

Perspectives on the Global Financial Crisis

The Spectre at The Feast: Capitalist Crisis and the Politics of Recession by Andrew Gamble, New York: Palgrave MacMillan, 2009, pp. 184, ISBN 978-0-230-23074-3, £55.- (hbk.)

The Great Credit Crash by Martijn Konings (ed.), London: Verso, 2010, pp. 398, ISBN 978-1-844-67433-6, £19.95 (pbk.)

Crisis in the Global Economy: Financial Markets, Social Struggles, and New Political Scenarios by Andrea Fumagalli and Sandro Mezzadra (eds.), Cambridge (MA): MIT Press, 2010, pp. 301, ISBN 978-1-584-35087-3, £12.95 (pbk.)

By Alex Andrews

In a famous passage of his *General Theory of Employment, Interest and Money*, John Maynard Keynes remarks that in order to stimulate economic activity the government should take any decisive action, not limited to burying money in bottles and getting businesses to dig them up. Clearly the global publishing industry decided to take matters into its own hands in the aftermath of the 2007 global financial crisis, with the sheer number and variety of accounts, theoretical reflections and practical suggestions published surely counting as a stimulus package of sorts themselves. The three books under review represent three excellent complementary accounts that provide a grounding in the causes of the crisis and possible alternatives to the structure of capitalism that might offer a solution.

Andrew Gamble's *The Spectre at The Feast: Capitalist Crisis and the Politics of Recession* is a straight forward, level headed critical account whose virtues are its brevity and clarity. Indeed, if one were to offer a layperson an account of the crisis, one would likely not do any better than Gamble's account, though scholars should not feel that its relative simplicity is a problem. Though at the same time the hand holding may grate, this book would make an excellent framework for any scholar to then flesh out each element of the crisis in turn - its lacks and omissions feel like a provocation to further work rather than being an irritant. Structurally, Gamble employs a very simple format. He examines the most recent crisis, places it within a history of capitalist crises since the South Sea Bubble of 1720, examining the theories of crisis from Marxist and Austrian

perspectives, discusses the ideological content (globalisation and neoliberalism), the political consequences and then finally examines possible future directions from a variety of perspectives. Each aspect is given its own chapter and therefore sufficient breathing space. For Gamble, the proximate cause of the financial crisis was the US housing bubble that was a result of the finance backed booms since the 1980s. The longer term cause, however, in contrast to more liberal accounts that have simply stressed some kind of moral profligacy on behalf of financial traders, is the reconstruction of capitalism after the stagflation crisis of the 1970s and the movement from 'public Keynesian' of government intervention, to the 'private Keynesian' of low taxes, the credit card, and the model of 'financial growth' that relied extensively on speculation on financial markets. Gamble is perhaps, however, far too confident that the 'efficient markets' hypothesis, embodied in a number of financial models, is buried while simultaneously maintaining that the arguments in favour of neoliberalism (p. 90) will likely mutate and remain – the dependency of one upon the other is somewhat underrated.

In terms of defining the often abused term 'neoliberalism' in the ideologically focused chapter, Gamble does significantly better than other commentators in giving an accurate account of its origins and ideational dispersal, highlighting tensions in the academic debate regarding its definition that avoid the problematic conceptual overreach that this concept is plagued by. For example, he correctly highlights the role of Alexander Rüstow, the Mont Pelerin Society, and the plurality of neoliberalisms within the family concept of neoliberalism (as opposed to its pure unsullied creation as a simple doctrine, its crucial difference from a simple return to Manchester *laissez-faire* and so on). However, frustrating is the lack of 'joining the dots' between the earlier discussion of Austrian theories of capitalist crisis and then the ideational vectors of neoliberalism and then the later discussion of the anarcho-capitalist response to the crisis. The fact is that Austrian economics has developed since the early 1930s in parallel and as a strand of neoliberalism. The omission of the fact that both Schumpeter's *Capitalism, Socialism and Democracy* and Polanyi's *The Great Transformation* were two of the three books, alongside the aforementioned Keynesian classic *General Theory of Employment, Interest and Money* that caused Hayek directly to found the Mont Pelerin Society and to take up arms in the 'war of ideas' against the encroaching forms of 'collectivism'.

