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**New Critical Perspectives on the U.S. and the Post-WWII Global Economy: Brenner,
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Abstract:

In the current economic crisis, left and progressive political economy has enjoyed renewed attention and credibility, both inside and outside of academia. This Working Paper has two goals. First, it surveys the important recent contributions to this literature by Robert Brenner, David Harvey, and Robert Pollin, summarizing key arguments and identifying generative research questions and theoretical heuristics for further inquiry. Second, it reads these works alongside several tendencies in the recent history of the Anglo-American left and considers how they might help to forge more fruitful dialogue between analyses of social movements and economic structures, too often studied apart. Throughout, the paper stresses the importance of retaining the robust critical power of the left critique while avoiding the fatalism, sectarianism, and “automatic” theories of social change that have bedeviled the left’s recent past.

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New Critical Perspectives on the U.S. and the Post-WWII Global Economy: Brenner, Harvey, and Pollin¹

Leftists in the 1990s lived amidst immense political confusion. One by one, though in different ways, more and more of their brethren declared the socialist project dead and finished. By the end of the 1990s, the radical British sociologist Anthony Giddens had morphed into something new: a guiding theoretical light for “New Labour” prime minister (and Giddens book blurber) Tony Blair and his Clintonite “Third Way” politics, what the historian Tony Judt recently summarized as a program “ostensibly blending enthusiasm for unconstrained capitalist production with due consideration for social outcomes and the collective interest.”² The most trenchant criticisms generally came only from the most marginalized quarters, like that of Socialist Workers Party (SWP) theoretician Alex Callinicos, who saw Third Wayism as little more than a variant of “left in essence, right in form.”³

Not all of those who called it a day did so by hopping on the capitalist bandwagon. Some like Eric Hobsbawm, after a decade of attempts at liberal-left rapprochement within the British Labour Party, simply threw up a huge question mark.⁴ He concluded his history of the 20th century, *The Age of Extremes*, in poignantly anguished tones, foreseeing potential “darkness” and impending “historic crisis,” while at a loss as to what the alternatives might be. What he offered amounted to little more than vagaries: “The future cannot be a

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² Anthony Giddens, *The Third Way: The Renewal of Social Democracy* (Cambridge: Polity Press, 1999); Tony Judt, *Postwar: A History of Europe Since 1945* (New York: Penguin Press, 2005), 794-96.

³ Alex Callinicos, *Against the Third Way* (Cambridge: Polity Press, 2002).

⁴ A summary of this episode, useful for constructing Hobsbawm’s political trajectory, is in Eric Hobsbawm, *Interesting Times: A Twentieth-Century Life* (New York: New Press, 2005 [2002]), ch. 16.

continuation of the past,” “It [the world] must change," though into what, he could not say.⁵

His autobiography, published about a decade later, ends on a similar equivocal note: “I am not surprised to find myself once again among a generation that distrusts capitalism, though it no longer believes in our alternative to it.”⁶ On American hegemony specifically, Hobsbawm could only say: “As I am eighty-five years of age I am unlikely to see its solution.”⁷

Meanwhile, Russell Jacoby’s 1999 *The End of Utopia* depicted several lamentable trends among (self-defined) “radical” intellectuals: among them, perpetual abstract theory theorizing about abstract theory; esotericism and indecipherable, neologistic prose justified for its purported subversive qualities; and a flight to technocratic amelioration and away from bolder emancipatory political vision. With concern, he wrote:

The issue is the decline of a utopian vision that once imbued leftists and liberals. The point is hardly that improved air, enhanced welfare or a broader democracy is bad. The question, rather, is the extent a commitment to reasonable measures supplants a commitment to unreasonable ones – those more subversive and visionary. Can liberalism with a backbone exist if its left turns mushy? Does radicalism persist if reduced to means and methods? Does a left survive if it abandons a utopian hope or plan?⁸

One might underscore Jacoby’s sketch by examining none other than his own corpus. The author of some of the most influential 1970s theoretical contributions to American Marxist thought now often serves up little more than periodic pleas for the left to digest Strunk and White. This is a laudable proposition, for sure, but hardly breakthrough or novel, especially when issued so periodically.⁹

⁵ Hobsbawm, *The Age of Extremes: A History of the World, 1914-1991* (New York: Vintage Books, 1996 [1994]), 583-84.

⁶ Hobsbawm, *Interesting Times*, 414.

⁷ *Ibid.*, 410.

⁸ Russell Jacoby, *The End of Utopia: Politics and Culture in an Age of Apathy* (New York: Basic Books, 1999), 25. See ch. 1 for an extended list of examples.

⁹ See, for example, Jacoby, “Big Brains, Small Impact,” *Chronicle of Higher Education*, 11 January 2008; Jacoby, “Excellent Writers, Facile Thinkers,” *Chronicle Review*, 2 February 2007. Nevertheless, the plea can come off as highly amusing – for example, his recent review of Eric Lott’s *The Disappearing Liberal*

Shortly afterwards, the Marxist geographer and theorist David Harvey (two of whose books are under review) made a similar observation. Reminiscing on how the packed attendance at his 1970s Marxist reading groups and courses had diminished more and more over the years, the hold-out Harvey lamented:

I rarely – if ever – see any faculty members, and the graduate student audience has largely disappeared. Marx is largely written off in self-styled ‘radical’ circles as the weaver of an impossibly huge and monolithic master narrative of history, an advocate of some totally impossible historical transformation that has in any case been proven by events (the collapse of the Wall) to be just as fallacious politically and practically as it always was theoretically. To pretend there is anything interesting about Marx after 1989 is to sound more and more like an all-but-extinct dinosaur whimpering its own last rites. Free-market capitalism rides triumphantly across the globe, slaying all such old dinosaurs in its path.¹⁰

“The end of history is at hand,” wrote Harvey, mockingly (up until recently, it was hard to tell). Whether in or outside the academy, it seemed that many leftists had imbibed a left-inverse version of Francis Fukuyama’s. It was time to “get practical,” embrace a “politics of the possible,” understand the need to “be realistic,” realize “that era is over,” while working “from within.” Phrases like this became a chorus in a post-1989 world and made some wonder what purpose the left as a distinct political entity even served.

The most rigorous and extended statement reflecting the new leftist mood, however, came in January 2000. In the *New Left Review*, readers opened to “Renewals,” a lengthy meditation by one of the world’s most influential living Marxist thinkers, Perry Anderson. His essay identified two major strands of recent left response – “accommodation” and “consolation” -- to what he called the “neo-liberal grand slam of the nineties.” He repudiated both, yet some readers remained frustrated at what they saw as left fatalism. “What is the

Intellectual, Jacoby, “Brother From Another Planet,” *The Nation*, 10 April 2006. But the critique ultimately amounts to little more than a sarcastic disquisition on basic composition.

¹⁰ David Harvey, “Introduction to the Verso Edition” in Harvey, *The Limits to Capital* (New York: Verso Books, 1999 [1982]), xiv. [hereafter referred to as Harvey, *Limits*]

principal aspect of the past decade?” Anderson asked. “Put briefly, it can be defined as the virtually uncontested consolidation, and universal diffusion, of neo-liberalism.” Those who foresaw any near-term reversal of these developments were kidding themselves, and the *New Left Review* would have no part in it. The journal would instead become “uncompromising in both senses: refusing any accommodation with the ruling system, and rejecting every piety and euphemism that would understate its power.” It would not “lend credence to illusions that the system is moving in a steadily progressive direction,” especially with “no collective agency able to match the power of capital is yet on the horizon.” For Anderson, “the only starting-point for a realistic Left today” was “a lucid registration of historical defeat. Capital has comprehensively beaten back all threats to its rule, the bases of whose power—above all, the pressures of competition—were persistently under-estimated by the socialist movement.”¹¹ These were powerful words from someone who, nearly a century before, had opened one of his works with Lenin’s famous maxim on intellectuals and social movements, which declared that “correct revolutionary theory assumes final shape only in close connection with the practical activity of a truly mass and truly revolutionary movement.” Much of Anderson’s output had examined the huge costs that the theory-practice gulf extracted on the vitality of the left.¹² Now, he seemed to conclude that the possibilities for the “practice” aspect were miniscule and futile.

The response to the Anderson piece varied widely. The most forceful denunciation came from Boris Kagarlitsky, a once regular *New Left Review* contributor, who mocked Anderson and depicted him as insular and patronizing: “In essence, what we have before us is a very refined, gentlemanly form of unconditional capitulation to an ideological foe. Perry

¹¹ Perry Anderson, “Renewals,” *New Left Review*, no. 1, series 2 (January/February 2000).

breaks his sword and surrenders himself to the mercy of the victor, but as a true gentleman he does this with dignity and style.”¹³ Both Anderson and Kagarlitsky’s pieces appeared shortly after November 1999, when unexpected protests successfully disrupted the Seattle meeting of the World Trade Organization. The protestors made up an unlikely coalition – environmentalists, labor unions, anarchists, sweatshop activists, sectarians, and others. But what moved so many observers, this writer included (at the time in high school), were the spontaneity and the vitality of the protests. For a short while, it seemed Seattle might represent a harbinger of things to come, the launching of a broad new movement countering a decade of demoralization and acquiescence. Would it make Anderson look prematurely pessimistic?

No, responded Tariq Ali, one of the most prominent leaders of the British New Left, in his riposte to the Kagarlitsky piece. “Seattle,” Ali wrote, “was extremely invigorating, but neither that nor the strike wave in France amount[ed] to a fundamental change in the situation. To exaggerate will only increase the despair. To recognize what has happened does not mean a passive acceptance of the status quo.” This was, Ali concluded, a “different epoch from the one which Lenin described as one of ‘wars and revolutions.’”¹⁴

More time and more reflection on Seattle seemed to vindicate Ali’s assessment of the 1999 events. In a trenchant critique of the Seattle legacy, the writers Liza Featherstone, Doug Henwood, and Christian Parenti reflected, too, upon what might be called “the Seattle’s model’s” anti-intellectualism and the frequent premium that its adherents placed on collective

¹² See especially Anderson, *Considerations on Western Marxism* (London: Verso Books, 1979 [1976]); Anderson, *In the Tracks of Historical Materialism* (Chicago: University of Chicago Press, 1984).

¹³ Boris Kagarlitsky, “The Suicide of New Left Review,” *International Socialist Journal*, no. 88 (Autumn 2000).

¹⁴ Tariq Ali, “Third Period in Outer-Space: A Brief Comment on Boris Kagarlitsky’s Suicide,” *ZNet* ca. late 2000 <<http://www.zmag.org/tariqali.htm>>.

action and street demonstration above all else.¹⁵ Many contemporary protestors, they argued, often possessed little basic understanding of capitalism's concrete dynamics beyond casting it in moral terms and understanding it to be morally evil. They labeled this tendency "activism," a "brave new ideology combin[ing] the political illiteracy of hyper-mediated American culture with all the moral zeal of a nineteenth century temperance crusade." "Thoughtless activism," they warned, ultimately "tends to confuse the formulation of political aims."¹⁶ Indeed, organizationally, the 1999 demonstrations have left little to cheer about: an increase in street theater and puppeteering, sporadic and decentralized local protests with tiny attendance, city-wide bicycle rides, and ephemeral one-day mass marches that end as soon as they begin with little momentum retained. At times, one wonders whether these protests are less about trying to affect consequences than they are about satisfying the existential kicks of their self-indulgent participants.

The confusion and disappointment of the 1990s persisted well into the next decade, but they came with new twists. President George W. Bush's decision to wage war and occupation on Iraq in 2003 faced some of the largest global protests in history, with attendance at some rallies exceeding the million mark. But this one-day energy burst failed to stop the war or to alter the positions of the two pro-war United States presidential candidates in 2004, all of which led to intense feelings of futility. By 2007, day-long demonstrations saw low participation, while mainstream politicians continued to propose half-hearted measures

¹⁵ Henwood's significant body of work deserves serious appraisal from left academics – one that it has yet to receive. Due to spatial constraints, I have decided to take up his two-decade examination of American politics, economics, and culture in a separate essay.

¹⁶ Liza Featherstone, Doug Henwood, Christian Parenti, "'Action Will Be Taken': Left Anti-Intellectualism and its Discontents," *Radical Society* vol. 29, no. 1 (April 2002), 27.

for ending the war (with some simultaneously suggesting engagement against Iran).¹⁷ Little that resembled a “mass movement” (against war or anything) seemed to exist.

At the same time, American might began to exhibit great vulnerability. At the start of the 21st century, the speculative stock market boom burst and sent the United States into brief economic recession. The endeavor in Iraq fared poorly, calling into question United States military supremacy. Within its own borders, the government’s disastrous handling of the 2005 Hurricane Katrina disaster exacerbated, for some, an image of decline.¹⁸ The 2002 Enron, WorldCom (and others) scandals proved a public image relations disaster for American corporations, though a short-lived one. As early as 2005, stories began appearing about slumping home prices and increasing lapsed payments on mortgages. At the same time, reports of record bonuses and salaries still cluttered the pages of the *New York Times* real estate section and outlets of bourgeois and ruling class celebration like *New York*.

But by 2007, the early signs had exploded into record levels of foreclosures, unpaid loans, and enormous economic volatility. Anecdotal stories in newspapers and magazines reported once comfortable households having their assets seized by troubled banks, which were cutting workforces and facing new strains as a result. Stock indices veered wildly, on some days setting records, while on others falling dismally by three digits. Major banks and hedge funds scaled back and shut down operations, laid off workers, and announced reductions in future hiring. In 2008, one of the nation’s largest investment banks, Bear Stearns, required a complex government-engineered bailout, while another, Lehman Brothers, eventually filed for bankruptcy protection. Radical restructuring of their peer institutions has followed. In October 2008, the Dow Jones Industrial Average saw one-week declines of

¹⁷ Alexander Cockburn, “Whatever Happened to the Anti-War Movement?,” *New Left Review* no. 46, series 2 (July/August 2007).

more than 20%, resulting in the hasty (and, in execution, seemingly impromptu) Troubled Assets Relief Program through which the federal government would purchase “toxic” assets and re-capitalize banks. With a new president, new year, and cautious optimism among some came also devastating news about rising unemployment (7.2%) and a dramatic slowdown in global growth.¹⁹

What does the left offer to make sense of this? The recent contributions of Robert Brenner, David Harvey, and Robert Pollin are absolutely essential to anyone hoping to make some sense of capital’s recent history and where it might be headed. Brenner examines the United States post-WWII economy in global perspective, identifying a worrisome longitudinal trend and the enduring mechanism behind it, all of which exacerbate increasing and more frequent economic instability. In one of two books, Harvey characterizes “neo-liberalism” as a new and recent phase in capitalist development and examines the interplay among its economic, political, and ideological components. In another, he revisits a classic Marxist problem – the exact relationship between capital and state’s prerogatives in imperialist endeavors – and reflects upon how recent developments require theoretical revision. Finally, Pollin focuses more closely on the 1990s under the Clinton regime and finds a record that is severely wanting.

Hope and disappointment have recently seemed intertwined and reinforcing: the failing but protracted war effort without an anti-war movement to stop it; the possibility of a capitalism heading towards implosion but with the poorest Americans experiencing it first and worst; the emergence of mass left movements and government in Latin America with new

¹⁸ Michael Hardt, “From Imperialism to Empire,” *The Nation*, 31 July 2006.

¹⁹ “Employment Situation Summary,” Bureau of Labor Statistics, December 2008.

questions about their political longevity and actual ability to transcend neo-liberal hegemony.²⁰ Was American capitalism about to implode, on the wane, merely experiencing a few bumps, stagnant but sturdy, or highly turbulent but ultimately durable? What were the implications for strategy? Did the increasing left pessimism of the 1990s deserve vindication or had its proponents in fact failed to foresee new openings and possibilities on the horizon, especially in the current moment? These books do not offer decisive answers, of course, but they are crucial to clearing some initial fog.

The Marxist historian Robert Brenner's *The Boom and the Bubble: The U.S. in the World Economy* is an important event for the left and for post-WWII American historiography. Few general surveys of the economy for this time period come close to its empirical heft, geographic scope, and explanatory ambition. Brenner's project first appeared as a *New Left Review* book-length special issue in 1998 against bullish rhetoric and "New Economy" boosterism that seemed at odds with its implicit warnings – a milieu captured brilliantly in Doug Henwood's *After the New Economy*.²¹ *Boom* is one of a series of works on the historical origins of the recent global economy and focuses particularly on the United States's central role.²² And though Brenner's analysis has ignited much worldwide debate among left activists and scholars since its debut, it has made little to no dent on mainstream

<<http://www.bls.gov/news.release/empsit.nr0.htm>>; "World Economic Outlook Update: Global Economic Slump Challenges Policies," International Monetary Fund, January 2009
<<http://www.imf.org/external/pubs/ft/weo/2009/update/01/index.htm>>

²⁰ On this last point, see the critical examinations of the Lula Brazilian regime and its disappointments in *Monthly Review*, February 2007.

²¹ See Henwood, *After the New Economy* (New York: New Press, 2003), esp. chs. 1 and 5.

²² Robert Brenner, "The Economics of Global Turbulence: A Special Report on the World Economy," *New Left Review*, no. 229, series 1 (May-June 1998). A revised version with updated data is in Brenner, *The Economics of Global Turbulence* (New York: Verso Books, 2006). *Global Turbulence* provides more thorough analysis of the Japanese and German economies. This paper will focus on Brenner, *The Boom and the Bubble: The US in the World Economy* (New York: Verso Books, 2002) because of its United States emphasis.

academia or the post-WWII American history subfield itself. This likely stems in part from the long-standing relegation of economic history to economics departments, an especially regrettable and entrenched development given the political and methodological dogmas of the latter, and an aversion to economics or quantitative methodology in the former.²³ It is doubly unfortunate because Brenner's project offers so much to scholars working on very disparate topics. Whether gentrification, the decline of social spending, urban capital flight, or the stagnation of the labor movement, among others, it is hard to think of many areas unaffected by the backdrop of economic turbulence, and yet the developments that Brenner describes have yet to be interwoven into most post-WWII accounts.

