

Today's hidebound capitalism is throttling not just the West's economic growth, but even the aspirations of its people. If dynamism is to be regained, argues this thought-provoking book, we must reject the rentier capitalism that masquerades as the real thing. This argument for a more dynamic market economy is not just challenging; it is also of huge importance.

— Martin Wolf, *Financial Times*

Economic stagnation afflicts the developed world, and the puzzle of slow productivity growth is the leading economic question of our age. Erixon and Weigel have developed a profoundly original and multifaceted explanation rooted in the dead weight of corporate bureaucracy, with its striving for short-term profits and avoidance of risk, as well as government-created regulatory complexity and policy uncertainty. The book is concise, lively, full of examples, and deeply researched from sources that span economics and management science.

— Robert J. Gordon, Northwestern University, author of *The Rise and Fall of American Growth*

I don't know!

West is addicted to a culture of predictability, certainty and control

Innovation is creative destruction

Space for economic experimentation,
entrepreneurship, and dynamics of fast adaptation

The economic power of innovation is that it forces
business, investors, labour and governments to
change for the better



Big innovation is all about allowing uncertainty, unpredictability
and contestability

What happened with capitalism?

What happened with Western aspirations

Less space for contestable competition and innovation

Input



Output

The Four Horsemen of Capitalism Stagnation

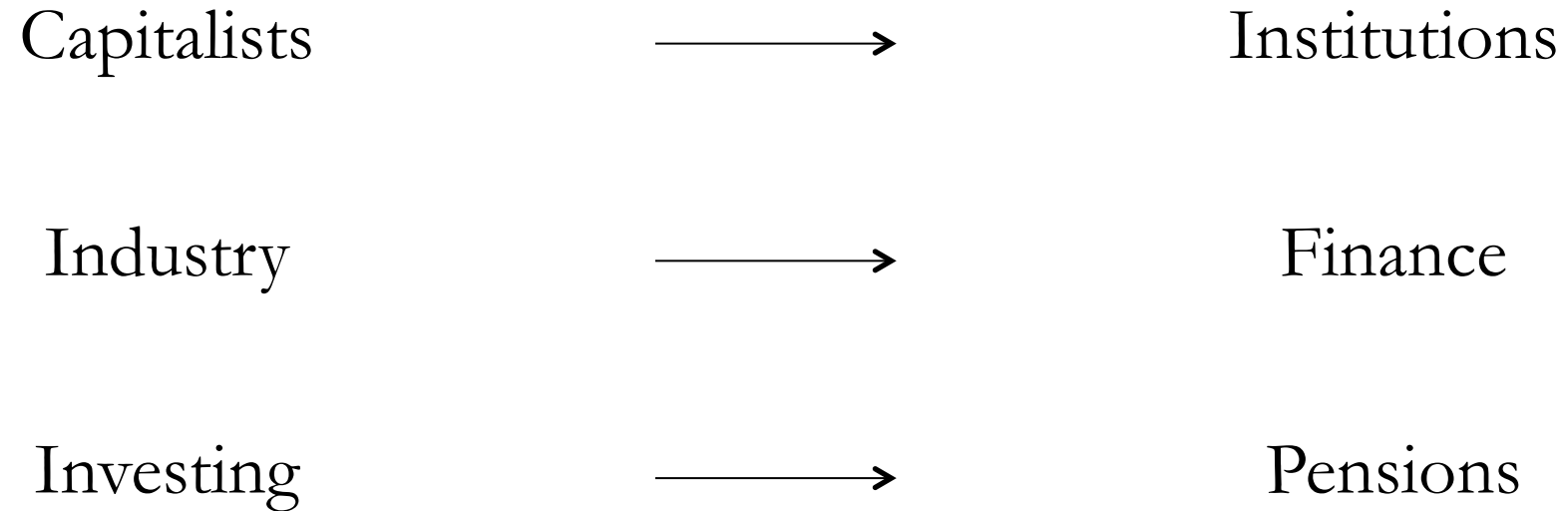
Grey Corporate Ownership

Globalisation

Modern Regulations

Corporate Managerialism

A system for ownership that changed...



...and made capitalism hidebound

Complex by design

Rentier allocation of resources

Crowds out innovation

Globalisation has been great...

But...

Market concentration has increased

Big companies have become more powerful

Reallocation of resources to protect ownership advantages and market positions – raising barriers to entry

And...