In the closing chapter, Gamble assesses the positions of five possible responses to the credit crisis and considers their prospects: market fundamentalism, national protectionism, regulatory liberalism, cosmopolitan liberalism and anti-capitalism. This conceptually useful schema could well be employed by others. Yet, Gamble's reading of the anti-capitalist position is rather mixed, though this is perhaps because this position is itself sometimes confused and contradictory – and the movement between it and the supposed 'regulatory liberal' position is fairly fluid. This is clear in the fact that a figure like, say, Naomi Klein, a supposedly explicit anti-capitalist, cites someone like Joseph Stiglitz, a clear regulatory liberal.

Where Gamble has omissions, the edited collection, *The Great Credit Crash* fills these gaps in knowledge. The book is fairly remarkable in the way that, despite being an edited volume from various authors, it feels like a quite cohesive account, with missing elements from one chapter being picked up in subsequent ones. Refreshingly cutting through the verbiage, despite internal diversity, the authors largely agree with many aspects of Gamble's account. Yet they add the crucial, orthodox Marxist point that the movement of money from labour to capital as a result of the neoliberal reforms of the 1970s resulting in the stagnation of wages and the need to provide for basic needs by the use of credit resulted in a not dissimilar situation to the stock market crash of the 1920s, except for the crucial difference that the option of solving the crisis, moving the economy from capital to labour, is no longer politically plausible. This is the thesis of the directly comparative chapter regarding the Great Depression, James Livingston's 'Their Great Depression and Ours'. These accounts should have a familiar tone to those familiar with the work of David Harvey, whose own account of the crisis in the context of broader capitalist development is contained in his book *The Enigma of Capital*. Quite tight US centralism of the opening chapters would be a flaw if not complemented by a European account like Gamble's. Particularly worthy of highlight in an excellent volume are Johanna Montgomerie's careful essay on the racial dimensions of the financial crisis and the replacement of social security with the 'plastic safety net', and Susanne Soederberg's detailed work in demonstrating the continuity of policy in international financial institutions and regulators, who were completely unchanged by the crisis despite rhetoric to the contrary.

Crisis in the Global Economy: Financial Markets, Social Struggles, and New Political Scenarios turns the conceptual armoury of the 'post-workerist' perspective onto the financial crisis. Thus, readers familiar with the conceptual schema at work in post-workerism, popularised in the work of Michael Hardt and Antonio Negri, will find many points here quite familiar – such as the notion of a serious transformation of capitalism between Fordism and 'post-Fordism' (largely underplayed by more orthodox Marxist accounts such as those found in *The Great Credit Crash*), the notion of a 'crisis of value' in capitalism related to the concept of immaterial labour drawn from Marx's 'Fragment on the Machines', the idea of the common being the basis of a new politics of communism that separates itself from traditional understandings of state control of the economy now defined and opposed as socialism, and concentrates on the notion of the common (i.e. common cooperative human production). However for readers outside this conceptual field, the book's approach might seem more alien and more difficult to understand than the other two books. Simply put the approach here is that whereas numerous accounts of the financial crisis stress that, through a process of severe abstraction from the manufacturing base of the so-called 'real economy' (a process even accepted by the UK's pro-market Conservative party) the problem at the centre of the

crisis was a sort of hyper modernity of financial instruments resulting in the constructions of pure fantasies without grounding in reality, this book senses that first, financial capitalism is in fact a return to a more primitive, antique and vicious form of exploitation – rent – and that second, this financialisation is simply an aspect in the more general tendencies of class composition that transformed the relationship between capital and labour since the 1970s and moved from Fordism to Post-Fordism. Perversely, for the authors in this volume, contemporary finance is not some form of shiny modern capitalism writ large but a return to rent, a regression even from the perspective of the early champions of capitalism who supported the ‘productivity’ of profit making capitalist over the ‘unproductive’ rentier.

