

Proceedings of the Student Economic Workshop 1989/90

"Can capitalism survive?" was the question that Paul Devereux addressed at the first Student Economic Workshop meeting of the year (Nov 18). Events in Eastern Europe have cast serious doubts over the future of communism, which rather ironically lends more relevance to the speech than Paul could possibly have imagined when delivering it. If communism is to survive only as a historical footnote, the future of capitalism, as the main alternative, is of even greater relevance to us all. Part of the essence of the discussion was that economics and capitalism are inextricably linked. Paul attempted to show this by reviewing the history of the two, showing their side-by-side development. From this it was inferred that should capitalism decline, economics as a science would decline with it. However, this does not give enough credence to economics as an independent entity with a separate capacity to change and adapt to its environment. Economics can and does exist outside capitalist systems.

Even allowing for their independence, economics would have to adapt to the system that would replace capitalism, should it ever decline. As Paul correctly pointed out, the nature of the change would depend on the nature of the system which would replace capitalism. Schumpeter and Galbraith came up with the idea that capitalism would ultimately die of its own success. Continual increases in market concentration would eventually lead to one "super corporation". Whether such a situation would be 'capitalist' is a question to which perhaps, an inadequate emphasis was put in the presentation. Anti-trust legislation should ensure that such a situation will never occur - while, as pointed out, this process of increasing industrial concentration will have serious ramifications for economic theory - especially the fundamental emphasis of profit maximisation. The degree to which the process can continue in the future is questionable.

Green economics forms the basis of the other main reason proposed for the decline of capitalism. The exhaustive nature of our natural resources and the pollution caused by the "take, make, and throw away" industry, it is argued, will force a change of attitudes and a change from the capitalist system. While Paul acknowledged the possibility of nuclear fusion or the utilisation of solar power to solve our resource problems, he failed to acknowledge capitalism's ability to adapt to its new surroundings. Capitalism has gone ozone and environmentally friendly. Industry, will adapt to changes in consumer preferences as public awareness about the environment is heightened - it has no choice. Capitalism will change, as Paul suggested, and economics with it. However, many attributes of capitalism will survive, because their flexibility and success leaves no purpose for their redundancy. Karl Murphy replied to Paul's paper.

The second seminar (Dec 8) was on proposals for a minimum wage. The main paper was by Billy Stamp and Joe Smyth replied. Next was a special seminar on "Measuring Poverty in Ireland" (Jan 25) with Dr Sean Barrett and Dr Paddy Geary of Maynooth being the main speakers. On Feb 2, Philip Lane presented a paper on the macroeconomic implications of the 1990 budget. The Rational Expectations Hypothesis was the subject of debate between Tony Annett (opposing) and Paul O'Connell (proposing) on Feb 14. The papers by Billy Stamp, Philip Lane and Tony Annett may be found elsewhere in the Review. Forthcoming seminars include a presentation on the implications of German unity by Joe Smyth.

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