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The MetaCapitalism Quest

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Abstract

The purpose of accounting information is to provide decision makers with the means to evaluate the efficient allocation of resources. The accounting models of measurement are driven by a worldview that privileges the efficient allocation of resources, which is justified by the scientific claims of objectivity inherent in the theory of evolution. This had provided the defenders of 'laissez-faire' Capitalism with the intellectual foundations to oppose state interference with market forces, in their pursuit to justify the efficiency imperative. The recent global economic upheaval of corporate collapses, like Enron's, could not have been averted regardless of the dismal failure of its Accountants, Arthur Andersen - if MetaCapitalism had not been implemented to such an extent. MetaCapitalism promised untold wealth and unprecedented growth, and under that guise a predatory Darwinistic corporate strategy was implemented, whose underlying principles predated the tribulations of those collapses. At its core, it advocates a radical or extreme outsourcing and downsizing of human capital, de-capitalisation of all non-core capital assets and the diminished role of the State in the global free market economy. It has the propensity to convey negative signals to the market as reflected in share price, contribute to an adverse profit performance, risk creating a state of 'corporate anorexia,' undermine the role of the individual in the workplace and completely err in its analysis of value added communities and B2B technology. Yet the most disturbing aspect is its complete and total disregard for even the slightest social or public policy implications. Essentially then, its most salient danger is an unmistakable endorsement of a fundamentalist brand of value free, reckless capitalism that is ultimately detrimental not only to the long-term business interest, but human as well. This paper offers a critique of MetaCapitalism, as an efficiency imperative for organizations, given that economic values have been given overriding priority in public discourse, at the expense of social and cultural values.

Keywords

metacapitalism, efficiency, fortune 100

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ABSTRACT

The purpose of accounting information is to provide decision makers with the means to evaluate the efficient allocation of resources. The accounting models of measurement are driven by a worldview that privileges the efficient allocation of resources, which is justified by the scientific claims of objectivity inherent in the theory of evolution. This had provided the defenders of 'laissez-faire' Capitalism with the intellectual foundations to oppose state interference with market forces, in their pursuit to justify the efficiency imperative. The recent global economic upheaval of corporate collapses, like Enron's, could not have been averted regardless of the dismal failure of its Accountants, Arthur Andersen - if MetaCapitalism had not been implemented to such an extent. MetaCapitalism promised *untold wealth* and *unprecedented growth*, and under that guise a predatory Darwinistic corporate strategy was implemented, whose underlying principles predated the tribulations of those collapses. At its core, it advocates a radical or extreme outsourcing and downsizing of human capital, de-capitalisation of all non-core capital assets and the diminished role of the State in the global free market economy. It has the propensity to convey negative signals to the market as reflected in share price, contribute to an adverse profit performance, risk creating a state of 'corporate anorexia,' undermine the role of the individual in the workplace and completely err in its analysis of value added communities and B2B technology. Yet the most disturbing aspect is its complete and total disregard for even the slightest social or public policy implications. Essentially then, its most salient danger is an unmistakable endorsement of a fundamentalist brand of value free, reckless capitalism that is ultimately detrimental not only to the long-term business interest, but human as well. This paper offers a critique of MetaCapitalism, as an efficiency imperative for organizations, given that economic values have been given overriding priority in public discourse, at the expense of social and cultural values.

INTRODUCTION

"A worldwide earthquake is shaking the foundations of traditional economic and business thinking generating a tidal wave of economic growth and prosperity."

And thus begins the MetaCapitalist bible by its authors, Grady Means and David Schneider, generating an instant magnetism and spell upon its readers. MetaCapitalism (Means and Schneider, 2000) was coined by PricewaterhouseCoopers Global, and may be considered a generic form of contemporary corporate change strategies. Essentially, it espouses a radical transformation of existing corporate structures, characterized by the creation and maintenance of large bases of physical and human capital, to the MetaCapitalist firm – scarcely capitalised, brand focused, highly flexible, devoted to customer satisfaction, and driven by the internet and e-networks. These features rely on the creation of Value Added Communities (VAC's), or in other words, on-line exchanges or networks, whereby the MetaCapitalist firms form networks and alliances with other companies that focus on key parts of the supply and demand chain. These VAC's are supported and driven by the Internet and e-markets, through the Business-to-Business (B2B) revolution, which then also leverages and diffuses the financial, human, intellectual, technological and brand capital in ways designed to drive new growth and add economic value and wealth.

