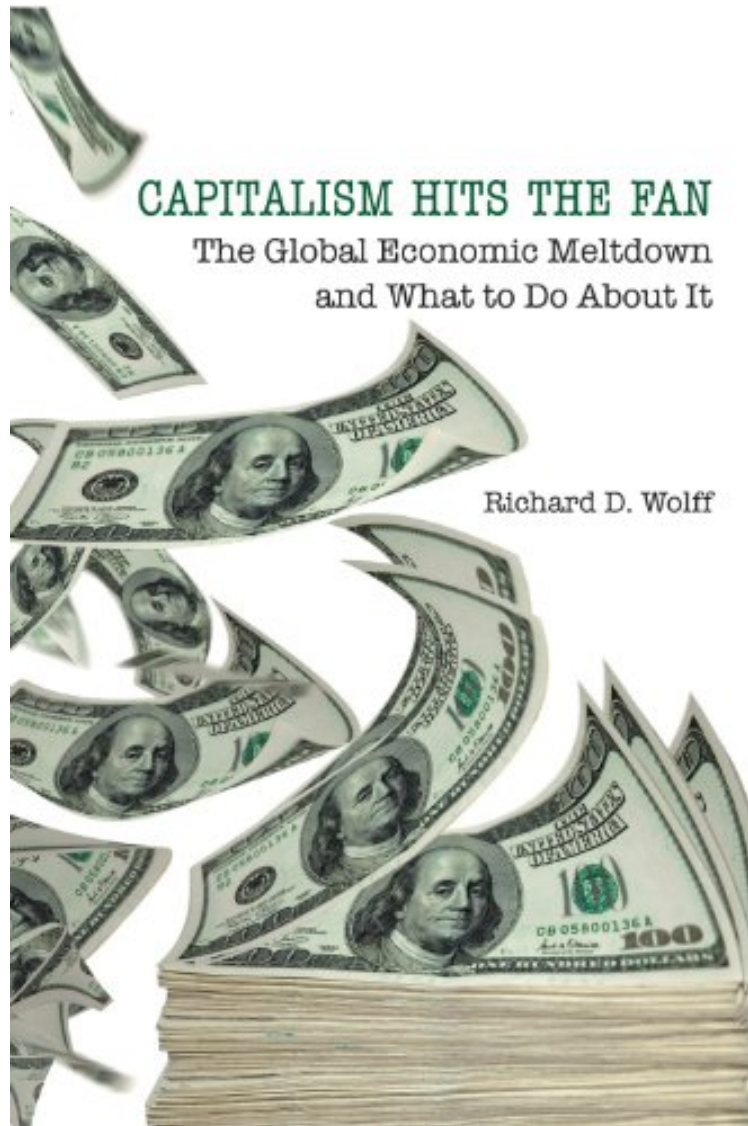


# Capitalism Hits the Fan

*Richard D. Wolff*

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**Richard D. Wolff : Capitalism Hits the Fan** before purchasing it in order to gage whether or not it would be worth my time, and all praised Capitalism Hits the Fan:

146 of 151 people found the following review helpful. The Truth.By Subversive TeacherThe current global financial crisis is not due to new problems, nor was it unexpected. As "Capitalism Hits the Fan" illustrates it's simply the most recent downturn of the disaster prone free-market system. As far back as 2005 University of Massachusetts economist Richard Wolff was sensing this coming downfall of the markets. Instead of taking the liberal approach (blaming government deregulation and a handful of corrupt corporations) or the conservative approach (blaming over-

