
BOOK REVIEWS

The Economics of Financial Turbulence: Alternative Theories of Money and Finance

Bill Lucarelli

Edward Elgar, Cheltenham UK, 2011, 183 pp, \$110

Reviewed by Bill Dunn

Bill Lucarelli's book contributes to recent discussions on finance and the financial crisis. It is a short but ambitious book, culminating in a useful empirical account of the recent crash. It begins with Marx and Keynes before moving 'to construct a theoretical synthesis which incorporates Kalecki's principle of increasing risk and Minsky's financial instability hypothesis' (pp10-11). While I am not convinced it fulfils this lofty objective, there remains a great deal here with which it is worth engaging.

The book's brief chapters cover an enormous ground. Lucarelli avoids the waffle that characterises too much academic writing but the sheer density of his writing does sometimes make it a tough read. He also makes no concessions to the ignorant. So expect no gentle introduction to 'endogenous money', 'Keynes' non-ergodic vision', 'the Rubin school', 'Ponzi schemes', 'an inverted yield curve' or 'Hick's IS/LM analysis'. Personally, I confess a little more patient guidance through the Keynesian chapters, in particular, would have been welcome. My criticisms should accordingly often be qualified with the caution 'if I have understood correctly'. Nor is the book likely to win over those clinging to 'the false apologetics of prevailing orthodoxies' (p11). There are repeated denunciations of neo-classical economics in general and of particular monetary shibboleths but there is no systematic critical engagement. The book should instead be read as an intervention in debates amongst the already critical and economically knowledgeable.

Some of the material will indeed be familiar to many readers of this journal, not least the discussion of the last two chapters which is based on Lucarelli's excellent article from 2008 on 'The United States Empire

of Debt'. Amongst other things, these chapters effectively link the escalation of international and domestic US debt. On the one hand the international currency regime with the dollar at its centre allowed the development of global imbalances, US current account deficits matched by the surpluses and dollar reserves accumulated in China and elsewhere. US privileges, its ability to pay less on its debts than for its credits and to devalue away the former, are powerfully described. This is also effectively tied to the way these 'reserves' are recycled within the US, allowing the debt bubble which developed there. There is much else, including accounts of the way neo-liberalism involved privatization, deregulation and wage repression, which left workers needing to borrow. The story has been told in many places elsewhere but Lucarelli tells it particularly well.

Coming as they do at the end of this book, these empirical chapters should now apparently be read as informed by, even as the denouement of, the earlier theoretical contributions. This presents a greater challenge.

It is worth briefly recapitulating the book's structure. It is comprised of three main parts; on Marxian perspectives, heterodox theories of endogenous money and on the roots of the current crisis. First, however, the introduction jumps straight to what many readers will find a familiar narrative of the 2007-08 crisis and the subsequent slump. Neo-liberalism reversed the 'financial repression' of the Keynesian era, we are told. It partially restored profit rates at the expense of labour but redirected these to unsustainable financial speculation rather than to the productive economy. Consumption was only maintained by the accumulation of debt, while workers themselves became embroiled in the financial system through share ownership, either directly or via mutual and pension funds. Spurred on by free market ideology and deregulation, all this proved unsustainable and neo-liberalism is now exposed as a failure, even for capital. One might quibble with some of the detail, for example over exactly how repressed finance was in the post-WWII period (see e.g. Konings 2010). A bigger problem is the apparent conceptual distance between the empirical discussions with which the book begins and ends and the theoretical sections that provide its core. Most of the ideas discussed in the latter were developed many decades previously and conducted at a much higher level of abstraction, without reference to any of the new financial instruments or the vagaries of neo-liberal ideology or policy. The gap between the theoretical and empirical parts of the

book is no doubt bridgeable but I am not convinced the construction here achieves this.

Chapter 1 begins with a useful introduction to Marx's labour theory of value. The last few pages (pp24-28) articulate a theory of surplus value which incorporates a non-commodity money form. Workers sell their labour power before but are paid their real wages only after the circuit of production is complete. Only then is it possible to calculate the 'magnitude of surplus labour and the rate of surplus-value' (p27). The story is taken up in Chapter 2, beginning with Marx on money and drawing on *Capital* but also on many of Marx's interpreters. Lucarelli makes clear that there is a significant shift from Marx's view of commodity money to one in which the state becomes vital in validating non-commodity money as the universal equivalent. The aim is to move 'towards a Marxian theory of financial crises' (p40). However, the 'towards' is well chosen and we appear to stop somewhat short. Lucarelli describes how crises for Marx involve a separation of money from the commodity base, but there is little engagement with the implications of this for a contemporary monetary system which lacks the commodity base to begin with. And, while it is surely 'necessary to distinguish the various forms and functions of money and how these have evolved historically' (pp31-2), this is not something developed much further. Indeed, to do so would require a rather different sort of book.

Instead of dwelling on money and finance, the text turns to some relatively familiar views on Marx and crises. Lucarelli avoids the endless 'he said, she said' descriptive approach that can bog down so many accounts and instead uses the various sources to construct a synthetic interpretation, a synthesis supported by at least some of the texts to which he refers, notably Makoto Itoh and the Uno school. This seems a sensible way to interpret Marx's arguments but a bit more explanation would be useful. At least some of the people cited here are arguing for mutually incompatible crisis theories. I'm thinking of David Yaffe's 'fundamentalist' interpretation of the Falling Rate of Profit and Paul Sweezy's underconsumption/overproduction approach. Without venturing a bit deeper into the debates and tensions between the approaches, there is a hint of cherry picking rather than theory building. The book in any case appears to abandon much of this, with only a few of the insights reappearing in the later interpretations of Kalecki.

Something similar happens in Part II. Chapter 3 jumps to Keynes. It describes his ideas of radical uncertainty, which 'to a certain extent' explain instability and it discusses liquidity preferences and the paradox of thrift, whereby saving undermines investment in production. Lucarelli cites Keynes, who even before the *General Theory*, was describing how booms and depressions were peculiar to an economy in which money was not neutral (pp54-5). Chapter 4 then introduces three more recent 'heterodox approaches', more committed than Keynes to the idea that money was endogenous. Lucarelli makes clear that these 'Horizontalist', 'Structuralist' and 'Circuitist' approaches are 'divergent', not only from each other but also from the Keynes to whom we had just been introduced. The first rejects Keynes' theories of liquidity preference, the second reinstates them while for the Circuitists the Central Bank's issue of 'high-powered money' is the critical mechanism in regulating liquidity (p76). Here (in contrast to the Marx chapters) Lucarelli concentrates on detailing what the different perspectives say rather than venturing a synthesis or offering a systematic defence of one or another, although the ordering perhaps implies a certain preference for the Circuitist interpretation. The point seems to be simply that these perspectives agree on money's endogeneity. This contrasts with Monetarist visions but such consensus hardly seems devastating since these perspectives are said to have themselves 'failed to provide a coherent and unified theoretical framework' (p83). Again the discussion is anyway dropped abruptly.

