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How Capitalism Destroyed Itself: Technology Displaced by Financial Innovation, By William Kingston (2017) Cheltenham, UK: Edward Elgar Publishing, 192 pages. ISBN: 978-78536-773-1

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explain the reasons for the strategies that they were pursuing in various campaigns.

Within a few years Local 401 had transformed itself from a lazy 'top down' to a cohesive militant union with a highly developed and close relationship between the leadership, and rank and file. Throughout the twenty-year period of this study by Jason Foster, the leadership has been stable. It, and especially its president Doug O'Halloran, have been responsible for the transformation that has taken place. The role of leadership with Local 401 turns Michels' iron law of oligarchy on its head. Michels saw union and labour leaders using their position in the union as a stepping stone to advancing their careers into politics or 'bourgeoisie' society, more broadly, and being disinterested in the welfare of, and 'wasting' time with, members.¹ The leaders of Local 401, on the other hand, have devoted their careers to the needs and welfare of members. They have not had their eye on glittering prizes elsewhere. This is the major lesson to be learned from this case study of union renewal.

Foster successfully describes the processes by which Local 401 transformed itself into an effective and successful union. Unfortunately, however, his account suffers two overlapping problems. Foster seeks to engage in a series of broader discussions, or theoretical musings, concerning the transformation of Local 401. In doing this, he repeats again and again the events associated with this transformation to the extent that it becomes tedious and boring. He seems to have assumed that readers cannot remember what he has already told them. He needed to spend more time on how to effectively communicate his research findings and their significance.

A more important problem is his difficulty with theoretical discussions and knowing how to move backwards and forwards between specific and general concepts. For example, Foster maintains that the experience of Local 401 does not fit into current

theories of how unions reform themselves such as 'directed centralised action by *national* leadership in response to an analysis of a problem' (p. 128, emphasis added). In the first half of *Defying Expectations* Foster demonstrated how the leadership of Local 401 'responded' to the defeat experienced in the 1997 Safeway dispute. Should his use of the notion of *national* disqualify his or any notion of leadership? Decisions were made by leaders to transform the union; does it matter where they sit in the union structure? Does the issue become more complicated, given that UFCW delegated power to and allowed Local 401 to run its own affairs? His analysis and understanding of what happened becomes more confusing. On page 133, he says: "We cannot point to a particular point of crisis or a specific moment when a strategic decision was made to alter the basic philosophy or character of the union". This contradicts the significance he attached to the 1997 Safeway dispute.

What is a more than interesting case study of union renewal is marred by an inability to engage with theoretical insights and an inordinate amount of repetition of factual material.

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Note

- 1 Robert Michels (1959, first edition 1911) *Political Parties: A Sociological Analysis of the Oligarchic Tendencies of Modern Democracy*, New York: Dover Publications.

How Capitalism Destroyed Itself: Technology Displaced by Financial Innovation

By William Kingston (2017) Cheltenham, UK: Edward Elgar Publishing, 192 pages. ISBN: 978-78536-773-1.

William Kingston's illuminatingly provocative *How Capitalism Destroyed Itself* is a bibliographically rich and historically

munificent treatment of the arguably inherent self-destructive tendency of capitalism. According to its main thesis, the extraordinary wealth generated by the creative energy released by capitalism fuels a cycle of exploitative regulatory capture that elevates financial excess at the expense of technological innovation. The resulting “wealth” lacks a solid basis, manifesting an economic bubble inexorably destined to burst. Forces that generate vast material well-being unleash a political dynamic to sustain preferential treatment that, eventually, undermines the fragile underpinning value of nominal monetary gain. The solution to this paradox lies partly in reformulating the property rights that foster financialization and concentration at the expense of technological dynamism.

Kingston meticulously develops the logic behind the interconnected economic, political and social forces that converge to thrust financial recklessness to the forefront of economic activity. The internal logic lies in the distortion of property rights that initially fostered a massive expansion in economic well-being through concomitant cycles of industrial development. Corporate interests grow powerful enough to capture the political system through lobbying and the resultant institutionalization of economic advantage. A solution to the economic residue of this distortion, which includes a blend of stagnation, rising inequality, and protectionism masked as competitive security, lies in reorienting the nature and distribution of property rights. Therein rests a major strength and weakness of the book, with the latter attributable to the internal destructiveness of capitalist forces.

