

As suggested in the above quotes, *Capital and Its Discontents* embraces a deeper political principle. It shows us that the dialectical deconstruction of capitalism and its crises by intellectuals is an indispensable element of the left, and at the same time the interviews are infused with the democratic notion that the struggle to overcome capitalism must be broadly based and inclusive. With the spirit of Freud lingering in the background, we on the left suspect that the contradictions at the heart of capitalist social formations, those pressures that supply the very content of politics, inexorably create upheavals and sustained social struggles. And we believe that the intellectual form and political shape we lend to those struggles will be historically decisive. Lilley's sweeping interviews affirm this deeper democratic conviction more than anything else.

McNally, David. 2011. *Global Slump: The Economics and Politics of Crisis and Resistance*. Oakland: PM Press. ISBN 978-1-60486-332-1. Paperback: 17.95 CAD. Pages: 230.

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David McNally's prognosis in *Global Slump* seems exactly right:

Rather than describing a single crisis, the term [global slump] is meant to capture a whole period of interconnected crisis – the bursting of the real estate bubble; a wave of bank collapses; a series of sovereign debt crises; relapses into recession – that goes on for years without sustained economic recovery. This, I submit, is what confronts us for many, many years to come (8-9).

My attention was drawn to two points in this book. The first is an important nuance in McNally's discussion of the crisis. The second is his original explanation of the reasons for financialization.

Like most Marxists, McNally roots the current financial crisis in capitalist over-accumulation. The "majority" assumption is that there has been a more or less continuous "bust" in capitalist profits since the 1970s. In contrast, *Global Slump* insists that our understanding of the current crisis must acknowledge that a genuine profit "boom" occurred between 1982 and 2007. McNally labels this period a "neoliberal expansion" (38). This draws attention to historically-specific factors that are often left out of accounts guilty of the complaint that Marxists have correctly predicted ten of the last

three great depressions. The emphasis on neoliberalism suggests that rising exploitation may be an important determinant of the crisis. Too many explanations focus one-sidedly on over-investment in machinery.

Attention to rising exploitation also sets the stage for the significance of the “predatory inclusion” (121) of more and more people into financial markets. McNally describes how “sub-prime” mortgages in the US disproportionately targeted poor people of colour. The indebtedness of developing countries quadrupled during the neoliberal boom (127). He emphasizes that credit can offset the dampening effect on consumer demand of rising exploitation. For example, McNally argues that the end of the neoliberal boom was signalled by the 1997 Asian Crisis but massive credit expansion postponed the broader crisis to 2007.

I perceive a partial disconnect between this attention to rising exploitation and ballooning credit and the book’s description of over-accumulation in the chapter titled “Manic Depression: Capitalism and its Recurring Crises.” The chapter explains that “mechanization is necessary to....win the battle of price competition...as the ratio of labour to total investment declines, so the ratio of profit to total investment will tend to fall” (77-78). The glossary entry for “over-accumulation” reports that it is “caused by intense competition to boost the productiveness of their companies by investing in new plants and technologies” (196).

Readers are directed in a footnote to a forthcoming work which will point out that “the actual process is more complex, with a variety of counter-tendencies. But this explanation does justice to a key part of the dynamics at work” (212). Well yes and no, because as Marx wrote, “to try to explain them [capital’s laws] simply as the results of competition therefore means to concede that one does not understand them” (quoted in Lebowitz 2010, 284). McNally (1999) has himself made this point against “horizontal” (inter-firm) accounts of over-accumulation in place of “vertical” (inter-class) accounts. For the fuller, “vertical” explanation I think the chapter needed to include the “problem” of realizing surplus value. This is where rising exploitation and credit nicely fit.

*Global Slump* identifies the other key element of the neoliberal expansion as the dramatic capitalist expansion in East Asia, especially in China. McNally highlights the dramatic proletarianization of the Chinese peasantry and the massive foreign investment attracted by the precarious position of these urban migrants. “China’s working class, today at 750 million...is one and a half times larger than the labour force of all the thirty rich countries of the OECD combined. The country’s *surplus* labour force alone is three times larger than the entire manufacturing workforce of the OECD countries” (52).

