a Plan to Guarantee Full-Employment	Accumulation is Anarchistic or Organized by the Finance Capitalists
Social Effects of Accumulation	Increase of the Standards of Live of the People	Capitalistic Crisis, Unemployment, Exploitation, War



The Economic Policy of Crowding out Capitalism

- ⇒ Ends the ultimate control of capitalists over society - their supply of capital is the ultima ratio of capitalism - by organising the **Collective Supply of Capital.**
- ⇒ Is the realization of economic democracy
- ⇒ Establishes the full respect of all the Human Rights as expressed in the Universal Declaration of Human Rights by the United Nations by guaranteeing full employment.

