

## BOOK REVIEWS

FINKELSTEIN, RODRIGO. *Lost-Time Injury Rates. A Marxist Critique of Workers' Compensation Systems*. [Studies in Critical Social Sciences, Vol. 216/ New Scholarship in Political Economy, Vol. 17.] Brill, Leiden [etc.] 2022. x, 236 pp. € 147.15. (E-book: € 147.15.)

Finkelstein motivates this ambitious narrative by prefacing this exploration of injury rates with a consequential and personal anecdote involving a clash among political powers within Chile's workers' compensation system. Thus, this mostly theoretical analysis is rooted in practical first-hand experience. Immediately, the reader is forced to recognize that Finkelstein's analysis requires the unpacking of tightly interwoven components that include economic logic, countervailing incentives, ethical behavior, and important historical background. This serious and logically rigorous book requires substantial attention to detail, so the intended audience is one well-steeped in Marxist theory. From the outset, there is concern about the optics. Finkelstein observes directly that the "no-fault" workers' compensation system (at least in Finkelstein's experience in Chile, and perhaps elsewhere) still finds ways to lay blame, and place subjective valuations on the reality of injuries.

Finkelstein's mission is to elevate workplace injury rates beyond mere indicators, and instead he labels them a "new problematic". He argues that there is an essential connection between injury rates and capitalism itself. Injury rates are couched in terms of "lost labor power for sale", and, moreover, there is conflict among the market forces and behavioral response perspectives.

Unlike a traditional economic approach, Finkelstein prefers to focus on "value" rather than prices (of workers' compensation premia) as it pertains to laborers, whom he sees as bearing the brunt of the burden imposed by workers' compensation insurance that necessitates the recording of injury rates. Finkelstein claims to have discovered the theoretical notion of "surplus lost value". Here, he argues that capitalism (as a system, rather than capitalists per se) thrives on underpaying for injuries. Initially, this does not seem novel, rather it combines the usual rent-seeking behavior found in situations where some players have market power and possess an underlying need to make compensation arrangements incentive compatible, e.g. by not compensating 100 per cent of losses in order to mitigate problems of moral hazard.

To establish the historical basis for these observations, Finkelstein focuses primarily on nineteenth-century Germany and the laws and underlying economic "preconditions" that result in the "worker question" and related problems. Here, the backstory is well-researched. Bismarck's Germany represents an economic shuffle that is analogous to shifting tectonic plates. The transition from peasants working land owned by feudal lords to workers moving to industrial establishments without a connection to (either commons or private) land leads to problematic consequences that include unemployment, poverty, and the rise of injury-related complications.

From 1867, peasant workers can move freely across states, which ostensibly creates competition and enables those workers to sort themselves. Then, in 1870, Germany establishes a national poor law and creates relief boards and related apparatus to address the rise of invalids, paupers, and others. Germany struggles with how to respond to dangerous factories and rather than regulate them, it moves to a “no fault” workers’ compensation insurance system. Germany launches the sickness insurance fund (1883), workers’ compensation insurance (1884), and invalid and old-age insurance fund (1891). Together, these represent a fundamental change to the social order, and, according to Finkelstein, this shift undermines the trade unions and socialism.

After the fundamental changes to the wage labor situation described above, Finkelstein argues that five additional pre-conditions necessitate the rise of injury rates that will ultimately be detrimental to modern societies. Among the others are the “forces of production and relations of production”. Here, Finkelstein raises the concern (likely shared by Marx) that the profit-incentives of capitalism push the owners of capital to care about profit at the expense of the long-term health of their hired workers. This may be a short-term reality, but it seems a foregone conclusion. Specifically, once liability for a safe workplace is established – which is tantamount to caring about worker safety – then the long-run results should be optimizable. In other words, the attributes of capitalism that dictate incentives, including the importance of reputation effects (for creating safe workplaces), should not be ruled out at the outset of the analysis.