Specialisation can become a sunk cost – difficult to destroy

Responding to a complex world with complex regulations

Modern regulatory trends

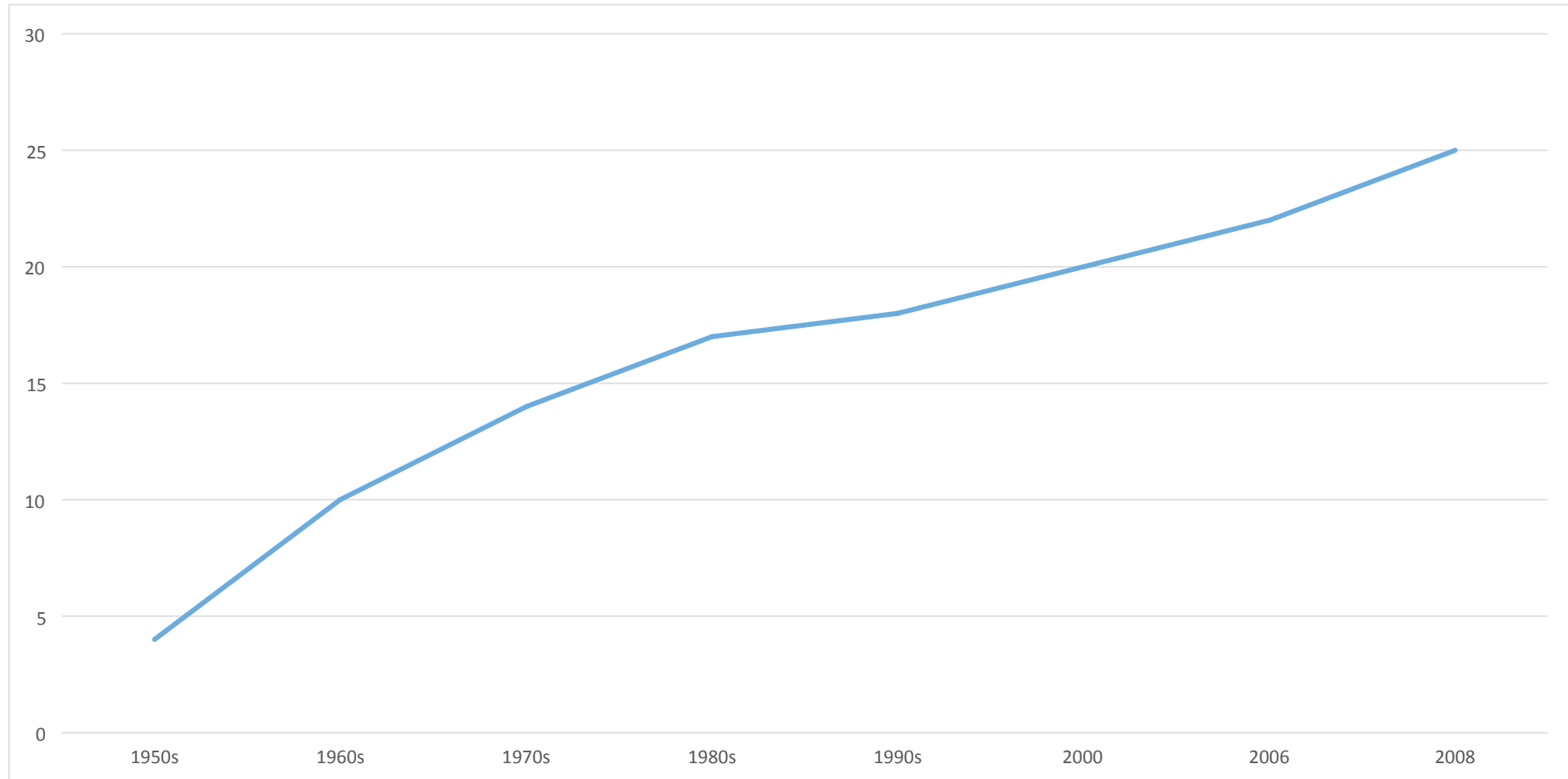
Economic regulation on the rise

Non economic regulation on the rise

Regulators distancing themselves

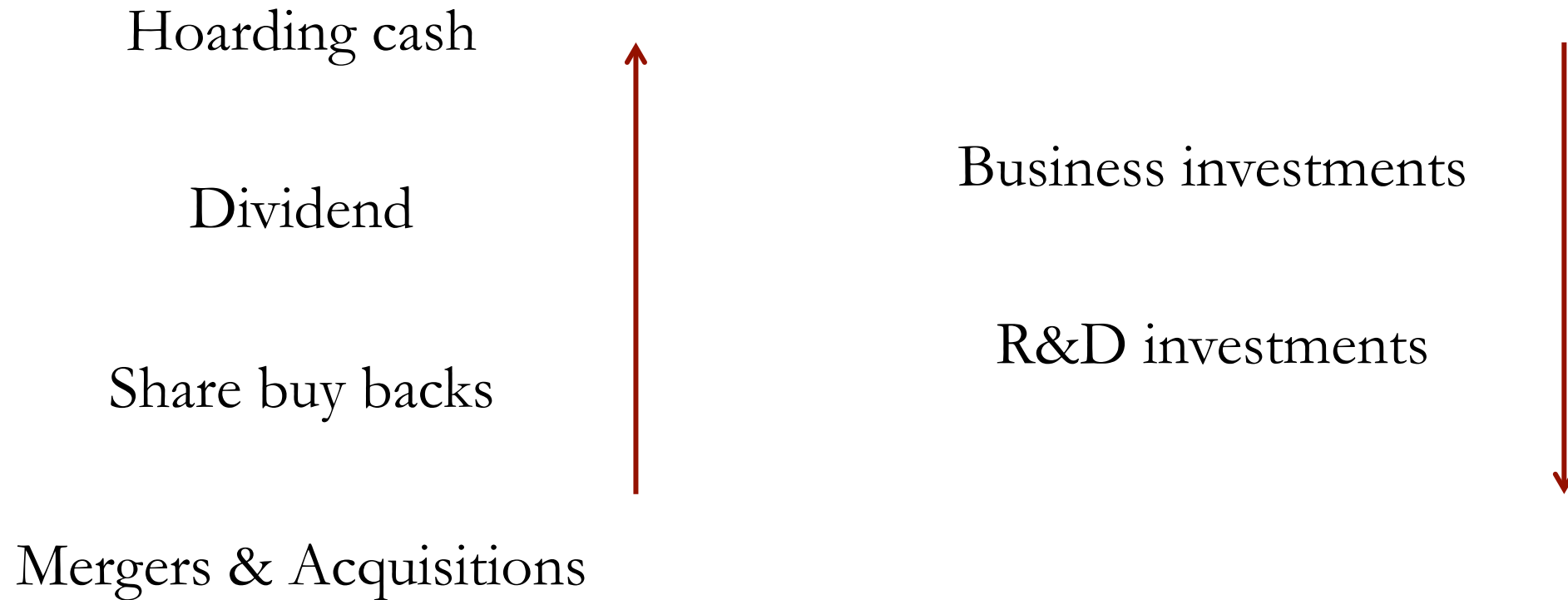