At its core though, MetaCapitalism is not a novel concept – downsizing, decapitalisation and a quest for efficiency have been policies practiced by corporations for many years. The strategy does however develop its revolutionary character largely as a result of the innovatory effect of the Internet and e-market technology, the radical and fundamentalist nature of its recommendations, and utter disregard for any social or public policy implications. Additionally, perhaps no other strategy as this one is more confident (or arrogant) in its impending success. This is best demonstrated in the authors' salvationary promises of 'untold riches' and wealth, such as "the period 2000-2002 will represent the single greatest change in worldwide economic and business conditions ever," (Michaels, 2000) where global capital markets will increase from $20trillion to $200trillion in less than

10 years, while the Dow Jones will rise to 100,000 points (Means and Schneider, 2000). How can you go wrong then one has to ask? At first glance MetaCapitalism appears perfect, even flawless. Indeed the promise of financial salvation seems irresistible and seductive, and all but guaranteed. Yet upon closer examination, one comes to the sobering realisation that not only is MetaCapitalism inherently and fundamentally flawed, but it was doomed to fail from the outset.

Firms such as Cisco, Ford, General Electric and Dell, amongst many others, touted as MetaCapitalist leaders, have in fact experienced significant decreases in overall market value, as represented in their share price – a key measure of MetaCapitalist performance according to its authors. Many firms have also since collapsed, been acquired, or fallen out of the Fortune 100 rankings. Additionally, global capital markets, and the broader economy, let alone the United States, have not experienced the "exponential accumulation of mass," as promised by Means and Schneider (2000). Rather, markets have remained stagnant, with many in fact displaying signs of negative growth and recession, only now beginning to rise from the fall-out of the recent Wall Street 'techno-bubble' and September 11th attacks. The question that begs an answer, and is at the heart of this paper then is: has MetaCapitalism been responsible for this failure? And if so, what are some of the underlying reasons, and broader implications of such failure.

METHODOLOGY

In attempting to answer this question, it became necessary first to provide an accurate determination of the extent to which a particular firm has MetaCapitalised, bearing in mind the need to reduce MetaCapitalism into an index measurable in financial terms. Therefore, it was decided to measure a firm's level of MetaCapitalisation by calculating its composite change value over time, based on:

Net Working Capital/Total Assets (TA) + Plant Property and Equipment/TA + Number of Employees/TA

This equation, and in particular the corresponding ratios, were taken to indicate the level of MetaCapitalisation because they precisely represent the main tenets of the strategy – *decapitalisation* (ie: Net Working Capital or NWC), selling of physical assets (Plant Property and Equipment or PPE), and reduction in the number of employees through *downsizing* and *outsourcing* (Number of Employees or NOE). Total Assets was used as a common measuring base to provide a greater balance to the findings, allow for a measurable level of comparison and insight on the overall structure and level of total assets in comparison to the assets NWC and PPE. It was then possible to categorise the firms into groups in the order of the largest negative change in value of their MetaCapitalisation downwards. This would allow making an observation or comparison as to: (a) The performance of those firms most aggressive in their implementation of MetaCapitalism; (b) Whether firms with comparable levels of MetaCapitalisation had similar tendencies; and (c) How opposite extreme sides of the MetaCapitalisation equation compared against each other.

The evaluation was limited to those companies in the Fortune 100, because they (all of which are publicly listed) are amongst the largest, most powerful and highest grossing companies in the United States, and indeed in the world as well. These companies are also seen as leaders in their respective fields, and indeed this is reflective in the authors' decision to base their 'MetaCapitalist leaders' from the list of these companies, which included: Cisco, General Motors, Ford, Honeywell International, General Electric, Chase Manhattan Bank, Dell, Sony, Dupont and UPS. Although, share performance was consistently claimed by Means and Schneider (2000) to be the main indicator of MetaCapitalist success, and indeed the main means upon which an earlier study (Mickhail et al., 2002) based its findings, there was a need for providing additional, complimentary and substantive basis for evaluation.

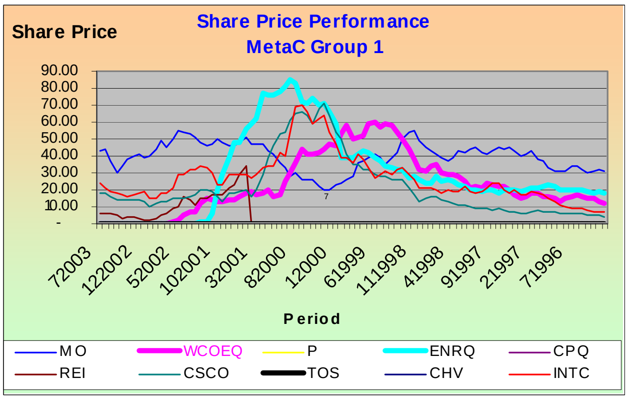
Therefore, it was decided not to focus too narrowly on the share price as an indicator of performance through such a purely 'finance' or 'market' study point of view. Rather, inspired by George Soros's theory of 'reflexivity', and that basically markets alone do not explain such changes, raising an awareness of the broader limitations of neo-liberalism, historical processes and market capitalism, the approach was taken to conduct an analysis from a broad macroeconomic point of view, taking into account a combination of accounting information, socio-economic and managerial science analysis, to consider not just share performance, but the effect on net income, accounting ratios, change in Fortune 100 rankings, and in particular various social and public policy implications as well.