It may be that “tendencies towards over-accumulation and declining profitability...have become central features of China’s market-driven-development” (57). But the implication seems to be that this process of over-accumulation is the same as in wealthy capitalist countries. How do we then evaluate the influence of the Chinese state on the dynamics of the economy, on investment and demand? The statistic that “China’s

250,000 millionaire households, making up only 0.4% of the population, now control 70 percent of the country's wealth" (57) caught my eye. I followed the sources to determine that the 70% actually refers to household wealth, not all wealth. It had been cited for a discussion on social inequality, so it was also my mistake to have read it too literally with other issues in mind. But my point about this experience is the need for more clarity on the particular structure and dynamics of an economy so central to global capitalism.

The second main point I got from *Global Slump* is McNally's explanation of financialization. The numbers are always impressive. Financial returns in the US rose from 16% of total profits in 1973 to 41% in 2007 (86). Trading in foreign currencies increased from twice the value of trade in goods to 70 times by 1995. "Over-the-counter" trade in derivatives grew from \$1.2 trillion in 1992 to \$4.2 trillion in 2007 (94). McNally provides a clear, understandable description of the various and often esoteric financial instruments – derivatives, collateralized debt obligations, credit-default swaps and the like.

He then briefly outlines a distinctive theory about the origins of financialization. It emphasizes the "historic transformation of world money that occurred after 1971, when the US government ended the convertibility of dollars for gold" (10). With no relatively stable reference point for value, the need arose for insurance-like protection against the resulting fluctuation in currencies and interest rates in the context of globalized production and sales. Thus, financialization does not flow from opportunities created by deregulation. It is rooted in the objective need of globalized capitalism for a measurable standard of value. McNally does not discuss it in these terms, but this sounds like an orthodox Marxist theory of money that had been challenged by the end of the gold standard.

In addition to trying to clarify the nature of the crisis, *Global Slump* was written to "think through what all this means for movements of resistance, struggles for social justice, and anticapitalist politics" (ix). In his second-last chapter McNally tries to "chart pathways of resistance and anticapitalist transformation" (10) by reviewing recent movements to occupy factories, general strikes in Guadeloupe and Martinique, social uprisings in Bolivia and Oaxaca and mobilizations of immigrants in the US. He emphasizes that the anticapitalist Left must "reclaim democracy – radical, direct democracy in particular – as a core value" (189).

McNally's review of the contours of resistance from below depicts the commonality of struggles against neoliberal capitalism in imperialist and imperialized countries. Some of us would distinguish the context of these struggles more than he apparently considers necessary. For example, the issue of anti-imperialism is not developed in his account of the "mass anti-neoliberal upsurges [that] toppled governments and rolled back privatizations in countries like Bolivia, Ecuador and Venezuela" (152). The discussion of anti-neoliberalism and anti-capitalism leaves out the governments placed in power by the above upsurges, and projects like the Bolivarian

Alliance for the Americas (ALBA) and the Universal Declaration of the Rights of Mother Earth.

This is an important book to read, especially for its distinctive explanation of the economic crisis.

## References

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Stephen McBride and Heather Whiteside's new book, *Private Affluence, Public Austerity*, is a remarkably detailed and insightful analysis – truly a *tour de force*. It examines the causes and consequences of neoliberalism in Canada with particular attention to, and exploration of, the role of not only three recent economic crises but also a political crisis or "democratic malaise." There is a powerful message to the book. Although "crisis-prone," neoliberalism has proven to be amazingly resilient to crisis. Thus, it seems that it will take more than just crises to bring about an end to neoliberalism and its replacement with an alternative paradigm.

*Private Affluence, Public Austerity* examines the establishment of a neoliberal regime in Canada and analyzes the nature of that regime in the context of the recent financial crisis and two preceding economic crises as well as an on-going political crisis. In short, although the economic crises have, to a large extent, been caused by neoliberalism, neoliberalism has proven itself to be resilient and been retrenched rather than abandoned in their wake. In terms of the political crisis, the book explores what it