Chapter 5 deals with Kalecki and Minsky. The former uses a Marxist framework but quite differently from most of the authors discussed in the first part of the book. In common with some of the underconsumptionist readings discussed earlier, Kalecki places considerable weight on imperfect competition in developed capitalism, with crises 'caused by problems in the realization of surplus-value into profit' (p93). However, he sees financial fragility arising specifically 'from the fact that the circuit of credit from oligopolistic firms tends to diminish as investment is curtailed in the aftermath of the preceding boom' (pp88-89). This appears to be a progressive process, so 'the ability of governments to dampen the fluctuations of the business cycle via Keynesian anti-cyclical policies will tend to deteriorate over time' (p105). Minsky is right to describe a recurring cycle of speculative bubbles based on the endogenous instability in the financial system, in which for example rising asset prices fuel euphoria and ultimately unsustainable borrowing. However, the process becomes less manageable.

On that note we return to the narrative. The final empirical chapters offer several references to Minsky. As other authors have noticed, there are many features of the recent speculative bubble that fit the trajectory he described. However, it is less clear that Kalecki's analysis informs much of this. Indeed the one attempt to make it relevant is one of the few instances where the empirical story appears significantly questionable. Lucarelli describes non-financial corporations' increased investments based on increased external borrowing rather than retained earnings. Others have suggested that rates of capital formation within the US and other rich country economies remained at historically low levels, and that what did occur was largely financed out of internally generated funds. Corporations were running financial surpluses and generating savings which could then be thrown into the speculative whirl, while it was households and governments that were in debt (see e.g. Harman 2009, Wolf 2010). This makes little difference to the thrust of the argument but highlights the difficulties of linking the theories with the evidence; and Lucarelli himself concludes the empirical chapters by stating that 'the origins [of this crisis] are quite specific to the financialization of personal income rather than to the logic of speculative investment cycles' (p142). This further highlights the somewhat tenuous connections between the different parts of the book. The international dimensions, so well described in chapter 6, had been anticipated by little if any of the preceding theoretical commentary. The role of the state (and of inter-state cooperation), seen as both contributing to the crisis and as vital to any strategies for recovery, had similarly gone largely unexamined in theoretical terms.

All this means that there are numerous loose ends and recurrent frustrations that the theoretical discussions are seldom revisited in considering the evidence. The parts of the book work better as separate essays than as a synthetic whole. The grandest ambitions remain unrealised. Perhaps not unusually, the pot of gold at rainbow's end remains elusive. It is nevertheless possible to appreciate the rich spectrum of theoretical perspectives and empirical detail that is on display. In its conclusion the author identifies a more modest aim of restoring heterodox insights and, towards this, it makes a valuable contribution. If the book can indeed inspire further debate and progress towards a more completely adequate, theoretically informed account of financial turbulence, its enduring contribution could be considerable.

References

Harman, c. (2009) *Zombie Capitalism*, Bookmarks, London

Konings, M. (2010) 'Rethinking Neoliberalism and the Crisis: Beyond the Re-Regulation Agenda', in Konings, M. ed. *The Great Credit Crash*, Verso, London

Wolf, M. (2010) *Fixing Global Finance*, Yale University Press, New Haven

Marx at the Margins: On Nationalism, Ethnicity and Non-Western Societies

Kevin B. Anderson

Chicago: University of Chicago Press, 2010, 336 pp, paperback
USD 22.50

Reviewed by Tom Barnes

Kevin B. Anderson's book offers an interesting historical account of Marx's writings on non-Western societies. Anderson, a Professor of Sociology and Political Science at the University of California, Santa Barbara, analyses Marx's writings on countries considered 'peripheral' to industrial capitalism during his lifetime: India, Russia, Algeria, China and Indonesia. He also looks at Marx's commentary on the Polish and Irish nationalist movements and on the American Civil War. Anderson focuses on Marx's lesser-known writings, many of which are yet to be published in any language. Most of his research delves into the monumental—and unfinished—*Marx Engels Gesamtausgabe* (MEGA), a collection of German-language publications, letters, manuscripts and drafts.

Anderson's main argument is that Marx's views about capitalist development, and its relationship to colonialism and nationalism, evolved during his lifetime. As a young man in the 1840s, Marx held an 'implicitly unilinear perspective, sometimes tinged with ethnocentrism, according to which non-Western societies would necessarily be absorbed into capitalism and then modernized via colonialism and the world market' (p. 2). By the time he reached his sixties, Marx had adopted a

'more multilinear' perspective. According to Anderson, he had become more open-minded about alternative development paths for non-capitalist regions. For example, he suggested that Russia may be able to modernize in a 'progressive non-capitalist manner' (p. 2). The strength of Anderson's portrayal is his ability to trace the evolution of Marx's thinking from the *Communist Manifesto* (1848) through to his journalistic writings in the early 1850s, the drafting of the *Grundrisse* (1857-58), the French edition of *Capital* (1872-75) and, finally, his late writings between 1879 and 1882.

The book contains eight chapters. After providing an introductory chapter, Anderson discusses the complexity of Marx's writings on colonialism in India, China and Indonesia during the 1850s (Chapter 1). Chapter 2 looks at Marx's writings on Russia and Poland during the 1850s and 60s. Chapter 3 discusses Marx's writings on the American Civil War. Chapter 4 looks at Marx's belief in Irish independence. Anderson argues that Marx's opinion changed from one in which a socialist state in England was necessary to liberate Ireland to one in which Irish independence was a prerequisite for revolutionary change among English workers. In Chapter 5, Anderson analyses Marx's changing perspectives as he drafted the *Grundrisse* and the first volume of *Capital*. In Chapter 6, he looks at Marx's rich collection of papers on non-Western societies penned between the late 1870s and his death in 1883. During this period, Marx drafted detailed notes on the communal village in pre-colonial India, its similarities with village life in Java and Bali, as well as papers written about various societies in North Africa and the Americas.

In part, Anderson is responding to the view that Marx expressed ethnocentric views in his analysis of colonialism and capitalist development. Marx's 1853 writings on India for the *New York Tribune* are arguably the main exhibits used to support this claim. Here Marx began to sketch his idea of an 'Oriental despotism', a descriptive category which he applied to a variety of different regions and countries, such as China, Egypt, Persia and Mesopotamia. This class structure was based on the demands of large-scale irrigation works. Marx characterized village-dwellers as passive in response to this structure. In the case of India, he wrote that the Indian village had been stagnant and unchanging for centuries. The British ended this system and halted the old public works programs. This view has met with some scathing criticism,

notably from Said (1994). While Marx established a baseline sympathy for the colonized, according to Said, it was his ethnocentrism that won out in the final analysis. In other words, Britain, whatever its motivations, was doing India a favour by undermining the basis of despotic rule and providing the means for ending the backwardness of village life.