EMPIRICAL ANALYSIS

The Fortune 100 corporations were grouped into 11 groups of comparable MetaCapitalisation change levels for the period 1998 to 2003, and their share price performance was analysed for any correlation between their MetaCapitalisation change levels and share performance in what follows.

Group 1

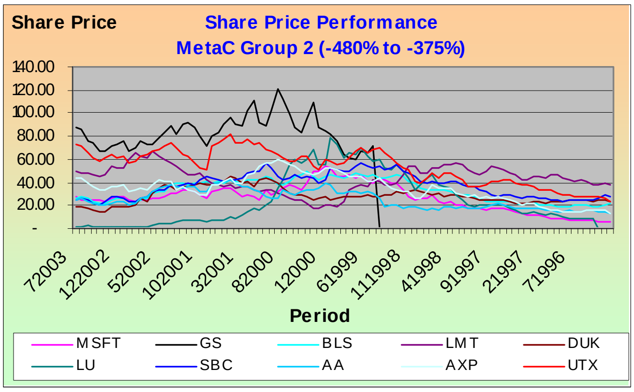
Firm	MetaC Level	Firm	MetaC Level
Philip Morris	- 3087.22%	Reliant Energy	- 702.85%
WorldCom	- 1356.95%	Cisco Systems	- 651.54%
Phillips Petroleum	-913.37%	Tosco	- 601.36%
Enron	-868.92%	Chevron	- 585.65%
Compaq Computer	-838.58%	Intel	- 548.62%



The share price for Group 1 clearly reveals a steady rise in share price for all firms beginning in 1996, generally peaking during the period beginning in 2000, taking into account the 'dot.com' market boom. However, subsequent to this period, all firms have revealed a sharp decline. In particular, WorldCom and Enron have collapsed, while Compaq and Tosco have been acquired by other firms. Although Phillip Morris has stabilised its price, the remaining firms - Reliant, Cisco, Intel, Chevron and Phillips Petroleum, have been unable to sustain their high performance, and have fallen 83%, 75% and 66% from their peaks in May 2001, March 2000 and July 2000, respectively.

Group 2

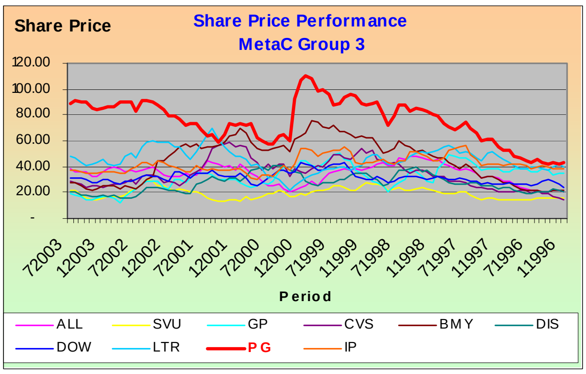
Firm	MetaC Level	Firm	MetaC Level
Microsoft	- 480.37%	Lucent	- 424.56%
Goldman Sachs	- 463.20%	SBC	- 383.61%
BellSouth	- 454.23%	Alcoa	- 380.92%
Lockheed Martin	- 445.91%	American Express	- 376.99%
Duke Energy	- 443.25%	United Tech.	- 374.87%



The second group noticeably does not even exhibit the expected short-term gains in their share price, with perhaps the exception of Goldman Sachs, although it has since begun to see its share price fall and experience excessive fluctuations. The remaining firms have displayed a steady performance from 1996 until a peak or halt between the middle of 1999 to early 2000, at which all, with the exception of UTX have begun to witness a gradual decline.

