

# TESS 17 - CAPITALISM<sup>1</sup>

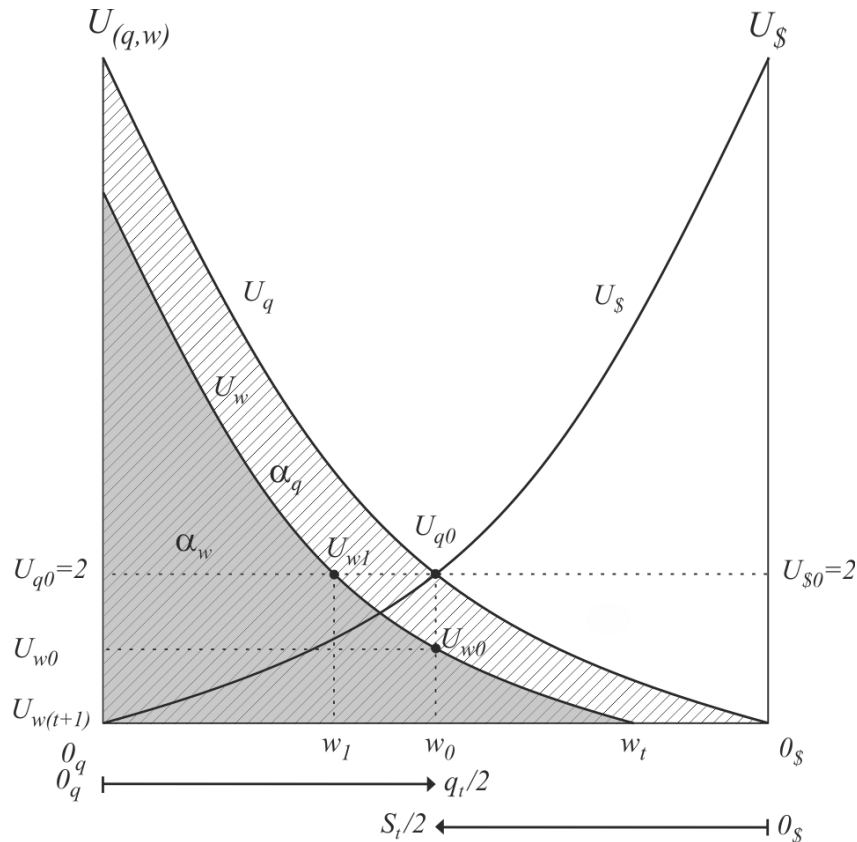
## Definition of capitalism

**Economic system governed by the natural laws of marginal utility:  
decreasing wealth and relative exchange.**

## Analysis of capitalism

The definition of capitalism implies that during its validity human beings generate means of production (capital factor)<sup>2</sup> that allows them to enhance the wealth obtained with the labor factor.<sup>3</sup> Using our closed-box graph,<sup>4</sup> we analyze the “capitalism system”. With  $W_{q,w}$  we indicate the utility generated by the two factors and  $W_w$  with the work:<sup>5</sup>

### Capitalism



<sup>1</sup> It is according to the [Subjective and Solidarity Economic Theory](#) (SSET).

<sup>2</sup> Technology, innovation, knowledge,... everything that implies the generation of wealth of work, as well as the capital that helps to reduce the destruction of wealth.

<sup>3</sup> See *Capital factor* in [Chapter VIII of Subjective and Solidarity Economic Theory](#) (SSET).

<sup>4</sup> Referred to the economic evolution in a determined period (equivalent to the accounting results chart), according to the decreasing marginal behavior of the net marginal utility obtained (generated less destroyed) — see graph: *Neutrality of the unit economic of measure* in the [Subjective-Currency-Accountable Economic Calculation](#).

<sup>5</sup> It is our **Theory of the imputation of utilities**, accord with the Austrian School.

An upward displacement of the production can be seen by adding the capital factor ( $U_{q,w}$ ) to the production obtained with the only contest of work ( $U_w$ ):  $U_{q,w} > U_w$  in the whole period.

For the expository purposes we focus on the behavior of capitalism in the EVOLUTIONARY MEDIUM POINT (EMP),<sup>6</sup> where:

- $U_{q0} = U_{\$0} = 2$ :<sup>7</sup> marginal utility, which arises at the level of the EMP.
- $U_{w0}$ : marginal utility of labor with the capital factor: is less than  $U_{\$0} = 2$ .
- $U_{w1}$ : marginal utility of labor without the factor capital, where  $U_{w1} = U_{\$0} = 2$ .
- $q_t / 2 = \$_t / 2$ : symmetry of quantity.
- $w_0$ : amount of work, with the capital factor.
- $w_1$ : amount of work, without the capital factor, where  $w_1 < w_0$ .
- $v_{q(\$)0} = v_{\$(q)0} = P_{q(\$)0} = P_{\$(q)0} = 1$ : total symmetry of the EMP.
- $\alpha_q$  = Accumulated utility of total wealth: is the area with striped horizontal.
- $\alpha_w$  = Accumulated utility attributable to work, with the capital factor: it is the shaded area.
- $\alpha_{w1}$  = Accumulated utility attributable to work, without capital: it is the shaded area up to  $w_1$ .

So, with capitalism, the EMP tells us:

Marginal utilities	$U_q > U_w$	$U_{\$0} = U_{q0} = U_{w1} = 2$	$U_{\$0} = U_{q0} = 2 > U_{w0}$	$U_{w1} > U_{w0}$	$U_{wt+1} = U_{w+1} = 0$ <sup>8</sup>
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Accumulated utilities ( $\alpha$ )	$\alpha_q > \alpha_w$	$\alpha_{q0} > \alpha_{w0}$	$\alpha_{w0} > \alpha_{w1}$
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Amounts of economic goods ( $q, w, \$$ )	$w_t > w_0 > w_1$	$w_{t1} = w_{t0}$
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Relative values ( $v$ )	$v_{q(\$)0} = v_{\$(q)0} = P_{q(\$)0} = P_{\$(q)0} = 1$	$v_{q(w)0} > v_{w(q)0}$	$v_{w1(w0)} > v_{w0(w1)}$
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**In CAPITALISM, there is no labor SURPLUS VALUE**<sup>9</sup>

**CAPITALISM is the economic system of human nature**

Carlos A. Bondone

<sup>6</sup> See [The Economic Calculation Subjective-Currency-Accountable](#).

<sup>7</sup> It is an essential equality in the study of the *value of wealth relative to itself*.

<sup>8</sup> With or without capitalism, the unit  $w_{t+1}$  will always be  $U_{wt+1} = 0$ . This is the *economic concept of full employment*, with which the *Theory of subjective value* works. What does not generate value is not wealth, just as it has more value to clean with a vacuum cleaner than by hand, although the two tasks generate value, they are “occupied” economic wealth.

<sup>9</sup> **Capitalism generates greater wealth and occupation, without appropriating of the profit earned only with work.**