While there is no question that Marx's original writing contains elements of this view, Anderson shows how Marx also believed that the transformation of Indians into waged workers would undermine colonial rule as well as the old despotic system. If anything, his mistake was his belief in the progressive nature of capitalism. According to Anderson, the shift in his writing that comes later is about his changing attitude on this point rather than a move away from a racist attitude towards the colonized. In Chapter 1, Anderson makes a similar point about Marx's writings on China. Marx's anti-imperialist position is also stated clearly in his writings on the 1857 Sepoy uprising in India. Marx's 21 articles on the subject (and a further 10 articles by Engels) clearly and consistently condemned the British.

Overall, Anderson's argument is convincing. In part, this is because he is careful to put Marx's commentary in its historical context. For instance, Marx's polemics against the British crackdown in India (1857-59) were written during a wave of establishment-driven jingoism and a time of relative political conservatism. Anderson's argument is also bolstered by the retrieval of several neglected or ignored works from the MEGA. Any weaknesses in the book relate to omissions that stem, possibly, from his eagerness to defend Marx from unfair accusations. For example, Anderson does not really criticise Marx's views on pre-colonial India. Marx's argument that Indian villages were essentially unchanging has been questioned by several of his followers, partly because of its reliance upon distorted British accounts of the revenue-system in colonial India and because of its association with the maligned 'Asiatic mode of production'. This concept was a highly problematic 'default category' because of its historical and geographical scope. This 'non-Europe' was supposed to cover a vast stretch of geography: Russia, the Middle East, Central, South and East Asia (Banaji, 2010, p. 349).

Nor does Anderson mention the developments in Russian Marxism that followed Marx's 'ringing endorsement of the possibility of a peasant-

based non-capitalist order' (p. 234). Written during an 1881 exchange of letters with Vera Zasulich, Marx speculated that Russia's village communes might acquire the positive aspects of capitalist production without 'undergoing its frightful vicissitudes' (cited p. 230). The condition for this, Marx emphasised, was a successful transformation of Western societies through workers' revolutions. Quite similar views were outlined by Trotsky over 20 years later. A key difference is that Trotsky placed his hopes in the working class communities that emerged in Russia's metropolises following Marx's death (Trotsky, 1962). Some mention of this would have strengthened one of Anderson's points: that Marxist theory is capable of evolving to incorporate novel ideas about development. It would also have shown how some of Marx's disciples were able to develop and systematically outline points that he had only begun to describe.

Nonetheless, Anderson is successful in getting his point across. He demonstrates the mistake in judging the totality of Marx's ideas on development, colonialism and nationalism based on a handful of errors penned early in his career. Furthermore, he suggests that Marx was able to establish a class-based framework capable of incorporating unexpected development paths and addressing non-class phenomena, such as movements against imperialism or racism. For Anderson, this gives Marx's framework contemporary relevance. While there are few modern societies untouched by capitalist social relations, he argues that there are numerous intersections of race, ethnicity and class that Marxism can address, such as the LA riots of 1992 or the 2005 uprising in the Parisian *banlieues* (p. 245). One could, for example, draw parallels between these outbursts and Marx's sympathy for Irish workers in industrial England. As elsewhere, some elaboration would probably have added interest to Anderson's point. Nevertheless, his book is clearly and consistently argued. It is well worth a look.

References

- Banaji, J. (2010) *Theory as History: Essays on Modes of Production and Exploitation*, Leiden: Brill
- Said, E.W. (1994) *Orientalism*, New York: Random House
- Trotsky, L. (1962) *The Permanent Revolution and Results and Prospects*, London: New Park

Neoliberalism in France

L'État Démantelé: Enquête sur une révolution silencieuse

Laurent Bonelli & Willy Pelletier (eds.)

La Découverte/Le Monde Diplomatique, Paris, 2010, 324 pp, €20

Reviewed by Evan Jones

Frenchmen Bonelli and Pelletier (and co-contributors) document the ascension and effects of neoliberalism in France. Neoliberalism in France? Improbable? On the contrary. The editors are sociologists, a key profession analysing the big issues (crisis, debt, the euro) facing Continental Europe. The economists, save for a handful, are missing in action. It is not helpful that Anglo-American economics is now rampant in the tertiary syllabus.

Various chapters (often written by insiders) document and analyse the onslaught of neoliberalism in their sectors – the public service proper (including the police and the military), health care, the justice system, the police, unemployment management, the workplace inspectorate, secondary and tertiary education, culture.

Schooling for example (Ch.13). The education budget is a significant part of the total budget, so any attack on spending was going to hit the education sector. Retrenchment of teaching staff began in 2004 and has escalated under Sarkozy. The 2012 budget passed in September 2011 plans for a further 14,000 positions to be cut, bringing to 80,000 the number of teaching positions cut under Sarkozy since 2007 (Anon, 2011c). And this as the student population grows relentlessly.

More than funding is involved. The cuts to teaching resources are class-based. Control, including of the syllabus, is being centralised in Paris. 'You don't teach the subject, you teach the test' is looming. One facet of 'reform' is the dismantling of the *carte scolaire*. The *carte scolaire* was a Gaullist measure of 1963, dictating that children attend school within a certain distance from their residence, intended to encourage 'social cohesion'. It was one of the first institutions to be dismantled after

Sarkozy's election (albeit the Socialists were mooting the same in the 1980s). The accompanying sales pitch of 'freedom of choice' hides the accessibility of choice only to those who already have the resources to buy it (Palheta, 2011).

Then there are the privatisations, with many enterprises going first through a priming corporatisation phase, as in Australia. A representative privatisation is that of France Telecom (Ch.19). Telecommunications and the postal service were split in 1991, with France Telecom privatised in 1997 (albeit the state retains an unused minority holding). La Poste proved to be more difficult, because of its labour-intensive (and non-profitable character), and because of large scale resistance from communities for whom La Poste is emblematic of an essential public service. Meanwhile, La Poste is busily cutting staff (11,700 jobs disappeared in 2010) and divesting itself of post offices, in familiar fashion, licensing the corner store and the tobacconist to provide minimal services.

It was claimed that a privatised FT would be a bonanza – through sell-off revenue, and through on-going revenue in a sector that promised endless profit growth with associated job opportunities. It didn't happen, with FT now burdened with unsustainable debt levels borrowed for rapid expansion and takeovers.

The broader results are by now predictable – a reduction in or poorer quality of service provision, and a universal attack on workforce remuneration and working conditions. Public-Private Partnerships, sub-contracting, and the complementary creation of unconstrained subsidiaries where privatisation is impeded, have been key vehicles for the transformations. A small case study is that of the sub-contracting of management of tourist facilities in 2007 at the iconic Palace of Versailles (Ch.22). The resulting fiasco led to the 10-year contract being rescinded after twelve months.

