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## BOOK NOTES

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Herbert Vere Evatt

*The Tolpuddle Martyrs: Injustice Within the Law*

Sydney University Press, Sydney, 104 pp., \$25.

In 1834 six agricultural labourers from the village of Tolpuddle in the south of England were transported to penal colonies in NSW and Tasmania. This was their punishment for swearing an oath of solidarity when meeting to discuss how they could resist their wages being reduced below a reasonable subsistence level. That their conviction and harsh sentence was ‘injustice within the law’ is the theme of H.V. ‘Doc’ Evatt’s treatise on the subject, originally published in 1937 when he was a judge of the High Court of Australia.

Evatt carefully traces how the law was used against these vulnerable men by those with more money and power in the locality. He argues that, according to the prevailing law, the Tolpuddle martyrs were indeed guilty – not of trying to form a combination of workers but of swearing a secret oath (much as freemasons do at their lodge meetings). Yet the sentence was clearly out of proportion to the offence. Much ‘respectable’ opinion in England agreed, resulting in demonstrations that eventually led to the martyrs being allowed to return home from the antipodes.

Geoffrey Robertson’s elegantly written introduction to this re-issue of Evatt’s treatise suggests that the Doc’s recognition that law can be a vehicle for injustice was pivotal in inspiring his personal commitment to establishing guarantees of basic human rights in modern society. Evatt went on to become President of the General Assembly of the United Nations and leader of the Australian Labor Party. The ‘right to form and join trade unions’ was inserted in the UN Declaration of Human Rights at his insistence. Yet a bill of rights still remains conspicuously lacking in Australia. This handsome little book bridges the history – a powerful story of solidarity, suffering and resistance – with the ongoing struggle for workers’ and citizens’ rights.

Sebastian Berger (ed.)

***The Foundations of Non-Equilibrium Economics: the Principle of Circular and Cumulative Causation***

Routledge, London and New York, 199 pp., \$75.

Do economic processes tend to produce convergent equilibrium outcomes? The bulk of orthodox economics either assumes that they do or purports to demonstrate how and why they do. Yet 'out there' in the real world is abundant evidence of economic processes that have divergent characteristics. An early start gives cumulative advantages. Those with power perpetuate their privileged positions. The rich get rich while the poor get (relatively) poorer. Vicious circles recur. These are commonplace examples of processes of circular and cumulative causation (CCC).

So when theory and reality diverge what is to be done? The orthodox theorists may choose to ignore the reality. Proponents of CCC argue for a change in the theory. Beginning with the pioneering contributions of Thorstein Veblen, economists such as Allyn Young, Gunnar Myrdal, Nicholas Kaldor and William Kapp have sought to embed the CCC principle at the core of an alternative political economy. A challenge is thereby mounted to the soothing, but misleading, equilibrium theories of the orthodox economists. This edited collection of articles explores the theoretical basis and links of CCC within the traditions of institutional and post-Keynesian economics. Some of the chapters also focus on empirical issues that can be interpreted through the prism of CCC principles, such as Toner and Butler's analysis of the role of industry policy in Northeast Asian economies; Berger and Glavin's analysis of salmon fisheries from an ecological economic perspective; and Semenova's analysis of the historical origins of money.

Meanwhile, back in the straightjacket of orthodox economic theory, these heresies cannot be admitted. 'New growth theories' admit the possibility of divergent economic outcomes but the standard textbooks continue to emphasise models of market equilibria. Somewhat ironically, this vicious cycle of conceptual closure thereby illustrates how CCC principles also apply in the realm of economic theory and ideology.

Sharon Beder, with Wendy Varney and Richard Gosden  
***This Little Kiddy Went to Market: the Corporate Capture of Childhood***  
 UNSW Press, Sydney, 2009, 307 pp., \$39.95.

Sharon Beder has written extensively about corporate power and propaganda, as well as about environmental policy issues. Here she teams up with Richard Gosden and with Wendy Varney, who has been researching and writing about the commercialisation of childhood for many years (including an article in issue no. 33 of this journal). Together they have written a devastating analysis of how corporate interests undermine children's well being.