Share of workers, US, with a state occupational license

% of workforce

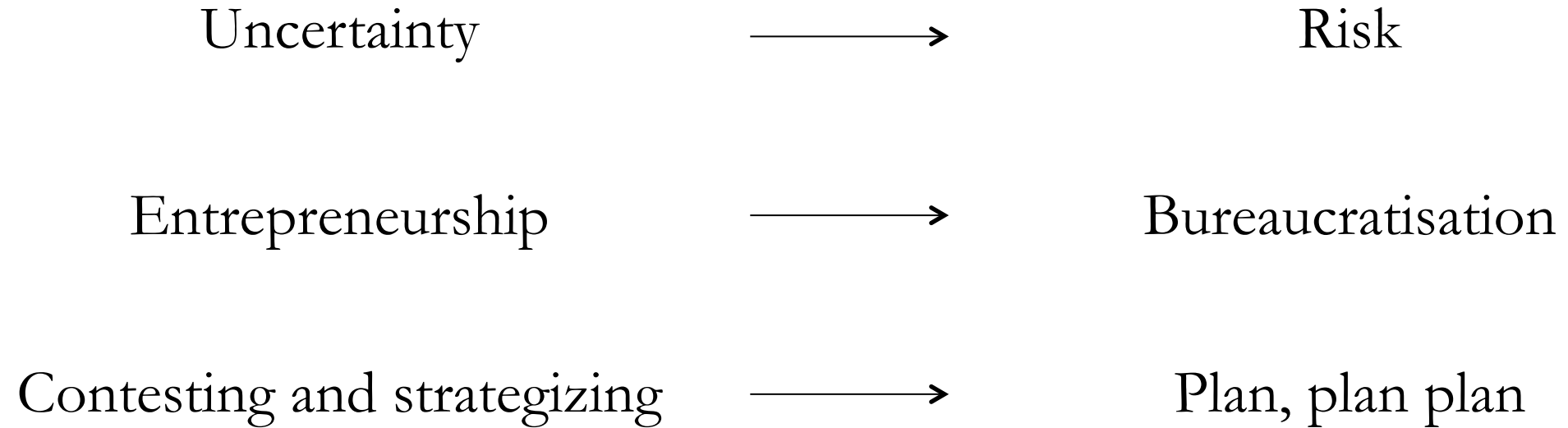


Productivity growth is a reflection of company decisions

... and western companies are playing defense



Corporateville, a planning machine



Custodian culture of corporate managerialism