Group 3

Firm	MetaC Level	Firm	MetaC Level
Allstate	- 374.26%	Walt Disney	- 327.13%
Supervalu	- 368.97%	Dow Chemical	- 326.30%
Georgia-Pacific	- 352.80%	Loews	- 324.47%
CVS	- 350.47%	Procter & Gamble	- 323.92%
Bristol-Myers Squibb	- 331.71%	International Paper	- 318.72%

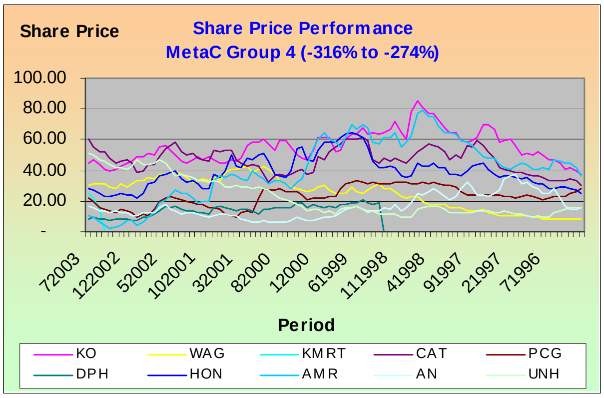


The third MetaCapitalist group has displayed relatively similar results to the second group above; namely a steady performance from 1996 until a peak in the middle of 1999, at which point all have begun to witness a gradual decline. Of particular interest though is Proctor and Gamble's performance, highlighted in red. One can

see that it peaked about middle to end of 1999 at about $110. However, while in 1999 the firm had a positive MetaCapitalisation level of 60%, the following year, at which point its share price had begun to fall, the company had a negative 191% MetaCapitalistion level, perhaps indicating that this 251% turnaround may have been a contributing factor.

Group 4

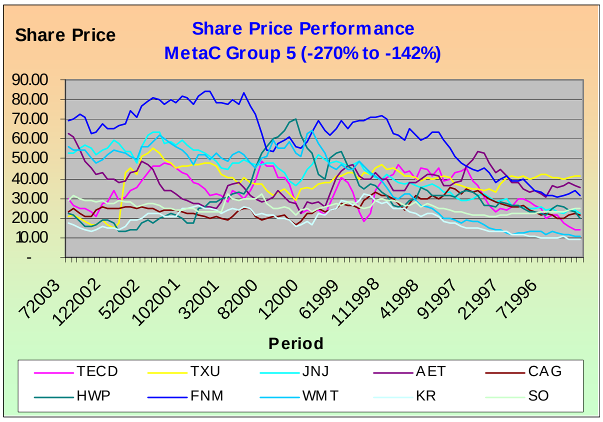
Firm	MetaC Level	Firm	MetaC Level
Coca-Cola	-315.89%	Delphi	-294.59%
Walgreen	-314.04%	Honeywell	-288.31%
Kmart	-313.04%	AMR	-285.92%
Caterpillar	-309.99%	AutoNation	-275.89%
PG&E Corp.	-298.93%	UnitedHealth Group	-274.27%



Firms in group 4 have revealed a general rise in share prices until a peak in between the end of 1998 to middle 1999. With the exception of Kmart, which has since collapsed, the remainder of firms' share prices have been while relatively stable at best, have though perhaps displayed a general decline since their peaks.

Group 5

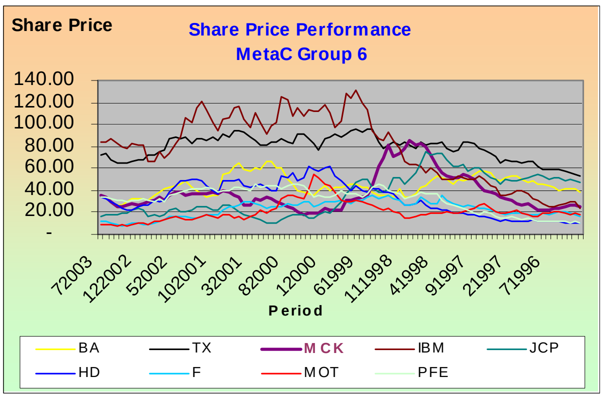
Firm	MetaC Level	Firm	MetaC Level
Tech Data	-269.63%	Hewlett-Packard	-199.03%
TXU	-236.19%	Fannie Mae	-175.91%
Johnson & Johnson	-221.98%	Wal-Mart Stores	-163.75%
Aetna	-218.37%	Kroger	-144.49%
ConAgra	-201.64%	Southern	-142.14%



Firms in group 5 have all displayed stability in a steady rise in share performance from 1996 until a general peak around early to middle 2000, with most have since begun to experience gradual declines. With the exception of Fannie May, which has been a relatively good performer, this group is perhaps most characterized by its excessive fluctuations, with many firms experiencing cycles of sharp falls and rises. Again, one should note the performance of TXU, highlighted in yellow. After reaching a peak in early 2002 of about $55, the firm then exhibited a very sharp fall. Interestingly though, this did coincide with a dramatic change in its level of MetaCapitalisation from –32.61% in 2000 to –200% in 2001, once again perhaps suggesting this 168% turnaround may have been a contributing factor.