Diverse interconnected angles are covered. A starting point is how corporations target children with advertising in order to turn them into 'hyper consumers' and transform children's play into commercial opportunities. Emphasis is also put on how schools are used for the diffusion of corporate messages. The authors argue that schools themselves have been turned into competing business enterprises, as reductions in government funding of public schools have shifted educational goals from quality to 'efficiency'. Standardised testing is one manifestation of this tendency. As the corporations have taken effective control over more aspects of schooling, they have also pushed for a narrowed curriculum 'that emphasises a business-friendly view of history and society alongside basic literacy, numeracy and computer skills'. Many examples are given of the flood of corporate-sponsored classroom materials. Privatisation is another theme in the book. The authors analysis of 'school choice' has particular poignancy in the light of recent developments, summarised in the proposition that 'the right of every child to receive a high-quality public education has been replaced by the right of parents to choose the school their children will attend' (p.4).

And what about the children that are naughty, bored or depressed as a result of these multiple assaults on the quality of their childhood? Put them on psychiatric drugs, from which the pharmaceutical companies directly profit. The final irony – on which the authors touch tantalisingly briefly at the end – is that the profound challenges of the modern world require young people with personal attributes that are the very antithesis of what the corporations seek.

Howard Sherman

***The Roller Coaster Economy: Financial Crisis, Great Recession and the Public Option***

M.E. Sharpe, New York, 2010, 195 pp., \$56.

Howard Sherman has been an outstanding contributor to radical political economy over four decades. His work is Marxist in method, topical in focus and popular in style. It is a combination well suited for an analysis of the global financial crisis (GFC). He sets it up as an investigation into the causes of the business cycle, with particular reference to the US economy. The first part of the book demonstrates that periodic crises are endemic to capitalism, not mere wobbles caused by external shocks. According to Sherman, what makes capitalism a uniquely ‘roller coaster economy’ is the interaction between profit-seeking, the use of the market to determine what is produced and what is not, and the existence of money as a source of savings and of credit.

So what were the particular causes of the recent GFC? First, an ‘income gap’ because the fruits of economic growth went more to property owners than workers. To address the resulting ‘consumption gap’ workers then had recourse to growing volumes of credit, but credit collapsed in 2007 after the banking system went into a tailspin. Meanwhile, rising interest rates and rising prices of raw materials imported to the USA caused a squeeze on business profits. Tax revenues were rising faster than government spending, so the effect of fiscal policy was negative. Concurrently, the US trade deficit ballooned. Falling business profits then caused investment, GDP and employment to fall. Sherman illustrates each of these steps with clearly presented statistics.

Turning to policy responses, Sherman presents a partly sympathetic critique of Obama’s response to the GFC, recognising the need for economic stimulus and restoration of confidence in the financial system. However, he also argues for more comprehensive public ownership of economic entities that are ‘too big to fail’, including the largest banks. There is also criticism of Obama’s health reforms, stressing the need for a comprehensive public option alongside the private insurance model that has been favoured. Advocacy of ‘democratisation’ of the economy is Sherman’s preferred route towards more socialist arrangements.

Leo Panitch and Martijn Konings (eds)

***American Empire and the Political Economy of Global Finance***

Palgrave Macmillan, Basingstoke, 2009, 334 pp., \$65.

This book – in Palgrave Macmillan’s *International Political Economy* series – focuses on the important role the US state played in expanding international financial markets. This focus on ‘imperial finance’ emphasises considerations of imperialism and power that are ignored in much discussion of globalised financial markets (and, to some extent, in US-centric studies such the book by Sherman reviewed above). It challenges the notion that neoliberalism and financialisation are market-driven, emphasising that states – particularly the US state – have been crucial in shaping the institutional processes of global finance.

First published in 2008, the book largely comprises papers presented at a seminar series at York University, Toronto in Canada. This more recent edition includes a new chapter on the political economy of the subprime crisis. It gives the book an up-to-date feel. It also underscores the book’s central analytical theme – because the subprime crisis, which originated in the USA before spreading to the rest of the world, is evidently symptomatic of the policies of the US state that facilitated the growth and imperial reach of powerful financial institutions. As the authors say, ‘it is difficult to make any sense of recent events without emphasising America’s relationship to the rest of the world’ (p. 253).

Ben Fine

***Theories of Social Capital: Researchers Behaving Badly***

Pluto Press, London, 2010, 271 pp., \$69.95.

