

RE-CAPITALISM

**“Marx read his Darwin but he got it wrong—
capitalism doesn’t self-destruct, it adapts.”**

--Tom Stoppard, *Arcadia*

Capitalism is not immutable—it’s changed before (remember industrialization?) and will again.



Darwin wrote about the finches of the Galapagos Islands, observing that the shapes of their beaks changed depending on the form of the flowers they had to fit into to get their food. Think of businesses as the individuals of the capitalist species. **The shapes of companies will evolve as the world changes around them.**

What changes? Two big ones: **the world’s growth will no longer come from the high-income economies** (they consume 77% of world GDP today—only 32% by 2050.) Second, just as industrial technology shaped the society of the United States’ in the 20th Century, **information technology will be the basis**



of the emerging economies in the 21st. Like finches, businesses will change their shapes to make their living in this new low income, high growth, globally connected, digital-native environment.



How? They will learn to price and market goods whose marginal cost is zero. They will learn to profit from giving value away. They will assume responsibility for the newly measurable “externalities” they impose on their societies. They will collaborate more and often choose collaboration over competition.

If you live or operate in the developed world, you’ve got a problem—**you have a lot to unlearn, and no short term incentive to do it. But better not ignore the competitor with the strange-looking beak.**