Group 6

Firm	MetaC Level	Firm	MetaC Level
AT&T	-139.10%	J.C. Penney	-91.68%
Boeing	-138.23%	Home Depot	-87.64%
Texaco	-123.80%	Ford Motor	-53.95%
McKesson HBOC	-110.46%	Motorola	-53.73%
IBM	-106.32%	Pfizer	-48.36%

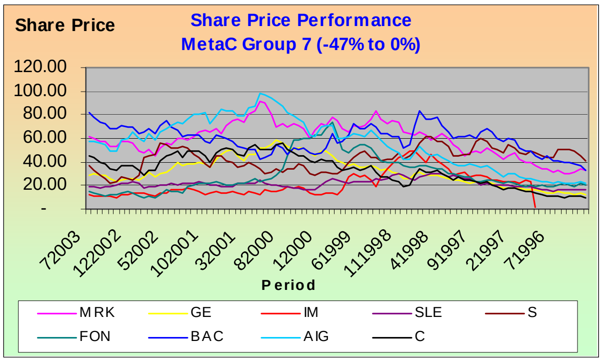


In line with the performance of other groups, firms in group 6 have also shown a tendency to be unable to

maintain any short-term gains. With most firms peaking around the beginning of 2000, all have since suffered steady declines. Of particular interests though may be the performance of McKesson HBOC, highlighted in purple. After peaking at $80 in early 1999, McKesson immediately suffered a sharp fall. This coincided with a change in the firm's MetaCapitalisation level from –13% in 1998 to –96% in 1999.

Group 7

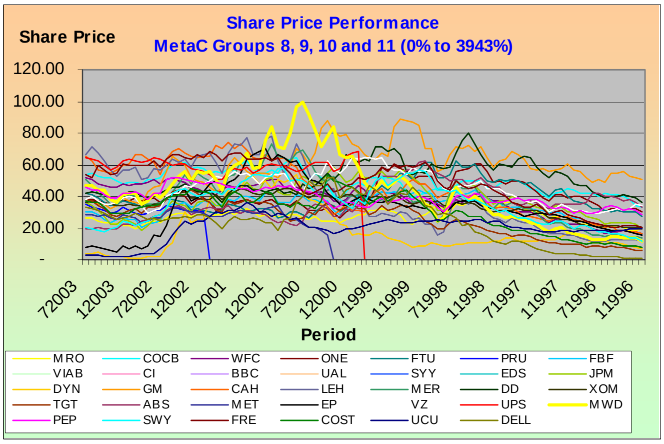
Firm	MetaC Level	Firm	MetaC Level
Merck	-46.64%	Sprint	-18.74%
General Electric	-41.57%	Bank of America Corp.	-14.40%
Ingram Micro	-39.91%	American Int. Group	-2.38%
Sara Lee	-37.57%	Citigroup	0.00%
Sears Roebuck	-31.67%		



This group has displayed the most stable and positive performance of all the MetaCapitalist groups. While most firms generally experienced a rise in their share performance from 1996 until approximately the middle of 1998, since that period, most firms have remained relatively stable, with minimal fluctuations and perhaps only a slight decrease in performance.

Groups 8, 9, 10 and 11

Firm	MetaC Level	Firm	MetaC Level	Firm	MetaC Level
TIAA-CREF	0.00%	Sysco	0.00%	MetLife	207.02%
USX	0.00%	Electronic Data Systems	0.00%	El Paso Corp.	233.47%
Conoco	0.00%	J.P. Morgan Chase	8.08%	Verizon	280.74%
Wells Fargo	0.00%	Dynegy	11.02%	UPS	379.68%
Bank One Corp.	0.00%	General Motors	18.01%	Morgan Stanley Dean Witter	782.18%
First Union Corp.	0.00%	Cardinal Health	21.56%	PepsiCo	1874.42%
Prudential	0.00%	Lehman Brothers Holdings	23.92%	Safeway	2093.12%
FleetBoston	0.00%	Merrill Lynch	56.94%	Freddie Mac	3154.18%
New York Life Insurance	0.00%	E.I. du Pont de Nemours	73.77%	Costco Wholesale	3252.44%
Viacom	0.00%	Exxon Mobil	86.98%	UtiliCorp	3826.47%
Cigna	0.00%	Target	95.05%	Dell	3942.65%
UAL	0.00%	Albertson's	120.54%		



This graph which outlines the share performance of all Non-MetaCapitalist firms reveals a clear contrast in performance. While, all firms also experienced a steady rise in share prices until a general peak towards the end of 1998, that was not followed by the sharp fall or the excessive fluctuations experienced by MetaCapitalist firms. Rather, these firms have displayed a relatively stable performance with many firms subsequent to the peak in 1998, once again displaying some evidence of rising share prices towards July 2003. Of particular note though,

should be the performance of Morgan Stanley Dean Witter. In 1998, the firm had a MetaCapitalisation level of 948%; this also happened to be the period in which the firm was experiencing strong share performance. It experienced a sharp decline and has steadily been suffering a continued decrease, ever since a significant negative change of 1032% in the firm's MetaCapitalisation level from 948% in 1998 to –84% during 1999.