This is a devastating critique of the widely used notion of ‘social capital’. Fine’s previous major work on the subject, published in 2001 as *Social Capital versus Social Theory*, showed the incoherent nature of the concept and the flawed character of the social analysis that has used it. Yet the proponents of ‘social capital’ have seemingly carried on regardless. The one notable exception is the World Bank: from using the concept extensively, the Bank’s publications suddenly dropped it about six years ago. Fine explains this primarily in terms of internal conflicts within that institution between economists and non-economists.

Within academia, and social research more generally, the notion of ‘social capital’ continues to have widespread use as a means of considering the interdependence of social and economic arrangements, and as a means of acknowledging that the strength of social networks matters in relation to economic performance. Cynically, it may also be noted that reference to ‘social capital’ also plays a key role in formulating large-scale research projects to attract research grants.

But what is really meant and what is being measured by ‘social capital’? Fine asks rhetorically, what is capital when it is *not* social? From a Marxian perspective, capital always entails a social relationship – between its owners and the workforce they employ. It is this capital-labour relationship that is the key political economic dynamic of capitalism. In neo-liberal politics and neoclassical economic theory, on the other hand, it is easy to see why the more long-standing notion of ‘*human* capital’ became acceptable – as a means of conceptualising market incomes as returns to individual investments in personal education and skills. Between these poles, ‘social capital’ inhabits an ill-defined territory in which there are attempts to link economic and social analysis, sometimes with a mildly reformist inclination. Fine chides researchers for ‘acting badly’ in this territory and calls for more analytical rigour. Right at the outset he succinctly sets out twelve clear reasons for rejecting the concept of ‘social capital’ (*pp.2-6*) and these are elaborated throughout the book in a sustained polemic.

No postgraduate student writing a thesis that uses the concept of ‘social capital’ can afford to ignore this critique. For the rest of us, well, ‘bowlng alone’ remains an option as long as we don’t try to make a general social theory out of it...



John Spoehr (ed.)

***State of South Australia: from Crisis to Prosperity?***

Wakefield Press, Kent Town, SA, 2009, 304 pp., \$34.95.

John Spoehr, who is the Executive Director of the Australian Institute for Social Research at the University of Adelaide, has committed to publishing a fully revised version of *State of South Australia* every three years. This major undertaking is important for a state which, second only to Tasmania, has often been regarded as the ‘Cinderella’ state in the Australian economy. Spoehr’s editorial introduction, written as the SA state was emerging from the impact of the recent global financial crisis, talks of buoyant export prospects for educational, services, water resources technologies, wine and grain. Investments in defence products are also expected to stimulate an otherwise sluggish manufacturing industry sector.

However, it is the proposed expansion of mining that is probably the most contentious aspect of the SA state’s political economy. At Olympic Dam, particularly gargantuan economic and environment impacts are anticipated – revenues projected to total around \$56 billion over thirty years from the copper, uranium, gold and silver that will be mined from a pit over four kilometres long, three and a half kilometres wide and deeper than Mt Everest in high (p. ix). This is the ‘dig it up, ship it out’ economic strategy at its most basic and, if this is to be the *national* emphasis, who could reasonably deny South Australia its share? Yet, on the same page of the book, the editor notes that the key to South Australia’s future prosperity and sustainability, as elsewhere, is how rapidly the state is able to make the transition to a low carbon economy.

The nineteen chapters in this book go far beyond an economic stocktaking. They include consideration of aboriginal policy issues, health, education, environment, housing, infrastructure, urban development, industrial relations, gender, demography, media and the arts. All accentuate the state’s strengths while acknowledging the weaknesses and emphasising the challenges ahead.

Vandana Shiva

***Staying Alive: Women, Ecology and Survival in India***

Spinifex Press, North Melbourne, 2010, 224 pp., \$34.95.

Vandana Shiva was one of India's leading physicists before becoming a activist committed to radical social change. This year she will be awarded the prestigious Sydney Peace Prize, some seventeen years after she was first awarded the Right Livelihood Award (the 'alternative Nobel Prize'). Shiva bridges scientific understanding with moral philosophy – imbued with a deep concern with the environment, poverty, women's rights, energy and nutrition.