Throughout his career, Brenner has exhibited a talent for attracting attention and generating controversy, whether through accusing fellow historians of Early Modern Britain of a neo-Malthusian demographic determinism or his politically unfashionable critiques of dependence theory and Third World Marxism.²⁴ Much of this stems from a preference for bold causal explanations forcefully counterposed against prevailing interpretations, left or right. *Boom* continues this style of presentation. Behind the stunning array of graphs, charts, data, and policies lies an elegant and simple core explanation for post-WWII stagnation, followed by turbulence. For Brenner, it is capital's tendency toward over-capacity (redundant and decreasingly used sunk capital – machinery, physical plants, etc.) and over-production (hereafter referred to as **o-c/o-p**) of unsellable goods (or goods with prices that cannot be marked up), all resulting from increased competition. This in turn leads to stagnant economic

²³ The split has century-old roots, described briefly in Ian Tyrrell, *The Absent Marx: Class Analysis and Liberal History in Twentieth-Century America* (New York: Greenwood Press, 1986), 34-36.

²⁴ These now classic essays, along with responses from several scholars, are collected in T.H. Aston and C.H.E. Philpin, eds., *The Brenner Debate: Agrarian Class Structure and Economic Development in Pre-Industrial Europe* (New York: Cambridge University Press, 1985). For Brenner's critique of dependence theory and Third Worldism, principally *Monthly Review* Marxism, Immanuel Wallerstein, and Andre Gunder Frank, see Brenner,

growth, eventual falling rates of profit, and a scramble by both capital and state to stop and reverse the trend. Their efforts, *Boom* argues, do not succeed beyond the short term and end up creating more volatility. Brenner captures the dialectical dynamics of the most recent years succinctly: “The boom thus opened the way to the bubble; the bubble blew up the boom a good deal further; and the explosion of the bubble under its own pressure ultimately put an end to the boom.”²⁵

Brenner views the post-WWII economy as a roller coaster, and the problem of o-c/o-p is *the* fundamental trigger and mechanism that gets the trolley rolling. One can divide his narrative into seven (occasionally overlapping) stages.²⁶ In stage one, from 1948-1965, the American economy experienced an overall post-WWII boom reflected in a variety of indicators, including higher growth in GDP, profit, wages, labor productivity, and social spending rates. This is not to say that there were not some sharp declines within short periods, but the rates eventually recovered as the United States retained healthy internal, and to a lesser extent, external markets for its goods. In stage two, from 1965-1973, these figures, most importantly the manufacturing rate of profit (with the exception of labor productivity) began to decline due to the onset of foreign competition, especially from Japan and Germany. In stage three, from 1973-1985, these growth rates continued to decline (and now labor productivity as well) but less dramatically, instead settling into a decade-long period of stagnation with few reversals, unlike those seen in the first stage. Brenner labels this post-1973 period “the long downturn,” though “inverse plateau” might be a more accurate term. During this stage, real wage growth also began to slow, then decline, as corporations

“The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism,” *New Left Review*, no. 104, series 1 (July/August 1977).

²⁵ Brenner, *Boom*, 3.

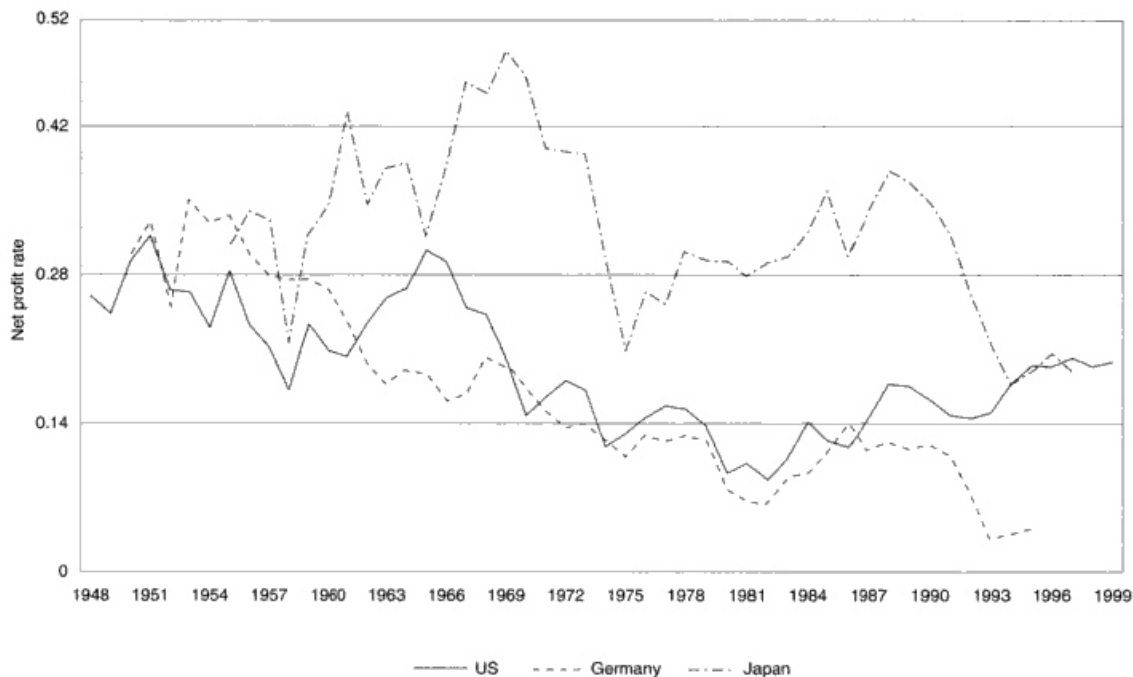
accelerated wage cuts (along with layoffs) to counter their falling profit rates. In stage four, from 1985-1993, some recovery occurred because of United States currency devaluation negotiated in a meeting of the G-5 countries, now known as the Plaza Accord. The devaluation made the United States much more competitive in the manufacturing export economy and set the stage for a roughly decade-long turnaround. But this also created, in Brenner’s words, a “zero-sum struggle, with winners and losers determined heavily by the movement of exchange rates,” as the competitive advantage of one country that resulted from a currency decrease invariably cut into the domestic markets of others, thus adding a new potential cause of volatility.²⁷



United States manufacturing and non-manufacturing net profit rates in Brenner, 20

²⁶ In addition to *Boom*, this section draws principally on Brenner, *Economics of Global Turbulence*, chs. 8, 11-12.

²⁷ Brenner, *Boom*, 159.



United States, Germany, Japan manufacturing net profit rates in Brenner, 19

The years of stage five, from 1991-1998, saw a series of interconnected developments that have contributed to the increasing volatility of the past two decades. In 1991, Federal Reserve Chairman Alan Greenspan implemented what in the latter part of his term would become a regular series of deep Federal Reserve interest rate cuts designed to increase short-term credit and investment. In these early years, as Brenner notes, Greenspan “between 1989 and 1993... had brought down real short-term interest rates from about 5 per cent to near-zero to rescue failing banks and deeply indebted corporations in the wake of the S&L [Savings & Loan] and commercial banks crises and the leveraged mergers and acquisitions debacle,” all of which had contributed to the 1990-1991 recession.²⁸ This amounted to a preview run of sorts of early 21st-century Greenspan conduct. (Greenspan would maintain higher rates during most of the early half of the 1990s.) The most critical turning point came, however, during a 1995 meeting in which the United States, Japan, and Germany agreed to modify their

²⁸ Brenner, *Boom*, 173.

currency exchange rates to offset a soaring Japanese yen and help revive a Japanese economy that “appeared to be grinding to a halt.”²⁹ This Reverse Plaza Accord resulted in the end of the decade-long post-1985 United States partial manufacturing recovery (partial because its rates of profit still did not approach those of the post-WWII years) due to the non-competitive pricing of American goods resulting from the currency readjustment.

The Reverse Accord’s consequences also unexpectedly reverberated into the non-Japanese East Asian economies, triggering the rapid events of stage six, the years of 1997-2000. These East Asian economies had grown in tandem with the United States’s recovery from 1985-1995 because they had pegged their currencies to the now rising dollar. When the value of the dollar rose and undercut American export competitiveness, the East Asian economies experienced the same. Many foreign speculators with holdings there or other economies (like Russia) were affected adversely, in turn, by the events. But in the United States, the ramifications of the East Asian tumult (and reversal of manufacturing American fortunes) were largely obscured by the simultaneous growth of what Brenner calls “stock market Keynesianism,” an investment climate encouraged (culturally and materially) by Greenspan’s enthused public pronouncements and a deregulated climate that created a flood of easy credit and record levels of corporate and household borrowing. This led to the highest ratios between equity prices and actual profits in American history with the sky-high equity prices obscuring the persistent and dramatic inability of the actual profit rates to reach levels of the immediate post-WWII years. Rampant speculation also resulted in a staggeringly high level of o-c, as a stream of short-term speculation financed fiber-optic networking and other fixed capital that would hardly be used (to this day), thus contributing to the o-c problem even more. By spring of 2000, what amounted to an extended shell game could no longer continue,

²⁹ Ibid., 131.

as company after company (concentrated heavily in the technology sector) folded, leading to stage seven, 2000-present.

In this current stage, Greenspan closed his career not by breaking from, but in fact repeating, the very same pronouncements that had contributed to the late-1990s stock bubble in the first place. Meanwhile, a series of deep interest rate cuts provided additional momentary relief and a flush of credit, though this time, speculators moved to other areas of investment, particularly real estate. An additional new variable emerged, too -- the rapid increase in foreign-financed credit, especially from East Asian, particularly Chinese financiers of late.³⁰ As in the late 1990s, the game (or at least one phase of it) began to end when profits on investment failed to materialize, and lenders and creditors were faced with unpaid loans and mounting debts. Although the degree of global volatility seen between the Reverse Plaza Accord and the present is staggering, the number of short-term bandage solutions may be declining, though they never fully worked in the first place, as the rates of manufacturing and overall corporate profit failed to recover even to immediate post-WWII levels.

Brenner's account is, in many ways, a heterodox one and a departure from the types of explanations he has given in previous work on other eras. By identifying the problem of o-c/o-p as the fundamental root of economic stagnation, *Boom* places an extraordinary explanatory weight on a single contingent accident of immediate post-WWII history. According to Brenner, the United States came out of the war in these years with a major competitive advantage in manufacturing over its devastated industrial rivals elsewhere in the world, thereby allowing American companies to invest massively in fixed capital and to corner major domestic and export markets. But this advantage soon turned into a handicap as other nations, especially Japan and Germany, recovered and began producing similar

manufactured goods, thus cutting into the United States's markets. These nations' later entry into the game turned into an unexpected advantage. Their start-up costs were considerably less, given their use of (by then) older technology, and they could better anticipate the amount of fixed capital needed to compete effectively. United States manufacturers, on the other hand, found themselves stuck with an excess of sunk capital and goods. By 1965, the start of the second stage in Brenner's account, this became apparent with declines across a variety of indicators, the rate of profit the most important and striking. All subsequent developments thus follow from this structural configuration, portrayed here more as the then unforeseen byproduct of the immediate post-WWII outcome.

But Brenner does not ignore human decision-making entirely. He devotes extended sections to Alan Greenspan and the Plaza Accord negotiations, among others. At the same time, Brenner risks casting almost all these actions as self-evidently logical *responses* of capital and of state actors to the consequences of o-c/o-p. On occasion, the analysis even takes on a rational-choice and functionalist feel. In the Brenner account, governments, corporations, lenders, and the Federal Reserve all act the way one would expect them to act – in a rational economic model, that is – towards a common goal, the attempt to reverse, or at least stave off further, economic stagnation and decline, all rooted in the single mechanisms that Brenner identifies in the post-WWII years. Portraying nation-to-nation currency power plays, state-abetted speculation, wage cuts and layoffs, and capital flight and abandonment as primarily *reactive* thus contributes to a depiction of the post-WWII economic development less as a terrain of pro-active class antagonism (especially from the ruling class) than as a chain reaction of logically flowing successive events.

³⁰ Brenner, *Boom*, 206-9.

This analysis stands in partial contrast to Brenner's previous work on the emergence of tripartite capitalist agriculture in Early Modern England. In those seminal pieces, he dismissed the role of a single root structural mechanism – demographic expansion – and instead offered one grounded in class antagonism and political struggle. From these processes emerged new “social-property relations” in the form of the capitalist tenant-farmer and the exploited landless wage-laborer, which gave rise to new competition and the imperative to invest and innovate.³¹ Here, Brenner places almost all emphasis on the latter “horizontal” forces and downplays “vertical” relations, though those in the other direction, aiming his critique at accounts that attribute declines in profitability to combinations of “upward” wage and material gains. He notes that between 1950-1958, real wage growth stood at 3.6%, between 1958-1956, at 2.2%, and between 1965-1973, at 1.9%, thereby demonstrating an *inverse* correlation between real wage growth and stagnant or falling profit rates. Furthermore, after 1973, real wage growth continued to fall in the long run as the profit rate (and other indicators) never came close to their immediate post-WWII highs.³² Some early evaluations of Brenner have in my view mistakenly criticized him for slighting “vertical” relations (in either direction) in supposed contrast to his prior work. It is for this exact reason, however, that Brenner ought to earn praise, not scorn, within Marxist circles, for he has formulated a narrative that uses the tradition generatively to evaluate given data rather than as catechistic blueprint. But others like James Crotty have noted increases in the rate of unit-labor costs between 1965 and 1969, when profitability first began to fall, and have questioned Brenner's near total dismissal of upward pressure as an explanatory factor in profit rate

³¹ Brenner, “Agrarian Class Structure and Economic Development” in T.H. Aston and C.H.E. Philpin, *The Brenner Debate* (New York: Cambridge University Press, 1985), 30, 49. And on technological innovation, see Brenner, “Agrarian Class Structure and Economic Development, 17-18,32”; Brenner, “The Agrarian Roots of European Capitalism” in Aston, Philpin, *The Brenner Debate*, 232-234, 297, 307-308, 320.

reduction.³³ Brenner has in turn responded by acknowledging such empirical findings but classifying them as medium-term cyclical or local fluctuations. He also draws a forceful comparison to the non-manufacturing sector's higher upward pressure but lower declines in profit rates, arguing that only forces external to firms themselves – principally heightened competition – can explain such declines.³⁴

Subsequent smaller-scale research projects – especially single-firm and single-sector case studies – will continue debating Brenner's conclusions, accepting, rejecting, or reconciling them with prior explanations he attempts to overturn. But the future scholarship in the wake of this work will only attest to its generative value. Robert Brenner has laid out a crucial backdrop and agenda for years of inquiry into everything from the sustainability of Keynesianism, the origins of recent monetary policy, the politics of currency regulation, boardroom decision-making, the roots of late-century "financialization," and the rise (and retreat?) of political conservatism.

On this last point, analysts of American politics should take particular note, for Brenner issues an implicit challenge to the burgeoning historical literature on the ascendance of the New Right (broadly defined), and the myriad of thinktanks, intellectual works, grassroots campaigns, and lobbying apparatuses that its authors claim have greatly influenced recent American economic policy and anti-labor practices. But reading Brenner, one gets the

³² Brenner, *Boom*, 23-25.

³³ See James Crotty, "Review: Turbulence in the World Economy," *Challenge* vol. 42, no. 3 (May/June 1999), 112-113.

³⁴ Brenner writes: "To the extent therefore that workers' gains reduce their employers' rate of profit below the average, they undercut capital accumulation, creating the conditions, in the medium run, for their own eradication. Workers' action may certainly reduce profitability in given locales in the short run, but it cannot, generally speaking, make for an extended downturn because it cannot as a rule, bring about a spatially generalized (system-wide) and temporally extended decline in profitability." See Brenner, *The Economics of*

impression that this mobilization constituted further reinforcement for (rather than cause of) developments logically expected from capitalists in response to o-c/o-p and the falling rate of profit. It is this author's view that the New Right literature, whether dated to the New Deal era, the early Cold War years, the Goldwater campaign, or the early years of Reaganism (or elsewhere), indeed sometimes exaggerates the role of these entities. Politically, it has offered liberal capitalists a convenient bogeyman – an all-powerful reified “New Right” – to blame for nearly three decades of reaction, thus allowing them to avoid a structural indictment of inherent capitalist dynamics that Brenner and generations of left political economists before him have identified.³⁵ At the same time, many developments chronicled in that literature – the grassroots tax revolts of the late 1970s, for one – do not appear easily explainable by and subsumable to o-c/o-p and its discontents alone. Nor does the biggest legacy of the Reagan and Thatcher era – the contraction of governmental social expenditures and the rapid privatization (or outright limitation) of services. Indeed, the anti-labor, anti-tax policies and mobilizations of private corporations, which stood to lose the most immediately from o-c/o-p, are more easily compatible with Brenner's account than those initiated independently by state actors.

Still, Brenner does not derive much analytical mileage from the term “neo-liberalism,” either, to describe a new phase in government policy. The post-WWII period instead appears as a protracted long march with greater and greater volatility. Future accounts of capital and state's recent reactionary policies will more precisely blend the mobilization of various entities, especially organized labor, with the longitudinal structural dynamics that Brenner

Global Turbulence, 21, 24, ch. 8 and Brenner, Response to James Crotty review, *Challenge* vol. 42, no. 3 (May/June 1999), 124.

³⁵ For the left variant of this analytical tendency, see Naomi Klein, *The Shock Doctrine: The Rise of Disaster Capitalism* (New York: Metropolitan Books, 2007).

describes but that are largely neglected in the post-WWII literature. More generally, scholars will have to mediate between the Brenner account and local outcomes that depart significantly from his timeline. We know, for example, that capital shakeout (whether in the form of flight, attacks on labor, or shutdowns) occurred in many American cities far before the mid-1960s slowdown or the early-1970s start of the long downturn.³⁶ The two 1970s oil shocks and their impact on the American economy do not receive (on purpose) extended attention. More may be at play in these specific cases besides just the aggregate decline in the rate of profit from o-c/o-p induced by foreign competition (especially in years when it did not exist substantially), and Brenner's analysis occasionally comes off as slightly overreaching.

