

The wheels of the economy

Hartmut Elsenhans presents a new way of looking at the right-left debate with his labour empowerment theory, which is not without its flaws

Reviewed by Saif Asif Khan

"I propose, therefore, that there are no specific traits in Europe's tributary structures, European social organisation, European political arrangements within the class of lords or European culture which cannot be found in other tributary modes of production ... Neither of these traits can explain the rise of a pole of popular industry in Europe which triggered off the massive use of equipment a class of entrepreneurs could own and use as an instrument to further access to surplus provided that this surplus was spent on more investment goods production."

— Excerpt from the book

WHILE at college, I remember asking one of my German friends why his parents looked so young in all the pictures that he showed us, while the parents of most other European students looked well into their 50s. He explained that he was born in the erstwhile East Germany, where prior to the fall of the Berlin Wall, the state took on so much of the responsibility of tending to the family, that young working couples would start families much earlier than they would in Western Europe. Today, he said, middle-class German couples, like most other Europeans, would think twice before conceiving in their twenties — which partly explains why the mean age of first-time mothers across the Continent now is 29-30 years.

The anecdote above aptly illustrates one prominent facet of labour empowerment under communism. For all its flaws, even the worst critics of communism would acknowledge that it undeniably improves the lot of workers, by vesting them with a considerable degree of power, which is understood to be lacking in the capitalist alternative.

It is surprising, then, that Hartmut Elsenhans's book *Saving Capitalism from the Capitalists* appears to argue in the converse:

lead to a virtuous cycle of sorts, where an empowered workforce creates demand for mass consumption goods, and reinforces the functioning of free markets.

The author concedes that capitalists themselves may have little incentive to do this, while they are simultaneously prone to indulge in rent-seeking behaviour. Hence, the book's title: the system needs to be 'saved' from capitalists. This, according to Elsenhans, would be the task of a democratic, participatory state, which can compensate for gaps in consumption or investment by spending money to keep the wheels of the economy turning.

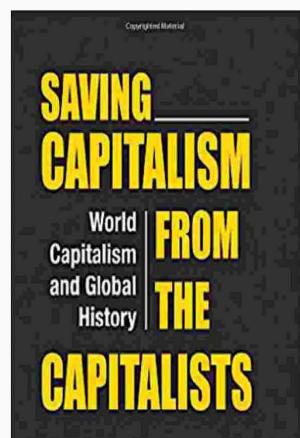
Naturally, Elsenhans's thesis is open to critique from both sides of the politico-economic spectrum. Leftists would argue that it is a couched attempt to establish the benignity of capitalism, while hardcore supporters of the free market would decry its advocacy for the role of the benevolent state. Writing elsewhere, he himself states: "My theory, which insists on capitalism being dependent on the empowerment of labour, is not popular with those in mainstream discourses. Ironically, the conservative supporters of capitalism do not appreciate a favourable evaluation of cap-

which is not written using simple, clear language. Rather, he presents his arguments using a long-winded, often meandering, train of thought which leaves the reader lost — and at times, quite unimpressed, given the author's admirable credentials. The writing often seems disjointed, with one sentence not naturally flowing to the next.

Though the book is very well-researched (with over a hundred pages of bibliography, and copious endnotes after each of the seven chapters), Elsenhans's tendency to jump from one geographic region to the other without elaborating makes for a confusing read. It may have been better had he stuck to following a region-wise analysis, since his knowledge of Asian and European economic evolution is remarkable. There are also some misspelt words in the text.

One of post-war Germany's most eminent political scientists, Hartmut Elsenhans presents a fresh way of looking at the right-left debate with his labour empowerment thesis. The book contains interesting facts gathered from around the world, helped doubtlessly by his varied teaching experience around the world (he has also taught at Quaid-i-Azam University in Islamabad as visiting faculty). Unfortunately, these titbits leave the reader longing for more, where none is available. In all, an interesting, if somewhat dry, read for students of economic history and theory. ■

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that capitalism thrives in the presence of an empowered labour force. In other words, the survival of capitalism in the modern world depends on the empowerment of labour.

For Elsenhans, empowerment is a rather specific concept: he defines it as the ability to have negotiating power over employers. A simple example of this would be an economy where levels of employment are sufficiently high to create a scarcity of labour. Capitalism would then result in the economic empowerment of labour, by presenting workers with other options, if their existing employer reneges on agreed remuneration. This would

italism if it opposes their more basic goal of reducing the share of labour in total production." (Foreword, *Hartmut Elsenhans and a Critique of Capitalism: Conversations on Theory and Policy Implications* by Neil Wilcock and Corina Scholz).

Also, for all the emphasis on labour empowerment, it is odd that the author hardly makes any mention of trade unions, which one normally tends to associate with the fight for power of workers.

However, for a reviewer, perhaps more worrisome than the strength of Elsenhans's argument is the writing style of the manuscript,



Saving Capitalism from the Capitalists

(ECONOMICS)

By Hartmut Elsenhans

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