KEY FINDINGS

Means and Schneider (2000) claimed that MetaCapitalism promised a "tidal wave of economic growth and prosperity." It promised a Dow Jones of 100,000 within a decade. It promised to "produce astonishing expansion and wealth" to accelerate value and wealth to unprecedented levels while "unleashing undreamed-of possibilities and solutions to longstanding problems". And all this is just in the introductory chapter. Yet only 5 years since, the global economy is still stagnant, the Dow Jones is still 90,000 points away from reaching its target, while the most aggressive MetaCapitalist firms have experienced alarming decreases in share price and net income performance and a disproportionate rate of corporate failure and collapse.

Share Price

MetaCapitalist firms experienced a general rise in share prices until approximately early to mid 2000. However these short-term gains were unsustainable, with most firms experiencing subsequent declines and instability. The 'MetaCapitalist leaders' suffered a similar fate with short-term rises, only to see a rapid decline. Yet, those firms that least MetaCapitalised experienced greater stability and have even showed signs of growth in recent times. Firms within the same group exhibited similar tendencies in their performance. Non-MetaCapitalist firms exhibited a relatively stable performance, with many firms experiencing subsequent gains after 2000. Many firms that were exhibiting positive share performances, only to substantially alter their MetaCapitalisation level to a negative value, experienced immediate declines in performance.

Net Income

Of *only* the firms displaying a negative net income, the overwhelming majority (61%) also had a negative MetaCapitalistion level. MetaCapitalist firms generally experienced increased net income during 1998 and 1999. As expected though, the initial positive performance was unsustainable, as firms who continued upon a negative MetaCapitalisation level begun to experience negative net incomes.

Failure and Collapse

The vast majority of firms which had collapsed or been acquired were MetaCapitalist. Although, clearly not all firms that implemented MetaCapitalism have failed, those that were most aggressive in implementing its recommendations have indeed suffered that fortune. For example, out of the top 10 MetaCapitalist firms: (a) four have either collapsed or been acquired (WorldCom and Enron have collapsed, while Compaq and Tosco have been acquired by Hewlett-Packard and Phillps Petroleum, respectively) and (b) A further four firms have seen an alarming fall in their share price (Reliant's current share prices is 83% down from its peak in May 2001. While Cisco, Intel and Phillip Morris have all seen their share prices fall 75%, 66% and 23% respectively from their peaks throughout 2000-2002).

Creation of Monopolies and Oligopolies

Five of the firms involved in Mergers or Acquisitions during the 1998-2003 period, were ranked in the top ten MetaCapitalised firms. Eight firms out of twelve involved in Mergers and Acquisitions during the same period were all MetaCapitalist.

Unsustainability of Short-term Results

An overwhelming majority of MetaCapitalist firms displayed initial short-terms gains in stock prices at the onset of the MetaCapitalist phenomenon and its implementation in 1998 and 1999, only to shortly afterwards experience sharp declines and stagnant performance. This was particularly the case amongst the firms labelled as MetaCapitalist leaders. This supported the view that such downsizing and decapitalisation strategies, while providing momentary gains in stock price, are unsustainable in the long-term.

Change in MetaCapitalisation Levels

Firms with comparable levels of MetaCapitalisation exhibited similar tendencies in terms of share price performance and fluctuation. Firms which decreased their level of MetaCapitalisation experienced a positive impact upon their share price and stability, while those that dramatically increased their levels of MetaCapitalisation suffered sharp drops in share price. For example, firms such as Morgan Stanley Dean Witter, Proctor & Gamble, TXU and McKesson HBOC have all suffered this fate, after displaying initially positive results prior to their negative MetaCapitalisation changes.

Difference in Performance between the Least and Most MetaCapitalised Firms

Firms with the greatest levels of MetaCapitalisation experienced a significantly more instability and fluctuation in their stock price than those firms which did not MetaCapitalise, or did so to a lesser extent.

A REASON TO FAIL?

The findings offered a cause for concern and a motivation to seek an understanding of the underlying reasons for such failure. The MetaCapitalist model is built on a number of assumptions, such as: a robust economic environment, that firms will work as a 'team' for their mutual benefit within the Value Added Communities (VACs), ability to make a straightforward differentiation between core and non-core activities, the ease and inexpensiveness of B2B technology, and that mass decapitalisation and downsizing of staff will provide the firm with greater flexibility and efficiency. However, each of these assumptions was shown to be inherently flawed from the outset.