Apart from identifying an underexamined but highly significant historical engine, *Boom* contains enormous political implications for the American left. Although Brenner does not explicitly say so, his work, despite some critical departures, ultimately engages with two Marxist theoretical traditions: stagnation and crisis, the latter of which examined the possibility of capitalism's collapse under the weight of its own inherent contradictions. For some exemplars like Henryk Grossman, eventual collapse stems from o-c/o-p and the stagnant or declining economic growth and rate of profit that results from it. Other variations of crisis theory have proposed causes such as lack of external markets or underconsumption in the

³⁶ Four extremely important works examining these developments are Thomas Sugrue, *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit* (Princeton: Princeton University Press, 1996); Robert Self, *American Babylon: Race and the Struggle for Postwar Oakland* (Princeton: Princeton University Press, 2003); Judith Stein, *Running Steel, Running America: Race, Economic Policy, and the Decline of American Liberalism* (Chapel Hill: University of North Carolina Press, 1998); and Jefferson Cowie, *Capital Moves: RCA's 70-Year Quest for Cheap Labor*, though only the latter two attempt a sustained analysis of global-regional economic interaction. For historians of American capital re-location and flight, Brenner's work raises a provocative question: how much would the firm, local, regional, state, and national-level actions chronicled in such works have ultimately mattered in the face of the global economic transformation he describes?

ones available.³⁷ But as Russell Jacoby argued more than 30 years ago in *Telos*, crisis theory's initially seductive appeal – in the end, the system will just annihilate itself -- could in fact lead to considerable political ambiguity or even paralysis. As he surveyed various versions of the theory, beginning with the late 19th-century Russian populists, Jacoby bemoaned the increasing divorce between the political and the economic in “Marxist political-economy,” arguing that the “political” had increasingly disappeared in crisis theory analysis. Would collective human action be necessary to tip the scale? What would actually happen if capitalism were to “collapse” if no political movement existed to fill the vacuum? Is a “crisis” a crisis if there is no mass left movement to actually exploit it politically? Jacoby concluded by cautiously endorsing the formulations of Paul Mattick, who concluded that capitalism did indeed contain inherent contradictions that might aid its own collapse, but that it could not do so without human political organization at the critical revolutionary moment.³⁸ For Jacoby, the failure of contemporary Marxism to combine political and economic analysis caused him to declare that “the critique of bourgeois society – Marxism – has also succumbed to it.”³⁹

More recently, Adolph Reed has similarly criticized structural Marxism's legacy, which he argues “supported a tendency to understate the space for meaningful human intervention in politics.” “The result,” Reed continues, “was a form of theoretical narrative emphasizing the power of entrenched patterns of relations and institutions and discounting the possibilities for systematic change. A structuralist perspective is biased toward predicting continuities; structural forces move inertially.” He concludes:

³⁷ Anwar Shaikh, “An Introduction to the History of Crisis Theories” in *U.S. Capitalism in Crisis* (New York: Union of Radical Political Economists, 1978); Russell Jacoby, “The Politics of the Crisis Theory: Toward the Critique of Automatic Marxism II,” *Telos* vol. 23 (Spring 1975).

³⁸ Jacoby, “The Politics of the Crisis Theory...,” 40-43, 49-50.

To the extent that Marxism lost its moorings in the commitment to grounding inquiry and interpretation in the objective of strategic intervention in class struggle – or any other program of transformative practical action – this turn produced a radical scholarship that more than mirrored the decline of the left outside the university; it also often rationalized that decline and sanctified it in the language of scientific law.⁴⁰

Both the Jacoby and Reed critiques – one of scholarship that forecasts capitalism’s breakdown, the other of work that posits its awesome durability – deserve serious attention as one considers the political implications of *Boom*. Although the trope of crisis seems apparent, Brenner is no crystal ball historian and too smart to predict impending breakdown (though in a passing sentence, written in 2003, he more or less foresees the current housing bubble). He instead ends on paradoxical and uncertain notes. On the one hand, the Ponzi economics of the last one and a half decades, fueled by state-abetted speculation into inflated equities (and condoned by the Clinton and Bush Administrations) failed to reverse the long downturn, and at best, resulted in some short-term reversals of indicators. It has additionally created a turbulent and more uncertain climate for corporations and especially financiers, who in the recent subprime catastrophe, have reported enormous losses that call into question whether speculative rallies like those of the late-1990s or mid-2000s will be possible in the near-term. On the other hand, these fluctuations have exacted their gravest toll not on the American ruling class, whose members possess more than enough assets to withstand any systematic shocks, but those in the weakest social positions whose homes, incomes, and benefits have gone first as these speculative runs fizzle out. And looking to the long term, a stagnant or violently sputtering capitalism is still capitalism. So long as it can reproduce itself, in however quantitatively weak and struggling form, it is unclear whether there is any optimism for leftists in *Boom*, especially in the absence of any coherent left alternative with a basis in

³⁹ Ibid., 3.

mass movement politics. Moreover, although speculative fever in the near-term will likely dampen, this does not necessarily mean we will never see similar rapid boom-bubble cycles after some time has elapsed, albeit a considerable amount of it. Ten years ago, in his classic *Wall Street*, Doug Henwood quoted the economist Joseph Schumpeter, writing in 1939, as follows, suggesting that volatility induced by speculation was in fact intrinsic to modern finance:

It is one of the most characteristic features of the financial side of capitalist evolution so to ‘mobilize’ all, even the longest, maturities as to make any commitment to a promise of future balances amenable to being in turn financed by any sort of funds and especially by funds available for short time, even overnight, only. This is not mere technique. This is part of the core of the capitalist process.⁴¹

More recently, in an article on the real estate meltdown, Henwood notes that “according to a review by Lehman Brothers, there have been more than 60 major financial crises over the last 400 years, half of them since 1900,” though the current turbulence is clearly of another quantitative and qualitative class.⁴² It still remains hard to tell what the appropriate metaphor is: the roller coaster about to derail or the rubber band – one that fluctuates increasingly wildly and that causes great strain to all those unfortunate enough to be on its edges but that ultimately endures.

In the face of this, the strategic payoff to Brenner, then, is somewhat unclear and surprisingly so. It is obviously unfair to fault Brenner, of course, for focusing mostly on

⁴⁰ Adolph Reed, “Introduction” in Reed, *Class Notes: Posing as Politics and Other Thoughts on the American Scene* (New York: New Press, 2000), xiii.

⁴¹ Doug Henwood, *Wall Street: How it Works and For Whom* (New York: Verso Books, 1997), 52. I am grateful to Henwood for referring to this excerpt on the “Continental Drift” website: <<http://brianholmes.wordpress.com/>>. Schumpeter likewise concluded *Theory of Economic Development* with: “But no therapy can permanently obstruct the great economic and social process by which business, individual positions, forms of life, cultural values and ideals, sink in the social scale and finally disappear. In a society with private property and competition, this process is the necessary complement of the continual emergence of new economic and social forms and of continually rising real incomes of all social strata... These changes are theoretically and practically, economically and culturally, much more important than the economic stability upon which all analytical attention has been concentrated for so long.” Joseph Schumpeter, *The Theory of Economic Development* (New Brunswick: Transaction Publishers, 2008 [1934]), 255.

economic structures alone, especially given the path-breaking nature of this project and its already enormous scope. At the same time, the lack of much sustained commentary on political strategy represents a peculiar omission for Brenner, who has long served as a leading member and theoretician of the Solidarity political formation and helps edit its superb organ, *Against the Current*, which provides regular excellent analysis of labor and social movements. Moreover, conceptualizing the problem of the post-WWII economy as a story of decline (if not all-out “crisis”) practically begs the “What next?” strategic questions, even if we do not know the outcome of the events, but Brenner provides no direct answers here. A forthcoming co-edited volume on the brief but militant labor upsurge in 1970s America – the onset of the long downturn -- will likely offer much on social movement strategy amidst economic transformation. Still, Brenner’s project remains an essential starting point for economic historians and serious leftists inside and outside the academy, who should work to further extrapolate its political implications. It is a hallmark contribution to post-WWII history.

David Harvey’s *A Brief History of Neo-Liberalism* begins with a definition of a term too often thrown around without any precision as to exactly what program it refers to or when it began. In Harvey’s words, neo-liberalism is

in the first instance a theory of political-economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices... but beyond these tasks the state should not venture.⁴³

⁴² Henwood, “Reflections on the Recent Crisis,” *Left Business Observer*, 19 October 2007.

⁴³ David Harvey, *A Brief History of Neo-Liberalism* (New York: Oxford University Press, 2006), 2. [hereafter referred to as Harvey, *Brief*.]

At first glance, one wonders whether the above actually warrants the use of a new term. As both theory and practice, this definition sounds like most 19th-century western political economy, aspects of which have always been part of American economic practice. The past 20 years certainly have many historical antecedents, but Harvey also suggests that they contain much that is substantively new. “Neo-liberalism,” he contends, also provides temporal specificity. What had developed by the 1990s represents a sharp disjuncture from mid-century capitalist development, with the turning point coming in the mid-to-late 1970s.

Harvey divides his book up into three parts. In a departure from Brenner, Harvey’s first section analyzes neo-liberalism not just within the economic domain but also as a cultural and ideological system. The second and most impressive of the sections provides a depressing tour of the real-world transformations that have occurred across the world and for which neo-liberal ideology provides cover. Harvey closes by identifying the cracks in neo-liberal practice that have recently appeared while trenchantly criticizing the limitations of existing oppositional movements to them. Even if one rejects some of its central claims, this is an essential primer for understanding the past 30 years and an interplay among politics, economics, and ideology largely unaddressed by Brenner’s volume.

Harvey opens by discussing the breakdown of mid-century Keynesianism, a collapse that provided the space for neo-liberal programs to take hold. Harvey is not as explicit as Brenner in identifying a single longitudinal mechanism behind the transition. But he, too, identifies the 1960s and early 1970s as the onset of Keynesian slowdown, then breakdown, as reflected by rising inflation, unemployment, stagnating GDP growth, and the collapse of the Bretton-Woods currency exchange system, one of the key sources of global economic

stability in the immediate post-WWII period.⁴⁴ *Brief* provides a compact, if oversimplified, genealogy of neo-liberal ideology, pinpointing its roots to 1947, the year of the first meeting of the Mont Pelerin Society, which counted Friedrich von Hayek and Milton Friedman as members. Even from these first days, neo-liberalism has never been theoretically coherent. It instead grabbed bits and pieces from late 19th-century anti-Marxist political economy, Adam Smith, philosophical treatises on various individual rights, and contract theory-based defenses of the state to intervene to protect private property and markets (in spite of an overall professed anti-state thrust).⁴⁵

How did a marginal ideology become dominant by the end of the century? Harvey offers a number of explanations, some convincing, some not. Institutionally, neo-liberal ideologues entrenched themselves in economics departments, especially at the University of Chicago. They established posts at well-funded thinktanks like the American Enterprise Institute and the Institute of Economic Affairs. These institutional bases allowed them to establish critical direct contacts with politicians open to embracing their ideas and who eventually implemented them into policy. But here is where Harvey, like Brenner, differs from liberal accounts of the New Right, which tend to identify the latter's superior resource and collective mobilization to explain ascendance. These are not necessarily wrong, per se, but they do not adequately question whether this success would have been possible without the mid-1970s structural breakdown of post-WWII Keynesianism. For Harvey, that moment gave neo-liberalism the opportunity to move to the forefront, with the new regimes of United Kingdom Prime Minister Margaret Thatcher, United States President Ronald Reagan, and Federal Reserve Chairman Paul Volcker translating aspects of the new ideology into practice.

⁴⁴ *Ibid.*, 9-19.

⁴⁵ *Ibid.*, 20-22.

Thatcher and Reagan both swiftly implemented programs of reduced taxes, privatization of social services (especially Thatcher), anti-unionism, de-regulation, and incentives for business. But for Harvey, the actions of the Carter-appointed, Reagan-reapproved Volcker epitomized and launched what would become a hallmark of governance: imposed and harsh fiscal austerity and sharp contraction of state economic aid. In 1979, Volcker “engineered a draconian shift in US monetary policy” in response to rapid inflation, raising the real rate of interest almost overnight from the negative range to around 8-9% a few years later. The resulting intentional recession diminished consumer purchasing power and furthered wage stagnation, scaring organized labor, while causing global reverberations that culminated in the dramatic 1982 default of Mexico, no longer able to rely on credit from the United States. The Mexican debt crisis, in turn, radically changed the direction of the International Monetary Fund (IMF) and the World Bank, the world’s other major international lending agency. Both phased out Keynesian aspects of their operations in favor of what have become known as structural adjustment programs (SAP). Under SAPs, potential borrowers only received relief if they conformed to harsh IMF or WB-enforced reorganization of administrative and economic policy, almost always tailored towards creating less regulated business climates for foreign investments. They were to reduce the reach of labor law and ensured as little overall state constraint on market behavior as possible – even as SAP provisions were enforced by agencies funded by the world’s most powerful nation-states.

Domestically within the United States, Britain, and increasing parts of Europe and East Asia (especially China), the policy changes of the early Thatcher and Reagan years accelerated. In the United States, corporate taxes tumbled from 70% to 28%. Meanwhile, in part due to ongoing fiscal deregulation, an unprecedented number of corporations (including

manufacturers), through an ever elaborate and international set of fiscal instruments, attempted to derive revenue from returns on speculative investment. For Harvey, this tendency, beginning in the 1980s and culminating in the events described in the denouement of the Brenner account, has resulted in a restructuring altogether of global class structure and the emergence of a new financier class.⁴⁶

The late 1970s and early 1980s are critical years for Harvey. He spends far more time on them than Brenner does in *Boom*, in which Volcker makes but a couple cameo appearances. For Brenner, the key turning points stem first from inherent contradictions in the mode of production (o-c/o-p) of the immediate post-WWII years and the stagnation that they caused at the onset of the “long downturn” in 1973. For Harvey, the story is about much more than economics, and he sees these years as nothing short of an ideological revolution coming about at an opportune moment. But how has it continued to endure long after the mid-1970s Keynesian collapse? Why have Democrats and Labour, the so-called parties of opposition, until the past year, more or less increasingly absorbed the program over the past two decades?

Harvey offers two sets of overlapping explanations for neo-liberal entrenchment in the United States and in Britain. Some are more convincing than others. He argues that an increasing shift from force to hegemony occurred from the 1970s onward. A brilliant section juxtaposes the 1973 US-backed overthrow of democratically elected Chilean socialist President Salvador Allende with the 1975 urban austerity regime imposed by a consortium of financiers on a bankrupt New York City. But such big stick approaches, Harvey argues,

⁴⁶ Ibid., 23-26, 29, 31-36. The Volcker shock may seem part of an altogether different program than that of Greenspan’s rate cuts. But such an assessment is an ahistorical one that assesses the rate changes in a historical vacuum. As I discuss later, when viewed within their contexts, the Volcker and Greenspan policies in fact do not appear as contradictory as they seem initially.

could not persist and gave way to what he calls “the construction of consent.” In the United States, that took place with continued neo-liberal inroads into politically influential institutions – not just ideologically compatible thinktanks but also universities, economic departments, popular culture, and purportedly value-free groups like the National Bureau of Economic Research (NBER), which Harvey points out receives almost half its budget from Fortune 500 companies. Two other American explanations are less fleshed out (and more cultural than institutional), though one is more persuasive than the other and bound to cause some controversy. It points to certain social libertarian strands within certain 1960s social movements that if extended further enough are utterly compatible with neo-liberalism. As Harvey puts it: “Neo-liberal rhetoric, with its foundational emphasis upon individual freedoms, has the power to split off libertarianism, identity politics, multiculturalism, and eventually narcissistic consumerism from the social forces ranged in pursuit of social justice through the conquest of state power.”⁴⁷ He adds further, in a passage that seems reminiscent of Tom Frank’s earlier work:

By capturing ideals of individual freedom and turning them against the interventionist and regulatory practices of the state, capitalist class interests could hope to protect and even restore their position. Neo-liberalism was well suited to this ideological task. But it had to be backed up by a practical strategy that emphasized the liberty of consumer choice, not only with respect to particular products but also with respect to lifestyles, modes of expression, and a wide range of cultural practices.⁴⁸

One might say the same, too, about less thoughtful strains of self-styled “anarchism” and “autonomism” that have arisen in the wake of the 1999 Seattle process, and whose anti-statism sometimes ironically seems to rival that of the neo-liberals. Harvey has developed the theme of unlikely ideological convergence more extensively in his *Condition of Post-*

⁴⁷ Ibid., 41.

⁴⁸ Ibid., 42; Thomas Frank, *The Conquest of Cool: Business Culture, Counterculture, and the Rise of Hip Consumerism* (Chicago: University of Chicago Press, 1997).

Modernity, but there and here, the explanation seems like it can only go so far in explaining the reproduction in day-to-day life of an individualistic ethic.

Harvey's other explanation is less convincing and also unoriginal. Taking an unfortunate page from Thomas Edsall, Harvey argues that ideologues of the Republican Party fomented a white, working class backlash that resulted in this group's subordinating its "class interests" to "cultural nationalism" and a "besieged sense of moral righteousness." Frank has issued a more recent variant of this argument in his *What's the Matter with Kansas?*, but the political scientist Larry Bartels, in a recent analysis of National Election Studies (NES) data, concludes that Frank's book rests on shaky ground, and that the group of which Frank writes has not allowed cultural issues to "trump" economic ones. Rather, Bartels concludes that there is no zero-sum association between the two, and that in the last couple decades of voting, the white working-class has attached far less importance to cultural issues than have its more affluent white counterparts, contrary to the exaggerated Frank and Edsall accounts.⁴⁹ Because of this argument, others may inadvertently group Harvey with a chorus of reactionary liberal (and some left) voices who in recent years have argued that the embrace of justice and protection for women and minorities (racial and sexual) by center-to-left voices has undermined their political standing and should be rethought.⁵⁰ The most prominent of these voices includes Edsall and his seeming disciple, Eric Alterman, who has repeatedly denounced those who advocate for such issues and has most recently cheered the United

⁴⁹ Harvey, *Brief*, 50. Bartels also finds that in the 2004 election, this group did vote conservatively on economic issues, but his analysis calls into serious question the role that "cultural issues" actually played, especially as a purported mystification. A similar analysis of the 2008 election will prove fascinating – and, I suspect, probably different on economics. See Larry Bartels, "What's the Matter with *What's the Matter with Kansas?*," *Quarterly Journal of Political Science*, vol. 1 (2006), 211-17, 221; Doug Henwood, "LBO at 20," *Left Business Observer*, January 2007 alerted me to this reference, which I would not otherwise have found.