This book, first published in 1988, is one of the foundations of modern eco-feminism. The 2010 edition included a new introduction, addressing 'the gendered politics of food and the challenge of staying alive'. It situates concerns with food security as part of a broader contemporary political challenge to the power of global corporations in agriculture, the push for developing nations to grow cash crops for export and 'the masculinisation of biodiversity that has led to violent technologies' adversely affective food production (*p. xiii*). Factory farms are described as 'negative food systems' because they consume more food than they produce. Subsequent chapters re-state Shiva's critique of how globalising patriarchal capitalism adversity affects resources, water, forests and the environment as well as food and prospects for development.

Gender is a theme throughout the treatise. The emphasis is on women's disproportionate burden but also on their sometimes inspiring resistances. Shiva writes with passion about the women of the Chipko movement in rural India who 'had put the life of the forests above their own and, with their actions, had stated that nature is indispensable to survival' (*p.218*). As Shiva notes, the Chipko women also won the Right Livelihood Award. However, symptomatic of the anti-ecological ideas and interests that need to be confronted, it was in the very same year that the neoclassical economist Robert Solow received the Nobel Prize for economic science for having developed a theory of growth based on the dispensability of nature!



Eric Neumayer

***Weak Versus Strong Sustainability: Exploring the Limits of Two Opposing Paradigms***

Edward Elgar, Cheltenham, 2010, 272 pp., \$29.95.

Eric Neumayer published the first edition of this book a decade ago. The distinction between the two paradigms of ‘weak’ and ‘strong’ sustainability has since become commonplace in the environmental movement.

Weak sustainability denotes a primary concern with amelioration of the environmental stresses that accompany continued economic growth. It results characteristically in the advocacy of economic policy instruments, such as emissions trading and carbon taxes, to promote behavioural changes conducive to reduction of adverse environmental impacts. It is an extension of neoclassical welfare economic theory. Proponents of strong sustainability, by contrast, contend that natural assets are non-substitutable, identify the quest for economic growth as the more fundamental problem, and posit the need for comprehensive deep ‘green’ solutions to looming ecological catastrophe.

Neumayer’s book, updated since the first edition to include more recent data and reference to studies such as Nicholas Stern’s report for the UK government, presents a clinical consideration of the two rival approaches to sustainability. It analyses their conceptual underpinnings and the problems of appropriately measuring the key variables, (sustainable economic welfare, genuine savings, defensive expenditures, resource depletion, ecological footprints, material flows, greened national statistics and modelling procedures, etc).

The result is a rather ‘technical’ work, in which the economic and political interests and institutions actually shaping global warming and environmental policy responses are eerily absent. It is also a somewhat ‘problem saturated’ analysis, showing the difficulties of developing conceptually consistent and quantifiable paradigms in environmental and ecological economics, but presenting little that is problem solving.

The author himself concedes that this may appear as a rather pessimistic view of the state of play. Perhaps the problem derives from where the analysis begins – in the realm of orthodox economic theory. Starting from there significantly limits where you can get to in understanding ecological concerns. There is an old joke that comes to mind in this context: one person, when asked in the street by a stranger about how to get to particular place, replies ‘well, if I wanted to get there, I wouldn’t start from here’...

Mark Diesendorf

***Climate Action: a Campaign Manual for Greenhouse Solutions***

UNSW Press, Sydney, 2009, 256 pp., \$34.95.

This is a well-targeted book for concerned citizens who want to be personally active in confronting the challenge of climate change. The author is an environmental scientist who has had considerable experience with community and professional groups struggling for a more sustainable future. His approach is refreshingly ‘down to earth’, looking at what can usefully be done within the sphere of non-violent action to confront the corporate interests who would ‘put their profits before the planet’.

The book considers how these vested interests are in what he dubs the ‘greenhouse mafia’. It goes on to examine the fallacies they have advanced to justify inaction despite the emergent scientific consensus on global warming. Seventeen such fallacies are systematically reviewed and refuted. Diesendorf thereby provides powerful ammunition for activists who might otherwise not quite know how to respond.

The book also reviews what could be done in practice to produce more sustainable outcomes. It considers the array of policies that could help to reduce energy consumption, accelerate the switch to renewables, stabilise population growth and foster a socially just transition. A multi-pronged approach is advocated. Equally important is the author’s review of strategies and tactics for winning campaigns – developing goals, organising groups, forming coalitions using the media, taking non-violent direct action, and so on. No environmental activist can afford to ignore the issues that this very readable book addresses.

Martin Feil

***The Failure of Free-Market Economics***

Scribe Publishers, Melbourne, 2010, 288 pp., \$35.