By, for example, ostensibly dispensing with human capital in actively and fervently advocating a strategy of downsizing and outsourcing reveals that MetaCapitalism "fails to recognize the central role the 'individual' plays in both organizations and life in general." (Mickhail et al., 2002) It is entirely contradictory for a firm to say on the one hand that its employees are its most valuable asset, while on the other that they are dispensable and prone to be outsourced at any time. This prevents, or severely restricts the ability to create and maintain a loyal workforce. By generating such a high climate of 'un-loyalty', job insecurity and uncertainty, creates an adverse psychological effect on a workforce, who consequently is unable to operate at its most efficient level.

MetaCapitalisation's other main tenet, decapitalisation, which is effectively reducing all non-core physical assets, presupposes the firm can accurately determine which of its assets are 'non-core'. Yet it does not provide a criterion for making such determinations. It does though allude to the fact that at least employees definitely are not 'core' assets, and nor would manufacturing plants, distribution centres or infrastructure bases be either. Although decapitalisation may provide advantages to an organization in the form of much needed short-term funding, flexibility and efficacy, when it is pursued at all costs, and is unnecessary or unwarranted, or is simply taken to such an extreme level, as proposed under MetaCapitalism, it risks creating a state of '*corporate anorexia'*, where the firm simply does not have adequate or sufficient resources to operate at an efficient level. It also ensures the firm loses a large degree of control over its goods and service, thereby bringing into question whether quality of service and products can be maintained.

Consequently, MetaCapitalism risks making the firm more susceptible to adverse economic situations because it places heavy reliance on other firms in times of economic hardship and removes the 'safety buffer' of having an adequate physical asset base to compensate in such situations. Because, generally speaking, the market either rewards or penalises a corporation's share price by assigning a market-value based on its performance and an assessment of its strategies, it is suggested that, combined, both decapitalisation and downsizing and outsourcing of employees have conveyed negative signals to the market as reflected in the firm's share performance.

Although there is a myriad of stock market and financial theories, taking into account a multitude of variable factors outside the company's control a corporation's performance and development of growth creation strategies *is* within the firm's ambit of control and thus direct influence. It is entirely foreseeable then, that such a strategy can be interpreted as depicting the company in a poor financial position, in urgent need to generate cash or cut costs, a blatant attempt to cover for mis-management, or even as a self-imposed reduction in the firm. The bottom line though is that it is difficult to support an argument that such extreme and often vague and indiscriminate downsizing and decapitalisation can adequately be linked to long-term value creating strategies. It would also be wise however, to consider the likely ripple effect of both these strategies: (a) when a vast number of firms deploy them on a broad scale across many industries the market may view the economy with greater uncertainty and lower confidence, as slowing down, and thus precipitating a recession; and (b) because ultimately one of the undeniable consequences is an increase in unemployment, it could suggest that because those persons who subsequently have a reduced level of disposable income, other economic factors such as consumption and spending will be substantially reduced.

The most audacious and optimistic of the MetaCapitalist assumptions though is that of the Value Added Communities (VAC's), whose effective functioning is dependent upon a high element of trust and cooperation between member firms. Yet, the model does not take into account that there are inherently conflicting commercial interests between these firms, thus preventing the amount of trust and cooperation

required for such a strategy to succeed. Success is also further improbable because it effectively contradicts MetaCapitalism's promotion of a Darwinian 'acquire, merge or take-over' capitalist mentality, with the ultimate underlying, yet principal consequence being the creation of monopolies and oligopolies through market dominance.

This unrelenting quest for efficiency and market dominance is facilitated by the ability of dominant firms to control smaller member firms within the VAC, including deciding who to let in and on what terms, opportunity for price manipulation and collusion within and between VACs, and the resulting concentration and centralisation of capital and power. Cisco could be the perfect such example. Means and Schneider even suggest that Cisco's enormous power, size and influence in its market have allowed it to connect its contract manufacturers, assemblers, distributors and logistics partners through its supply chain portal (Manufacturing Connection Online), and effectively positioned Cisco as the "VAC manager". However, a firm in such a position is then effectively able to pick and choose who to permit entry into its 'community,' and thereby potentially creating anti-competitive behaviour.

Allan Fels (2001), the previous Chairman of the Australian Competition and Consumer Affairs Commission (ACCC), while aware of the potential benefits of such networks, is also conscious of the potential dangers – namely the creation of monopolies and oligopolies, and price manipulation, because "when managers get to choose who can participate, B2Bs can be used as a market bottleneck. [Furthermore], the Internet can make it easier for competitors to collude – you do not even have to pick up the telephone, just bury a line of computer code in the B2B hub and collusion can happen automatically". Fels suggests that it may be open for dominant firms to prevent smaller businesses from entering the network by for example, not allowing them access to its list of suppliers or its database, or raising the cost of such access to effectively prevent or severely hinder such access.