⁵⁰ I am hardly suggesting the downplay or dismissal of working-class racism or backlash here. But the popular zero-sum association made between it and fiscal conservatism is not the article of faith that many left and liberal commentators seem to take it as.

States Supreme Court's decision against affirmative action in public schools.⁵¹ One expects more from a mind like David Harvey's.

Harvey's account of the transition to neo-liberal hegemony in Britain is more convincing. He portrays Thatcherism as a tale of the English bourgeoisie's triumph over the working class and situates it, as he does the advent of neo-liberalism more generally, within the Keynesian crisis that exerted particularly pronounced effects on England. After the Labour Government of the mid-1970s accepted an IMF loan and agreed to budgetary restraints, a stagnant economy and rising inflation that devaluated the assets of individuals and corporations still persisted. That paved the way for Thatcher to justify her neo-liberal austerity program of anti-union activity, high interest rates, and an opening of British borders to a flood of foreign investor interests. Her successful suppression of government workers' strikes, reduction of their overall bargaining power, and the decline of inflation, Harvey argues, "built middle-class consent for her politics in the process." Harvey's extended analysis of Thatcher's privatization of public housing also demonstrates a method by which Thatcher incorporated the British bourgeois classes into her neo-liberal program. This occurred alongside a broader overall shift that Harvey summarizes as follows:

Thatcher forged consent through the cultivation of a middle class that relished the joys of home ownership, private property, individualism, and the liberation of entrepreneurial opportunities. With working-class solidarities waning under pressure and job structures radically changing through deindustrialization, middle-class values spread more widely to encompass many of those who had once had a firm working-class identity.⁵²

Although there existed limits to both Reagan and Thatcher's initiatives, Harvey argues that they sufficiently altered policy contours in both countries enough so that when Clinton and

⁵¹ Eric Alterman, "Class Not Race," *Comment is free* (Guardian web site), 3 July 2007, <<http://www.guardian.co.uk/commentisfree/2007/jul/03/classnotrace?gusrc=rss&feed=global>>

⁵² Harvey, *Brief*, 61-62.

Blair each took office, “both Clinton and Blair found themselves in a situation where their room for maneuver was so limited that they could not help but sustain the process of restoration of class power even against their own better instincts,” an assessment perhaps too generous to both but reflected in their respective records, one of which will be discussed more closely later.

One closes Harvey’s first section wondering whether “consent” is the right framework to view the advent of neo-liberalism. Harvey exaggerates and pushes too readily what might be called the Gramsci Button. An alternate analysis might see it less as hegemonic triumph than the pummeling into resignation and apathy of working-class political power. Further research into working-class political demobilization and the reasons behind it – along with the relationship between neo-liberal ideology and union decline – can answer this question. But if anything, outcomes of the 2006 and 2008 elections suggest much more erratic and less predictably patterned voting than Harvey’s interpretation suggests.

Having sketched neo-liberalism’s origins, Harvey proceeds to examine its practice in subsequent years. He begins with a very valuable section that highlights what he calls the “neo-liberal state’s” numerous internal contradictions and frictions. Its proponents profess the virtues of minimizing the state, even as they invoke its powers, often in brutal ways, to create “free markets.” They attempt to advocate its benefits for all, even though its policies often exacerbate inequalities or extract tolls on large populations. It must maintain political stability, even as an increasing number of people suffer economically under it. It invokes frequently the virtues of individualism, even though its measures have often been extremely authoritarian and coercive. It promotes competition, even though the policies have led to

more combinations, buyouts, mergers, conglomerates, and less overall heterogeneity in many sectors.⁵³ And so forth.

After outlining these contradictions, Harvey proceeds with two tour-de-force chapters on the global landscape of neo-liberalism. The focus differs from that of Brenner, who even in his account of the 1997 East Asian crisis, tends to focus more on preceding causes rather than fallout and rubble left behind. By contrast, the image in Harvey's account is of rapacious financier cowboys and cowgirls wreaking fiscal havoc on much of the developing world with state-backed apparatuses (principally the IMF and WB) doing much of their dirty bidding while leaving a series of financial earthquakes in their wake. He identifies four underpinnings of this new fiscal climate:

1. the acceleration of "financialization" through more foreign direct investment (FDI) around the world.
2. reduced barriers to capital flow due to new innovations in transport and communication and the reduction of many statutory protections on certain markets
3. the rise of a "Wall Street-IMF-Treasury complex" during the Clinton regime that enforced strict loan and bilateral trade agreements to impose neo-liberal practices on developing nations.
4. a growing acceptance in powerful institutions, in academia, government, agencies, and elsewhere, of neo-liberalism's key professed tenets.⁵⁴

In the neo-liberal era, Harvey writes, crises have been "both endemic and contagious."⁵⁵ The general dynamic is as follows. Investors flood a newly opened market, create credit booms, and then pull out when the economic climate stagnates or even collapses (for whatever reason), thus exacerbating the problem. The IMF or World Bank then offers a loan under a SAP, which often includes the devaluation and reselling of extremely cheap assets to the very same investors who worsened the crisis. The newest players in this, Harvey notes, are giant hedge funds that have made predicting economic hardship, pullouts, and the

⁵³ Ibid., 79-81.

⁵⁴ Harvey, *Brief*, 90-92, 160-62.

acquisition of devalued assets central parts of their strategies. In almost all these cases, the fallout also extends far beyond the original territory in question and affects other countries that depend on it economically in some way.⁵⁶

In practice, this cycle does not occur without potential contradiction, and there exist signs that political resistance to it may develop further down the line. Harvey's case studies of the Mexican and Argentinean experiences are instructive. In the late 1970s, early 1980s, Mexico borrowed billions from New York banks willing to bet on future Mexican oil profits, which failed to materialize after the Volcker shock lowered oil demand in the United States. After "massive capital flight" and declaration of bankruptcy in 1982, Mexico agreed to World Bank relief in 1984 that imposed a severe SAP program with budgetary restrictions, reductions in social services, and massive privatization. Individual economic indicators – wages, income, and others – declined rapidly, though privatization and FDI expanded, especially with so many cheap assets up for grabs. These trends accelerated in 1989, when Mexico accepted partial debt relief from the IMF for agreement to additional neo-liberal provisions. In 1991, President Carlos Salinas passed a radical law allowing privatization of indigenous lands, previously protected by the 1917 Constitution. The Salinas edict spawned the peasant rebellion that has become known as the Zapatista movement, though it is unclear the extent to which the Zapatistas can move politically beyond pockets of successful resistance and disruptions at the local level. In 1995, internal inequality grew further when another debt crisis caused by speculative dollar-dominated runs on the peso and subsequent devaluation caused a default a dollar-denominated debt. The devaluation and default allowed more foreign capital to acquire newly cheap assets. Harvey reports the astonishing figure

⁵⁵ Ibid., 94.

⁵⁶ Ibid., 97-98.

that, by 2000, 24 out of 30 private Mexican banks were foreign owned (compared to one in 1990). Meanwhile, general capital flight to even more hospitable countries like China has resulted in enormous hardship that co-exists alongside an enormous top-heavy wealth structure.⁵⁷

It remains to be seen whether this growing inequality can translate into more political mobilization against both a Mexican national bourgeoisie and elite that has profited from privatization and the external lending agencies. Argentina provides an interesting counter-case. Its 1995 debt, caused by Mexico, “soared to \$9.5 billion” on interest alone within five years and resulted in a \$6 billion IMF loan that failed to curb capital flight and ended in default. Argentinean Eduardo Duhalde implemented severe austerity programs of his own, including restrictions on bank withdrawals, freezes on saving accounts, and most significantly, devaluations of the peso, all of which led to public outcry in the form of blocked traffic, rioting, and factory takeovers. But this pressure appears to have influenced newly elected President Nestor Kirchner, who “could only snub the IMF, default on \$88 billion in debts, and initially offer to pay off outraged creditors at the rate of 25 cents on the dollar.”⁵⁸ As Harvey writes, Kirchner’s economic advisers “take the ‘heterodox’ view that while the repayment of the external debt is important it should not entail a collapse of living standards in Argentina.”⁵⁹

In fact, there are signs, as the sociologist Walden Bello has recently noted, of a “crisis of legitimacy” for the lending agencies, who have been rebuffed by a host of East Asian and Latin American countries in the past few years, including Thailand, China, and Venezuela, that simply want to pay off all remaining debts and have nothing to do with the agency

⁵⁷ Ibid., 98-104.

⁵⁸ Ibid., 104-106, 106.

again.⁶⁰ Whether this momentum continues and threatens the apparatus that Harvey describes will be an important development to watch.

Besides paying more attention to the lending agencies and the protracted consequences of financial turbulence than does Brenner, Harvey also analyzes the emerging role of China in far more depth. *Brief History* contains one of the most compact and useful English-language surveys of China to date.⁶¹ The China he depicts is rapidly becoming a global fulcrum, but Harvey argues that this should not come as a surprise and that China has been as much a part of the neo-liberal sweep since its onset in the late 1970s. Harvey dates “neo-liberalism ‘with Chinese characteristics,’” a play on the Chinese Communist Party’s official theory of “socialism with Chinese characteristics,” to the post-Mao Zedong leadership of Deng Xiaopang, who in 1978 initiated a series of economic reforms that have resulted in a new mix of authoritarianism, collectivism, and capitalism. State-owned enterprises (SOEs) competed among themselves, and prices now moved according to market forces. Foreign investment and trade were allowed, though in an extremely rigid way overseen by the CCP. This “state-manipulated market economy” has only accelerated since then. SOEs now exist alongside “township and village enterprises,” (TVEs) both of which have attracted increasing foreign capital.⁶²

⁵⁹ Ibid.

⁶⁰ Walden Bello, “Critics Plan Offensive as IMF-World Bank Crisis Deepens,” *Focus on the Global South*, 26 April 2006; Ibid., 193.

Transnational Institute:

<http://www.tni.org/detail_page.phtml?act_id=663&username=guest@tni.org&password=9999&publish=Y>; Bello, “The Post-Washington Dissensus,” *Foreign Policy in Focus*, 24 September 2007.

⁶¹ See also Mike Davis, *Planet of Slums* (New York: Verso Books, 2006); Richard Walker and Daniel Buck, “The Chinese Road,” *New Left Review* no. 46, series 2 (July-August 2007); and the July-August 2004 special issue of *Monthly Review*.

⁶² Ibid., 125-127.

The biggest transformation has been geographic. Although peasants benefited in the initial short-term from the eventual abolition of communal lands that enabled them to lease out and collect rent on their allotted portions, the basic social safety net associated with the communes has now morphed into one that charges fees for services. Peasant migration to urban areas has consequentially accelerated at an astonishing rate. More than 100 million migrant workers have moved so far while living under extreme poverty and insecurity. Rural decline, the urban-rural divide, and “the instability it is generating is today one of the most serious problems facing the Chinese government,” Harvey concludes.⁶³

These developments also carry two global ramifications. China has committed an enormous amount of money to urban physical infrastructure, including massive investment in roads, public transportation, buildings, highways. This has led to a very healthy export market for many countries abroad. On the other hand, if this quasi-Keynesian program stops or slows, it can result in serious reverberations for those who increasingly rely on the China market. Moreover, if China is prematurely betting on its own growth, it will find itself left with an enormous amount of redundant fixed capital – a version of Brenner’s o-c/o-p problem -- which could lead to further stagnation and a slowdown or reversal of these recent trends.⁶⁴

The other major development of global consequence is the degree of Chinese investment overseas, particularly in United States treasury bills that allow it to undercut American competition and ensure access to the American market because of a low yuan. It continues to fund needed American debts (especially with the ongoing military intervention).

⁶³ Ibid., 120-127.

⁶⁴ Ibid., 130-132, 140.

Chinese divestment, though not foreseeable soon, could have catastrophic effects, especially if China succeeds in developing an autonomous regional economy in East Asia.⁶⁵

Whether the increasing economic inequality leads to more social unrest is unclear. The 1989 events of Tiananmen Square have led the CCP to shrewdly relax many of its social restrictions. An emerging intellectual movement that some have dubbed the “Chinese New Left” publishes in Western journals and lectures at universities abroad, openly criticizing Chinese neo-liberalization, but this is obviously a more manageable form of dissent than a mass popular movement.⁶⁶ Seeds for that may exist in the massive return migration back to rural China as urban construction projects and enterprises are put on hold because of recent events.⁶⁷ Harvey might have included the parallel story in parts of the Middle East, too, particularly the United Arab Emirates, which is also experiencing a boom economy that depends heavily on extreme labor exploitation.⁶⁸ Both cases are “stay tuned” stories, but whatever their outcomes, the consequences will have serious ramifications beyond national boundaries.

Harvey’s stimulating book will provoke much debate not just on global politics and the economy but also on oppositional strategy. Like Brenner, he begins this section by noting the “nothing short of dismal” actual record of neo-liberalism, one that exists alongside a hegemonic hold (at least among the governing elite). How does this happen? For Harvey, the uneven geographical development of neo-liberalism – both within and among regions – has

⁶⁵ Ibid., 140, 152, 190. See also R. Taggart Murphy, “East Asia’s Dollars,” *New Left Review*, no. 40, series 1 (July-August 2006).

⁶⁶ Pankaj Mishra, “China’s New Leftist,” *New York Times Magazine*, 15 October 2006; Wang Hui, “Fire At the Castle Gate,” (interview) *New Left Review*, no. 6, series. 1 (November-December 2000).

⁶⁷ Shai Oster, “China Fears Restive Migrants As Jobs Disappear in Cities,” *Wall Street Journal*, 2 December 2008.

⁶⁸ Mike Davis, “Fear and Money in Dubai,” *New Left Review*, no. 4, series 2 (September-October 2006).

allowed those who have excelled to become the face of the project's success while the suffering of the majority has been ignored by neo-liberal boosters in popular and elite outlets. But these images aside, the fiscal material returns have also declined from their immediate post-WWII years.⁶⁹ Moreover, Harvey identifies contradictions – the questionable viability of major state-backed lending agencies, new emerging powers, the increasing economic vulnerability of older ones, especially due to debt, growing global inequality, and others – that may threaten or at least destabilize the future of the neo-liberal project.⁷⁰ But any crisis in the system, he argues, holds two possible two consequences. In the first, an elite simply allows the crisis to happen and leaves the bulk of the suffering to those in the lower strata. In the second, the crisis's impact is lessened or even avoided by a movement that “is in a better position to redeem capitalism than is capitalist class power itself.”⁷¹ Harvey does not rule out the possibility of long-term transformation, but unlike many of the prior crisis theorists, also does not see the current set of contradictions leading to anything but an even more inefficient neo-liberalism or catastrophe (but not collapse).

What would the sort of movement, reformist as it might initially be, look like? Harvey surveys the present landscape, and as with much left writing, the critique is accurately withering and better than the positive program, which he leaves to readers to articulate. Much of the section is a warning against movements that reproduce neo-liberal logic themselves. He writes of the limitations of what Tariq Ali elsewhere has called the “human rights industry,” properly noting that groups and campaigners within it mainly fight to protect civil and political rights but not economic ones that would require steps towards broader social organization. Even those that do, Harvey argues, cannot transcend the “two dominant logics

⁶⁹ Harvey, *Brief*, 154-57.

⁷⁰ Harvey, *Brief*, 188-92.

of power” of capital and of state, neither of which seems particularly compelled these days to give into demands that cut against their imperatives. When they do, it is almost solely in recast neo-liberal terms – for example, the recent rise of “carbon credits” scheme in response to global warming.⁷² The recent proliferation of benign-sounding non-governmental organizations (NGOs) that fill roles previously played by the state before the advent of neo-liberalism end up reinforcing it. It is difficult to read Harvey and come away with much faith in the catalytic ability of top-down, organizational apparatuses staffed by elite and bourgeois saviors looking out for the rest of the world.⁷³

What, then, does Harvey make of the more organic and grassroots movements that have arisen in recent years? He seems at turns heartened by them, especially the mobilization around the lending agencies, and disappointed by their atomization and limited vision. On the latter point, he alternately praises and criticizes the Zapatistas, for example, over their eschewing of state power (both programmatically and ideologically) and their instead “work[ing] through the whole of civil society in a more open and fluid search for alternatives that would look to the specific needs of the different social groups and allow them to improve their lot.”⁷⁴ On atomization, he notes an array of groups advocating for single constituencies and single causes, whether reform in land policy, lending agency practice, or environmental regulation, but stresses “finding the organic link between these different movements.” For Harvey, this missing link is a return to attacking the wide-ranging and dispersed influence of capital rather than seeing class struggle as just another isolated cause (or, worse, something requiring a zero-sum tradeoff with other causes, as both “colorblind” liberal and narrow

⁷¹ Harvey, *Brief*, 153.

⁷² *Ibid.*, 178-80.

⁷³ *Ibid.*, 177.

