Economic Update: Capitalism's Achievements & Failures: The Big Picture

This transcript may not be 100% accurate due to audio quality or other factors.

Richard D. Wolff: Welcome, friends, to another edition of Economic Update, a weekly program devoted to the economic dimensions of our lives and those of our children. I'm your host, Richard Wolff. Before we get started, I want to thank all of you for your support, which makes this show and others we produce possible every week. If you haven't already, please visit our website at www.democracyatwork.info – and there sign up for our newsletter. You will receive weekly updates on the events, promotions, and other activities we curate to help educate as many people as possible about the ways in which capitalism shapes and impacts our daily lives. I also want to encourage you to check out our Substack at www.democracyatwork.substack.com. There you'll find other materials, articles, and updates from our growing community of contributors, including me, that you will not find anywhere else. And if you haven't already, you can sign up for Patreon page at www.patreon.com/democracyatwork. And there you'll get exclusive material created specifically for our Patreon audience. Please remember as well that by liking, subscribing, and sharing this video with others, you are helping us partnering in the entire project that we're working on. And for all of that, thank you.

Today's program is a little bit different from what we usually do. I'm responding here to a number of you that have communicated to me that you'd like me to set aside a program, and that's what we're doing today, that will go over all of the particular kinds of questions raised and criticisms offered of capitalism as a system. In order to take a kind of step back and look at it as a whole. What is the history? What is the meaning of the capitalist system that we are all living through, that we were all born into and have tried to craft a life within? You in your way, I in mine, and so on. This is a wonderful exercise and should be done by everybody, no matter what they focus on in terms of their interests. Take a step back once in a while, you'll see the big picture that you can miss when you're in the weeds. And that's what I'm going to try to do with you today. And I'm going to begin by asking and answering this question: What have been the historic achievements of the capitalist system? And by capitalist system I mean very particularly the arrangement of production, the production of food, clothing, shelter, education, entertainment, all the goods and services we produce as a community of human

beings. When that relationship within which we do it, the way we organize production, has employer and employee as the two basic positions. If you go to work in an enterprise, a factory, an office, a store, you are going to go to work either as an employer or as an employee. Those are the two options. Maybe uncomfortable for you to face that, but those are the 2 options. And remember, according to the US Senate – 3 % of us are employers, and that includes the self-employed. The other 97 % of us are not employers. So the adults of the other 97 %, that's the majority of our people, employees – the vast majority of our people. All right. I think we can whittle it down to two great achievements of capitalism. And by the way, that system of employer-employee, we didn't have that at the time of Jesus Christ. We had slaves then, master and slave, or maybe self-employed farmer, peasant, craftsperson. After the collapse of Rome and the slavery of that system, we had feudalism for a thousand years. There the key positions were lord and serf, not master and slave, and not employer and employee. You know, with employer and employee, the employer buys our work time. We get a wage. Slaves didn't get a wage. That wasn't their relationship. Serfs didn't either. So I'm talking about capitalism. It came to England in about the 17th century and has spread to become the global system over the last three or four centuries. So that's what we're asking about. What did that transition achieve? And there are two things it achieved that I think are crucial, overwhelmingly important achievements. Number 1 technical revolution. It is really remarkable how we were feeding and clothing and sheltering ourselves, how we moved around from one place to another four centuries ago as opposed to now. Back then, if we were going to move, we either used our own legs or used an animal. Those were the options. Unless we went on the water. Nowadays, we have invented things that move without us walking and without an animal. They are mobile elements that are self-moving, auto-mobile – the car. Technical changes have been staggering – how we heat the spaces that are cold, how we make the clothing. We used to need animals – sheep for wool or plants for cotton. Now we make it ourselves, the threads. We make them out of oil. We make them out of synthetics of all kinds. It has been staggering, the technical change, the way our cities look. Four centuries ago, the only thing that flew in the air were birds. Now we can do it. Yeah, we produced an airplane or a rocket ship. Particularly impressive, our technical development in ways of killing one another, and I'll come back to that. But capitalism sped up the technological evolution of the human being and the community of the Human Being. Capitalism did that. Capitalism developed technology in a way that you kind of have to take your hat off. Wow! We came a long way in a few centuries.

Then there's the second thing that capitalism achieved. Just as important, but a completely different thing. Capitalism, in those four centuries, 17th century to now, achieved a world economy, an economy in which the whole planet participated. We didn't have that before. The Roman Empire talked about being an empire that ruled the world, but it didn't exist for all purposes in Africa. And it didn't exist in Asia. Or at least large parts of Africa and Asia were not included. Large parts of Latin America obviously weren't. The oceans were an impenetrable and impassable barrier. Capitalism overcame all of that. It tied together a world economy. Anybody going into the production of a good or a service today thinks of the whole world as their market. I can sell what I'm going to produce anywhere. The internet allows me to advertise it anywhere. International banking technology allows me to sell it thousands of

miles away, have it paid for, and have all of that show up in my bank account. It's amazing what capitalism has done. It's created a world economy. You open your internet browser in the morning and you will find out the news from thousands of miles away at your fingertips, all nicely written up with an accompaniment of photography to help you better understand whatever it is the article is about. So capitalism's two great achievements that historians already get at least pieces of: technological progress on a scale we've never seen before, and the creation of a world market, a world economy. And we now live, you and I, in the results, the fruit of four centuries of a capitalism that has given us profound modern technology. And I won't even go into the artificial intelligence that is the latest chapter in that story. And it has given us a world economy in which we know about and can explore our interest in every quarter of the globe, ten different ways from the chair in our living room.