regulation) he targets what mainstream politicians don't dare to target: capitalism itself. Capitalism has seen two major downfalls in the past 75 years and has been heavily peppered with slightly less painful contractions in that same time period. Many students of economics would simply brush this off as the inevitable consequences of the business cycle that accompanies the capitalist system. Such an explanation might suffice if it wasn't for the all out attack on workers that can't be attributed to the cycle. Dr. Wolff explains what many right and left-wing economist have been screaming for years but, without truly considering the consequences. Americans are working longer hours (the most in the industrialized world) more productively (with a 75%+ increase of productivity in the past 30 years) for ever falling wages. The most noted effect of such a trend is the pendulum swing between FDR style "New Deal" policies and Regan-Bush style financial deregulation. When one style of capitalism fails, the voters flood to the other style in hopes of rejuvenated prosperity. However, as Wolff explains, regardless of where the pendulum swings both styles of capitalism are met with disastrous consequences for American citizens. Wolff also demonstrates how social democratic policies leave the wealthy with the incentive and the tools to dismantle social programs and sidestep government regulations thus enthroning "laissez-faire" once again. The author then gives us a history of American industry in terms of wages. For 150 years wages rose with productivity. In the late 70's that trend came to a halt as worker's real-wages flat lined (as union membership declined and free-trade kicked into hyper speed). Industry then substituted lost wages with a wide range of loans to compensate. The loans were not taken due to a lack of "personal accountability" as many claim, but out of a desire to sustain pre-70's consumption. Wolff uses statistics to show the skyrocketing in the cost of living (like college expenses) in this time period, thus necessitating borrowed capital. Capital that of course must be paid with interest, effectively costing Americans twice: once for lost wages and again for interest payments. The results have been mass wealth redistribution from the bottom to the top. Wolff offers all the statistics to show the steady loss of ground for the working and middle classes. Comparing data from 1967 and 2001 brings startling facts to light. "According to the US Census Bureau.....the share of total income flowing to the bottom 60% of households fell from 32 to 27 percent. ....the top 5 percent rose from under 18% to over 22%" Pg 11. The bolstering of the rich's strength resulted in speculation and bubbles the likes of which we've never seen. So begins the global economic meltdown (Of course I'm over-simplifying for the sake of the review). Wolff's primary solution is worker self-management (Others include red-green alliances and coordination among coops). Workers would become their own board of directors. Not the private capitalist or state technocrats as in the Soviet or state capitalist models. Since the workers would probably not cut their own wages by the trillions, export their own jobs overseas, or invest trillions in risky financial investments, this option has always seemed the best to me. If you're a diligent reader you will finish the book in about a week; It's a very fast read. The book is a collection of two or three page essays covering a wide array of topics but with great coherence. The only downfall is redundancy. Since the book is a collection of essays written since 2005, many of the same phrases (the word "oscillation" is used in virtually every essay) and arguments are repeated. Nonetheless this work is the most vital to truly comprehending the current economic downfall. I highly recommend it! 14 of 14 people found the following review helpful. A pretty damn good book despite some soft spots. By karenann Capitalism Hits the Fan is full of essays that Richard Wolff wrote for the socialist Monthly Review from 2005 onwards. Being a socialist economist in the USA officially makes him a lonely guy as far as the dominant narrative of saltwater and freshwater economists goes, but Wolff's unique insights make me want to follow his essays in the Monthly Review on a regular basis. Why? Because Wolff supplies a whole host of insights that you can't get anywhere else, even from such liberals as Joe Stiglitz and Paul Krugman. Who else can bring the issue of fundamentalist Christianity into a discussion on economics? And Wolff's essays at particular points in time make me think that as an investor I could have profited handsomely if only I'd read his essays at the time they were written, and I'd done a little bit of additional thinking on my part. I particularly like the essay he did on the issue of increased risk as it impacts every level of society. Clearly, Wolff is a breath of fresh air as far as economic thinking goes. The only issue I have with him is his insistence that it's necessary to transform our economy into a new socialist style economy (NOT capitalist) that does not conform either to the traditional capitalist form or state capitalist form, as practiced I presume from Sweden to Germany to Russia. This is Wolff's Achilles heel in his thinking from my perspective. But if you can get beyond this overly idealistic soft spot, you will be delighted in reading this book. Your IQ will increase, and you will want to read more of him. 7 of 7 people found the following review helpful. A Socialist View of Capitalism's Crises By R. Schwenk Readers should be aware that this book is a set of articles previously published between 2005 and 2009. As such, there is a great deal of repetition. Nevertheless, it is a fun, informative read. The main point hammered home repeatedly is that Capitalism's crises can only be solved by a radical change in the economic system. The proposed change is to a kind of socialism that has yet to be tried: workers taking full responsibility for corporate decisions. Wolff emphasizes that no communist or socialist state has ever really tried this. An important subsidiary point: Wolff warns against relying on regulation or the welfare state to mitigate Capitalism's ills. The class appropriating labor's surplus value will always have the resources to undermine regulation and welfare-state programs, having as their goal the neoliberal dream of minimal government, no regulation, everything privatized, and labor made cheap through perpetual anxiety and high unemployment. Wolff does not provide much in the way of clues as to how a transformation to socialism could occur. Nor does he go into how global