⁷⁴ *Ibid.*, 199.

identitarian strains of political thought would have it). As he puts it, in his most specific programmatic formulation: “The first lesson we must learn, therefore, is that if it looks like class struggle and acts like class war then we have to name it unashamedly for what it is. The mass of the population has either to resign itself to the historical and geographical trajectory defined by overwhelming and ever-increasing upper-class power, or respond to it in class terms.”⁷⁵ But the task of translating this sentiment into action, while avoiding some of the shortcomings Harvey identifies, is left to readers of this rewarding book. Just as a critical opening in the Keynesian system allowed neo-liberal ideology and policy to emerge and fill a vacuum, so too may growing fissures within neo-liberalism itself, however uncertain the strategic catalysts.

The conclusion of *Brief History* suggests, as Immanuel Wallerstein has argued forcefully for years (and to much ridicule until recently), that the United States’s political and economic power are waning and that the upsurge in military power represents a final and desperate attempt to reverse declining hegemony.⁷⁶ Harvey proposes that the neoconservative militarism of the Bush years may represent a transitional phase from neo-liberalism, even if until recently the latter was not threatening to collapse or to implode as dramatically as Keynesianism did in the 1970s.

The New Imperialism develops this analysis in greater detail. Written in the run-up to the 2003 United States invasion of Iraq, it is an attempt “to penetrate beneath the surface flux to divine some of the deeper currents in the making of the world’s historical geography that might shed some light,” in Harvey’s words, “on why we have arrived at such a dangerous and

⁷⁵ Ibid., 202.

difficult conjuncture.”⁷⁷ Written in more theoretical language than *Brief History, The New Imperialism* reads like a collection of extended provocations, questions, and reformulations, and its goal is less about constructing a thorough genealogy to the present than to provide useful frames and categories for sorting through rapidly unfolding events. On this score, the book succeeds, incorporating an important dimension of power – the military – neglected by Brenner. Those who have found Harvey’s other works useful but sometimes overly abstract will recognize many concepts from them applied fruitfully to actual circumstances.

At the outset, Harvey identifies a “double dialectic” driving the new “capitalist imperialism,” defined as “a contradictory fusion of ‘the politics of state and empire’ ... and the molecular process in space and time in which command over and use of capital takes primacy.”⁷⁸ He labels these the 1) “territorial and capitalist logics of power” and the 2) “inner and outer relations of the capitalist state.” In simpler terms, the first refers to the classic tension between the imperatives of the state (particularly geopolitical/spatial) and those of capital – how they sometimes enforce each other, are in tension, outright diverge, or any number of other situations. The second refers to the relationship between actions within a nation-state and those outside its boundaries. He might have added a third – a constant tension between force and consent as means of exerting power.

Harvey’s first two chapters concentrate on the first theme. Harvey uses Middle Eastern oil as a case study of how state and capital’s goals intertwine. In the run up to the war, slogans like “No Blood for Oil” became commonplace, but they obscured as much as they edified. Did they mean that the war simply amounted to capital (oil companies) using

⁷⁶ Immanuel Wallerstein, “The Eagle Has Crash Landed,” *Foreign Policy*, July/August 2002; Wallerstein, “The Curve of American Power,” *New Left Review*, no. 40, series 2 (July-August 2006).

⁷⁷ Harvey, *The New Imperialism* (New York: Oxford University, 2005 [2003]), x. [hereafter referred to as Harvey, *NI*]

the state as a conduit to secure future fields for private expropriation? If so, that has certainly not occurred yet, as demonstrated by persistently high American oil prices and the exclusion of the fields from an overall privatization program implemented during the reconstruction. And furthermore, why now? Harvey seeks more than just an economic explanation. While he hardly discounts the possibility of a future boon for private companies, he argues that broader geopolitical aims drove the invasion, with oil serving as the “key economic resource” that a global power must control if it is to maintain *political* power in at least the region.⁷⁹ Blood appears to have been shed for oil, but in the short term, less apparently for private capital than for the interests of the state. Harvey stresses that

the relation between these two logics [territory and state] should be seen, therefore, as problematic and often contradictory (that is, dialectical) rather than as functional or one-sided... The difficulty for concrete analyses of actual situations is to keep the two sides of this dialectic simultaneously in motion and not to lapse into either a solely political or a predominantly economic mode of argumentation.⁸⁰

He then divides the modern history of imperialism into three stages to show that the nature of this dialectic is historically mediated. In the first, “the rise of bourgeois imperialisms” from 1870-1945, mostly European nation-states simultaneously mobilized nationalist and racist sentiment at home to support their search for markets abroad, where they could render surplus capital productive. Overt use of force characterized this period, which the interlinked events of WWI, global fiscal instability, and WWII brought to a close. For Harvey, the logics of territory and of capital here mutually reinforced each other. In the second period, from the end of WWII to 1970, that relationship became more complex as the United States entered the immediate post-WWII years “as by far the most dominant power” in the economic and military domains. But its geopolitical power and “imperial ambition,”

⁷⁸ Harvey, *NI*, 26, 184.

⁷⁹ Harvey, *NI*, 25.

Harvey argues, relied less on overt force than an “abstract universalism” and the creation of “an open international order for trade and economic development” and international consensus via accords and institutions like the Bretton Woods system, lending agencies, the General Agreement on Tariffs and Trade (GATT) and the Organization for Economic Cooperation and Development (OECD).⁸¹ While state and capital were still intertwined, the inner-outer dialectic had changed, and the United States mostly became a developmental state that “did not rely too much on the extraction of value from the rest of the world,” as measured by GDP. Its growth instead primarily depended on a Keynesian program that fueled domestic spending. At the same time, of course, it did not hesitate to use occasional force abroad “to protect client regimes throughout the world that were supportive of US interests” and to overthrow those that appeared to threaten the international consensus it wanted to forge. Eventually, this feature of the immediate Cold War years, on display most dramatically during the Vietnam War, contributed to the phase’s end, along with growing competition (as Brenner would also argue) and the general breakdown of Keynesianism.⁸²

Harvey dates the beginnings of “neo-liberal hegemony” to 1970 and explores its general features in more depth in *Brief History*. In the post-1970 period, Harvey’s dialectics have changed dramatically, with foreign outlets, according to this account, proving more and more crucial to capital that has taken on an increasingly financialized, dispersed, and to use his metaphor, “molecular” form. As we saw earlier in *Brief*, capital often acts independently of the state but later relies on its powers (or those of agencies with its backing) at opportune moments – for example, to call in defaulted loans via the imposition of a SAP that ends up creating an even more fruitful speculative environment for it. Capital and the state have

⁸⁰ Ibid., 30.

⁸¹ Ibid., 54-55.

become less mutually constitutive than reliant (the former on the latter). By contrast, the inner and outer have become increasingly close and intertwined. Neo-liberal ideology professes consensus but in practice frequently relies on coercion.⁸³ The following table summarizes these phases:

	Territorial(state)-Capital	Inner-Outer	Consent-Coercion
1870-1945	Mutually reinforcing	Intertwined	Coercion
1945-1970	Intertwined, less expansive geopolitically	Greater focus on internal development, Keynesian developmental state	Consent, occasional coercion
1970-	State often subordinate to capital's needs, capital diffuse, "molecular"	Heavily intertwined	Ideology of consent, practice of frequent coercion

While schematic, these phases are useful for turning "imperialism" from a monolithic reification to historically specific term, even if what Harvey sees as the predominant characteristics of each are obviously present (though in different ways) in the other time periods.

The rest of the book examines the dynamics of this third phase more closely. Harvey elaborates the concept of the "spatio-temporal fix" – the "particular kind of solution to capitalist crises through temporal deferral and geographical expansion."⁸⁴ The crises he identifies here are similar to Brenner's – the problem of over-capacity (Harvey uses the term

⁸² Ibid., 49-62.

⁸³ Ibid., 62-74, 89.

“over-accumulation.”) But Harvey additionally differentiates among three distinct “circuits” of capital: primary, secondary, and tertiary and charges Brenner with only paying attention to the first, “the realm of immediate production and consumption.”⁸⁵ Secondary circuits refer to investments in “fixed capital for production (plant and equipment, power-generating capacity, rail links, ports, etc.),” consumption funds, and institutions and “built environment(s) for production and consumption (everything from industrial parks, ports and airports, transports and communications nets to sewage and water systems, housing, hospitals, schools).” Finally, Harvey defines tertiary circuits as “long-term investments in social infrastructures,” such as research programs and social services.⁸⁶ Elsewhere, in *Limits to Capital*, he has written that these latter two circuits are beset with contradictions. If they successfully result in more surplus production, they contribute to overproduction. If they do not, they contribute to devaluation and stagnation.⁸⁷ *The New Imperialism* argues that this more expansive, three-pronged conceptualization of capital renders the o-c problem even more urgent and one more likely to spark periodic crises. By contrast, he charges (accurately in my view) that Brenner largely restricts his analysis to the consequence of over-production of commodities, competition, and the mounting costs of retaining excess sunk productive capital. Indeed, Brenner’s account remains almost exclusively focused on short-term policy fixes like the Plaza and Reverse Plaza Accords, which opened up markets for the American and Japanese commodities respectively -- but little on the spatio-temporal ones that allow for surplus capital

⁸⁴ Ibid., 115.

⁸⁵ Ibid., 109.

⁸⁶ Ibid., 109-111.

⁸⁷ Harvey, *Limits*, 402, 410.

to be “sent elsewhere to find a fresh terrain for their profitable realization if they are not to be devalued.”⁸⁸

In Harvey’s view, spatio-temporal fixes are most manifest today in the practices of global speculative finance capital, detailed in *Brief*. “The general picture which then emerges,” he writes, “is of a networked spatio-temporal world of financial flows of surplus capital with conglomerations of political and economic power at key nodal points (New York, London, Tokyo) seeking either to disburse.”⁸⁹ But he goes further than most “globalization” theorists in a stimulating chapter with historical and strategic claims that have already stirred controversy. Borrowing heavily (while heavily revising) from Rosa Luxemburg, Harvey contends that capitalists must constantly search for outlays for their excess capital, and when they find them, impose their presence in often brutal ways.⁹⁰ In addition to Luxemburg, Harvey reworks Marx’s own concept of primitive accumulation, elaborated in the closing section of *Capital*, volume 1. Recently, primitive accumulation has attracted the attention of leftists who believe that it may help elucidate the dynamics of present-day capitalism, and Harvey is the latest of them. Is the use appropriate? And either way, are there actual ramifications, or does this merely amount to terminological appropriation for the sake of it? An examination of the concept in its original form is in order.

⁸⁸ Ibid., 117.

⁸⁹ Ibid., 134.

⁹⁰ Harvey, *NI*, 137-43, esp. 140. Harvey rejects, as do most, Luxemburg’s identification of underconsumption as the major root of instability and crisis in capitalist but retains her “idea that capitalism must perpetually have something ‘outside of itself’ in order to stabilize itself.” He traces this notion back to Hegel’s rationalization of colonialism and writes about it in more depth in Harvey, *Limits*, 414. Harvey: “Hegel examines the internal expansion of population and industry within civil society and, like Marx, spots an ‘inner dialectic’ which produces an increasing accumulation of wealth at one pole and an increasing accumulation of misery at the other. Bourgeois society appears unable to stop this increasing polarization and its concomitant, the creation of a penurious rabble, through any *internal* transformation of itself. It is therefore forced to seek *external* relief. ‘This inner dialectic of civil society thus drives it... to push beyond its own limits and seek markets, and so its necessary means of subsistence, in other lands which are either deficient in the goods it has overproduced, or else generally backward in industry.’ More particularly, a ‘mature’ civil society is driven to found colonies to supply its population with new opportunities and to supply ‘itself with a new demand and field for industry.’”

In the “So-Called Primitive Accumulation,” Marx wrestled with a simple conundrum. Where does the capital required for the modern mode of production, labor exploitation, and accumulation come from in the first place? The answer: primitive accumulation, “an accumulation which is not the result of the capitalist mode of production but its point of departure.” It “plays approximately the same role in political economy as original sin does in theology” and amounts to nothing short of “conquest, enslavement, robbery, murder, in short, force...”⁹¹ Force, Marx declares shortly afterwards, “is the midwife of every old society which is pregnant with a new one. It is itself an economic power.”⁹²

The rest of the analysis is divided into two sections. One emphasizes internal change, with Marx analyzing the protracted enclosure of English land from communal lands to “capitalist farmers” in the 15th through 17th centuries, its legal legitimation and codification, the subsequent loss of self-sufficiency, and the creation of a new reserve army of “day-labourers and hirelings” who are ultimately separated from land and the ownership of the means of production. Marx’s rhetoric is at its most polemical and corrosive here. He summarizes the chapter entitled “The Expropriation of the Agricultural Population” as follows:

The spoliation of the Church’s property, the fraudulent alienation of the state domains, the theft of the common lands, the usurpation of feudal and clan property and its transformation into modern private property under circumstances of ruthless terrorism, all these things were just so many idyllic methods of primitive accumulation. They conquered the field for capitalist agriculture, incorporated the soil into capital, and created for the urban industries the necessary supplies of free and rightless proletarians.⁹³

The second section on primitive accumulation shifts outside of the capitalist nation’s boundaries. In this half, he surveys the various means in which plunder of non-capitalist

⁹¹ Karl Marx, *Capital: A Critique of Political Economy*, vol. 1 (New York: Penguin Press, 1976 [1867]), 873.

⁹² *Ibid.*, 916.

countries aids accumulation of capital. Marx offers pages of examples, and at fleeting moments, seems to argue for the centrality of this type of primitive accumulation to capitalism's birth and early perpetuation. In the most forthright passage, he writes:

The discovery of gold and silver in America, the extirpation, enslavement and in mines of the indigenous population of that continent, the beginnings of the conquest and plunder of India, and the conversion of Africa into a preserve for the commercial hunting of blackskins, are all things which characterize the dawn of the era of capitalist production. These idyllic proceedings are the chief moments of primitive accumulation. Hard on their heels follows the commercial war of the European nations, which has the globe as its battlefield. It begins with the revolt of the Netherlands from Spain, assumes gigantic dimensions in England's Anti-Jacobin War, and is still going on in the shape of the Opium Wars against China, etc.⁹⁴

Marx completes the section (and *Capital*, volume 1) with an overview of debt-fueled trade, the emergence of joint-stock companies of global reach, and the use of colonial labor to undercut the political power of workers both in the homeland and colonies abroad.

Although the primitive accumulation section possesses undeniable literary and polemical force, Harvey and others have observed that it amounts to more of a "sketch" -- and a sometimes inconsistent one at that -- rather than a logically tight elaboration of a concept. As a result, writers have been able to take what they wanted to take from the section, and their choices provide a Rorschach into their general analytical and political positions. Scholars like Maurice Dobb, the early Brenner and Ellen Meiksins Wood have largely downplayed the implications of the second half, instead focusing on the role of either internal class differentiation or heightened class struggle in the transition to capitalism.⁹⁵ By contrast, those on the other side of that debate, including activists and scholars influenced by (or in) Third

⁹³ Ibid., 895.

⁹⁴ Ibid., 915.

⁹⁵ Brenner, "Agrarian Class Structure and Economic Development in Pre-Industrial Europe" in Aston and Philip, eds., *The Brenner Debate...*; Brenner, "The Agrarian Roots of European Capitalism" in Aston and Philip, eds., *The Brenner Debate...*; Ellen Meiksins Wood, *The Origin of Capitalism: A Longer View* (New York: Verso

World Marxism or dependence and world-systems theories, have argued that early capitalist formulation must be seen as inextricably linked to exploitation beyond a nation's borders and the formation of a world market.⁹⁶ Harvey's prior work places him in this latter category.

While passing phrases in Marx's section seem to point explicitly to the latter interpretation, they only occur in its second half, which follows a critical transitory section on the development of a home market that fuels an industrial capitalism, which eventually seeks new markets and labor outside of the home territory. It is less certain whether Marx argues that plunder abroad is an absolutely necessary component of primitive accumulation (and capitalist development more broadly) in all cases, a perpetual process requiring the existence of "peripheral" territories for "core" powers to exploit regularly, or even both. But even with these ambiguities, Harvey's reworking manages to incorporate *all* these elements of the concept: the signaling of a new phase in economic development, privatization of once communal lands, the mass proletarianization of once self-sufficient peoples, the role of extra-territorial expropriation, and its possible ongoing nature. "All the features of primitive accumulation that Marx mentions have remained powerfully present within capitalism's historical geography up until now," he writes.⁹⁷ To provide some historical specificity to the concept, he renames it "accumulation by dispossession."

What are the implications of this term? I see three. First, Harvey's formulation implies that we are moving into a new and distinct phase of capitalism, as "epoch making" a transition as that Marx wrote of. Second, that phase is characterized by regular over-

Books, 2002); Brenner, "The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism," *New Left Review*, no. 104, series 1 (July/August 1977).

⁹⁶ Andre Gunder Frank, *Capitalism and Underdevelopment in Latin America* (New York: Monthly Review Press, 1967); Immanuel Wallerstein, *The Modern World System*, vol. 1 (New York: Academic Press, 1974); Paul Sweezy, "A Critique [of Maurice Dobb]" in Rodney Hilton, ed. *The Transition from Feudalism to Capitalism* (London: New Left Books, 1976).

⁹⁷ Harvey, *NI*, 145.

accumulation of primary, secondary, and tertiary capital, rapidly constructed and abandoned, as investors survey the globe to identify new territories for making capital productive, while fleeing old ones. And third, plunder, theft, and force – later sanctioned by the state – are central to modern capital accumulation.

While the metaphoric power and appeal of the term may be obvious, what about its actual appropriateness? On the last implication, the state-backed privatization of communal lands in large sections of Latin America, Africa, and East Asia would initially seem to qualify without question as primitive accumulation. But on the other hand, some of the extra-territorial exploitation that Harvey and others document, especially that involving the lending agencies, occurs completely within the parameters of international law. A SAP, for example, boils down in the end to a contract between two entities, a developing state and a lending agency. Coercion and political pressure to sign may exist, obviously, but it is of a different and more evolved form than the blunt, brutal, and simple practices described by Marx. Use of the term obfuscates these fundamental differences.

