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wasteful spending—can ever address. Even desirable piercing of speculative, employment and debt bubbles has ceased to be politically correct. The government has now become the problem. Even 100 percent taxation of all incomes would not balance the U.S. budget.

So, the U.S. is at the transforming cusp as hundreds of years of sectoral development come to a sudden halt. There are only four essential things humans can do economically: produce food, manufacture goods, provide services and do nothing. The U.S. economy has exploited, from an employment viewpoint, all three productive sectors. There is no new sector lurking in the offing, this is it: qualitative transformation has to take place. Other economies still have time left, some still have to industrialize and some still have services to expand. But the U.S. economy is now the harbinger of the things to come, a role model for others to follow or reject, but hardly ignore. For the first time in history at least one economy has reached the end of the old model and is groping for the new ways of organizing its business, economy and society.

Self-service and do-it-yourself

It is increasingly self-evident that U.S. economists and the government have

missed the boat not only with respect to the crisis but with respect to the transformation as well. The second one is a more serious miss. It is clear that government will be of no help with the transformation: its politicians and economists do not have the wherewithal of the new paradigm as they have lived and been educated within the old one. That is why they still talk the mechanistic language and use old “levers and pulleys” in the age of Internet. For a long time to come they will not see or even acknowledge the transformation. Their “geocentric” view will not transform into the “heliocentric” one without mighty resistance—as was the case with their famous predecessors. The only clues to the new paradigm can be glanced from the self-organization of the market economy itself.

Because there is no new productive sector to emerge, the economy seeks to re-instate its new balance through self-service and do-it-yourself modes. Producers and providers are outsourcing their production and services to customers. Outsourcing to customers is a natural and necessary self-organizing process, including disintermediation, customer integration and mass customization, all driven by global productivity at the cusp of transformation. Instead of an

information society, we have entered a knowledge society. Instead of a service society, we are venturing into a self-service way of life. The shift toward self-service is a part of natural and spontaneous evolution of human and economic systems. How does it come about?

Due to its productivity growth rates, each sector must emerge, grow, persist, stagnate, decline and dissipate in terms of its employment-generating capacity. The high-productivity growth sectors are emerging and dissipating first, the low-productivity growth sectors, like services, are completing their life cycles only now. Different productivity growth rates in different sectors are accompanied by virtually uniform growth rates in wages and salaries across all sectors, as required by free-market forces.

As a consequence, the goods of high-productivity growth sectors such as food and manufactured goods are getting cheaper and the products of low-productivity growth sectors such as health care, education and insurance are getting more expensive.

In some third-world nations this may still be the other way around (due to the reigning stage of sectoral evolution): food and manufactured goods are most expensive, while services remain relatively cheap. In developed countries, chicken, bread, computers and cars are getting cheaper, while insurance, health care and education costs are skyrocketing without adequate quality, productivity or availability improvements.

Rational economic agents tend toward substituting relatively cheap and capital-intensive manufactured goods for relatively expensive and labor-intensive services. Consumers will use goods instead of services wherever economical and possible. So we observe the emergence of automated teller machines instead of bank tellers, self-service gas stations instead of full-service stations, self-driving instead of chauffeurs, do-it-yourself pregnancy kits rather than hospital test services, self-handled optical scanners rather than cashiers, and personal computers instead of central mainframes. In other words, self-service and do-it-yourself activities are replacing the traditional, other-person-delivered services at an increasingly accelerating rate. Mature economies are entering the era of self-service and do-it-yourself.

Work at home

Households are again becoming primary investment/production units. One of the fastest-growing areas in developed industrial economies, especially in the U.S., is “work at home.” Work at home relates to self-employment, part-time self-employment, work after regular office hours, work instead of regular office hours, self- ➤