Regarding the workforce, some public sector employees, such as SNCF rail workers, have enjoyed privileged retirement conditions. Such conditions have been a special focus of attack, but the attack on the workforce has been comprehensive. No area is sacred, including specialist staff at the Department of Agriculture, whose sector is a major export earner (Ch.16). Management at La Poste are putting employees under intolerable conditions to induce them to resign. France Telecom

has been an exemplar in workplace degradation. The book notes that the suicide of a FT employee in September 2009 brought the number of FT suicides to 24. In April 2011 another FT employee burnt himself to death (Anon, 2011a).

France being France, the privatised entities should remain National Champions – think the venerable 1853 Compagnie Générale des Eaux, which in 1998 becomes Vivendi, and part of which becomes in 2003 the omnipresent Veolia. Moreover, FT buys up the national carriers (privatised under IMF pressure) of Argentina, Senegal, Mali and, most significant, Poland, where it proceeds to impose the same draconian conditions and dysfunctional culture that prevails at home.

Another vehicle for neoliberal inroads is in the hierarchical relationship between levels of government (Ch.17). Some principled decentralisation occurred in the early years of the Mitterrand Presidency (1982-3) and in 2003, with devolution of more responsibilities to lower levels. Sarkozy overturned that process in 2009, not in re-centralising responsibilities, but in cutting budgets and re-centralising controls. Politically, the substantial presence of elected officials representing minor Parties will be obliterated. Economically, the lower levels are forced to make the budgetary cuts at levels pressured from the centre. The refrain is ‘starve in order to better reform’. Thus, as elsewhere, libraries, that quintessential embodiment of the public purpose towards social improvement, face the axe.

Neoliberal ideology is in the ether. Add to that the institutional pressure. If the OECD and the IMF are significant vehicles for its dissemination in first world and non-first world countries respectively, France is also beset by pressure from Brussels. One chapter in this book (Ch.5) claims that “In reality, the deregulation of the mechanisms of public control of the economy is at the heart of the European project.” The authors quote the neoliberal economist Jean Pisani-Ferry from 2005 (p.78), “Europe has been our program of structural adjustment.” Again, former French competition regulator head, Marie-Dominique Hagelsteen, claimed in 2004 that the whole point of European integration is to destroy France’s *dirigisme* (p.79). This interpretation is consistent with the recent moves to centralise fiscal control in Brussels, bizarrely sanctioned by the European Parliament (George, 2011), while private capital flows remain unregulated.

The rhetoric and reality of neoliberalism diverge. The French state is as strong as ever; its orientation, however, has been re-directed. Ironically, the content of this book gives the lie to its title, a misnomer. The French state is not being dismantled. Indeed, the amount of enabling legislation for the neoliberal project has been massive.

Of substantial significance is that neoliberalism has appropriated and infiltrated the infrastructure that many English speakers imagine to be emblematic of the peculiarly French version of national capitalism, and which is presumed to have been impervious to the Anglo-American 'model' (Ch.3). The *École nationale d'administration*, founded in 1945, has been the premier vehicle for the meritocratic admission and training of an elite whose destiny it was to serve the broader public interest. But the ENA has now experienced an infiltration, both in personnel and orientation, from the business schools, especially the prestigious *École des hautes études commerciales de Paris* (HEC). The then HEC director in the mid-1960s brought in the US business school as the ideal model, initiating mechanisms to send French students to the US to create a missionary cadre. Even the humanities-oriented *Institut d'études politiques* (Sciences-Po), traditional source of recruits to the ENA, has partly changed its syllabus to accommodate the new regime.

The new breed move effortlessly between top levels of corporate management, public sector management, and political office. This French version of the revolving door was unexpectedly given a boost during the early years of the Mitterrand Presidency (1981-3) and the large-scale nationalisations of commercial entities, followed by the large-scale privatisations of such entities under the 'neo-Gaullist' Prime Ministership of Jacques Chirac (1986-8), with key personnel wearing different hats during the turbulence (Schmidt, 1996).

Accompanying the transformation is a new language, variations on a theme familiar to Anglo-American citizens. We now have the muscularity of the entrepreneurial risk-takers, exhibiting both courage and moral virtue in their application of private sector values to the modernisation and efficient management of the state (Ch.4). This visionary and valiant new guard is confronting the sclerosis of the old regime – the crisis of the welfare state, public impotence, and so on. The language and supportive literature took off after the early 1980s, in the context of reaction to the Mitterrand Presidency and the Thatcher and

Reagan Administrations in Britain and the US. The increasingly hegemonic discourse comes courtesy of a proselytising home grown priesthood (for example, Michel Crozier, Alain Minc, Nicolas Bavarez, Denis Olivennes). Some of this new priesthood (like Jacques Attali) have dramatically shifted their allegiances. These latter instances of musical chairs have been facilitated by the new Right's appropriation of the traditional critique of the state by the radical Left.

The neoliberalist imperative has been ultimately bipartisan, although the trajectory has been unpredictable. An explicitly 'free market' President, Valéry Giscard d'Estaing (1974-81), in company with an economist as Prime Minister, Raymond Barre (1976-81), barely rocked the boat. The neo-Gaullist Chirac headed an anti-Left Administration (1986-88), and did engage in large scale privatisation of commercial entities (with Chirac himself apparently not enthusiastic), but little else. The beginning of a broader undermining of public services appears to have begun with the pragmatic Parti Socialiste Prime Minister Michel Rocard (1988-91), in the context of increasing pressure from Brussels.

Although facilitating legislation has been on-going, two significant comprehensive legislative developments were the August 2001 *loi organique relative aux lois de finances* (LOLF) and the July 2007 *révision générale des politiques publiques* (RGPP). The LOLF – an exemplar of the New Public Management creed – was legislated by the Government of Parti Socialiste Prime Minister Lionel Jospin. The RGPP – towards a state apparatus titularly 'customer-focused' and fiscally austere – was passed under the Right-wing UMP Presidency of Nicolas Sarkozy and his collaborating government. Efficiency and effectiveness are the watchwords but, regardless of the claims, the bottom line takes priority over functionality.

The uneven trajectory of the neoliberal onslaught is of course also a product of the extent to which the 'old regime' is deeply embedded and the extent and depth of the resistance.

One arena covered at length in the book is that of transformation of orientation of the unemployment payment (established in 1958) and jobs assistance (established in 1967) systems to a punitive semi privatised structure (Ch.12). The unemployment relief system was an exemplar of Gaullist corporatism and operated under a tripartite structure, administered by a French 'Industrial Relations Club'. Ironically, the

dismantling of this structure took decades because of the drawn out rebalancing of power within the dominant employers' organisation. The transformation was underpinned by the shifting ground – from (crudely) 'Fordist' to 'post-Fordist' economic conditions. The employer organisation power base shifted from the metal trades to insurance (led by AXA) and finance. The workplace experienced loss of jobs, loss of permanence, loss of conditions – undermining union influence. And the administering bureaucracy's mentality went from Gaullist to managerialist/entrepreneurial.

