Democracy at Work: A Cure for Capitalism

Richard D. Wolff
Chicago: Haymarket Books, 2012, pp. 220, $15.00 paperback
ISBN: 978-1-60846-247-6

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In *Democracy at Work: A Cure for Capitalism*, Richard Wolff argues that global capitalism can no longer meet the needs of the world's population. He goes on to note that socialism as it has been practiced during the twentieth century cannot meet these needs either. His work is an attempt to construct a viable alternative to global capitalism, centering on Marx's notion of surplus capital. Marx argued that one of the most salient features of capitalism was that workers produce more than what they are paid for. For instance, a worker may work eight hours a day but his labor in those eight hours may be equivalent to twelve hours labor. It is the owners and managers that appropriate this surplus labor, enrich themselves with it, and exploit the laborers in the process. What Wolff proposes as an alternative are Workers Self Directed Enterprises (WSDEs). In WSDEs, workers, who produce surplus capital, are in charge of the profit, not owners, managers or executives.

The first half of the book examines the current economic crisis which began in 2007. Wolff situates the Great Recession of 2007 in a historical context by contrasting it with the Great Depression of 1929. This section spans the three quarters of a century between the two economic collapses and the various methods governments dealt with them. Wolff draws a crucial distinction between what he terms private capitalism, state regulated private capitalism, and state capitalism. For Wolff, there must be three components for a true socialist government to exist: nationalized property to replace private property, national planning to replace markets, and for the laborers to appropriate the surpluses of their work. In private capitalism, none of these exist. In state regulated private capitalism, there are combinations of state and private property, a mix between markets and planning and the appropriation of surplus capital still mainly by non-laborers. He argues that all countries that claim to be socialist or communist implement the first two components, but neglect the third. The result: state capitalism. Property is nationalized and economic planning is instituted, but laborers still do not control and direct the profits of their work. Instead of CEO's or managers, the surpluses are directed by state officials. Thus, all supposedly socialist countries were really just various methods of capitalism. The 1980s saw a crisis of socialism (or more accurately state capitalism). Many nations, such as the USSR and Eastern

European countries, turned back to private capitalism. This is the reason that socialism cannot cure capitalism—because as it has been practiced, socialism has only been practiced as another form of capitalism, state capitalism. This is a crucial insight. It disarms the straw man that is held up as the only alternative to capitalism. Wolff shows how no true alternative to capitalism has been implemented on a large scale and that now is the time to do it.

The central tenet of the book is the notion of surplus value. Due to appropriated surplus value, capitalists exploit laborers. In private capitalism, the laborers, who are directly responsible for surplus, do not control how it is divided and used. As a result, CEOs and managers divide it amongst themselves. Until the 1970s, Wolff notes, this process of surplus appropriation was mitigated by the New Deal and the legislation of the 1960s. Yet, by the 1980s, many of these reforms had been rolled back and real wages started declining in America. The result: a massive increase in wealth disparity. The U.S. and the world saw a redistribution of wealth toward the top of the social ladder. Middle and working class families began working longer hours to make ends meet. Advertisers and corporations extended credit in the face of wage stagnation and increased costs of living. The government did the same. Wolff describes this suicidal course of events as a game of credit. The upper classes and government realized that they could only profit if they kept extending credit to the lower classes. In this way, the lower classes would continue to purchase goods and services, buy houses and cars, and, of course, attend colleges necessary for advancement. All the while, they fell further into debt. Wolff notes that credit is the lynchpin of the global capitalist system. This extension of credit reached its disastrous apogee with the housing crisis of 2007, when the credit bubble burst and capitalism failed for the second time in 75 years.

Wolff then examines the role of the political left in the current economic crisis. He argues that the left reached its peak during the 1960s. Since then, the left has been in a slow decline. By the 2000s, Wolff laments, the left no longer fought the growing inequities of capitalism. Instead, the left picks particular battles, such as gay marriage, abortion, or gun control. Wolff asserts that the Occupy Wall Street movement that emerged in 2011 finally brought the notion of growing wealth disparity back into the national lexicon. This is a crucial insight; as the media buzzes with arguments about gun control and gay marriage, we as a society may be losing sight of the true issue: capitalism. The system of capitalism has been largely "off-limits." As an example, Wolff notes that politicians clamor about how to fix the national debt, but never seem to say that fixing debt is only a band-aid. It is the system of capitalism that needs to be fixed. Wolff shows how fighting peripheral issues without engaging in a critique of the system is ineffective, even damaging, to the progressive cause. When citizens become galvanized on certain peripheral concerns, the larger progressive critique of capitalism and its resulting injustices falls silent. The left cannot be caught up in the politics of distraction. Rather, it must engage capitalism itself.

The last section of Wolff's work is an attempt to rethink the core issue of the present; the massive inequality of wealth generated by global capitalism. Here, Wolff articulates his vision of WSDEs. He claims that only WSDEs can actually be labeled socialist because they represent the only instance in which surplus labor is appropriated by the workers themselves. Wolff does not delve into specifics, such as the amount of property that would need to be nationalized or at least held in collective control, or the degree of planning needed. His major question is the relationship between WSDE's, other capitalist entities, and the government. Wolff gives some insights as to the relationships that may occur between these entities,, but does not speculate about interactions that cannot be known in advance. He argues that just like any social advancement, the transition to WSDEs would not be smooth or easy, and would be dictated in large part by the environment. Wolff does, however, examine the possible social structures of WSDEs and their relation to surrounding communities. WSDEs would be democratically controlled by workers, as well as the residents of the surrounding community (since the decisions made by the workers would directly affect the community). In addition, Wolff draws another distinction between producers and enablers. Producers actually create surplus, while enablers, such as lawyers or janitors, allow producers to. Producers, enablers, and members of the community all have a say in how the WSDE is run and how the surplus is divided.

One glaring question is: How are WSDEs to emerge in a capitalist economy? Wolff postulates that instead of spending on unemployment, the federal government could give the funds to unemployed workers to take over failing businesses or start a WSDE. This would be preferable to unemployment, which simply allows a person to survive. Rather, the establishment of WSDEs would allow potentially unemployed workers to contribute to society. In theory, this seems plausible, but Wolff does not consider the role of lobbying and special interests to block such an intrusion into the free market. Moreover, potential WSDEs are only one component of the complex global economy. Here is where Wolff's analysis falls short. Wolff fails to address the role of Wall Street, big banks, and other financial institutions, other than in cursory examinations. He may presume that these institutions would be nationalized, but does not elaborate on this. Wolff does argue that since banks re-distribute surplus gains and help to shape the economy, they are social and not private institutions (yet no one ever calls for nationalization). Yet, Wolff does not expand on this insight. Global society is now post-industrial. Industrial society is predicated on the production of market goods, whereas post-industrial society is predicated on the production and dissemination of information. Wolff does not broach this subject. What is the relation of WSDEs to the post-industrial society and large financial sector? Undoubtedly, production of consumer goods plays a vital role in any modern economy, but the role of information production and dissemination cannot be overlooked.

Another shortcoming of the work was that Wolff did not have a reference list or cite other material. The absence of citations works fine when he is discussing the formation and role of WSDEs. The first section of the book is an analysis of the current economic crisis, however, and would have been greatly strengthened by references.

After failing at least twice, it should be clear that global capitalism cannot meet the needs of the world's population. Wolff's proposed cure to global capitalism has potential. Yet, there are still holes in his analysis. The next step is to build off Wolff's work and analyze how WSDEs would function in a post-industrial society.

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