

# Boldly Going Nowhere

The financial collapse of 2008 was a sudden, shrill alarm that abruptly exposed neo-liberalism to be nothing more than a fool's paradise. For decades, many Americans marched to the hypnotic music of free market fantasy and willfully ignored the low, droning crescendo of social decay. The hypnotic melody of constant growth, full employment, low taxation, and rugged entrepreneurialism muffled the warning sirens that had gone off around them. Bankruptcies had become widespread, infrastructure crumbled, wages were stagnant, access to healthcare was increasingly unaffordable, and an army of unemployed swelled its ranks as jobs slipped away overseas.

Curiously, free-market ideology has defied obsolescence despite all its bubbles bursting and all its sand castles falling into the sea. The music may have stopped playing, but people have not stopped marching to its beat. For many Americans, a swift recovery from the Great Recession is taken for granted: it is not a question of whether it will happen, but when and under which presidency. Coverage in the mainstream media treats the recession as if this downturn is merely a passing storm, and reassures us that these bitter days of stagnation are an abnormality. Radicals, on the other hand, are far less naive about capitalism in all respects except for its resilience to total collapse. While the Great Recession triggered a frenzy of debate in radical circles, many economists offered merely a baffled shrug of the shoulders and moved the debate towards austerity.

It is refreshing, therefore, to read such a mature and sobering analysis from John Bellamy Foster and Robert McChesney in their latest work, *The Endless Crisis: How Monopoly-Finance Capital Produces Stagnation and Upheaval from the U.S.A. to China*. The authors argue that the natural state of advanced capitalism is not endless growth punctuated by freak periods of recession. Rather, capitalism has long been

mired in a state of stagnant equilibrium punctuated by occasional periods of superficial growth. *The Endless Crisis* breathes new life into the once-prominent analysis of monopoly capitalism and rescues it from the quiet oblivion of discarded academic thought. The book has no interest in being a political pamphlet for social movements or focusing on the sociological ramifications of our moribund economy. Foster and McChesney demonstrate tremendous reserve by not filling the pages with polemical calls to action and discussing thorny questions of political strategy. Rather, the authors issue a wake-up call to the leftist intelligentsia who have largely abandoned the critiques of capitalism and retreated from the field of economics altogether. Marxists have been largely driven out of economics since allowing "capitalism," a term embedded with history and sociological conflict, to be replaced with the sterilized and ahistorical term, "market economy." *The Endless Crisis* is a focused and muscular work that ranks alongside the works of John Kenneth Galbraith, Paul Sweezy, Paul Baran and other great political economists who were unafraid to deliver sobering criticisms of modern capitalism. It is a robustly researched testament to the enduring relevance of Marxist theory in the 21<sup>st</sup> century.

A fundamental belief of orthodox economists is that growth is not only infinitely possible, but is also the normal state of a market economy unpolluted by government actions, unions, and other coercive non-market actors. Growth is the inevitable product of the invisible hand of the market freed from restraints, and this theory has been aggressively put into action around the world for over three decades. Yet, growth rates have been steadily dwindling, or stagnating. The 21<sup>st</sup> century has seen the slowest growth rates in economies of the United States, Europe, and Japan since the 1930s and shows no sign of improving. Foster and McChesney say that this stagnation is the direct result of monopoly-finance capitalism on an international scale – a system that drives out the

insecurities of the perfectly competitive market that economists base their models upon. Low growth is the normal state of advanced economies dominated by large, powerful corporations. Thus, contrary to the optimistic expectations that a swift recovery is just around the corner, the authors believe that world economies are headed for "lost decades" of low growth and stagnation instead. Governments have adopted a creative arsenal of tricks and tools, such as deregulation, privatization, and massive financial bubbles, to rescue our economies from this ugly face of capitalism.

While every bubble bursts, not every illusion shatters along with it. Orthodox economists, whether willingly or unwillingly, adopt ideological blinders by allowing themselves to see only their pristine theories in action and having become enamored by elegant economic models with little relevance to reality. *The Endless Crisis* does not wish to merely douse optimists with a cold, sobering splash of gloom. The authors also deftly revive many influential Marxian concepts that hold up quite well in today's economic arena.

*The Endless Crisis* marks a departure for both authors from their previous works, respectively. John Bellamy Foster is perhaps best known for his tremendous endeavors in Marxist ecology and environmental destruction, but readers would hardly know that from reading *Crisis*. The same can be said for Robert McChesney, who is known for his critical evaluations of the media and journalism in the age of unadulterated capitalism. Foster and McChesney demonstrate considerable prowess of economics and the amalgamation of these two authors is seamless. Like Foster's previous work, *The Ecological Rift*, this book is also a collection of material published in the *Monthly Review* and collected into a single volume. Unlike *Rift*, however, *The Endless Crisis* is not beset by irritatingly redundant material and shows a marked improvement in form. Whereas *Rift* was more ambitious in scope, *The Endless Crisis* is a more focused and concise affair, which works in the

authors' favor.

Foster and McChesney sketch broad theories of the economy based upon the principle that the market is dominated by the rules of oligopolistic competition. Orthodox economists stubbornly hold on to the notions from Adam Smith (and other classical economists) that markets are incapable of being coerced by their firms. All firms are subjugated to the market forces regulating prices, supply, demand, etc. According to classical theory, no firm can be powerful enough to twist the "invisible hand of the market" to its advantage.

