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Book Review: Economics for Everyone: A Short Guide to the Economics of Capitalism

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fields developing sensational new technologies is among the more valuable lines of research suggested by Edgerton's work. For example, how do the centuries old technologies of glass-blowing impact bio-tech development, which remains dependent on glassware?

For those well versed in the history of technology, Edgerton's book will feel scattered and frustrating. Although full of numerous interesting historical events that undoubtedly work for his purposes, Edgerton does not counterpose his explanation of these events to other current theories of technology. However, this is fitting with Edgerton's purposes in this text: to confront popular conceptions of technology. Edgerton is not trying to advance a new "technology-in-use" framework that might guide the history of technology. He contributes to such a project elsewhere (1999). Instead, he is trying to temper a vernacular fascination with the new, calling attention to the on-going impact of the old. Given the massive media spectacles that accompany every new consumer gadget, and the on-going disparity in global consumption to which such spectacles contribute, it is certainly a worthwhile effort.

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Economics for Everyone: A Short Guide to the Economics of Capitalism.

Jim Stanford; Ann Arbor, MI: Pluto Press, 2008. 339 pp., ISBN: 9780745327501

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I was teaching Introduction to Political Economy for college freshmen using Jim Stanford's *Economics for Everyone* alongside *The Field Guide to the US Economy* (Teller-Elsberg, Heintz, and Folbre 2006) during the Fall of 2008 even as news of the Wall Street meltdown trickled in daily. It was a great teaching moment for political economy, and Stanford's book helped students make sense of the news by introducing them to the dynamics of capitalism and the importance of finance in creating instability.

As Stanford explains in the acknowledgments, the book's origins lie in an online course for union members developed by the Canadian Autoworkers and McMaster University. The result is a very approachable critique of capitalism from the perspective of the working class. The book has a contemporary feel to it and is written specially for those with little or no background in economics. The language is straightforward and key concepts such as class, capital, labor, surplus, and competition are explained in a manner that most people would find easy to relate to. There are tables with statistics on the concentration of wealth in the capitalist economies, charts showing income distribution over time, and tables explaining variables that determine investment and strategies that capitalists use to reduce unit labor costs. The book's website, www.economicsforeveryone.com, contains resources for instructors on how to use the book in order to create

syllabi with different emphases. It also contains background statistics, a glossary (that defines terms in block capital throughout the book), and a list of further reading.

Stanford's guiding principles are that "[t]he economy is too important to be left to the economists" and that "[o]rdinary people have valuable economic knowledge – knowledge that's usually ignored by the experts." In order to demonstrate this to the students, the first chapter starts with a useful exercise. It is called "Take A Walk." It asks the students to take a walk through their neighborhood and surrounding neighborhoods, observing and thinking about the following: who works, doing what, who does not work, what types of homes are there, does everyone have a home, does everyone have similar homes, or different ones, are there schools, who pays for them, what kinds of stores are there, who shops in them.... You get the picture. It sounds ordinary, but when actually conducted in the classroom it provides much fodder for discussion and debate. Importantly it makes "the economy" something students can relate to rather more usefully than is achievable via abstractions such as utility and production functions.

The book's division into five parts made intuitive sense to me. Part one (Preliminaries) consists of an overview and brief chapters on economic history as well as history of economic thought. Part two (The Basics of Capitalism) serves as an introduction at the micro level to how production is organized in our economy, what are wages and profits, who exactly is a capitalist and who is a worker. Part three (Capitalism as a System) extends the micro framework from part two to the macroeconomy and talks about competition, investment, growth and distribution, as well as unemployment. Part four (The Complexity of Capitalism) gets into fiscal and monetary policy, capitalism as a world system, and crises. Part five (Challenging Capitalism) consists of three chapters: Evaluating Capitalism, Improving Capitalism, and Replacing Capitalism?

I will comment on some of the book's strengths and weaknesses using examples of chapters that I found particularly effective and the ones that could do with improvement.

Chapter five (Work, Production and Value) attempts an important but also difficult task and it succeeds only partially. In explaining the nature of value and surplus value, Stanford flirts with the labor theory of value only to abandon it quickly and move on to a somewhat less controversial approach that sees wages and profits as opposed to each other more or less empirically, without strong theoretical background (though there is a box on Sraffa and his efforts). Later in chapter eight he does a good job explaining the difference between labor time and labor effort (or labor-power and labor) and how it gives rise to the "labor extraction problem," but unfortunately he does not invoke the same distinction in the earlier discussion on the labor theory of value. Thus at the micro level there is some lack of clarity on where surplus comes from. If such an understanding of surplus and profits is desired, Stanford's text on its own will not do the job. The discussion of the economic surplus at the macro-level is more satisfying and ultimately more insightful.

Chapter eight (Workers and Bosses) is my favorite chapter in the book. It starts with a discussion of why labor-power is not just any other commodity and goes on to discuss the labor extraction problem. There is also a box on "capitalism's full-employment sickness" drawing upon Kalecki's 1943 classic *The Politics of Full Employment*. The chapter contains a valuable pedagogical tool (Table 8.1), which summarizes the impact upon workers of the various strategies capitalists use to lower unit labor costs (wage cuts, speed up, unpaid work, etc.).

Chapter twelve on investment is a long and important chapter that gets across several key features of capital accumulation under capitalism. Table 12.2 (Determinants of the Amount of Investment) provides the basis for a good in-class exercise where students are shown key variables (left column) such as current profits, interest rates, the political environment, trade policy, and tax policy, and asked to think about the impact of these on investment (right column). The instructor can combine the framework that Stanford develops with some real-life examples of the spatio-temporal patterns of investment (why industry moved to the Southern states and then to Mexico).