Denis Kessler (insurance) has been the public face of the new employer regime, considered authoritative by the *Financial Times* on the French 'malaise'. Said Kessler in 2007 (p.84), "The French social model is the pure product of the Conseil national de la Résistance. Take all that which has been put in place between 1944 and 1952, without exception. It is a matter today of saying goodbye to 1945, and of dismantling systematically the programme of the CNR! To disavow the founding fathers is a problem only in psychoanalysis."

Sarkozy's 2008 *Pôle Emploi* combined the unemployment payment and jobs assistance systems into what looks remarkably like Australia's Jobs Network structure. The legislation is a response to Sarkozy's pre-election promises to work towards tackling France's persistently high unemployment rate – a formally admirable goal, but the administration is punitive towards recipients and applicants with a dominant emphasis on cost-cutting.

The book paints a picture of a near-comprehensive infiltration of neoliberalism of French public institutions. The authors rarely acknowledge reigning problems in services delivery that provided leverage for the neoliberal perspective. In addition, the authors rarely document the existence and nature of resistance to the onslaught.

Neoliberalism's inroads have been incomplete. Although the railway system has been undermined with the creation of 'liberated' subsidiaries, the bulk of the system remains government-owned (compare the comprehensive disastrous privatisation in Britain). Battles over teaching staff cuts and retirement conditions are key areas of ongoing contestation. Teachers went on strike *en masse* on 27 September 2011 over staffing cuts. In November 2010 Sarkozy signed into law changes to the pension system – increasing the minimum retirement age from 60 to

62, and pushing back the retirement age at which a full pension can be claimed from 65 to 67. The changes were effected in spite of massive popular resistance. Previous rights have been undermined, but the system remains intact for now (the proponents of change claimed that the changes were necessary to ensure the ongoing integrity of the system). In August 2011, the government lengthened the years of contribution necessary before future retirees will be able to claim a full pension. On 6 October 2011, retirees demonstrated across the country against rising living costs in the face of stagnant pensions.

Marxist economist Gérard Duménil (visiting Sydney in April) notes that the forces gathered around Sarkozy, recognising the 'blockages', have strategically moved to quietly slice funding behind the scenes from selected areas through a 'death of a thousand cuts' routine. The once vaunted health system is a key target. Representative of the squeeze was the 'sensational resignation' of a neurologist professor from a Marseille hospital in June 2011, citing the glaring and persistent inadequacy of resources necessary to respond to the demands of quality health care (Anon, 2011b). The author asks how long it will be before France will be able to boast again of being in the first rank of countries with respect to health care, given that it was so judged by the World Health Organization in 2000.

Duménil also notes the elimination of programs that are out of the public spotlight – citing programs and facilities for women and children suffering from domestic abuse, and the 'educateurs' programs for students with special needs to help them to integrate better into the schools' programs.

A telling, if narrowly focused, representation of the draconian cuts to public services under the Sarkozy regime has been made by a Parisian who has observed the cuts due to RGPP and ancillary rationalising policies at first hand in her own quarter (le Gall, 2011). The resident highlights that the cuts have affected, for example: school classes and educational services, especially special needs facilities; hospital services, putting quality care, especially emergency services, under threat; social security services; local policing; and post office facilities. In all these areas, functionality is being sacrificed. Her friends tell her that in their quarters the cuts are at least as draconian, if not worse.

A commenter on the le Gall online posting has highlighted the gross hypocrisy of the cuts with a quote from a Sarkozy speech on 19 September 2007:

To all the public servants of France, to all the officials, I want to show my respect. I want to say to them that I share their values which are those of a particular idea of the Republic and of citizenship. I want to show them my respect for the often difficult work that they carry out each day for the service of all, for their devotion, for their sense of duty. Our civil service is one of the most remarkable in the world for the quality of those who work there, by their high level of skills, their morality, by their professionalism. ... We must radically reform a civil service where officeholders should not feel that they have been reduced to powerlessness, because they do not know today what's in store, because they feel unloved, badly perceived ...

Let public servants and the citizenry eat cake. Under the banner of reforming the public service, successive Administrations are now cutting it to shreds. Sarkozy has buried Gaullism. The Parti Socialiste is at an impasse, bowing to the seeming imperatives of Brussels and globalisation, and the seeming constraints on budgetary possibilities. In the meantime, the reconstructed Front National, catering to the loss of security experienced by significant sections of the population, is advancing steadily in political significance.

There is a bright spot on the horizon. In November 2008 the Socialist-dominated municipality of Paris voted to 'remunicipalise' its water services, privatised under a Chirac mayoralty in 1985. The impending ending of the City's contracts with the two French water giants (Veolia and Suez) provided the opportunity. Anne Le Strat, Paris' Deputy Mayor and head of Eau de Paris, unrepentantly aggressive, claims resulting benefits in efficiency and lower prices, appropriating the language previously monopolised by the private entities and their ideologues (Locher & Marx, 2011). More, Eau de Paris has now returned water to the status of a public right. Meanwhile, the companies are fighting a belligerent rear-guard action to maintain contracts with the suburbs of Paris which have confronted the alternatives offered by Paris itself. Does the creeping de-privatisation of water offer hope for other public services?

References

- Anon (2011a), 'France Télécom : un salarié se suicide en s'immolant par le feu', *Le Monde*, 26 April.
- Anon (2011b), 'L'hôpital en crise', *Le Monde Diplomatique*, 24 June.
- Anon (2011c), 'La moitié des enseignants en grève contre les suppressions de postes', *Le Monde*, 26 September.
- George, Susan (2011), 'A Coup in the European Union', *Counterpunch*, 14 October.
- le Gall, Catherine (2011), 'Dans mon quartier, les effets de la réduction des effectifs publics', *Rue89*, 31 March.
- Locher, Fabien & Marx, Raphaëlle (2011), '*L'eau comme bien commun ? Un retour sur l'expérience parisienne de remunicipalisation*', *Contretemps.eu*, 22 March.
- Palheta, Ugo (2011), '*Rentrée des classes dans la nouvelle école capitaliste*', *Contretemps.eu*, 5 September.
- Prasad, Monica (2006), *The Politics of Free Markets: The Rise of Neoliberal Economic Policies in Britain, France, Germany, and the United States*, Chicago: University of Chicago Press.
- Schmidt, Vivien (1996), *From State to Market: the Transformation of French Business and Government*, New York: Cambridge University Press.

A Modern Guide to Keynesian Macroeconomics and Economic Policies

Eckhard Hein and Engelbert Stockhammer (eds.)

Cheltenham: Edward Elgar, 2011; xxii + 365pp. £95
ISBN 978 1 84980 140 9 (hb).