Further, the Harvey reformulation and the notion of the spatio-temporal fix assign a central, rather than secondary, role to foreign exploitation in ongoing capital accumulation. But it is not clear that the return on foreign investment is yielding higher overall returns and thereby playing so central a reinforcing role as some may think. Doug Henwood's critique of "globalization" theorists, whose work he calls "globaloney," comes with empirical data (below) that suggests the overall return on foreign investment, scattered dramatic cases aside (some described above), is much lower than one would think from many of these accounts, including Harvey's.

**U.S. multinational corporations
foreign investments and returns**

	investments			return			
	\$b/% of total 1982	2002	change 1982-2002	1982	2002	change 1982-2002	
all	\$207.8	\$1,521.0	+632.1%	12.0%	8.1%	-3.8%	
rich countries and	76.5%	76.7%	+0.2%	9.6%	8.4%	-1.3%	
Asian NICs	20.9	10.0	-10.9	6.7	7.3	+0.6	
Canada	44.4	51.2	+6.8	10.4	7.4	-2.9	
rich Europe	36.7	46.0	+9.4	9.2	7.0	-2.2	
EU 15 only	7.4	4.3	-3.2	6.4	4.6	-1.8	
Germany	3.3	9.6	+6.3	15.9	9.9	-6.0	
Netherlands	6.2	4.6	-1.6	11.1	11.2	+0.1	
Switzerland	13.3	16.8	+3.5	11.2	4.4	-6.8	
United Kingdom	7.8	7.0	-0.8	7.9	9.1	+1.2	
rich Asia	4.4	2.4	-2.0	7.0	7.1	+0.2	
Australia	3.1	4.3	+1.2	9.4	10.4	+1.0	
Japan	3.4	8.4	+5.0	22.4	14.6	-7.9	
Asian NICs	1.4	2.4	+1.0	22.4	13.9	-8.5	
Hong Kong	0.3	0.8	+0.5	10.0	9.3	-0.7	
S Korea	0.8	4.0	+3.2	27.5	16.4	-11.1	
Singapore	0.3	0.7	+0.4	23.2	10.8	-12.4	
Taiwan	rest of world	23.5	23.3	-0.2	19.5	7.4	-12.0
poor Europe	0.1	1.2	+1.1	2.6	8.3	+5.7	
Latin America/ Caribbean	13.6	17.9	+4.4	16.2	6.2	-10.0	
Argentina	1.4	0.7	-0.6	8.1	-7.6	-15.7	
Brazil	4.5	2.1	-2.4	10.0	2.4	-7.6	
Chile	0.1	0.8	+0.6	-21.2	6.0	+27.3	
Mexico	2.4	3.8	+1.4	-1.0	7.8	+8.8	
Bermuda	5.5	4.5	-1.0	12.1	6.9	-5.2	
poor Asia	2.5	2.3	-0.1	35.6	12.2	-23.4	
China	0.0	0.7	+0.7	-6.1	14.1	+20.2	
Indonesia	1.1	0.5	-0.6	75.6	12.8	-62.8	
Africa	3.1	1.0	-2.1	12.1	12.9	+0.8	
Middle East	1.7	0.9	-0.8	35.7	13.2	-22.5	

The first two columns show the value of investments held by U.S. multinational corporations in the regions and countries shown; the first is for 1982, second, 1999. For all, the number shown represents the value of those investment holdings in billions of dollars (not adjusted for inflation); for all subsequent rows, the number is the percentage share of total investments held in the region or country named at the beginning of the row. The third column shows the percentage point change in that share from 1982 to 2002. The fourth and fifth columns show the rate of return on those investments—that is, profits before tax divided by the value of the investments in the region or country. The sixth column shows the percentage-point change in that rate of return between 1982 and 2002. Source: computed from data published by the U.S. Bureau of Economic Analysis.

Actual Rates of Return on Foreign Investment in Henwood, *After the New Economy*, 156.

And as Harvey's own aggregate figures in *Brief History* (and Brenner's) indicate, despite dramatic individual cases, neo-liberalism on a whole has not resulted in renewed dynamism but enduring stagnation.⁹⁸ Harvey points, too, to the increasing internal contradictions and political resistance to this program. Both cast doubt on claims that we are entering a new stage of capitalism as opposed to simply witnessing a more unfettered manifestation of it (that is, alas, not terribly good efficient). Moreover, it is unclear why

⁹⁸ Harvey, *Brief*, 154-57.

many practices in the 19th-century would also not constitute “accumulation by dispossession,” elastic as Harvey’s definition is, and if they did, whether the term would be diluted of any usefulness. The analytical utility and descriptive precision of the reformulation thus seem questionable to me. It raises interesting questions, but in the end, may not amount to a very useful theoretical contribution because of all these ambiguities.

Whatever its shortcomings, the term nevertheless provides a useful launching pad for Harvey’s critique of oppositional movements today, one much more trenchant and systematic than that offered in *Brief*. The critiques in both books wrestle with the enduring leftist problem of fragmentation. In *The New Imperialism*, Harvey uses the inner-outer dialectic, on which “accumulation by dispossession” pivots, to identify two problems. The first concerns what he sees as a historic separation of anti-capitalist movements from anti-imperialist movements. If domestic labor wins concessions from capitalists who must increasingly rely upon imperialist endeavors, then are these victories indirectly profiteering off the suffering of other workers abroad? If so, do labor or anti-capitalist movements therefore have a duty to incorporate an anti-imperialist politics? Harvey answers resoundingly: yes. He writes that “the relation of internal struggles for social betterment of external displacements characteristic of imperialism tended to be ignored (with the result that much of the labour movement in the advanced capitalist countries fell into the trap of acting as an aristocracy of labour out to preserve its own privileges, by imperialism if necessary).” This was a “fatal mistake,” he argues, “for if the two forms of struggle are organically linked within the historical geography of capitalism, then the left was not only disempowering itself but was also crippling its

analytical and programmatic powers by totally ignoring one side of this duality.”⁹⁹ He directs an equal level of criticism, however, towards anti-imperialist movements that lack an anti-capitalist thrust. Even if successful, such movements may only result in the formation of Third World national bourgeoisies that behave in as exploitative a manner as their counterparts in more economically dominant regions of the world. They may, too, successfully resist capitalist encroachment but provide little in the way of redistribution of wealth, let alone anything resembling socialism.¹⁰⁰

These are fruitful critiques. The latter on the limits of some Third World self-determination movements is particularly pressing today. One thinks of the devolution of some post-colonial African regimes and debates over whether the recent political upheavals in Latin America should be viewed as merely anti-imperialist (and a check to the United States) versus all-out rejections of neo-liberal logic. I am less taken with Harvey’s critique of domestic labor and his call for it to embrace an anti-imperialist program. What this would actually entail in practice is highly unclear. But if something like Third World Marxism and “New Communism” of the late 1960s and early 1970s are what Harvey has in mind, apprehensiveness may be the right reaction.¹⁰¹ Like that antecedent, an anti-imperialist and anti-capitalist synthesis in the United States today will likely involve little more than vicarious

⁹⁹ Harvey, *NI*, 171.

¹⁰⁰ Although several differences between Brenner and Harvey have already been highlighted, they both identify similar potential negative political consequences of Third Worldist or dependence theory. The early Brenner sounds remarkably similar to Harvey when he writes, in his critique of Sweezy, Frank, and Wallerstein: “Thus so long as incorporation into the world market/world division of labour is seen automatically to breed underdevelopment, the logical antidote to capitalist underdevelopment is not socialism, but autarky. So long as capitalism develops merely through squeezing dry the ‘third world’, the primary opponents must be core versus periphery, the cities versus the countryside—not the international proletariat, in alliance with the oppressed people of all countries, versus the bourgeoisie. In fact, the danger here is double-edged: on the one hand, a new opening to the ‘national bourgeoisie’; on the other hand, a false strategy for anti-capitalist revolution.” See Brenner, “The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism,” *New Left Review*, no. 104, series 1 (July/August 1977).

flights of political fancy over Third World struggles that the American left or labor movement have little to no impact over – beyond, that is, position papers and exchange trips by celebrity leftists. Harvey’s critique also rests on the shaky assumption, as mentioned before, that accumulation by dispossession plays a far more central role to capital accumulation today, that it is “organically linked, dialectically intertwined,” a claim that his own *Brief* data (and Henwood’s) calls into doubt.¹⁰²

These aspects of Harvey’s strategy analysis will not prove the most controversial, however. That will come instead from an extended section in which Harvey raises the prospect of a silver lining to accumulation by dispossession. The suggestion follows a critique of movements that Harvey accuses of embracing a “politics of nostalgia.” These movements run the gamut, but according to Harvey, they all harken back to pre-capitalist ways of life – self-sufficiency, communalism -- and often exhibit a rabid suspicion towards the state and its possible role in redistributive economic planning. They may oppose capitalist encroachment, in other words, but are hardly socialist. Rather, they seem to owe more to the anarchist political tradition and place a high value on decentralization. For them, “the answer lies,” as Harvey accurately puts it, “... in localization of everything.” These formations often “dismiss the union movement as a closed modernist, reactionary, and oppressive form of organization that needs to be superseded by the more fluid and open postmodern forms of

¹⁰¹ This is best covered by Max Elbaum, *Revolution in the Air: Sixties Radicals Turn to Lenin, Mao and Che* (New York: Verso Books, 2002), a very thoughtful and well-researched account that avoids the hagiographic tone of recent scholarship on the late-1960s, early-1970s left.

¹⁰² Harvey, *NI*, 176.

social movement.”¹⁰³ The result is a left that focuses on the narrow and the particular and is thus far less likely to form a mass movement.¹⁰⁴

For Harvey, movements that embrace this politics are also woefully misguided about the long run. Marx believed, Harvey claims, that primitive accumulation signaled the beginning of a somewhat irreversible process. In the short run, it brought devastation and upheaval, but attempts to cling onto the past were futile and also ignored the possible benefits that more “modernized” modes of production might bring under political systems that distributed their control in an egalitarian manner. Harvey makes this argument in passages like the following:

Marx (as opposed to anarchists such as Reclus and Kropotkin, and adherents of the William Morris branch of socialism) placed little if any value on the social forms destroyed by primitive accumulation. Nor did he argue for a perpetuation of the status quo and most certainly not for any reversion to pre-capitalist social relations and productive forms. He took the view that there was something progressive about capitalist development and that this was true even for British imperialism in India...¹⁰⁵

“It was, within the Marxist/communist revolutionary tradition,” he continues, “often deemed necessary to organize the equivalent of primitive accumulation in order to implement programmes of modernization in those countries that had not gone through the initiation into capitalist development.”¹⁰⁶ He acknowledges (though rather quickly) the horrors of Chinese and Soviet collectivization programs before arriving at a conclusion designed to provoke. For Harvey, political movements of today “must rise above nostalgia for that which has been lost

¹⁰³ Harvey, *NI*, 175-76. An excellent anthology of essays on movements with this politics is Tom Mertes, ed., *A Movement of Movements: Is Another World Really Possible?* (New York: Verso Books, 2004); see also David Graeber, “The New Anarchists,” *New Left Review* no. 13, series 2 (January-February 2002).

¹⁰⁴ Harvey directly rejects the ideas of Michael Hardt and Antonio Negri, who elsewhere have championed the diffuse character of such movements. Harvey: “The danger, however, is of seeing all such struggles against dispossession as by definition ‘progressive’ or, even worse, of placing them under some homogenizing banner like that of Hardt and Negri’s ‘multitude’ that will magically rise up to inherit the earth.” Harvey, *NI*, 169.

¹⁰⁵ Harvey, *NI*, 165.

¹⁰⁶ *Ibid.*

and likewise be prepared to recognize the positive gains to be had from the transfers of assets that can be achieved through limited forms of dispossession...” He adds that

they must likewise seek to discriminate between progressive and regressive aspects of accumulation by dispossession and seek to guide the former towards a more generalized political goal that has more universal valency than the many local movements, which often refuse to abandon their own particularity.¹⁰⁷

In his conclusion, Harvey softens his point slightly by (vaguely) stating that “ways must be found” to mediate between what he paints as the inevitable thrust of capitalist development and the “traces of history and tradition that arise from the ways in which they made themselves in response” to such incursions.¹⁰⁸ But the overall message is still resounding and will inflame many readers. Put simply, it is that any viable long-term anti-capitalist movement must take capitalism’s global reach as a starting point and shun attempts to reconstruct pre-capitalist ways of social organization. One reading might even hold that though they will get hurt in the process, some will have to serve as sacrificial lambs in those territories where the required transition to capitalism remains. Harvey might view attempts to fight dam construction in India or the new anarchist localism in the United States of the past ten years (to take just two examples) as both futile in the long run and politically short-sighted. These movements, after all, reject more efficient capitalist modes of production and also the useful functions that only modern state planning can provide. This analysis is consistent with Harvey’s view that accumulation by dispossession not only describes processes (e.g. the brute appropriation of land) but also signals an irreversible new epoch for those who have not been subsumed into capitalist relations already.

¹⁰⁷ Harvey, *NI*, 179.

¹⁰⁸ *Ibid.*

Many readers, including this one, will reject this argument as a mechanical, teleological, and crudely “stagist” reading of Marx, one that has Harvey arguing for a near complete transition to global capitalism before the prospect of socialism can occur.¹⁰⁹ Despite Harvey’s rejection of Michael Hardt and Antonio Negri’s recent writings on the emancipatory potential of global, integrated capitalism, his critique shares some common ground with them by posing it as a starting point. (The difference, of course, is that Hardt and Negri repudiate, as Harvey forcefully does not, a strong role for seizure of state apparatuses and posit a chain reaction of bottom-up uprisings instead.) But these theoretical issues, I think, are not the primary point. If the passage generates some reflexivity among activists today, then it will have provided a much-needed service, regardless of how much readers accept the propositions. Up until now, too much recent analysis of activism simply celebrates anything and everything that passes itself off as “resistance” instead of identifying and scrutinizing the very different and contradictory political strains within these emerging movements. Some of these groups espouse a rabidly anti-technological, primitivist, and autarkic politics that would likely bother most leftists if they bothered to pay attention to these differences instead of cheerlead.¹¹⁰ Others, particularly abroad (like the Zapatistas), have won sporadic local victories, but their rejection of state power has limited their reach and called into question the longevity of their gains. Despite the intentionally inflammatory claims, Harvey has offered the left a useful rubric for self-evaluation, and its members would

¹⁰⁹ After reading this section, one may well conclude that it manages to combine the worst features of the Third International and Third World Marxism into one. Along similar lines, Blackburn quips: “... in Marx’s case the risk was different: his account of ‘primitive accumulation’ could be read as some sort of recipe for development by those, like Stalin, who did not share his evident revulsion at its ferocity.” Blackburn, *The Making of New World Slavery: From the Baroque to the Modern 1492-1800* (New York: Verso Books, 1997), 516. For an examination of Marx’s later writings that rebut stagist readings of him, see Theodor Shanin, *Late Marx and the Russian Road: Marx and “The Peripheries of Capitalism”* (New York: Monthly Review Press, 1983) and Hobsbawm, “Introduction,” in Marx, *Pre-Capitalist Economic Formations* (New York: International Publishers, 1965 [1857]), 37-38, 49-50.

be foolish not to work through it. For younger radicals especially, *The New Imperialism* also underscores the pressing need to revisit the enduring debate between Marxism and anarchism (and all those in between) and to engage respectfully with the best of the latter.¹¹¹

More than 25 years ago, Harvey concluded *Limits to Capital* on a terrifying note, declaring that there was “no ‘spatial fix’ that can contain the contradictions of capitalism in the long run.” The world might instead enter an age of “inter-imperialist rivalries” in which perpetual investment in weaponry (and usage) would provide an outlay for surplus capital.¹¹² *The New Imperialism* revisits this possibility and ends full circle with the book’s opening problem of identifying the long-term forces behind the Bush era’s military endeavors.

Harvey’s unpacking of the problem here amounts to more of a general picture, which given the rapid pace of developments in the past few years, is probably for the better. Still, Harvey asserts that a transition is occurring, away from the neo-liberal processes analyzed in both books. “Even before the events of 9/11,” he writes, “it was clear that neo-liberal imperialism was weakening on the inside, that even the asset values on Wall Street could not be protected, and that the days of neo-liberalism and its specific forms of imperialism were numbered.”¹¹³ What may gradually replace – or at least co-exist alongside it – is an age of neo-conservatism with a United States that compensates for diminishing economic power with military conquest. The exact role of these military forays in capital accumulation is not always direct, and the ambiguity between the logic of territory and that of capital is a tension

¹¹⁰ For examples, see Henwood, *After the New Economy*, ch. 4.

¹¹¹ Here, the recent works of James Scott, David Graeber, and Benedict Anderson come to mind. See James Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Conditions Have Failed* (New Haven: Yale University Press, 1999); David Graeber, *Possibilities: Essays on Hierarchy, Rebellion, and Desire* (Oakland: AK Press, 2007); Benedict Anderson, *Anarchism and the Anti-Colonial Imagination* (New York: Verso Books, 2007).

¹¹² Harvey, *Limits*, 442-45.

that has always existed in Harvey's work. Although most of the analysis in *Limits* conceptualized imperialism as a series of spatio-temporal fixes for surplus capital, Harvey acknowledged (albeit briefly and fleetingly) that not all "periodic violent confrontations between nations and regions" could be subsumed to an economic explanation.¹¹⁴ Likewise, here Harvey allows even more room for alternative explanation by suggesting that the Iraq invasion and the neo-conservative project may be fueled as much by ideological "Pax Americana" conviction and a desire for geopolitical control as new sinks for capital. He points accurately, too, to the recent spike in religious rhetoric and diminished civil liberties and draws an important connection between domestic repression and foreign endeavors, though does not specify exactly which exists first and causes the other.¹¹⁵ The overall analysis of the dynamic among nationalism (and the politics of culture more generally), imperialism, and capital accumulation remain underdeveloped throughout the book and its conclusion.