Chapter thirteen on employment and unemployment tackles two major themes: first, capitalism's inability to achieve full employment and the role played by unemployment in disciplining labor, and second the relationship between wages and the level of employment. Here Stanford attempts to challenge the simple neoclassical notion of achieving higher employment via lower wages. Since this is the most common "economic logic" that would confront workers and ordinary folk, it gets four pages of coverage.

The chapters on gender (9) and the environment (15) cover the basics on unpaid labor, wage differentials, growth compatible with ecological well-being, environmental justice, and so on. However, coverage is brief given that there is only one chapter to do it in, and so supplementary texts would be called for in these cases.

Chapters nineteen and twenty are on the role of the government. The author starts by dismissing the debate between small versus large government. There is, he says, "no real debate over whether governments should 'intervene' in the economy: they always have, and always will. The real questions are rather different. How does government intervene in the economy? And in whose interests?" (229-230). In Fall 2008 when "bailout" and "too large to fail" were repeated *ad nauseum* in the media, the students really got into these chapters and the subsequent discussion. Stanford also brings out the conflicting influences of capital and labor on policy, and concludes with a summary of the major types of policy (industrial, trade, tax, etc.).

The chapters on globalization (21) and development (22) together form a substantial part of part four. Though I have some serious complaints, as noted below, overall the chapters are certainly more informative than their counterparts in mainstream textbooks. The section on comparative advantage and its problems is excellent though it does focus rather a lot more on a critique of the theory than on explaining what the theory is about. The chapter on development is in some ways the biggest disappointment in that it departs very little from conventional development economics. The importance of colonialism and contemporary international power relations in promoting underdevelopment do receive attention, but there is no questioning of the meaning of development or more importantly of the role of politics and of class struggle in developing countries in shaping the economy. It is almost as if working class agency is relevant only to developed capitalist economies, while government policy (on trade, industry, finance) will deliver all that is necessary in the developing economies. This double standard is unacceptable from someone of Jim Stanford's political experience.

Chapter twenty-seven (Replacing Capitalism) is a short history of socialism in the 20th century and a discussion of the way forward. This chapter, like the chapter on development, is mostly a disappointment. Stanford does hit the nail on the head when he says

socialism cannot emerge out of abstract, idealistic dreaming, imposed on society by someone who has finally discovered the "true" plan. Rather, socialism will have to arise in response to concrete human problems, and our grass-roots efforts to solve those problems. (333)

But the rest of the chapter does not follow through on this sentiment. Socialism comes across one more time as a set of principles to be understood abstractly, rather than as political practice. Instead of acquainting readers with the contemporary and historical struggles and accomplishments of the working classes across the world, we get a lackluster history of "socialism in practice" and a discussion of how to devise institutions (large and small) which serve public good rather than private profit. Actual examples of struggles and alternatives from across the world (not mere mentions of Venezuela or Kerala) would have provided a much more inspirational account. The repetition of well-known perspectives on Russian or Chinese history serves no purpose. Students are likely to be acquainted with the particular readings of these histories as offered by Stanford. A more substantial introduction to the historical anti-imperialist struggles in Russia, China, and Vietnam, and the current movements in Latin America (which are mentioned very briefly) would have been more valuable.

A problem that crops up several places is that brief mentions of a large topic or debate carry the risk of confusing rather than enlightening the reader. This is partly the result of trying to cover too much. Since overall book size is always a strong constraint, a possible solution might be to use the book's website to develop some key controversies, such as the labor theory of value or Venezuela under Chavez, in more detail.

However all said, Jim Stanford has produced an excellent book that fills a very important void in the popular economics literature. I am sure the book will only improve with subsequent editions. I recommend that everyone use the book in their teaching and contribute to its development as a tool for teaching introductory political economy.

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Latin American Neoliberalism: The Contradictions of Post-Neoliberal Development.

Fernando Ignacio Leiva; Minneapolis: University of Minnesota Press,
 315 pp. ISBN 978-0-8166-5329B4

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This book, written by Fernando Ignacio Leiva, professor of Latin American and Caribbean studies at SUNY at Albany, will prove to be a valuable contribution to our understanding of the ongoing evolution and transformation of one of the most original and influential schools of political economy to emerge from Latin America in the twentieth century: structuralism and its present-day “sanitized” version, neostructuralism. Leiva’s main contention is that the “passage” from structuralism to neostructuralism that occurred against the devastating backdrop of the “lost [development] decade” of the 1980s in Latin America and the Caribbean led to the (forced?) abandonment of key tenets of the structuralist paradigm, such as the concept of economic surplus and the (class) struggle over its distribution, as well as the core-periphery model and the declining terms of trade hypothesis.

In Leiva’s estimation, this unfortunate turn of events has essentially “de-fanged” the structuralist school of its hard-hitting criticism of the neoclassical (outward-oriented) model in general, and its most virulent manifestation: neoliberalism. Of most concern to Leiva, as well as progressive organizations, academics, and political leaders in the region, is that the neostructuralist discourse has replaced the original tenets of the structuralist school with appealing and vague notions such as “systemic competitiveness,” “participatory governance,” and “civil society” which have, in practice, led to the “systematic excising of power and power relations from economic analysis and its proclivity to mollify conflicts” (xxx). In so doing, neostructuralism has provided intellectual