Martin Feil is an economist who has had a Road to Damascus experience, albeit of the slow maturing variety. From rising young star in the Holy War against tariff protection, Feil has become an ardent prosyletiser against ‘free-market economics’ and the practices that prevail under that ideological banner.

To finance his evening course studies for a Sydney University economics degree (‘that dismal faculty’) Feil got a job in the Department of Customs & Excise in 1968 (being Catholic probably helped get into a Catholic bastion). The capable Feil moved up in Customs and to the Tariff Board in 1974, just as it was being transformed into the Industries Assistance Commission by the Whitlam Government and its zealous head Alf Rattigan was attempting a systematic demolition of the tariff protection regime behind which lived the Australian manufacturing sector.

Said Feil, ‘I believed completely in what we were trying to do. I was young, green and idealistic.’ Feil notes that his naivete was shared at the highest levels. In particular, IAC staff assumed that lower protection on imports would lead automatically to lower consumer prices. Not so. The importers kept most of the booty.

After integral involvement in many industry investigations and reports, instead of moving up the IAC hierarchy, Feil left the public service in the late 1970s. He used his expertise in customs protocol and the tariff to advise industry (especially importers) in various consultancies, from his own to employment in the big firms Deloitte and Ernst & Young. By the time that the tariff regime was being wound down in the early 1990s, Feil had acquired, among others, a new expertise in the field of transfer pricing by multinational companies – consistent with the Australian Taxation Office’s push on the issue from the late 1980s. At the same time, Feil also changed his outlook. The promises of the ‘economic rationalists’ had not been delivered.

The first third of the book documents Feil's unusual professional trajectory, of much interest for the insight arising from experience at the 'coal-face'. The remaining two-thirds is devoted to an harangue on what Feil sees as the unhappy dimensions of a less than robust Australian economy – an engorged predatory finance sector, the cynical privatisations, a bipartisan naivete regarding the ruthless politics of international trade and finance (producing Australia's permanent current account deficit and ever-expanding debt), and so on. Add some assertive recommendations at the end, including jettisoning the 'toxic' US-Australia Free Trade Agreement.

Feil has been a long-time public critic of the general tendency of economic policy, fortunately finding a regular outlet for his opinion pieces in the *Melbourne Age*. This book has the text complemented by the biting visuals of John Spooner, Feil's companion cartoonist at the *Age*.

One negative and one disappointment on the margin. There are a handful of mistakes in names – people and institutions – so the book could have benefited from a beady-eyed editing. There is also little on the troubled character and brutal politics of the Australian transport sector and its infrastructure, on which Feil is an expert, again from close experience. The subject of his next book perhaps?

Martijn Konings

***The Great Credit Crash***

Verso, London, 2010, 398 pp., \$49.95.

Hot off the press – published in June 2010 – is this new book edited by Martijn Konings, whose co-edited book (with Leo Panitch) on the political economy of global finance was noted earlier on p. 159. Eighteen chapters by different contributors survey the roots of the GFC in the heartland of US finance, the global dimensions of the crisis and the politics of a socialist-based response. Although the contributions are diverse in many respects, there are strong central themes when discussing responses to the crisis. These themes include a critique of limited

Keynesian pump-priming policy responses and calls for states to impose stricter financial regulations. The editor's introduction calls for going 'beyond appeals to a common interest in prudent regulation to challenge the vast inequalities of power and wealth that have been built up over past decades.' Indeed, that is a massive political economic challenge. This impressive compendium of analysis by international scholars helps to show its resonance in the context of the latest crisis of capitalism.

*Book notes compiled by Frank Stilwell and Evan Jones*

## **LABOUR and INDUSTRY**

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### **Contributed Articles**

*Georgina Murray*

Capital in Crisis? Implications for Work and Society

*Dick Bryan*

Australian Populism and the Global Financial Crisis: Finding a Place for Labour

*Drew Cottle and Angela Keys*

International Labor and the Global Financial Crisis: Chained or Unchained?

*Mike Donaldson*

Explorations in the Working Class at a Time of Crisis

*Damien Cahill*

'Actually Existing Neoliberalism' and the Global Financial Crisis

*Helen Masterman-Smith*

Green Collaring a Capital Crisis?

*Frank Stilwell*

The Political Economy Challenge to Orthodoxy

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