The inter-imperialist rivalry depicted at the close of *Limits* may well arrive, however, but with more complex roots than simply capital's perpetual drive to accumulate. The nascent regional blocs in Latin America, East Asia, and the Middle East may prove a major source of friction, especially China. Its favorable trade and currency imbalances with the United States increase each year, strengthening its export economy in the process, all while it funds a mounting American foreign debt. If China succeeds in forming its own regional export market, thereby lessening its dependence on the United States, its political and economic autonomy would only increase further, though the current moment may render such predictions premature. Harvey advances the very real possibility, too, of an eventual drive for

¹¹³ Harvey, *NI*, 190.

¹¹⁴ Harvey, *Limits*, 442.

political and economic control of Caspian Basin oilfields between the United States and China. Similar, though less dramatically successful, developments are coming from other regions. There is also, as *Brief* notes, an increasing resistance to the United States-backed lending agencies critical to the foreign exploitation that Harvey believes is central to capital accumulation today – a development that may open up a path for coalitions checking American geopolitical power.

One has the advantage of reading Harvey a few years after the protracted, and perhaps insurmountable, difficulties in US-occupied Iraq have become clear and apparent. That result calls into doubt – in a way Harvey’s narrative understandably does not, given its publication date – the possibility of continued successful American military coercion. Its global political legitimacy has diminished severely, to say nothing of its actual ability to accomplish battlefield goals. At the same time, the two major American political parties have more or less embraced neo-conservative militarism, though to obviously different extents. The Democratic Party’s 2004 presidential candidate, John Kerry, ran on a platform that attacked Bush not for the war itself but for poor management of it. Leading Democratic candidates in the 2008 cycle, including the new President, meanwhile crassly chest thumped and baited Pakistan, Iran, and other “rogue” nations, offered plans (littered with loopholes and provisos) for long and protracted “withdrawals” from Iraq (but not of military bases), and advocated troop escalation in Afghanistan.¹¹⁶ No figures from either party show much commitment to reconsideration of current American *carte blanche* policy towards Israeli militarism. Indeed,

¹¹⁵ Harvey, *NI*, 193.

¹¹⁶ The neo-conservative thinker Robert Kagan’s recent positive assessment of Barack Obama’s foreign policy during the campaign was telling. Robert Kagan, “Obama the Interventionist,” *Washington Post*, 29 August 2007.

during the 2006 Israeli bombing of Lebanon and the roundly condemned 2008 Gaza siege, which drew criticism even from outlets like the *New York Times* and CNN, many supposedly “progressive” Democrats like Jerrold Nadler were far more vocal than their right-wing counterparts when it came to unequivocally defending Israeli actions condemned by the major human rights organizations.¹¹⁷

This much may be a given for the Democratic Party. But what may turn out to be diminishing American power in a number of spheres – political, economic, and military – should not give the American left any hope in the short. A hit taken by the American node of neo-liberalism and neo-conservatism hardly translates into a gain for a left program. American militarism, for sure, has given rise to the seeds of an anti-capitalist opposition in parts of Latin America, but also an equally (if not more) vigorous and repressive clerical anti-imperialism in Iran. Further, nations or blocs challenging the United States can abide by the logic of neo-liberalism just as strongly, the transformation of China into a capitalist juggernaut “with Chinese characteristics” perhaps the best example.

Moreover, American decline in any of these spheres would result in immediate hardship not for its elites but for the most exploited and politically de-mobilized. In the absence of a coherent left opposition to exploit the weakness of American elites, what is there to celebrate? What passes for an American anti-imperialist movement has adopted a disastrous strategy of wasting energy on one-day dramaturgical existential spectacles, marches, infantile showboating, and electoral campaigns for pro-war candidates. Inconsequential as it was – the brief interest in Cindy Sheehan aside – this radical posturing has more or less vanished even as public sentiment against the war (for whatever reason) has

¹¹⁷ Jerrold Nadler, press release, 13 July 2006, “Nadler: Israel Has No Choice but to Push Back Against Her Terrorist Enemies.” <http://www.house.gov/list/press/ny08_nadler/IsraelPushEnemies071306.html>

skyrocketed without much channel for expression.¹¹⁸ *Monthly Review* and the sectarian organs excepted, American left-to-centrist outlets paper over (when they do not actively support) the imperial policies of Democratic candidates and conflate ephemeral spectacles and fads (MoveOn, hip-hop, the Internet-organized march, blogs, etc.) with real oppositional “movements.” This is not a left ready to turn potential American weakness into its own gain.

Perhaps this juncture and the confusing dynamics behind it – the increasingly foggy relationship between the logics of capital and territory -- are what Harvey means when he speaks of a new imperialism. Even if one does not fully accept all the ideas presented in both volumes, they are enormously generative, if not optimistic, works that invite repeated engagement. Harvey himself deserves commendation as well for resisting the acquiescence that has infected so many of his former left peers and instead presenting a loud and clear rejection of neo-liberalism and imperialism in all its forms.

Anyone who lived through the Bush years and felt more warmly towards the preceding administration should immediately consult Robert Pollin’s *Contours of Descent: U.S. Economic Fractures and the Landscape of Global Austerity* for a sobering reminder of Clinton’s checkered record. Pollin’s volume is a crisply written and elegantly organized account of those years and their adverse impact on the economic fortunes of millions of Americans. A highly regarded economist at the University of Massachusetts, Amherst, one of the few outposts for left “heterodox” economics in the United States, Pollin is well schooled in several theoretical traditions of left political economy -- but anchors much of his research in grounded experience conducted in tandem with community activists fighting for more

¹¹⁸ Alexander Cockburn, “Whatever Happened to the Anti-War Movement?,” *New Left Review* no. 46, series 2 (July/August 2007).

egalitarian economic policies. He is perhaps best known for his scholarship on “living wage” ordinances that rebuts critics who claim such legislation would pose disastrous impediments to economic growth.¹¹⁹ More recently, he has led research into the creation of a new environmentally sound “green economy,” producing a new report that will likely figure into future discussions on potential growth sectors for American economic revival and ecological sustainability.¹²⁰

In contrast to Brenner and Harvey’s volumes, *Contours* is less concerned with providing a grand macro-structural interpretation of the recent economy and its catalysts than with conducting a close autopsy of its recent consequences and identifying its chief winners and losers. As in his previous body of work, Pollin is particularly interested in those dimensions of the economy that affect Americans’ everyday experience – trends in wages and incomes, new shifts in social service spending, and others. Though it situates its findings within historical trends, *Contours* primarily concerns the 1990s and early 2000s, a narrower focus that will aid future attempts to periodize this short but critical era.

The book is guided by a simple overarching question also running through the other authors’ works – the gulf between rhetoric and economic reality – or as Pollin characterizes the Clinton years specifically, “how the Clinton economy could have appeared to be performing so well even as problems of inequality and financial instability were deepening.”¹²¹ Pollin fuses three extremely useful approaches for analyzing the question, what he calls the “Marx Problem,” the “Keynes Problem,” and the “Polanyi Problem.” The

¹¹⁹ Robert Pollin and Stephanie Luce, *The Living Wage: Building a Fair Economy* (New York: New Press, 2000); Pollin, Mark Brenner; Jeannette Wicks-Lim; Stephanie Luce, *A Measure of Fairness* (Ithaca: Cornell University Press, 2008).

¹²⁰ Pollin, Heidi Garret-Peltier, James Heintz, and Helen Scharber, “Green Recovery: A Program to Create Good Jobs and Start Building a Low-Carbon Economy” (Washington, D.C.: Center for American Progress, 2008).

¹²¹ Pollin, *Contours of Descent: U.S. Economic Fractures and the Landscape of Global Austerity* (New York: Verso Books, 2003).

Marx Problem centers on the “reserve army of labor,” Marx’s term for a constant unemployed pool of workers who drive down wages and reduce employed workers’ militancy by serving as potential replacement labor. Here, Pollin revisits how the dynamics of unemployment and wages had changed in the late 20th-century with looming global labor market integration. The Keynes Problem refers to the ripple effects of investment throughout other sectors of society (for example, companies that reduce hiring because of sudden declines in investment returns) and to the “speculative mentality” that, if reproduced widely enough, can influence equity prices as much as any material factors. This group psychology, Pollin and Brenner both argue, propelled the economy in the late 1990s, during which, in Pollin’s words, “what really matters for a speculative investor is not what they think about a given company’s prospects per se, but rather what they think *other investors are thinking*, since that will be what determines where the stock price goes in the short term.” And the Polanyi Problem addresses the need to provide some measure of social solidarity in a market economy rather than all-out, no holds barred competition. Pollin suggests that post-WWII Keynesianism responded to some of the concerns that Polanyi raised in his classic *The Great Transformation*. It maintained steady wage growth, a minimum wage, and sought to maximize employment, all while ensuring some measure of wealth redistribution through progressive taxation and social spending. And it reduced the severity of the Marx Problem by recognizing (though not always consistently) labor unions’ right to organize and collectively bargain. When Keynesianism unraveled in the 1970s because of high inflation and increasing unemployment, what replaced it, and what happened to the collective ethic in the process?¹²² Pollin turns to the data left in the wake of Clinton, Greenspan, and Bush for an answer.

¹²² Ibid., 12-18.

In 1992, Bill Clinton ran on a campaign attacking President Bush, Sr.'s economic record. By 2000, in his speech to the Democratic National Convention, Clinton boasted of a new economic dynamism: "Today, we are in the midst of the longest economic expansion in our history. More than 22 million new jobs, the lowest unemployment in 30 years, the lowest female unemployment in 40 years, the lowest Hispanic and African American unemployment on record, the highest home ownership rate in our history."¹²³ Furthermore, he had overseen annual budget surpluses at the close of his term, which reversed nearly three decades of federal deficits. It seemed, at first glance, that even the most devoted leftist curmudgeon would have trouble finding anything problematic about his record. But Pollin reveals plenty of blind spots in Clinton's self-celebratory narrative. The overall picture suggests that the same neo-liberal logic informing government policy of the 1980s carried over into the Clinton era.

Still, Clinton did curb some of Reagan's excesses, and Pollin gives credit where it is due. Unlike some leftist accounts of this period, this book slices data as generously as possible for all sides, and Pollin's treatment of Clinton tax policy is a good example. After an overall 2.7% tax cut for the top fifth (in income) of households from Reagan policies (and 9.1% for the top 1%), the Clinton years saw a reversal. By the end of his first administration, the top fifth's rates had risen by 2.6% (and by 5.1% for the top 1%).¹²⁴ As Pollin notes, "Clinton administration did restore part of the progressive dimension of the tax system that was lost in the 1980s, but not all of it."¹²⁵

¹²³ Bill Clinton, speech at Democratic National Convention, 14 August 2000.
< <http://www.pbs.org/newshour/election2000/demconvention/clinton.htm>>

¹²⁴ Pollin, 26-28.

¹²⁵ Ibid., 28.

The Clinton years, indeed, can be viewed as a series of occasional breaks from the Reagan-Bush years that failed to transcend the overall parameters of neo-liberalism and the push for reduced government intervention and faith in markets. Clinton's much trumpeted expansion of the Earned Income Tax Credit (EITC) provides an illustrative case. The EITC's pool of eligible participants increased under Clinton, as did the average payout, by a little more than \$500. But against the backdrop of a neo-liberal program, Pollin argues that the benefits of the EITC were greatly reduced. He points specifically to the most sweeping change in Clinton's welfare policy -- the 1996 conversion of Aid to Families with Dependent Children (AFDC) to Temporary Assistance for Needy Families (TANF), which set a five-year limit on benefits. Pollin observes that "while total outlays for EITC rose (in 2001 dollars) by \$17.5 billion, from \$9.3 to \$26.8 billion between 1992-2000, spending on 'family support' grew by only \$2.1 billion, from \$19.1 to \$21.2 billion, after having actually fallen in real dollars for most of Clinton's presidency."¹²⁶ The disproportionate ratio between these figures may increase, too, as more time elapses since the passage of the act.

Wage and poverty figures under Clinton also reflect simultaneous small steps forward against an overall huge step backward. Under Clinton, real wages stopped declining between 1993-1996 after persistent year-to-year declines since 1986 (and a failure to ever return to 1973 levels). But during these years, rather than increase as a result of pro-active administration policy, average wages stagnated. It was only in 1997 when wages saw an increase under Clinton, though they failed to ever reach the levels of even the Carter years. Pollin argues that this uptick coincided less with Clinton's minor 1997 minimum wage increase than with the Internet bubble, discussed shortly, which generated new jobs, reduced unemployment, and increased worker bargaining power in the short term. But these

¹²⁶ Ibid., 30.

improvements were largely contingent on a speculative bubble with aftereffects that continue to reverberate, as Brenner and Pollin both show. Clinton's economic reforms thus rested on a highly unstable foundation that began collapsing shortly after he left the presidency.¹²⁷

The poverty story proceeds similarly – seeming improvement on the surface that becomes less rosy with more context and examination. From 1993 to 2000, the poverty rate declined sharply from 15.1% to 11.3%. Moreover, the average poverty rate over these years, 13.2%, also represented an improvement from the Reagan-Bush figure of 14%. But other data complicates the story. Pollin notes that the “poverty gap” – the amount required to lift a family out of poverty – actually rose during the Clinton era by a little less than \$100. He argues further that all the poverty figures must be situated against Clinton's 1996 AFDC legislation, which made the cost of raising a child higher for former dependents clocked out of assistance, even though the government has not yet incorporated this into its poverty line calculations. And like the improvements in wages, those for poverty, Pollin concludes, were at least a partial byproduct of the bubble economy and the new jobs it generated. An overall picture emerges of considerable short-term improvement in poverty percentage figures, but the long-term removal of a critical safety net that has contributed to more hardship for those still in poverty. The end of AFDC and the expansion of EITC have further entrenched the American welfare state's connection of certain social rights to those in the labor market.¹²⁸

Contours provides a new perspective on Clinton's 2000 convention speech by opening the curtain on less rosy aspects of the Clinton years. It also suggests that much of Clinton's accomplishments stemmed from an unstable bubble economy. But besides providing a compact tour of what he labels the Clintonian “hollow boom,” Pollin has also made two

¹²⁷ Ibid., 42-45.

¹²⁸ Ibid., 45-47.

important contributions to writing recent American economic history. First, like Brenner, his findings suggest declining American economic dynamism, even with short-term speculative attempts to prop it up. And second, Pollin identifies a fascinating conundrum of these years – simultaneous low inflation and low unemployment – and offers a much less romantic answer than the Clintonites for why this occurred.

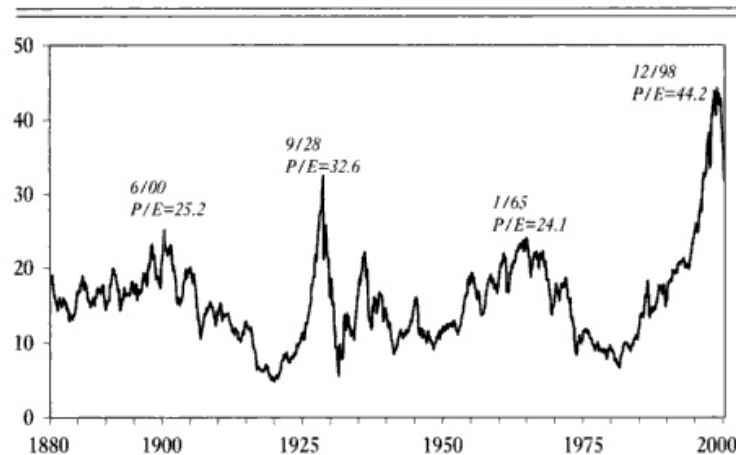
Clinton's exit generated many conversations about his legacy, but few mainstream commentators conceptualized his presidency as one that ushered in a new era of speculative finance. Numerous major policies and actions, however, lead Pollin to declare that "Clinton put the agenda of the financial markets at the top of his administration's concerns."¹²⁹ The administration's support of the 1999 Financial Services Modernization Act served as the final death knell for the pre-WWII Glass-Steagall Act. In theory, Glass-Steagall mandated divisions between investment banking and commercial banking to reduce speculation -- but had increasingly become dead letter due to poor enforcement. Federal Reserve Chairman Alan Greenspan also resisted pressure to impose so-called stronger margin requirements, which would limit the amount of borrowing investors could conduct without actual cash. And both Greenspan and Secretary of Treasury Robert Rubin arranged a dramatic bailout (with the assistance of several financial institutions) of the risky Long Term Capital Management hedge fund in the wake of the 1997 East Asian fiscal crisis.¹³⁰

These conditions led to some astonishing consequences. Price-earnings (PE) ratios – the ratio of equity price to actual real earnings – reached record levels. At the height of the stock market boom, fueled especially by much hyped Internet and

¹²⁹ Ibid., 22.

¹³⁰ Ibid., 32-33, 60-61, 181.

information technology stocks, around December 1998, the Standard & Poor's composite stock price index indicated a PE ratio of 44.2, an unprecedented level in American economic history.



Price-earnings ratio for Standard & Poor's composite stock price index in Pollin, 57

Available corporate funds (measured by corporate internal funds to total debt ratios) also dropped to 30-year lows, from 12.7 during the era of Nixon-Ford to 9.8 under Clinton. The corporate debt to equity ratio decreased at a staggering rate as well, from 159.2 to 83.1, which reflected the overall inflation of equity prices. Much of the spike in equity prices came from corporations' buybacks of their own stock, made easier in a deregulated environment, and that set new records (\$121 billion in buybacks per year from 1994-2000 compared to \$92 billion from 1984-1990). These spikes, in turn, fueled one aspect of the Keynes Problem, a "speculative market psychology" that fed the hopes of other investors who hoped to profit quickly from surging prices as well.¹³¹ This gave way to a "wealth effect" and boom in debt-fueled consumer spending, driven by funds borrowed on rising asset prices. Pollin notes, too,

¹³¹ Ibid., 62-63.

that almost all the rise in consumption came from the households in the top fifth income bracket.¹³²

But as Brenner also argues, the bubble-fueled “wealth effect” only went so far. Pollin does not use Brenner’s rate of profit measure, but his comparisons of GDP largely coincide with the Brenner argument. GDP growth during the Clinton years (3.7%) certainly represented an improvement from the Reagan-Bush years (2.9%). But it amounted to only a minor improvement from the Carter years (3.4%) and did not compare favorably at all to Kennedy-Johnson (4.8%). Moreover, when Pollin disaggregates the Clinton figure into two periods – before and after the 1996 onset of the bubble – he finds that the speculative frenzy of the last few years appears to account for much of the improvement. From 1993-1995, the GDP growth rate was only 3.1% (below the Carter years), and productivity growth was only .9%, compared to 2.5% in the post-1996 period.¹³³ The rapid tumble into recession shortly after Clinton’s departure only underscored the degree to which a bubble-fueled “wealth effect” had propped up most strong economic growth.