Reviewed by J.E. King

Several decades ago Robert Solow complained that, while Post Keynesians knew what they were against, they did not know what they were for. At the time there may have been some truth in this verdict, but it is certainly not correct today, as this excellent volume demonstrates. Hein and Stockhammer have brought together an impressive array of authors from Britain, Germany and North America to provide a comprehensive guide to Post Keynesian theory and policy. Their shared

vision of modern capitalism is neatly summarised by the editors as its being:

...a monetary production economy characterised by conflict over distribution of income among social groups and by the particular institutions which mediate this conflict and thus shape the behaviour of firms and households. In such an economy money, finance and thus aggregate demand matter in the short and the long run, and money is therefore in principle non-neutral. Post-Keynesians see such an economy as an essentially dynamic system, moving through historical time from an unchangeable past to an unknown and thus uncertain future. Such an economy is liable to all sorts of fallacies of composition – macroeconomic phenomena cannot be systematically explained by means of aggregating rational microeconomic behaviour – and the economic process is susceptible to systemic instabilities (p. xiii).

Neoliberal policies are therefore unacceptable, and indeed pose a serious threat not just to the livelihood of millions of working people but also to the viability of the entire system.

The book begins with two chapters by Marc Lavoie. In the first he discusses the history and methodology of Post Keynesianism, paying particular attention to its role within the broader community of heterodox economics, the various strands of thought within the Post Keynesian tradition and the most important controversies that have broken out between them. These questions are also considered in Lavoie's second contribution, on the role of money, credit and central banks, but here policy issues are much more prominent. In chapter 3 Amitava Dutt sets out a baseline Kaleckian model of growth and distribution and develops a theme that is central to several subsequent chapters, the distinction between 'wage-led' and 'profit-led' regimes: if the workers' share of total output were to increase at the expense of the capitalists, would this lead to an increase or a decrease in the level of output and employment? A great deal hinges on the answer to this question. Dutt concludes by discussing the complications that might be introduced into the model to take account of technical progress, conflict inflation and financialisation. Next, in the first of his two chapters, Philip Arestis summarises the 'New Consensus' in macroeconomics and criticises it (harshly, and correctly so) for its 'no banks, no money' assumption, which not surprisingly cripples its treatment of monetary policy. Arestis notes that the New

Consensus appears not to have been seriously threatened by the Global Financial Crisis – at least, not yet.

In chapter 5 Hein and Stockhammer analyse some of the theoretical issues raised by Dutt, concentrating on models of conflict inflation and their implications for unemployment. They provide a detailed discussion of the ‘non-accelerating inflation rate of unemployment’ (NAIRU) as it appears in Post Keynesian and mainstream theories. This is elaborated on by Stockhammer in chapter 6, where he emphasises the policy implications of an endogenous and unstable NAIRU: unemployment must be fought in the goods market, by means of fiscal policy, while ‘incomes policy and collective bargaining are recommended rather than dismissed as labour market rigidity’ (p. 157). In chapter 7, David Howell reinforces these conclusions with a survey of the evidence on the (unfavourable) macroeconomic consequences of labour market deregulation and increasing inequality. This is followed by Arestis’s second contribution, an exposition and critique of the macroeconomic model used to determine the policy decisions of the European Central bank. Arestis concludes with some detailed and remarkably prescient proposals for policy reform.

The next three chapters are devoted to open economy macroeconomics. In chapter 9 Robert Blecker sets out an ambitious reformulation of the Hein-Stockhammer model that links inflation, income distribution and exchange rate dynamics. He concludes that the more trade-dependent a national economy is, the less likely it is to be wage-led rather than profit-led. Then Özlem Onaran surveys the distributional implications of globalisation, with a critique of the Washington Consensus and a consideration of some Post Keynesian alternatives, including the balance-of-payments-constrained growth models of Thirlwall and McCombie. In chapter 11 Hansjörg Herr writes incisively on global imbalances, the changing role of the US dollar and the need for a new Bretton Woods.

The book concludes with two chapters on finance. In chapter 12, Hein extends the basic Kaleckian model to take account of financialisation, stressing its impact on consumption, investment, income distribution and the two macroeconomic regimes that were distinguished in earlier chapters. He raises the possibility that financialisation may go hand in hand with stagnation, since two new and plausible regimes emerge from

his analysis: these are the ‘profits without investment’ and ‘contractive’ regimes. Hein’s pessimism is shared by Gary Dymski who, in chapter 13, concludes the book with a survey of the treatment of financial crises in Keynes, in mainstream theory and in Post Keynesian macroeconomics, where (as expected) Hyman Minsky is prominent. Dymski ends with a brief analysis of the GFC, foreshadowing the upheavals of mid-2011: ‘The capitalist system today’, he writes, ‘appears as broken as when Keynes was writing’ (p. 345).

Inevitably, not everything can be covered in a single, reasonably short volume. I should have liked a chapter on fiscal policy, exploring the implications of Abba Lerner’s concept of ‘functional finance’ and criticising the opposing (and very damaging) principles of ‘sound finance’ and ‘fiscal consolidation’. There is not much here to appeal to a (potentially very large) readership in the Global South; issues of economic development are largely absent, and there are no index references to China, India or Brazil. Finally, the important question of environmental macroeconomics is almost entirely ignored (though Lavoie does devote one paragraph to it on p. 27).

All in all, though, this is a very good graduate text that will also appeal to Australian honours students. The chapters by Blecker, Dutt, Hein, Hein and Stockhammer and Stockhammer are technically demanding, with many equations and even some phase diagrams, but they will probably be accessible to anyone with a good, recent degree in economics. The non-technical chapters, by Arestis, Dymski, Herr, Howell, Lavoie and Onaran could be set as recommended reading for second- and third-year undergraduates, and should appeal to academics in the other social sciences who are interested in a coherent and constructive alternative to mainstream macroeconomics. This is a book that deserves to be widely read, and a paperback edition is urgently required.



A Three-Cornered Life: The Historian W. K. Hancock

Jim Davidson

Sydney, UNSW Press, 2010, 624 pp, RRP. \$59.95

Reviewed by Kosmas Tsokhas

In this thoroughly researched, skilfully argued and sensitively presented biography, Jim Davidson explores the private and public aspects of W. K. Hancock's life and work, which spanned the twentieth century, from his birth in 1898 to his death in the year of the 1988 bicentenary of Australia. Since 1988, a great deal has been written and said about Hancock. The history wars have encompassed his legacy, especially his *Australia* (1930), his analysis of the British world, his studies of war and peace, and his environmental history. Because of Hancock's international standing as a public intellectual, some have sought support for their conservative values by claiming that he was not an anti-imperialist, that he defended traditional British political and legal institutions, that he held mainstream religious beliefs. Others have found reformist and democratic elements in his writing and researching, which were incorporated in innovating and questioning approaches to imperialism and nationalism, to fascism and war, to economic progress and ecological crisis. Davidson has written a biography which has made it possible to reassess and to re-evaluate Hancock in terms of contemporary readings.

