

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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McNally, David. 1999. "Turbulence in the World Economy." *Monthly Review* 51, no. 2. <http://monthlyreview.org/1999/06/01/turbulence-in-the-world-economy>

McBride, Stephen and Heather Whiteside. 2011. *Private Affluence, Public Austerity: Economic Crisis and Democratic Malaise in Canada*. Halifax: Fernwood Publishing. ISBN 978-1-55266-403-2. Paperback: 24.95 CAD. Pages: 153.

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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

calls a “democratic malaise” suggesting that the latter can be explained by economic and social inequalities and the shutting out of possibilities for public input into policy decision-making, both factors having been exacerbated by the neoliberal regime.

The book begins with a discussion of the financial crisis beginning in 2007 which then frames the rest of the analysis. In the second chapter, various “long-wave” theories of capitalist crises are examined. This is followed by discussions in the third and fourth chapters of the Keynesian welfare state and the neoliberal state. The latter is characterized, on the one hand, by “private affluence” as a result of the privileging of the market but, on the other hand, by “public austerity” as a result of the policies pursued under neoliberalism. These two chapters, Chapters 3 and 4, contain a very thorough and useful analysis which, we are told in a footnote, has been revised and updated from chapters in McBride’s *Paradigm Shift: Globalization and the Canadian State* (Fernwood, 2001 and 2005). Chapter 5 provides a detailed look at the three crises of the neoliberal period in Canada: the recession in the 1980s, the recession in the 1990s, and the global financial meltdown of 2007-09. Chapter 6 moves to a discussion of the connection between neoliberalism and the “democratic malaise” of the voting public. The concluding chapter considers the legacy and the future of neoliberalism and what the “conditions for change” might be. The discussion also considers such questions as the impact of, and future for, Keynesian stimulation policy and the significance of some new crises which have emerged – the sovereign debt crises of 2010 onward, most notably in Greece.

McBride and Whiteside describe their theoretical framework as being in the tradition of critical political economy (20). In their chapter, “Theories of Capitalist Crises,” they begin by showing the inadequacy of neoclassical economic theory which denies the possibility of crisis by claiming an automatic readjustment of the system to any disturbances. Instead of accepting this approach, McBride and Whiteside look at various “long wave” (i.e. of 40-60 years duration) crisis theories. These include the social structure of accumulation (SSA), as theorized by Phillip O’Hara among others, in which institutional innovations guide strong growth in the upswing of a long wave but these same institutional innovations eventually break down and “generate their own unique contradictions” in the downswing (21). Regulation theory, pioneered by Michael Aglietta, includes an analysis of institutions as does SSA but adds to it a “regime of accumulation” approach. Under regulation theory, the mid-70s crisis is seen as a crisis of the Fordist regime of accumulation. The authors also present David Harvey’s Marxist overaccumulation explanation of crisis as rooted in capitalist production and the contradictions it produces as accumulation proceeds – namely a lack of markets and of opportunities for profit-making.

In addition to the above approaches, the authors use a “paradigm approach,” influenced by Peter Hall, which they locate within the broader set of relations, in terms of institutions as in SSA, or in capitalism as an economic system as in overaccumulation theory (33). Using the “paradigm approach,” they examine the Keynesian and neoliberal

paradigms as well as the “paradigm shift” from one to the other and conclude that there are inherent contradictions in neoliberalism itself which bring about crises.

The analysis of the relation of the economic crises to neoliberalism starts with the identification and description of three crises experienced in Canada in the neoliberal era. The first two, which took place in the 1980s and 1990s, were characterized by recessions with low growth and high unemployment. The third crisis, in 2007-09, began with a financial meltdown and moved into an official recession with negative growth rates of real GDP in the last quarter of 2008 and the first two quarters of 2009. The authors argue that these crises were the outcome of contradictions not only of capitalism but of neoliberalism itself. In the 1970s, there was a decline in profits for capital explained by Harvey, for example, in terms of overaccumulation and the reduced possibility of profitable investment. However, in addition, the neoliberal policy response to stagflation in the 1970s of high interest rates and cuts to social spending induced recession and in so doing created its own contradictions. Further, they argue that the bailouts to the 2007-09 financial crisis have created the need for further public austerity, another contradiction of the neoliberal policy regime.