The book includes five chapters and a provocative epilogue. Chapter 1 is an informative documentation of “What Capitalism Was.” It develops a “‘market power’ paradigm” upon which the self-destructive nature of capitalism is based. There are three sources of market power, each of which is institutionalized by the formal-

ization of property rights, which initially serve to stimulate positive growth. The first source of power is market capability, which accrues to “productive assets.” The property right which underlies this source is limited liability, which encourages people to take risks by restricting the scope of their personal liability for misfortune. A second source is persuasive power, which is reinforced by trademark regulations, which essentially insulate entities from competition. This insulation, in turn, deters advancement and innovation. The third and final source of market power is specific in nature, which is embedded in property rights associated with patents. Improperly designed and executed, patents discourage innovation and shift the focus of economic energy away from technology and other factors that have genuine value.

Chapter 2 examines “Where Capitalism Came From,” showing how a religiously motivated work ethic can combine with intelligent property rights to achieve positive economic results. The Cistercians illustrate this practice, creating a “managerial revolution.” However, capitalism, which lived “off the moral and intellectual capital of the Enlightenment,” ultimately “gave free reign to changes in the rules that had earlier disciplined it.”

This brings Kingston to Chapter 3, which examines the capture of market power by the exploitation of property rights that created a privileged class immunized from the forces of competitive advancement. This resembles the Schumpeterian self-destructiveness of capitalism. A natural tendency to restrict competition through the self-interested development of property rights, such as information protection, “produces forces that are against taking up any major potential challenge in... [the dominant corporate] technology...” Accordingly, “[t]hese large firms will possess a great deal of market power of capability because they have invested heavily in productive assets. Any newly formed firm intent

on challenging them cannot have either of these at the outset, and consequently can only rely upon whatever specific market power it can obtain from patents. Since the patent system has been allowed to become primarily a vehicle for protecting chemical inventions, it is correspondingly ineffective for inventions in all other technologies."

The crowning blow to capitalism's economic efficacy lies in "The Fatal Capture of Money," the title of Chapter 4. Limited liability rights given to banks and other financial institutions creates incentives to take extraordinary risks. The ultimate result is a financial system that resembles a giant "Ponzi" scheme. The valueless deck of financial cards is bound to collapse when forces combine to collect invisible assets—to convert the intangible to tangible. The Great Depression and Great Recession result. Economic self-interest captures the system to its ultimate disadvantage. The public interest escapes notice. Private wealth dominates the political process, which further solidifies the distributional inequality of wealth. Wages stagnate and innovation falters far below the optimal. Advancement for the public good is a side-show.

The final chapter (Chapter 5: "Could Anything Have Saved It?") represents a noble attempt at normative prescription. Basically, the policy solutions to the inherent flaws of capitalism originate in changing property rights. First, it is important not to grant banks limited liability. Second, information and innovation protections need to be modified to limit their restrictive impacts, shifting the granting of such protections to fostering technology and not financialization. Government needs to promote public-based research and development that develops applicable technologies, modeled after efforts to develop small businesses. Reforms of government need to end the dependency of bureaucracies on private interests and erect a genuinely independent civil service motivated by public

good. The resulting growth of economic benefits could be used to distribute wealth more evenly through a *Citizens' Income* formula, which resembles President Nixon's 1969 *Family Assistance Plan*.

The "Epilogue: The Centre Could Not Hold" is a plausible doomsday forecast, which bespeaks the unlikelihood of any policy solutions emerging under the present system. Indeed, Kingston quotes Judge Richard Posner, who argues that: "The adjustments that will be needed, if the economy does not outgrow an increasing burden of debt, to maintain our economic position in the world, may be especially painful and difficult because of features in the American political scene that suggest that *the country may be becoming in important respects ungovernable*." Unfortunately, as Kingston concludes, "the U.S. Supreme Court has made things worse by lifting all restrictions on campaign funding by corporations [...]". If the political process is so intractably captured by private interests, then, there is arguably no escape from the tyranny of such rule, except another system. What that system might be, we are left to guess.

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**The Great Cowboy Strike:
Bullets, Ballots and Class Conflicts
in the American West**

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On 27 June 1967, in the midst of the counter revolution against the Civil Rights Struggle in America, H. Rap Brown said: "Violence is as American as cherry pie".¹ America conducted a revolution to free itself from rule across the Atlantic at the end of the Eighteenth Century. Its *Declaration of Independence* stated that: "All men are created equal", seemingly oblivious