

Section 4. Secondary dynamics and the deficient-productive-spending-syndrome

The deficient-productive-spending-syndrome, as we said, does not deny the existence of impressive massive regional, periodical, or sectoral growth and employment in the past, presence and future of capitalism. It does also not claim exclusivity for explaining the non-closure of circuits or of cyclical or structural movements or turbulences in employment-generating spending. Other theories of growth, decay, cycles or ruptures may, rather, be compatible with it. E.g., the deficient-productive-spending-syndrome does not deny that, in addition to its deep-seated effects, a lack of proper foresight, of communication and of joint planning, may conjointly lead to sectoral, regional or temporal overproduction, which will have to cyclically unload. Equally may discoveries, changes in technology, customer preferences, products or supply or distribution channels induce entrepreneurs to invest more or less in certain sectors, regions or at certain times the productive economy (as *Schumpeter* emphasized in his theory of economic development and of business cycles); this may well ignite significant sectoral, regional or temporal booms, which end in specific slumps. Demographic factors changing consumption and, thus, spending patterns, may be a factor, too. An important stream in economics uses the growth of volumes of available money, by discoveries or import of gold and silver, or other private or state fiat money creation, and consequentially abundant money and easy credit, as an explanation for growing investment in the productive economy and the shrinking of the volume of money, and the consequential restriction of credit as an explanation for depressions.⁴¹ The deficient-productive-spending-syndrome does not deny such connections and is, accordingly, compatible with many theories of cyclical behavior and structural changes of the economy, including with *Minsky's* observation that consumers and firms will restrict spending to reduce their debt level after the bursting of bubbles following periods of expansive debt build-up, etc.⁴² Most certainly, the deficient-productive-spending-syndrome also does not deny the relevance of exogenous shocks from nature (climate changes, flooding, diseases, differences in harvests, pandemics, etc.) or politics (wars, civil wars, expropriations, taxation, etc.).

Nevertheless, the deficient-productive-spending-syndrome does indeed claim to rule at a deeper level underneath these additional cyclical or structural movements and it also does claim to be more fundamental than they, like a powerful and ubiquitous “undercurrent” under regional, temporal, or sectoral “overcurrents”. The de-

41 See, e.g., *Fisher* (1933) page 337. In this book, we already partially regard rendering additional money available via credit or money creation as a prosthetic reaction to the deficient-productive-spending-syndrome.

42 *Richard Koo* applied this theory to Japan. See *Koo* (2009) page 39 et seq

efficient-productive-spending-syndrome is, thus, the sad “grand” narrative of capitalism, whose ultimate appearance at the surface will be shaped by many short-term and transitory, nice or particularly bad “overcurrents”. The economy of the day is always a conjunction of both, a generally depression-inclined trend and of more or less happy interim-episodes.