Pollin contributes to the economic dynamism debate in more unlikely ways as well. His analysis of how Clinton was able to balance budgets in his last few years assigns only a slight role to faster GDP growth. Using a regression model, he identifies four leading factors and assigns the following percentages indicating their contribution to the decline in deficits and creation of a surplus: cutting government spending relative to GDP (54%), tax revenues excluding capital gains (29%), capital gains revenues (10%), and faster growth (7%).¹³⁴ From this, it is clear that the surplus came mostly from severe contractions in government spending,

¹³² Ibid., 40, 58-59, 65-67.

¹³³ Ibid., 35-36.

and to a much lesser extent, the brief spike in capital gains from the stock bubble. Growth outside the financial sector, by contrast, amounted for very little in the turnaround, further illustrating the relative weakness of Clinton-era (and post-1973 more generally) economic growth, even during a bubble.¹³⁵

The Clinton cuts in spending, meanwhile, exacted a considerable toll on social service and infrastructure investment. During the Clinton years, Pollin's figures show a decline in education spending of 23.9%, in income security of 17.6% and in transportation of 9.6%. Apart from a political "triangulation" strategy through which he often outflanked his Republican opponents on fiscal policy, Clinton's other motivation for a budget hawk stance was to reduce government demand for credit, thereby encouraging reduced interest rates and supposedly stimulating economic growth. But the growth that did actually occur mainly stemmed from the financial sector (with heavy assistance from lax regulation). Phrased in terms of the Polanyi Problem, had we substituted stockholder protections in place of social protections?

This survey of the Clinton years suggests as much. Readers will have to consider whether "neo-liberalism," as Harvey periodizes it, sufficiently captures changes in the last decade of the 20th-century. While Clinton certainly curbed some of Reagan and Bush's policies, particularly in the tax code, he did not do so to an extent that restored it completely to pre-Reagan levels. In other areas, Clinton succeeded where Reagan-Bush did not – the abolition of AFDC, further cuts in social spending, more formal deregulation of the financial services industry, and the turning of balanced budget hawking (at all costs) into actual policy,

¹³⁴ Ibid. 73. Pollin's regression model that successively replaces Clinton figures for these four values with 1992 Bush, Sr. figures to determine the difference made. See "Measuring the Impact of Alternative Influences on the Federal Fiscal Budget," pp. 209-10.

¹³⁵ Ibid., 73.

thus further repudiating the Keynesian program. He oversaw the near-term roots, too, of the current economic volatility that has now lasted for a decade with protracted consequences still to come. Future historians, of course, will debate the degree to which Greenspan and Clinton's agendas converged and diverged, and the extent to which their offices hold responsibility for the bubble (versus media outlets and the financial institutions themselves). But Pollin's dissection is a first step to countering the self-hagiography heard on the Democratic National Convention floor in 2000.

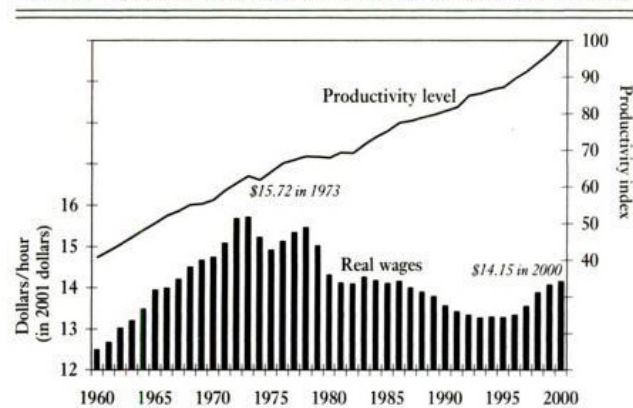
There is another reason to consider the Clinton era as a distinct phase within neo-liberalism, should we accept the term. Its unemployment and inflation rates were a departure both from the classical Keynesian pattern and the figures after the mid-1970s. Under Clinton, *both* unemployment and inflation reached new and simultaneous lows, ending the historic "tradeoff" between the two. According to most economic accounts, the low unemployment rates under Clinton should have yielded higher inflation because of increased demand. Yet both unemployment and inflation reached new lows – 4.0% and 3.4%, respectively, by the end of Clinton's term.¹³⁶ These were much touted by the press and Clinton himself without much analysis as to the underlying causes of the figures.

Pollin's thesis deserves close scrutiny as historians unravel the low unemployment-low inflation conundrum. He argues that stagnant, persistently low wages, declining demand, and cuts in social services all limited consumer demand and purchasing power that might otherwise have resulted in more inflation in another era.¹³⁷ Providing additional support for

¹³⁶ Ibid., 50.

¹³⁷ Ibid., 52. Pollin uses an econometric model that includes falling wages and benefits as predictive factors for inflation and finds that this revised model becomes a much better predictor of inflation rates than standard ones. See "A Phillips Curve Model With Unit Labor Costs," pp. 199-207.

this claim are Pollin's figures (previously mentioned) indicating that most increase in consumer activity occurred only in the top fifth income bracket. The degree of the low wages is put into further perspective when compared against steadily increasing productivity rates, which by orthodox economists' accounts, are supposed to also increase wages.



Average Real Wages and Productivity Level in the United States in Pollin, 43

What caused these low wages? For one, Clinton's 1997 minimum wage increase failed to come close to reaching 1973 levels, when real wages first began to decline sharply. Pollin argues that the decline in unionism during the Clinton years made workers far more reluctant to agitate for higher wages than they might have been during a more hospitable era for labor. And because of new trade agreements and foreign investment, Pollin also invokes the Marx Problem to suggest that workers' perception of additional outsourcing (real or not) may have reduced militancy.¹³⁸ This is hardly the last word on these topics. But Pollin deftly connects the labor movement's woes, trade policy, stagnant wages, and a major new macro-economic trends (the end of the unemployment-inflation tradeoff) and provides highly generative ground for future scholars.

Alan Greenspan will be remembered most for his series of steep interest rate cuts in the early years of the Bush administration, as the Internet bubble of the late Clinton years inflated, burst, and brought down into recession much of the economy it had helped prop up. *Contours* usefully points out that early declines in GDP, the Standard and Poor's 500 stock market index, and capacity utilization all began to fall well before the September 11, 2001 World Trade Center attacks, a common (and erroneous) starting point in narratives of recent economic trouble.¹³⁹ Likewise, Greenspan's rate cuts, a key near-term cause of the current volatility, began in January 2001 and declined by January 2002 to 1.73%, a 40-year low.¹⁴⁰ Pollin's analysis of the cuts here dovetails closely with Brenner's; both more or less foresaw the current mortgage bubble.

But Pollin is somewhat more precise about the nature of the cuts and how they failed to spur consistent growth. He points out that the Federal Funds Rate (FFR) set by the Federal Reserve generally influences other interest rates but rarely to as large of an extent as the FFR itself. Thus when the FFR reached an all-time low of 1.24%, the mortgage rate fell only to 6.05% and the Baa corporate bond rate fell to only 7.45%.¹⁴¹ The latter, he argues, failed to stimulate much corporate borrowing and exposed the limited ability of the Federal Reserve's critical tool – the rate adjustment – to reverse a recession for which it was partly responsible. The decline of the mortgage rate, though not initially that large, nonetheless successfully resulted in a sharp 30% increase in borrowing. This persisted in subsequent years, much of it spurred by high-risk, lightly regulated private equity firms and financial institutions' hedge funds that saw “real estate holdings as an alternative to equities” in the wake of the stock

¹³⁸ *Ibid.*, 53-55.

¹³⁹ *Ibid.*, 79-88.

¹⁴⁰ *Ibid.*, 90.

¹⁴¹ *Ibid.*, 91.

market collapse. And as early as 2002, warnings on the rapid rise in prices were issued (and mostly ignored).¹⁴²

Unfortunately, Pollin's publication date limits the fullness of the housing story, which is still unfolding and accelerated in the past few years as more and more speculators and lenders entered the real estate market. But the signal accomplishment here is the critical link that Pollin, like Brenner, draws between Clinton-era deregulation, the Internet boom and bubble, and its Greenspan-abetted real estate counterpart almost a decade later. This connection has been largely neglected in many popular media accounts.¹⁴³ And while it is facile to claim there are no differences between Clinton and Bush – the latter's three tax cuts, thoroughly chronically by Pollin, perhaps the best evidence – it is also true that the deregulation and contraction in social service spending that began under Clinton have severely exacerbated Bush's worst excesses.¹⁴⁴ As Pollin puts it: "To therefore push a Reagan-style agenda onto a government sector that has already experienced 'the end of the big government era' under Clinton will mean that any further contractions in social spending will cut even deeper to the bone."¹⁴⁵ He deserves much credit for assembling *Contours*, an important reminder to those who would (understandably) feel nostalgic for the Clinton years. "In short, rhetoric aside, the Clinton economy was never an alternative to neo-liberalism," Pollin concludes, "but rather a variation on the orthodox model that illuminates powerfully

¹⁴² Ibid., 90-94.

¹⁴³ As for Greenspan himself, many of these same accounts have also drawn too sharp a contrast between him and Paul Volcker, remembered for his record high interest rates. But this is an ahistorical comparison. Both operated well within the confines of neo-liberal logic and made policy decisions appropriate for their particular historical circumstances. In an era of high inflation, Volcker made a tradeoff between lower interest rates and higher inflation, contracting the credit supply to reduce the latter and diminishing working-class strength in the process. Greenspan operated in a much different context. He faced a recession but fairly low inflation and an even weaker labor movement, and therefore attempted to jumpstart the economy with low rates. Each, however, used state apparatuses in the service of capital while espousing neo-liberal rhetoric condemning it.

¹⁴⁴ Ibid., 94-102.

¹⁴⁵ Ibid., 115.

why a real alternative is so badly needed.”¹⁴⁶ Recent reconsiderations in the popular press of Clinton’s policy contribution to the current turbulence seem to have vindicated Pollin’s prescient book.¹⁴⁷

Contours offers the most concrete set of alternatives (Brenner says nothing on the matter, while Harvey’s comments on strategy are mostly negative.) Pollin calls for financial re-regulation but with better enforcement mechanisms and more consistent, across-the-board application to prevent exploitation of clever exceptions and loopholes by financial institutions. He has also advocated the so-called Tobin tax, a small commission that the government would collect for financial transactions in the hope of discouraging speculative whims. And he makes the case again for raising margin requirements that would reduce high-risk investment on borrowed funds alone with little to no cash. Given the dramatic turbulence of the past year, these may be realistic, medium-term goals.

Pollin concludes by calling for a return to Keynesian policies, particularly full employment at decent wages – once codified in the immediate post-WWII period but never actually realized to this day. Acknowledging the legitimacy of those who argue that such a policy would result in inflationary pressure, he points to Swedish state planning that regularly adjusted targeted employment percentages according to their potential threat to the inflation problem. A year ago, raising Scandinavian social democracy and economic planning as a potential model would have seemed questionable. Policy proposals, no matter how sound or well-designed, are more or less dead on arrival without precise elaboration of the political strategy required for enacting them. It had become fashionable in left-to-centrist circles of

¹⁴⁶ Ibid., 174.

late to call simply for a “new New Deal” or reincarnations of certain programs like the Works Progress Administration. But such calls, tepid as they may seem to some leftists, skipped the crucial discussion of how this would come about given the constricting policy milieu that Harvey and Pollin detail. But now the economic context has changed so strikingly, rapidly widening the parameters of debate. An author in the moderate *New Republic* recently declared: “A decade ago, I might have been embarrassed to admit that I was raised on Marx and Marxism, but I am convinced that the left is coming back. Friedrich Hayek is going to be out; Friedrich Engels in.”¹⁴⁸ Still, the difficulty President Obama faced in passing an already diluted stimulus rescue package suggests that more expansive overhauls will not happen without additional extra-economic imperatives and forces, however dire the changes in fiscal tectonics. Commentators from centrist to leftist like to repeat mothballed clichés about the need for “pressure” or “movements” -- but disaggregating these stock keywords into something more concrete and precise remains elusive.

With the exception of Harvey’s analysis of social movements, these works are mostly devoted to providing a structural picture of barriers the left faces. It is unfair, of course, to critique them for not addressing the positive strategy question more fully (or at all). That is not what they set out to do. At the same time, it is hard not to notice that structural analyses often hold more appeal for left intellectuals, while book-light, theater-heavy movement activity attracts leftists or activists on the ground, especially those of current younger generations. Something should be done to bridge the insights of these authors to those implementing whatever strategies eventually arise.

¹⁴⁷ See, for example, S. James Snyder, “Clinton Says Don’t Blame Him for the Economic Crisis,” *Time*, 16 February 2009.

Still, these works succeed enormously by leaving activists and scholars with a provocative set of debates and questions. If we accept these authors' view that the American economy (and those of two other world powers, Germany and Japan) has stagnated, is this necessarily a sign of weakness in the face of no coherent political alternative? Is the crisis really a "crisis" with no movement to exploit it? And perhaps most important, after the implosion of the Internet and speculative housing markets (along with the collapse or gigantic losses of many financial institutions), what are the next outlays or potential growth sectors of the sort that eventually helped the United States recover from the Great Depression after World War II?¹⁴⁹

Capitalism's survival depends, too, on its reproduction in day-to-day life and consent (or coercion) of those living under it. Even if the American economy is not as dynamic and is far more volatile than it has been in decades, what is really at stake if it is the only system most Americans and their representatives accept? Strategic junctures also exist. Drawing careful distinctions among left traditions, of course, risks lapsing into the sectarian warfare that imploded much of the left in the late 1960s and early 1970s. Nevertheless, too encompassing a "big tent, all good, all in" approach to oppositional politics has allowed the left to stall and delay confrontation of very real differences among its members. Movements that shun demands on the state will have very different strategies than those that view grabbing state power as central to any eventual left society. The Marxist left faces an additional dilemma in placing a premium on controlling the state but having little to no place in the mainstream political parties, both of which have shifted heavily rightward in the past

¹⁴⁸ John Judis, "The Crisis Of '08 Reading List," *The New Republic*, 24 December 2008.

¹⁴⁹ Michael Bernstein, *The Great Depression: Delayed Recovery and Economic Change in America, 1929-1939* (New York: Cambridge University Press, 1987) is an important starting point for thinking about the present moment, the Great Depression, and potential for recovery.

few decades. Yet third-party campaigns of recent years have amounted to little more than quixotic vanity shows and do not appear politically promising. And what are the pros and cons of single-issuism or localist movements? How well do these movements incorporate a coherent critique of capitalism into their analyses, if at all? How effective are movements that only organize and win on a small scale (community level) to the overall left project?

Analytically, the core-periphery model remains dominant in analyzing imperialism and empire? But does almost inevitable spatial expansion (and plunder) play as heavy a role as Harvey assigns to it? What do we make of Brenner's heterodox emphasis on competition, rather than exploitation and class struggle, as the chief theme in the post-WWII economic story? Answering many of these questions on economic change and social movements will also require some disciplinary house cleaning, for the history of the economy and the history of labor and social movements are more often studied apart (and in different departments), even as the interplay between them could not be more obvious.

Meanwhile, on the other side of the globe, if China forms its own regional economic bloc and home market within East Asia, what will the consequences be for the United States, which relies heavily on it for imports and debt-fueled investment? Is China the new emerging counter-power, as many claim, to the United States? What of its own internal contradictions, increasingly evident in the past year? Less dramatic examples of counter-blocs come from Latin America and the Middle East, though both are critical in supplying to the United States energy, namely oil. The United States's centrality to the recent fortunes of China, the parallel woes of Japan, and the 1997 Asian financial crisis are important episodes in the history of currency politics. Brenner's analysis of how powerful states engineer currency rates, often to

the detriment of those not privy to the proceedings, identifies an important source of volatility that deserves continued attention from left scholars.

Finally, with more retrospection on the past few decades, historians should scrutinize the term “neo-liberalism,” which is threatening to become a catch-all, everything-yet-nothing term. How precise is it in actually describing the emergence of a distinctly new phase in capitalist development? Does it merely occupy the extreme end of the capitalist spectrum? Or are there distinct developments within it that justify a new term? The Clinton presidency may serve as a useful concrete case. How should the left and scholars situate the sweeping changes of the Clintonian economic policy (the formal end of long-standing financial regulation, the AFDC) within the post-WWII period? Does it represent a distinct phase in accelerated “financialization,” as Pollin would probably argue, or is Harvey’s date of origin (the early 1980s) more appropriate? What the next eight years bring for the history of neo-liberalism – if that is indeed the right term – are an open question.

These questions and debates – and the works of Brenner, Harvey, and Pollin -- suggest numerous strategic, intellectual, and structural impediments for the left and much less uncertainty (not optimism) for the near-term. Perry Anderson of 2000 may well have been right. But as the young Russell Jacoby and Adolph Reed remind us, lapsing into fatalism only ends up ironically turning the left critique into a demobilizing arm of capitalism itself. We should therefore be thankful that brilliant thinkers like Robert Brenner, David Harvey, and Robert Pollin exist to guide us through the trenches and the long haul and fight ahead.

Will 2008 be for the left what 1973 was for neo-liberalism? Naïve optimism is foolish. But the above suggestion is not as absurd as it would have seemed a decade ago. . .