

The MODCAP model of a modern capitalist economy

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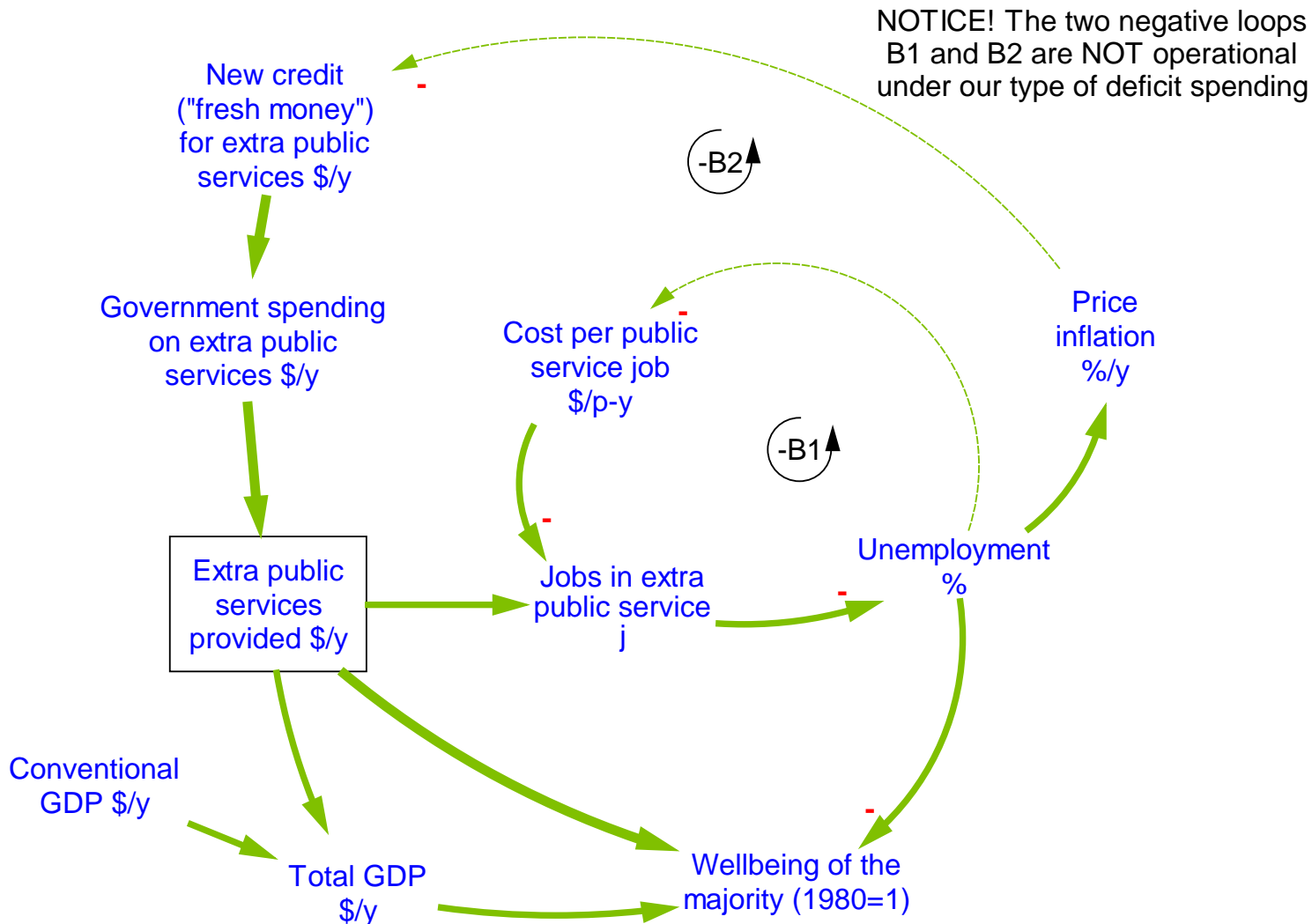
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Problem Statement

- Can a sovereign government increase the wellbeing of its citizens by “printing fresh money”?
That is, by allowing the central bank to give loans to the parliament that are never to be paid back, and are to be used to pay unemployed people to produce a public service?
For example a cleaner environment?
- Is this type of deficit spending sustainable?
- Can it be used to increase the output of public services that are un-profitable from a business perspective, but still benefit a majority?

Approach or Dynamic Hypothesis

- We are building the MODCAP SD-model of a modern capitalist economy. It includes 14 socioeconomic processes, including the one below.



- Our model – including both the real and the financial economy, and the limitations of the planet – is approaching completion, after several man-years of modelling work.
- Our model will demonstrate under what conditions “deficit spending” can be used to produce a lasting increase in the wellbeing of a majority of the population.
- We surmise that China uses “deficit spending” to pay for its current air-pollution clean-up. And that China used “deficit spending” to drive its phenomenal 16-doubling of GDP from 1978. China makes credit available via state banks for the priority projects in China’s 5 year plans – with no real obligation for state banks to repay.