During childhood and youth, Hancock enjoyed rural walks and outback adventures. He was influenced by the Bible, the Greek–English lexicon and British literature. He attended the rather exclusive Melbourne Grammar School and Melbourne University. Davidson has reconstructed Hancock's time at both institutions as meticulously as the documentary sources allow. There is much fresh information about people and places, which is marshalled with rigour and erudition by Davidson, as he observes and comments on Hancock's transitions from Melbourne to universities at Oxford, Adelaide, Birmingham, London and Canberra, where he helped to found the Australian National University and where he implemented a research agenda, which included the *Australian Dictionary of Biography* and the interdisciplinary wool seminar.

Quite correctly, Davidson emphasises that, for Hancock, Christian Anglicanism was adhered to as a civil religion which enhanced moral and social order. Hancock asked whether humans were inherently evil or perfectly virtuous. He turned to a mixture of biology, Biblical wisdom, historical evidence and Machiavellian realism. He concluded that humans were less than gods but more than naked apes.

Despite his Anglicanism, during some phases of his life Hancock contemplated a kind of metaphysical transcendence. He gave close attention to the tensions between scientific rationality, political calculation, spirituality and a philosophy of holism in his biography of Prime Minister J. C. Smuts of South Africa (1962, 1968). The Smuts biography juxtaposed multiple meanings. For example, it contained a basis for an indictment of Smuts over policies that maintained systematic racist disenfranchisement and exploitation. It also included an appreciation of the necessity of such policies for a politician who needed both British and Afrikaner support in order to rule in South Africa.

From time to time, Hancock regretted, that like many Australians of great promise and firm ambition, he had to go to Britain in order to make his career. A recurrent theme in the biography is the strain between 'country' and 'calling', which references the title of Hancock's autobiography and sums up the situation of Australians who found themselves both inside and outside a post-colonial discourse. This discourse framed Hancock's *Australia*, which has been regarded as the most insightful and substantial study of Australian history and society published before the 1960s. At least four themes in *Australia* are relevant to the history wars. First, Hancock assumed prior Aboriginal ownership when he referred to British colonization as the invasion of Australia. Second, he voiced a mixture of criticism and resignation towards the destruction of native forests by pastoralists and farmers. Third, he stressed the important role of public investment and state enterprise in economic development. Fourth, he outlined a trend towards a cultural feeling and psychological awareness of national difference and separateness from Britain.

In his 1944 inaugural address as Professor of Economic History at All Souls at Oxford, Hancock revealed the ambiguity inherent in a method which crossed disciplinary boundaries and avoided political orthodoxies. He said that he admired the Marxists because they brought economic causation to the fore and because they sought patterns in history, but he

had no time for their economic determinism. He had even less time for the economic rationalist assumptions of the neoclassical economists. He pointed out that Alfred Marshall, Lionel Robbins and Neville Hicks regarded economic history as little more than economic theory applied to the past. Just as the neoclassical economist studied inflation, wages or the balance of payments in the present, the economic historian was expected to merely apply the same techniques to the past. However, when economists tackled concrete historical problems or societies, they observed many factors and causes at work. As well as capital, labour and land, price movements and trade cycles, they considered the impact of legal institutions, religious beliefs, geographical features and political activities. At one level, economic theory was useful because it helped the economic historian to avoid mindless empiricism. At another level, the principal task of the economic historian was to single out and analyse the economic factors or causes. Of themselves, such factors and causes could not explain social stability or change.

Hancock's international reputation was established in the 1930s and 1940s by his multi-volume *Survey of British Commonwealth Affairs* (1937, 1940, 1942) and his general editorship of the civil series of the British history of the Second World War, to which he contributed the volume on the war economy (1949). The *Survey* can be read as a scholarly alternative to Soviet theories of imperialism, or as an attempt to confront doctrines of imperial idealism and benevolence with political and economic facts. Such alternative interpretations are suggested when Davidson revisits and re-examines Hancock's motives and purposes. A real strength of the biography is due to the balanced and subtle location of Hancock's thinking, writing and reading within different social, political and cultural contexts.

An analytical approach underpinned Hancock's Keynesian critique of the imposition of reparations on Germany at the Paris Peace Conference, his exposition of the structural difficulties built into imperial preference by the Ottawa arrangements in 1932 and his prediction that the economic pressures caused by racial distortions to demographic trends, labour market restrictions and limited domestic demand would undermine apartheid in South Africa. Although Hancock was an analytical historian, classical Greek, dialectical German and political British philosophical thought had an impact on him. Moreover, some of the originality of his work was interwoven with the use of narrative devices. These included

paradoxes, ironies and language puzzles which took the form of semiotic deconstructions of words such as 'commonwealth' or 'imperialism'.

In the *Survey*, which is ably discussed by Davidson, Hancock probed and reviewed the interrelations between the global, the imperial, the national and the colonial with what he referred to as 'perspective', 'justice' and 'attachment'. It was Hancock who first outlined the main criticisms of Lenin's theory of imperialism which have been elaborated, detailed and debated by a number of Oxford and Cambridge economic historians. While the *Survey* did not address macroeconomic issues and made limited use of statistics, it provided a wide-ranging description of the role of capital investment and public borrowing, of trade in commodities and manufactured goods, of immigration flows and technology transfers and their negative effects on pre-capitalist social structures and modes of production in Africa and Asia.

Overall, Hancock's work demonstrated that even after the imperial protectionism of trade diversion was introduced in the 1930s, the British Empire did not have an integrated economic strategy or design that could order and encompass the varied and contradictory interests of its dominions and colonies. The British government and bureaucracy could not make a credible, comprehensive assessment of the economic costs and benefits of empire. British power was limited and British influence was dispersed because the empire was so extensive and diverse. For example, there was the political economy of an imperial nation which promoted free trade, while dominions like Australia imposed tariffs and subsidies to protect their manufacturing and agricultural industries. It was an empire in which dominions were governed by politicians, who could see little inconsistency in being Australian, South African, Canadian or New Zealand nationalists, while they professed loyalty to the ideals of the empire and the Crown.

Hancock claimed that the true test of the historian was the ability to relate economics to the dilemmas of high politics. Previous research on those in Westminster and Whitehall, who were trying to preserve and reform the empire, gave too much attention to the pursuit of or belief in the absolute effectiveness of political slogans, formal agreements and constitutional documents when compared with material conditions. On the one hand, he focused on the power-wielders who were active at those points where governments, bureaucracies and economic interests

intersected. What the governments of Britain and the dominions, the rulers of India and the administrations of colonies, mandates and protectorates thought, decided and implemented were the results of a complex interweaving of conflicts, initiatives and reactions between themselves and European, Ottoman and American politicians, economic bureaucrats, military strategists and business groups. On the other hand, imperialism aroused nationalist and separatist movements which required flexibility from the colonial power. Sometimes it was necessary to allow the gradual devolution of control and in other circumstances the full grant of independence was expedient.