All right. Now let's talk a little bit about those two achievements. And we're going to do it by using that fellow you hear me talking about from time to time, Georg Hegel, German philosopher, one of whose contributions was to insist upon and show us why everything is contradictory. Or as your grandmother might have said to you, all good things have a bad side, all bad things have a good side. Good and bad are mixed up in each other. Inside the people you know, inside the animals you have, inside the politics you do love or hate. Contradiction everywhere. All right, with that idea in our minds, and I do believe it's a great wisdom also achieved during the capitalist era, we can now apply it, a product of capitalism, turn it around and use it to understand the capitalism that brought it to us, which is what I'm about to do. So I'm going to ask two questions. What are the contradictions in the technology that capitalism achieved? The technological process and progress? And what is the contradiction in the world market? The world economy that capitalism achieved. Not because the negative, the critical, the bad side erases the good side. Not at all. They're both there. And human beings are more than clever enough to manage to understand the good and the bad together, try to understand how they got to be that way. Where things are going, in the favor of more good or in the favor of more bad – and how do we intervene to shape that? All right. That's our task for the second half of today's program – the critique of capitalist technology and the critique of the world economy that capitalism created. Stay with us. We'll be right back.

Before we jump into the second half of today's show, I wanted to thank you for your very generous response to our fundraising efforts this year, and in particular in the last couple of months. And in part responding to that, we are extending the availability of our limited edition linen-covered, hardcover version of Understanding Capitalism – the book I wrote and that we have been making available now for quite a while. If you are interested, I will be signing copies of that hardcover and they will be available to you as they have been over the last few weeks. Just simply send an email to us at info@democracyatwork.info and put in the subject line "limited edition". We will send you all the information you need to order and receive your signed copy of Understanding Capitalism in its hardback. And thank you again for your kind attention to the fundraising dimension of what we do.

Welcome back, friends, to the second half of today's Economic Update. We're going to talk about the critique of the technological explosion capitalism achieved, and then the critique on the world economy capitalism achieved. So let's start with technology. The way capitalism works, technology develops around a central goal. That goal is profit. Wherever you look, what happens in the technology we have is determined by profit-seeking capitalists. They see an opportunity somewhere and they try to organize the workers and the machinery to get that done. Technical change that enhances their profits gets them going, brings action. Technical changes that don't generate profits are usually neglected. In other words, you get a particular kind of technology out of capitalism – profit-seeking technology. That means you're going to get technological change in ways that are going to be highly disruptive. I'll give you an example. It's slow and tedious and dirty to have a railroad that burns wood or coal to move things around. It's not all that fast either. If you can develop another technology to move things – ships on the water, trucks on roads – yeah, but if you're going to move from railroad to trucks on road, you're going to disrupt society. Railroads were built in a certain place, and people lived along the railroad. Once you stop using the railroad, because it's more profitable, you can move more freight in a shorter amount of time at a lower cost using a truck and gasoline or diesel, the whole world is going to change. I'll give you an example: before World War II, we used trains mostly to move. After World War II, and the dates are not quite that simple, but roughly, we began using trucks and cars much more. Well, that generated the suburb, the whole relocation of people in our culture, from being either urban dwellers living in a city slum or being on the farm. We now created a whole other place in between those two. The suburb which the automobile and the truck and the bus made possible in a way that the train never could. This is extraordinarily crucial. There are many examples. Right now, for example, profit means developing a more fancy computer, one that can go a little faster, one that can have a better memory. Meanwhile, huge parts of the world have no computers at all. There are companies in the United States that take computers that are so old they're thrown away and recondition them because they are very valuable in a place where they have no computer at all. That's a very uneven development of technology. And you're going to see how that plays a similar role when it comes to the world economy. We're having debates right now about companies pushing ahead with artificial intelligence when we're afraid of the damage it can do, and it is doing already – wiping out whole groups of people's jobs with nothing for them to do. What are they going to do? There are big debates about that. Meanwhile, it plunges ahead because that's how capitalism works. It develops a technology whether you want it or you need it or if you're afraid of it or not. Will people mobilize against it? They will. Will they succeed? Probably not. Because they'll be upset. It'll be the profiteers who win the game because they have the money. And that's how capitalism works.