corporations could be transformed into worker-controlled enterprises. He sees some signs of encouragement in Europe where Social Democratic parties are losing legitimacy by signing on to neoliberal reforms, using the euphemism of modernizing the economy, thereby provoking a reaction among the working class unwilling to give up some basic protections. Socialists advocate changing the economic system as the first step toward a better society. Progressives, to oversimplify, cannot wait for Capitalism to destroy itself because it is likely to destroy the planet first. For us, the goals of peace, economic justice, and environmental sustainability are paramount. The system by which resources are allocated is a secondary detail: anything that saves the planet is fine by us. I may not be convinced that Wolff's vision of socialism is either necessary or sufficient to save the planet, but it may be worth a try.

A breathtakingly clear analysis that breaks down the root causes of today's economic crisis "With unerring coherence and unequalled breadth of knowledge, Rick Wolff offers a rich and much needed corrective to the views of mainstream economists and pundits. It would be difficult to come away from this... with anything but an acute appreciation of what is needed to get us out of this mess." —Stanley Aronowitz, Distinguished Professor of Sociology and Urban Education, City University of New York

Capitalism Hits the Fan chronicles one economist's growing alarm and insights as he watched, from 2005 onwards, the economic crisis build, burst, and then change the world. The argument here differs sharply from most other explanations offered by politicians, media commentators, and other academics. Step by step, Professor Wolff shows that deep economic structures—the relationship of wages to profits, of workers to boards of directors, and of debts to income—account for the crisis. The great change in the US economy since the 1970s, as employers stopped the historic rise in US workers' real wages, set in motion the events that eventually broke the world economy. The crisis resulted from the post-1970s profit explosion, the debt-driven finance-industry expansion, and the sequential stock market and real estate booms and busts. Bailout interventions by the Federal Reserve and the US Treasury have thrown too little money too late at a problem that requires more than money to solve. As this book shows, we must now ask basic questions about capitalism as a system that has now convulsed the world economy into two great depressions in 75 years (and countless lesser crises, recession, and cycles in between). The book's essays engage the long-overdue public discussion about capitalism as a system and about the basic structural changes needed not only to fix today's broken economy but to prevent future crises.

Richard Wolff has been a professor of economics at the University of Massachusetts, Amherst since 1981. He has been a visiting professor in the Graduate Program in International Affairs, at the New School in New York since 2007. Wolff's major recent interests and publications include studies of US economic history to ascertain the basic structural causes of the current economic crisis and the examination of how alternative economic theories (neoclassical, Keynesian, and Marxian) understand and respond to the crisis in very different ways. His past work involves application of advanced class analysis to contemporary global capitalism. He has written, co-authored, and co-edited many books and dozens of scholarly and popular journal articles. His recent analyses of current economic events appear regularly in the webzine of the Monthly Review. In 2009, *Capitalism Hits the Fan*, the documentary on the current economic crisis, was released by Media Education Foundation ([www.mediaed.org](http://www.mediaed.org)). Visit <http://www.rdwolff.com> for more information.

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