The point here is quite subtle, best expressed by Carlo Vercellone’s essay ‘The Crisis of the Law of Value and the Becoming-Rent of Profit’. The stakes of the struggle are stated by Negri in his concluding afterword, taken in combination with ‘The Violence of Financial Capitalism’ (which he later expanded to the book of the same name) by Christian Marazzi. This subtlety is because it is not enough to say that financial elements of the economy are akin to rent in that they operate without contribution or production and are parasitic on the ‘real economy’. For Vercellone, this is an inadequate analysis. This is also what Gamble might term the ‘regulatory liberal’ position, though this bleeds certainly into allegedly ‘anti-capitalist’ accounts: the problem was lack of regulation and the bubble. Under this proposed solution, we would not gain inflated housing bubbles (or any bubble), and the law of value in capitalism would allow things such as houses to be properly assessed because they would be removed from financial speculation which cares nothing for their true market value and allowing immediate consumers access through. However, for a variety of reasons this is false, in the most part because financialisation is but one element of the deep changes as a result of the transformation from Fordist to post-Fordist or ‘immaterial’ means of production. The presence of finance is found at every stage of the modern economy, and not simply as a kind of additional layer. Indeed, the composition of the worker under capitalism has been entirely reconfigured – the subject of ‘cognitive capitalism’ has been created – the cognitariat. The crisis of contemporary capitalism is then primarily a crisis of capitalism’s ability to evaluate and measure itself. Tiziana Terranova’s contribution ‘New Economy, Financialization and Social Production in the Web 2.0’ is a fascinating in this regard, linking the attitudes of financial traders to their peculiar sociality that mixes Web 2.0 interaction with the high testosterone world of computerised financial trading.

Even from this short explanatory sample of some of the arguments made it should be clear that in comparison to the other accounts under consideration *Crisis in the Global Economy* is the most theoretical and perhaps obscure, yet, in a group the book proffers a single joint statement in “Nothing Will Ever Be The Same: Ten Theses on the Financial Crisis”. What makes this book interesting is that this perspective is actually that of activists surrounding the international Edu-Factory group, whose work opposing the

post-crisis austerity, summed up in the slogan, “we won’t pay for your crisis” is one of the responses contained in actually existing politics since 2007 (and for example, in the recent student protests and occupations of major Italian landmarks). Certainly this work therefore represents not simply a theoretical reflection, but also one of the primary sources for understanding the international struggles against austerity in the aftermath of the crisis currently taking place.

Globalisation and Democracy

The Globalization Paradox: Democracy and the Future of the World by Dani Rodrik, New York: W.W. Norton & Co., 2011, pp. 346, ISBN 978-0-393-07161-0, £16.99 (hbk.)

By Louise Gonsalvez

Democracies have the right to protect their social arrangements, and when this right clashes with the requirements of the global economy, it is the latter that should give way. (Rodrik, 2011, p. xix)

In *The Globalization Paradox*, Dani Rodrik argues that globalization, or more exactly ‘hyperglobalization,’ presents an undeniable and untenable ‘trilemma’, situated between democracy, national self-determination, and economic globalization. Given the difficulties of combining these, he believes that economists and civil society alike must make a choice, urging that the democratic voice should trump global tendencies. Entertaining, anecdotal and humorous, Rodrik presents insights into the historical makings of globalization, starting as far back as the East India Company that engineered its own army, distribution, and marketing schemes. He includes discussions about voyageurs in Canada’s colonial past, Adam Smith, Bretton Woods, the gold standard, and the Washington Consensus. In doing so, he creates an engaging text most suitable for people who seek to not only understand the economic drivers of today, but to also shape them.

Rodrik, who is a professor of International Political Economy at the John F. Kennedy School of Government at Harvard University, claims that a new narrative is necessary in the financial free market economy, which favours deregulation, and recommends that a more moderate globalization replace the ongoing hyperglobalization that has fed the elite, and disenfranchised outliers in the marginalized zones. The title of