Rice used to be the staple for most of the world. So it was profitable if you could find a way to get more rice per acre. Well, they found a way. The problem is it produced what we call monoculture, rice which was so successful that nobody planted any other kind of rice. Oh, and then it turns out if an insect or a microbe arrives that can damage this rice you lose everything because you don't have 27 other varieties intermingled. You did the one that was most profitable. Big mistake. Then there's the one I like most, the automobile. Turns out the automobile is a great advance. Henry Ford became the great master of American capitalism

by developing the car. The cars kill more people than any other transportation system we know of. Cars are the greatest polluter of air. Cars are a tremendous burden because of the demand for fuel and climate change that comes from burning all that fuel, etc. etc. We know all that. We know that a much more efficient way to develop the technology of movement – rail, automobile – it ought to be collective. It ought to be trams and trains and street railways and buses. That's what we need. We need mass transportation. You can move 100 people to 10 miles much more cheaply on mass transit than everybody having their own car, most of which sit useless. Most of them are. But we don't do it. We recognize after decades and millions of people dead from emphysema, that burning gas in a car is a bad idea. Why do we have this bad technical change? Because it was profitable. And what do we see now? Moving to mass transit, which is the rational? No. Capitalism doesn't do what's rational. Capitalism does what's profitable. And the two are not necessarily the same. We don't have a mass transit transition. We celebrate Elon Musk. We make him the richest person in the world because he gave the automobile industry a way to get away from the pollution of air by making the private car electric. Oh my goodness, that's not the solution. We'll learn. It'll take another five decades, who knows. That's capitalism. It produces terrible byproducts. And for most of the last 40 years, we have begun slowly to see the critical side of technology, to recognize that the oceans are being polluted and the air is being polluted, and we're living bad lives because of it. And we're getting sick and we are dying. Turns out what capitalism does in the way of technology is bad in lots of ways that we should have, and we could have, dealt with.

Now let me do the same with that other great achievement, a world economy. Did capitalism bring the world together? It did. Did it connect us all, each with the other one? It did. Was it driven by profit to do that? It was. Was there a negative side? Oh boy, was there. And I don't have time for all of them, but I'm going to give you the big one. The world economy created by capitalism had a name, and the name was colonialism. The capitalism that starts in England in the 17th century, that expands to Europe was an expanding system. Every capitalist is successful who makes a big profit and plows it back into the business to grow the business. That's success. But if you're going to grow the business you're gonna need more inputs, more raw materials, more machines, and more workers. And so you keep pulling them in from the environment and you reach further and further, looking for people to buy what you sell, looking for people to work where you have employment, looking for inputs, looking for food to feed the worker. Capitalism is expansive. And the early capitalist countries – Britain, France, Germany, Belgium, Holland – those places carved up the world. That's how capitalism created the world economy – by colonialism. The problem was that the way of creating a world economy was wonderful if you could take all of the wealth in Asia, Africa, Latin America, where the vast majority of people live and work, and you could funnel all that wealth into a few places – North America, Western Europe, and Japan. 10 % of the people, maybe 12 %, live in those three areas. The other 88 to 90 % produce the wealth that then goes and concentrates – that's why Europe was so rich for the last three or four centuries. That's what it presented itself as the center of the universe. That's why we are now speaking English – or half of Africa is divided between those with a native tongue who speak English and those with the native tongue who speak French, and so on. The capitalist system that created the world economy created the most unequal world economy imaginable. That is the bad

side. It created bitter, angry people watching the wealth of their country, the oil underneath the soil, the gold buried beneath the stones, the rich products of their agriculture, leaving, generating profits, taken back to London, to Paris, to Berlin, to Rome, wherever. The rest of the world became horrifically backward and poor in order to make a small part of it fantastically rich.

And guess what? That colonialism bred anti-colonialism. How could it not? And there's the contradiction. A world economy in turmoil, because the way it was done by the people who did it was to make them super wealthy at everybody else's expense. It culminated, as you could imagine it would, in World Wars I and II, when all the leading colonial powers slaughtered each other using the highly developed technology of four centuries of capitalism – producing a carnage of person by person in Europe mostly that the world had never imagined or seen. When the dust cleared, only one colonial power was left, the United States. Protected by the Atlantic and the Pacific, we, the Americans, inherited the global economy created by four centuries of European and Japanese colonialism. And we became richer than all of them, because we inherited – it's as if you were the child of the richest 20 people, and you inherited what each of them had accumulated. You became richer than anybody. You could imagine you run the world. Americans do. And now that's over. Now the Global South, the ex-colonial world, led by the one country that has grown the fastest among them – that's China, demands a reorganization of that world economy. And that's what capitalism now has to confront. With the added kicker that the country forcing that to happen, China, thinks of itself as socialism. And if ever you wanted an argument that socialism is what comes after capitalism, then what you're already in – you and I right now – are together the proof. Thank you for your attention, I hope you found this of interest, and I will in any case look forward to being with you again next week.

END

Thank you for reading this transcript. Please don't forget to donate to support our independent and non-profit journalism:

BANKKONTO:	**PAYPAL:**	**PATREON:**	**BETTERPLACE:**
Kontoinhaber: acTVism München e.V. Bank: GLS Bank IBAN: DE89430609678224073600 BIC: GENODEM1GLS	E-Mail: PayPal@acTVism.org	https://www.patreon.com/acTVism	Link: Click here