He says "if the strongest possible operators in an industry form a hub, this may deter the development of competing hubs. A single, powerful procurement hub could put substantial price pressure on suppliers of goods and services, making life difficult for smaller firms and deterring potential entrants. If hub members exclude or discriminate against competitors this could lead to less competition." Vaknin (1996), a passionate proponent of the need to have strict regulations preventing such dominance by an elite few, suggests several other strategies for mopolization, which may all be equally applicable under the MetaCapitalist circumstances, including the capability of predatory pricing to eliminate competition, contract with customers to 'meet or match all price cuts offered by the competition', thus denying rivals any hope of growth through price competition and establishing a large enough market share to 'corner' the 'learning curve'. This further denies rivals an opportunity to become efficient and have access to and use of latest technology.

Furthermore, research (Frew, 2001) suggests that the technology involved in operating such markets and Value Added Communities has proved to be more complicated and expensive to establish and operate than expected, while many firms have also shown hesitation at full acceptance due to security concerns of electronic transactions (Hunt, 2000). However, in attempting to streamline and adapt customer relations to the Internet revolution so fervently, appears that the authors may have also neglected to consider the effect on customer service and loyalty. By creating what is effectively a 'faceless service,' whereby a strategy is designed to allow the firm to focus on its customer relations, has in fact consequently alienated many of its customers, and thereby sales. Perhaps most significantly, the findings overwhelmingly demonstrated that firms which had been the most aggressive in their MetaCapitalisation have suffered the most adverse consequences, including collapsing, being acquired by another firm, sharp declines in share performance, and falling out of the Fortune 100 ranking. Ultimately, this begs an answer to the question then: has MetaCapitalism contributed to the collapse or failure of these firms.

CONCLUSIONS

The "spates of corporate failure and distress have been recurrent events since the creation of the modern corporation over 150 years ago," (Adams et al., 2001) and that every firm is essentially faced with the same challenges, such as a poor economy, the war on terror, anti-globalisation, and so on, but not all have failed. The fact that such a vast majority of firms suffering this fate were those most aggressive in their MetaCapitalisation, suggests that perhaps MetaCapitalism is indeed responsible. When one considers this in light of these firms' alarming decline in share performance, especially compared to that of non-MetaCapitalist firms, or those who were not as aggressive in their MetaCapitalisation, this would then indeed indicate a significant correlation between high levels of MetaCapitalisation and corporate collapse or failure.

Although the MetaCapitalist argument has some merit, such as the revolutionary impact of B2B and network technologies, importance of efficiency, the need to be more flexible and respond faster to rapidly changing market conditions, the strategy poses significant social and political concerns if adapted literally to its extreme. Indeed it was in fact the book's complete and utter disregard for the strategy's social and public policy implications that was the catalyst for this paper.

MetaCapitalism is effectively a fundamentalist form of capitalism. One commentator has even described it as "capitalism on steroids" (Michaels, 2000). In essence one of the overriding aims of this paper was to convey the numerous deficiencies of the capitalist system; one that has been described as "a searing indictment of an unjust international order" (Soros, 1998). These deficiencies, include amongst many other shortcomings, the unequal distribution of benefits and information, widening gap in inequality, insipient threat of the creation of monopolies and oligopolies, a nature of 'elitism', an unhealthy and dangerous obsession with efficiency and deficiencies with the market's self-correcting mechanism to produce outcomes efficient to broad array of groups because of its vested interest in maintaining the status quo as a means of preserving its power and wealth.

Yet one comes to the sobering and disturbing realisation that these deficiencies are not only completely neglected by the authors, but are exacerbated by MetaCapitalism, because at its very core, the model espouses a form of unfettered fundamentalist laissez-faire capitalism characterized by an unrelenting quest for efficiency, minimalist role of the State and the intensification of greed. Ultimately, it aims to revolutionize not just the economic and corporate environment, but our social one too, by imposing the spread of market values into all areas of life. And *that* is our foremost concern – that it undermines and challenges the very values upon which our society and democracy depends.

The brand of capitalism we advocate is a 'socially responsible' one, where it is imperative to recognise and address the system's deficiencies, for that is ultimately the only way upon which the capitalist system can be sustained and the long-term interest of human beings, and society as a whole be secured. To conclude with the wisdom and insight of George Soros, the type of capitalism then to be advocated is one which: "provides the greatest degree of freedom compatible with social justice…characterized by the rule of law; respect for human rights, minorities, division of power; and a market economy."

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