Foster and McChesney insist that this view has long been dangerously delusional. The authors insist that capitalism since the 20<sup>th</sup> century has successfully shed this peonage while maintaining the illusion of competition and powerlessness. Small handfuls of large corporations have dominated markets around the world, particularly in first world economies. From a rational choice perspective, oligopoly dictates various forms of collusion between firms to maintain market shares and profit rates. As dominating firms increasingly collude for security, economic growth increasingly suffers from a long-term malaise in growth, profit rates, wages, living conditions, tax revenues, etc. Further, capitalism's ability to produce capital is far greater than its avenues for usage. Capital increasingly needs new places to invest in order to continue growing. Thus, the post-WWII years briefly bucked the stagnation trend as access to new international markets and domestic suburbanization allowed for large absorption of capital.

However, the rub is in the expectations of growth from increasingly irrelevant economic models. "Like first-time parachutists grasping their ripcords," write Foster and McChesney, "most economists cling tightly to the conviction that capitalism's natural state is full employment and rapid growth, so eventually the market will work its magic." Failing

to take monopoly capitalism into account, this long-term stagnation collides with unrealistic expectations for exponential growth, thus causing a tremendous amount of finger-pointing (governments, unions, etc.) and attempts to stimulate the economy (deregulation, globalization, and financialization). The result of these stimuli is inevitably bubbles and recessions. The more financial bubbles become embedded into a deregulated society, the worse the aftermath becomes when they inevitably collide with stagnation. "In fact, a dangerous feedback loop between stagnation and financial bubbles has now emerged, reflecting the fact that stagnation and financialization are increasingly interdependent phenomena." Modern capitalism, despite all its preening and posturing, is a stagnant system tethered to its own ruin. Thus, this crisis of growth is endless.

As found in their previous works, Foster and McChesney give a sweeping, acerbic condemnation of academic complaisance. In the chapter, "The Denial of History" they wag their finger at social scientists for being complacent in society's delusions and destructive habits. "The reason for this, we believe, can be traced to the fact that neoclassical economists and mainstream social science generally have long abandoned any meaningful historical analysis. Their abstract models, geared more toward legitimizing the system than to understanding its laws of motion, have become increasingly otherworldly... The results therefore are about as relevant to today's reality as the medieval debates on the number of angels that could fit on the end of a pin were to theirs." Today's economists have largely ignored the analyses of John Kenneth Galbraith, Paul Sweezy, and others who saw a system of monopoly capitalism in place. The elegant mathematical models outshined the inconvenient habits of capitalism that radical economists had once brought to the fore. The authors hope to bring this discussion out of the ether and back into university departments, political economy studies, and dinner table discussions.

To its detriment, the authors hardly add any revolutionary new concepts that have not been written in some form elsewhere. If you have read Galbraith or Marx, then you have a fairly good understanding of the book's contents. Whereas Foster's *The Ecological Rift* was bursting with new concepts like "The Treadmill of Production," this new work follows up with significantly fewer original concepts. However one feels about their thesis, one cannot deny that it is remarkably researched. The pages are saturated with statistics and analyses pulled from a wide breadth of economics literature. They redeem the old theories of monopoly capitalism through successful application in 21<sup>st</sup> century phenomena. With its relentless barrage of statistics and criticisms of academia, *The Endless Crisis* is written more for academics and economics majors. The book does not cater to readers looking for rants, calls to action, or journalistic stories. Indeed, at times, large sections of the book feel like a literature review of political economy. Despite that, it avoids getting bogged down in its technical jargon or incomprehensible language.

*The Endless Crisis* concludes with a large section devoted to the much-hyped exception to global stagnation –the economic wunderkind that is China. The nation is often depicted as both an economic prodigy and a "boogey-man" all at the same time. Here, the authors are clearly nipping their biggest criticism in the bud by demonstrating that China's expansion is the exception that proves the rule. Many mainstream economists have expressed hopes that the Chinese economy may be strong enough to carry the global economy out of stagnation. Here, the authors quickly deflate these high-minded aspirations. China is, after all, part of the global capitalist chain and shows signs of suffering from the same afflictions. At the heart of China's expansion, according to the authors, is a global system of extreme exploitation that makes economic growth possible. "The global labor arbitrage that lies behind this system of extreme exploitation is in

fact a system of imperial rent extraction that feeds the profits of global monopoly-finance capital. China's extraordinary growth is thus a product of a global system of exploitation and accumulation, the chief rewards of which have been reaped by firms located in the center of the world economy."

Foster and McChesney successfully employ the familiar Marxian concept of the reserve army of the unemployed. They demonstrate that the global "race to the bottom" in wages contributes towards stagnation globally. In short, the global reserve army is far larger than the employed labor army, thus restraining wages globally. China suffers from irreconcilable contradictions, particularly in its being unable to absorb its "surplus" populations of peasants into its industrialized market economy. However, the enduring legacy of the Chinese Revolution makes its surplus population a unique example. Peasants were given communal rights to land under the revolution, and now must temporarily seek work in terribly abusive sweatshops to supplement their paltry incomes. Many peasants return to their land afterwards, thus forming a perpetually floating agricultural population. China has not, according to the authors, the capacity or desire to absorb this massive population and is contributing to the volatile contradictions that are rising to the surface each day. These final chapters succeed fairly well, and Foster and McChesney do a wonderful job of incorporating the Chinese "Tiger Economy" into Marxist theory.

*The Endless Crisis* is, overall, a short but powerful book and is recommended reading for anyone seeking an honest and holistic evaluation of our perpetual recessions. Each page counts here, as it stacks statistical and analytical bricks on top of each other to build a thesis with a solid foundation. It offers a great application of theory and research, but seems lacking in bringing new and unique analytical concepts into its pages. Its predilection towards a somewhat limited

readership thus contributes towards a book that falls just short of greatness. Despite that, *The Endless Crisis* is a truly solid contribution by Foster and McChesney that more than meets the high standard of quality readers have come to expect from them.