The remaining pre-conditions include the rising capitalist class, statistics and probabilities, money, and the capitalist state. Finkelstein maintains that modern understanding of statistics and probability are imperative for computing the necessary risks associated workplace accidents. Having a functioning monetary system and a capitalist state are also essential. Here, the case is clear that the state must consist of institutions that establish and regulate order, but the capitalist qualifier is less convincing.

The social insurance nature of workers’ compensation systems means that liability is collective. Thus, individual capitalists are not perfectly experience-rated, but rather face the collective of their risk class. This can create incentive problems of course, but perhaps more importantly it will be attractive, as a legal framework, to those capitalists more inclined to expose their workers to risks, because they are likely to only face a fraction of their true injury-related burden. In other words, it would attract moral hazard among capitalists, at least in the short run.

Finkelstein devotes considerable time explaining and expounding on workers’ compensation insurance boards. These boards – “the landlords of labor power” – gather information on injuries, consolidate workplace safety characteristics across firms, and thus have considerable power to regulate the insurance premium rates paid by firms. Finkelstein then outlines the steps into which this information becomes “the lost-labor-power commodity”.

Once the elaborate pieces of this story are described, Finkelstein turns to Hayek and likens the injury rates to market prices. If workplace injury rates amount to prices, then a Hayek-style perspective would reason that workers and markets could respond accordingly and yield an economically efficient outcome. Alas, Finkelstein is convinced that the underlying incentives make this impossible. Ultimately, regardless of whether you, the readers, are convinced or not, it seems

very likely that you will set this book down feeling like few have pondered the issue with more concern for the underlying power structure than Finkelstein.

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SARAMO, SAMIRA. *Building that Bright Future. Soviet Karelia in the Life Writing of Finnish North Americans*. University of Toronto Press, Toronto 2022. x, 267 pp. Ill. Maps. Cad. \$85.00. (Paper, E-book: Cad. \$34.95.)

Writing to her sister in Saskatchewan, in 1935, Lisi Hirvonen, one of the 6,500 Finnish North Americans who caught “Karelian Fever” earlier in the decade, reported on the October Revolution celebrations in Petrozavodsk, capital city of the Karelian Autonomous Republic of the Soviet Union. “[E]ven I was allowed to be free from work for four days”, she wrote. “[I]t was lots of fun [...] we had a fun shock worker party at the ski factory [...] we ate and drank [...] there was entertainment and at the end we danced [...] everything was free for the shock workers [...] and the third evening I was at *kinos* meaning moving pictures. And I was in a parade”. (p. 137) Most of the letters to relatives and friends in Canada and the United States that Samira Saramo quotes in her study of those who answered the “call of *Karjala*” were of this unadorned nature. Short on eloquence, they nonetheless convey a broad range of information about the ups and downs of life in the backwoods of Karelia that goes well beyond what newspapers, organizational records, and other sources might contain.

Fourteen of Lisi’s letters to her sister, written between 1932 and 1939, survive in York University’s special collections along with the correspondence of other North American Finns who migrated to Soviet Karelia. Assembled by Saramo’s Ph.D. advisor, Varpu Lindström, they, together with collections at the University of Minnesota, and memoirs, both published and unpublished, comprise the “life writings” that Saramo relies upon and analyzes. The migrants themselves, recruited by the Finnish-language communist press and the Karelian Technical Aid Committee, were mostly from working-class and farming families from the American Upper Midwest and Canada’s Ontario province. Escaping from “the reality of curtailed opportunities” (p. 49) during the Great Depression and attracted by the prospect of lending their skills to the building of communism, they experienced all manner of challenges, albeit as relatively privileged foreign workers.

The book follows them from their recruitment and departures, to their first impressions of Karelia, their housing, health and hygiene, working and leisure activities, children’s upbringing, and the Great Terror of the late 1930s to which, as ethnic Finns inhabiting territory adjacent to a hostile foreign power, they were particularly subjected. It situates these aspects of their lives – and deaths – within the broad framework of Soviet social, political, and cultural history as well as works that share the same or similar methodological concerns. The life writings approach