Davidson records Hancock's travels in Italy where he researched the Risorgimento in Tuscany. He spent time in Germany where he was repulsed and enraged by Nazism and where his strong opposition to appeasement started to take shape. For Hancock, political moralising was dangerous and pacifist behaviour was optimistic when dealing with brutal and unscrupulous fascist dictators. While Hancock endorsed the way that enlightenment ideas of humanity, liberty and equality could find institutional form in the League of Nations or the United Nations, Davidson shows that he remained a practical idealist of a liberal reformist persuasion, who acknowledged the limitations of ethical standards and legalist principles when counted in the calculus of power.

According to Hancock, it was possible and necessary to find a balance between industrial development, urban expansion, population growth and natural biodiversity. While he was Professor of History in the Institute of Advanced Studies at the Australian National University, Hancock pioneered environmental political economy in his study of the ecological history of the Monaro district and the Snowy Mountains hydroelectric scheme. The environmental paradigm, which informed *Discovering Monaro* (1972), "bridged scientific reasoning and aesthetic sensibility". For Hancock, there were general lessons to be learned from the struggle within the Snowy Mountains national park to preserve a sustainable equilibrium between ecological values and the engineering and commercial aims of the Snowy Mountains Authority.

Hancock's ideas, priorities and commitments shifted over time. Nevertheless, he considered that peace-making was as important as war-making. He understood that states would continue to use military force, although the nuclear arms race had introduced a fundamental change

because it had created the risk of unparalleled destruction. He found merit in nuclear disarmament and in a policy of armed neutrality for Australia. The ecological values in *Discovering Monaro* turned him into an environmental activist. His *Australia* continues to be cited and contested. His work on global imperialism remains a reference point for post-Leninist and post-colonial studies.

Capitalism and the Dialectic: The Uno-Sekine Approach to Marxian Political Economy

John R. Bell

Pluto Press, London/New York, 2009, 256 pp., paperback,
RRP \$58

Reviewed by Anitra Nelson

Bell's *Capitalism and the Dialectic* offers a clear description and simple explanation of the Uno-Sekine interpretation and development of Karl Marx's critique of capitalism, which makes it especially suitable for university students and Marxian reading groups. The structure of the book follows Marx's analysis of capital: the first part on circulation, the second on production and the third on distribution, while the fourth outlines historical developments, including arguments clustering around the well-entrenched demise of capitalism.

Bell was a founding member of the Thomas Sekine and Robert Albritton group at York University (Toronto), who refined the approach of Japanese Marxist Kozo Uno (1897–1977). This book on developing a dialectical theory of pure capitalism deftly incorporates work by Marx, Uno (especially his *Principles of Political Economy*, 1980, Sekine translation), Sekine (especially *The Dialectic of Capital*, 1984, and *Outline of a Dialectic of Capital*, 1999) and Albritton (especially *A Japanese Approach to Stages of Capitalist Development*, 1991).

Drawing out and buttressing Hegel's dialectical logic within Marx's *Capital* Volumes I–III and other major works, Uno sought to strengthen the laws/theories of value and relative surplus value. Evolving almost a

century after Marx's analysis, the Uno School has produced a useful counterpart to, and update of, Marx's critique. Significantly, Marx attempted, and offers, both more than Uno — in terms of elaborating the social meaning, experience and impact of capital — as well as less, according to the Uno school, by way of internal logical consistency.

The influence of Hegel on Marx has been variously interpreted. Marx claimed that his own analysis was 'not only different from the Hegelian, but exactly opposite to it' (1873 'Postface to the Second Edition' of *Capital I*, Ben Fowkes translation, Penguin 1976: p.102). By this Marx essentially meant that he had substituted a behavioural materialism for Hegel's idealism, at the same time suggesting an ongoing respect for Hegel's dialectical elaborations, i.e. 'the rational kernel within the mystical shell' (*ibid*: p.103). However, Marx's eclectic amalgam of German Hegelian and Young Hegelian approaches with the ideas and arguments of British political economists and French utopian socialists produced strongly independent and creative scholarly thought as they were applied to make sense of his empirical research.

The intellectual Uno school developed out of national Marxian debates, and de-emphasised class-based approaches to focus instead on three levels of analysis. The first is rooted in the abstract principles of the dynamics of capitalist economies. The second elaborates on historical stages of capitalist development (specifically British mercantilism reliant on the wool sector, British industrialism growing out of the cotton industry, and imperialist finance capital). The third examines national combinations with an emphasis on transitions, especially from capitalism to socialism. A key argument Bell makes is that pure capitalism, or capitalism *au naturel*, made particular sense of the production of light goods, namely textiles. This is why, on the one hand, the British example stood out as a success and, on the other hand, by the twentieth century, capitalism in practice had become all at once illogical and unsustainable.

The simple exposition offered by Bell on behalf of the Uno-Sekine school has no defence or even discussion of the wider Marxian context within which the school has developed. This is a strength and a weakness. It is a strength because it is refreshing to read the unapologetic framework reduced to its basic dynamics. Yet, as such, it is left unprotected from some of the obvious challenges centring on the status of logic within history and the idealism and idealisation of Hegel. This is

an important point because — *contra* the instinct that the Uno-Sekine school are barking up the wrong tree — too many Marxians sweep Hegel completely aside, failing to understand that, despite his strident criticism of Hegel, Marx relied on his precursor's logic as a kind of default.

For this reason I particularly enjoyed Bell's first chapter dealing with 'Commodity, Value, Money and Capital Forms'. It provides constant reminders of the Hegelian spine to Marx's analysis, which became a leitmotif in my *Marx's Concept of Money; The God of Commodities* (1999, see especially Chapter 7). The point that Marx's production 'is enveloped within' (p.65) circulation, that his concepts of reproduction, circulation, production and distribution all have parallels with Hegel's concepts of actuality, appearance, ground and notion, respectively, bears very close examination not only for Marxian economists but also politicians.

Marx used everyone and everything exactly how he saw fit. Thus, in Marx's hands, Hegelian dialectics became a tool used for various purposes without much regard for the principles of their originator. Yet, it is the rudder of logical principles to which the Uno-Sekine school seek refuge and, in this fundamental sense, can be viewed as revisionist. One definitely gets the sense of the material world chasing some ideal, rather than reflecting it, and of an intrinsic fetishism in this approach. For example: 'Once capitalism reached its mature liberal phase, capital did indeed attempt to promote the pursuit of abstract wealth/profit/capital accumulation without limit, but could never quite achieve the status of a Hegelian absolute in any historical environment' (p.9). Nevertheless the Uno-Sekine exposition is peculiarly transparent and accessible, and at least attempts to build on Marx's scholarly legacy. It seeks to engage with current capitalist developments and to honour a socialist future — unlike many Hegelian interpretations, which tend to focus on more purely philosophical and retrospective matters. Thus, Bell's spare introduction to this stream of Japanese Marxian thought is well worth reading.