But not only are the crises brought about by the contradictions within capitalism and neoliberalism, but neoliberalism so far has shown resilience in the face of these crises – leading even to retrenchment or “rejuvenation” as some authors have termed it (91). McBride and Whiteside, following the language of Jamie Peck and Adam Tickell, describe not only the “rolling back” of the Keynesian SSA during the crisis of the 1980s but also a “rolling out” of further neoliberal institutions of a neoliberal SSA during the crisis of the 1990s (89). During the financial crisis of 2007-09, in desperation, the neoliberal regimes used some Keynesian-style stimulus spending. However, McBride and Whiteside judge such stimulation to have been “temporary and shallow” (6). Further, the stimulus spending, in the end, led to the perceived need, within the neoliberal policy framework, for a return to austerity to pay for it.

The analysis of *Private Affluence, Public Austerity* ends with an examination of a political crisis or “democratic malaise” which the authors argue has itself been induced by further contradictions of neoliberalism. Much has been written of the democratic decline and apathetic citizenry during recent years in Canada and North America generally. The symptoms are low voter turnout, lack of trust in democratic institutions and a lack of knowledge about the constitutional system. The authors survey some of the explanations that have been offered for this. All are at the level of the individual and their participation or not in the political process. However, McBride and Whiteside, instead of focusing on the attitudes and psychology of the individual, argue that it is neoliberalism itself and “the inequalities that it generates” (95) which offer the best explanation of the democratic malaise. If, under neoliberalism, even parliament loses decision-making power as is argued earlier in the book (72), members of the citizenry have good reason to believe that

they have virtually no say in any public decision-making and thus a quite rational excuse for non-participation in the political process (98).

In the final chapter, the authors suggest that, in order to create a new paradigm, an overcoming of the “democratic malaise” will be needed. Further, to move beyond neoliberalism, the creation/framing of an alternative paradigm to neoliberalism needs to be a major priority and needs to begin now.

Harvey, David. 2010. *The Enigma of Capital and the Crises of Capitalism*. New York: Oxford University Press. ISBN 978-0-19975-871-5. Cloth: 27.95 CAD. Pages: 296.

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A seeming deluge of radical literature continues to emerge in response to the latest crisis of capitalism. David Harvey’s *The Enigma of Capital* offers a unique and compelling theoretical contribution to this growing body of literature. While *Enigma* finds its strength primarily as a theoretical text, the theoretical constructs are developed in a clear and accessible manner. This poses something of a trade-off, insofar as Harvey runs the risk of abandoning the conceptual rigour of classical Marxism in order to make its general ideas more accessible. *Enigma* is nevertheless one of the most dynamic recent theoretical constructs developed with which to understand and confront capitalism today.

*Enigma* can reasonably be situated within Harvey’s broader Marx project, a lifetime effort to make the works and ideas of Karl Marx relevant for a contemporary audience. The Marx project includes a series of online audio-video lectures thus far covering Volumes 1 and 2 of *Capital*. Harvey has also deliberately shifted away from the conceptual rigour of his earlier work, with *Limits to Capital* (1982) serving as a benchmark of theoretical density. *Enigma* simplifies away the often torturous conceptual apparatus that Marx constructed in favour of plain language. In this respect, *Enigma* would be an ideal text for anyone searching for an accessible theoretical understanding of the latest crisis and the nature of capital flow.

Like many books on the latest crisis, *Enigma* begins with a brief overview of the roots and consequences of the Great Recession. The central thesis of this chapter is that capitalism has become increasingly unstable since its neoliberal turn in the 1970s. This increasing volatility stems from capital’s inherent drive toward growth and expansion. This need to constantly grow presents the system with a “capital surplus absorption