Preface

This book is on roads to a kind of capitalism which eventually can be considered ‘social’ in nature. It approaches this task from the perspective of theory, evidence and policy from a positive as well as a normative point of view. In the latter case its approach may also be characterised by the triple: ideal, status quo and compromise, where our stress is on ‘ideal’ as the necessary prerequisite for formulating compromises in view of the status quo of actual societies.

The theoretical framework of the book attempts a synthesis of the work of Marx, Keynes and Schumpeter on ruthless capitalism, regulated capitalism and in the case of Schumpeter also competitive socialism. The current crisis in the financialization of capitalism and its repercussions on the viability of whole countries severely questions the achievements of mainstream economics and its disregard of Keynes’s theory of effective demand and finance. Moreover, the neglect of Marx’s work on the conflict between capital and labour in mainstream economics is obvious, while Schumpeter has become part of their story through its theory of economic development. The MKS approach of this book shows however that Marx, Keynes and Schumpeter can be synthesised in fruitful ways, which are yet far from being exhausted.

Applications of this approach will concern work regulations and labour market institutions, demand management problems, banking and financial markets as well as technological innovation processes. We add to this environmental issues accompanying the process of capital accumulation and an investigation of the national fiscal crises in the Southern part of the Euro Area, where we focus on the case of Greece and the – in our view – too restrictive IMF type measures used to consolidate the budget of the Greek government. In the final chapter we use these various aspects of the process of capital accumulation in order to develop our conception of the architecture of ‘Social Capitalism’ where in contrast to most types of socialism we insist on the relevance of the profit-seeking motive for the economic evolution of advanced Western societies. However, this motive is to be incorporated into

a well-designed river bed of social and democratic regulations, since capitalism per se is neither economically viable nor socially responsible as history has shown and continues to show.

A number of professional colleagues, in particular Carl Chiarella, Reiner Franke and Gangolf Groh, have contributed kindly to the present project through stimulating discussions on various aspects of the subject matter of this book. We are also grateful for comments and criticisms we have received from participants at presentations of aspects of the material of this book at international conferences and research seminars. We moreover wish to thank Uwe Köller for his excellent editorial work. Finally we would like to thank Matthew Pitman of Edward Elgar for all he has done to make the publication process go as smoothly as it has.

Bielefeld and Essen, February 6, 2012

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Acknowledgement

Peter Flaschel acknowledges support through an Opus Magnum Research Grant from the Fritz Thyssen/Volkswagen Stiftungen which allowed him to focus exclusively on this and other research projects during the academic year 2007/8.