

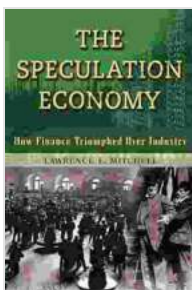
# The Speculation Economy: How Finance Triumphed Over Industry

**The Speculation Economy: How Finance Triumphant Over Industry Is a 2016 book by the economic historian Robert Brenner.**

The book argues that the global economy has undergone a fundamental shift from a production-based economy to a speculation-based economy. In a production-based economy, profits are generated by the production of goods and services. In a speculation-based economy, profits are generated by the trading of financial assets, such as stocks, bonds, and currencies.

Brenner argues that this shift has had a number of negative consequences for the global economy. First, it has led to a decline in investment in productive activities, such as manufacturing and infrastructure. Second, it has increased inequality, as the wealthy have benefited disproportionately from the rise of the speculation economy. Third, it has made the global economy more vulnerable to financial crises.

Brenner's book has been praised by some critics for its insights into the global economy. However, other critics have argued that Brenner's analysis is overly simplistic and that he underestimates the importance of factors other than speculation in driving the global economy.



## The Speculation Economy: How Finance Triumphed Over Industry by Lawrence E. Mitchell

★★★★☆ 4.5 out of 5

Language : English  
File size : 1916 KB  
Text-to-Speech : Enabled  
Screen Reader : Supported

Enhanced typesetting : Enabled  
Word Wise : Enabled  
Print length : 680 pages  
Lending : Enabled



## Evidence for the Speculation Economy

There is a growing body of evidence to support Brenner's thesis that the global economy has shifted from a production-based economy to a speculation-based economy.

- **First, there has been a decline in investment in productive activities, such as manufacturing and infrastructure.** In the United States, for example, the share of GDP devoted to investment has fallen from over 20% in the 1960s to around 15% today.
- **Second, there has been an increase in inequality, as the wealthy have benefited disproportionately from the rise of the speculation economy.** In the United States, for example, the richest 1% of the population now owns over 40% of the nation's wealth, up from 20% in the 1970s.
- **Third, the global economy has become more vulnerable to financial crises.** The 2008 financial crisis is a prime example of this vulnerability.

## The Consequences of the Speculation Economy

The shift to a speculation-based economy has had a number of negative consequences for the global economy.

- **First, it has led to a decline in economic growth.** In the United States, for example, economic growth has averaged only 2% per year since the 2008 financial crisis, compared to an average of 3% per year in the decades following World War II.
- **Second, it has increased inequality.** As noted above, the wealthy have benefited disproportionately from the rise of the speculation economy. This has led to a decline in social mobility and a widening gap between the rich and the poor.
- **Third, it has made the global economy more vulnerable to financial crises.** The 2008 financial crisis is a prime example of this vulnerability. The crisis was caused by a collapse in the housing market, which led to a loss of confidence in the financial system. This loss of confidence caused a freeze in lending, which in turn led to a recession.

## **Policy Implications**

The shift to a speculation-based economy has a number of implications for policymakers.

- **First, policymakers need to take steps to reduce inequality.** This can be done by raising taxes on the wealthy, increasing the minimum wage, and investing in education and job training.

- **Second, policymakers need to take steps to make the global economy less vulnerable to financial crises.** This can be done by regulating the financial sector, increasing transparency, and providing more support for low-income families.
- **Third, policymakers need to take steps to promote economic growth.** This can be done by investing in infrastructure, education, and research and development.

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The shift to a speculation-based economy is a major challenge for the global economy. This shift has led to a decline in economic growth, an increase in inequality, and a greater vulnerability to financial crises.

Policymakers need to take steps to address these challenges and build a more sustainable and equitable global economy.

### **Author's Credentials**

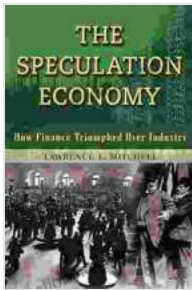
Robert Brenner is an economic historian and professor at the University of California, Los Angeles. He is the author of several books, including *The Economics of Global Turbulence* (2006), *The Boom and the Bubble: The US in the World Economy* (2002), and *Merchants and Revolution: Commercial Change, Political Conflict, and the Origins of Modern Social Order* (1993).

Brenner has been a vocal critic of the global financial system and the rise of inequality. He has argued that the global economy is in a state of "permanent crisis" and that the only way to avoid another financial crisis is to fundamentally reform the global financial system.

Brenner's work has been praised by some critics for its insights into the global economy. However, other critics have argued that Brenner's analysis is overly simplistic and that he underestimates the importance of factors other than speculation in driving the global economy.

## Further Reading

- [The Speculation Economy: How Finance Triumphant Over Industry](#) by Robert Brenner
- [The Economic Crisis and the Speculation Economy](#) by Robert Brenner
- [The Speculation Economy: A Primer](#) by Robert Kuttner



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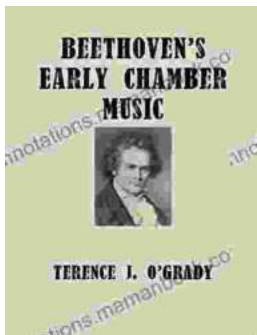
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