

The Crisis of Global Capitalism as the Harbinger of De-globalization

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The Political Economy of Global Capitalism and Crisis

By Bill Dunn

New York: Routledge, 2014, 188 pages, \$46.95, ISBN: 9780415844390

The Century of the Emerging World: Development with a Vengeance

By Paul Dobrescu

Newcastle upon Tyne: Cambridge Scholars Publishing, 2017, xii + 217 pages, £61.99, ISBN: 9781443873161

A Strategic Understanding of UN Economic Sanctions: International Relations, Law, and Development

By Golnoosh Hakimdavar

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At no other time in the history of the world has the crisis in the global economy become a serious concern as it is currently the case. The promise of globalization at its inception, which was widely expected by both developed and developing countries as the resultant outcome of a process that would promote beneficial interdependence among countries of the world, seems to be ebbing and fizzling away in contemporary times. These new trends in which governments are beginning to project ultra-nationalistic policies that contradict trade liberalization,

interdependence, and the deregulation of economic transactions among countries of the world, which are the lynchpins of globalization, are a clear indication that the world is on the verge of a new order. The emerging economic order has been manifesting in trade renegotiations, stricter immigration laws, the imposition of tariffs, bans on foreign/imported goods, and the erection of barriers to free trade, etc. With this development, the world is heading in a different direction which therefore puts to question the survival of the extant global capitalist order in its current form in the

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face of the palpable crises buffeting its essence. It is also logical to enquire whether or not capitalism is inherently crisis-ridden, or whether the crisis emanated from the violation of its guiding principles.

In an attempt to provide a theoretical explanation of the crisis-prone nature of the subsisting global economic order, Bill Dunn has written a very important and expository book entitled: *The Political Economy of Global Capitalism and Crisis*. This book was prompted, understandably, by the author's expressed desire to unravel the causation of the sub-prime crash of 2007/2008 and its debilitating effect on the global economy which spurred protests across the cities of the world where the people demanded radical social change. The book is an account of what the author refers to as "capitalized Crisis" (p. 2). It is about political economy and crises in general and a critique of the prevailing theories on capitalism. The author's discursive style runs through the eleven chapters of the book. In chapter one, which introduces the thrust of the book, the author examines the different theoretical explanations of the global financial crises engendered by the global capitalist system. The chapter describes the subject of economic crises as Marxism's usual concern and agrees that an investigation of the general characteristics of capitalism can provide insight into the current situation (p. 6).

Chapter two highlights why work and exploitation are central to Marxist investigations of the world and the

development of a proper historical materialist epistemology –how human societies need to be understood in their material and ecological context; how development should be understood systematically but in their inherent unevenness (pp. 14-27). Chapter three critically examines the applicability of value theory in a society with an incomplete commodified system with a view to pointing out the similarities and differences between various labors in order to unravel the contradictory dynamics of the capitalist economy (pp. 28-45). Chapter four analyzes the heterogeneity of capitalism which is evident in its unbridled quest for the highest profits from wherever such could be found, and highlights the spatial dimensions of its unevenness, including the geographically path-dependent character of accumulation and how different forms of accumulation tend to push and pull in different directions (pp. 46-59).

Chapter five critically assesses the four major Marxist theories of crisis, consisting of wage-push, under-consumption and overproduction, disproportionality, and the resultant fall in the rate of profit, and observes that although each of the theories identifies important limits to capitalist accumulation, none separately provides a satisfactory account of crises and recovery. The chapter observes that Marx's *Capital*, which was unfinished when Marx died, was incomplete and is incapable of providing an explanation for the changes that have taken place in the last 150 years of capitalism's turbulent history. It further

points out that even though Marxists believe that capitalism is a crisis-prone system, the dearth of systematic Marxist analyses of how capitalism recovers from crisis represents a significant lacuna (pp. 60-71).

Chapter six articulates the salient roles that states play in societies dominated by capitalism especially in relation to the underlying social relations, and affirms that the states are neither neutral nor independent but by their conduct and nature, inherently capitalist. It points out the relationship between the states and capitalism, noting that although the former existed before the latter, states now need capitalism in order to protect their fundamental priorities of private property and ensure the exclusion of labor from ownership of private property. Although the chapter portrays states as complex, powerful institutions which can rise above contending classes, they are limited in the context of the global economy by certain institutions and subject to the dynamics of international relations, including changing patterns of trade and currency regimes. The chapter avers that states cannot stand above what Dunn describes as the global anarchy of the money economy and value's production and distribution (pp. 74-89).

Chapter seven analyzes the impact of Keynesianism on the global economy in the mid-twentieth century. It explains how capitalism's crisis of the 1930s began, and how it impressively recovered in the post-second world war period, and thereafter relapsed

into crisis again in the 1970s. This chapter examines the series of contradictions and asymmetries in the international system resulting from the capital-intensive forms of accumulation of the post-second world war, which gave rise to unequalled capitalist prosperity, increase in real wages, over-accumulation within countries, rising capital compositions, a relative drop in surplus value and in rates of profit, a development which widens international differences, produces growing trade and financial imbalances and undermines the inflexible international financial regime (pp. 90-106).

Chapter eight explains the development of the global economy since 1970, beginning with a lucid discussion of growth over the post second world war period, and notes the prolonged downturn which preceded the recovery of the 1990s. The chapter shows the new phase of uneven growth in the global economy in which the rich countries began to divert investments from productive sectors to countries with abundant and cheaper labor. It argues that the change in the geography of accumulation by the affluent Western countries and their allies has continued to complicate the contradictions in the global capitalist economy (pp. 107-127).

Chapter nine gives a deeper clarification of the crisis of the global capitalist economy by pointing out that the U.S. financial crisis of 2007-2008 was not simply a phenomenon of the U.S. financial market, but a consequence

of several other factors, including trade imbalances, recycling of dollar reserves, capital accumulation, and class struggle (pp. 128-139). Chapter ten highlights the unevenness of the crisis and the series of national responses to it. The chapter shows the varying effects of the crisis, noting that whilst the leading economies of the U.S. and Europe found it difficult to recover from the crisis, the relatively poorer countries, including Brazil, Russia, India, and China experienced a stronger recovery (pp. 140-154). Chapter eleven concludes the book by emphasizing that the crisis in the global capitalist economy of the recent past has taught the world some lessons; it elaborates on the implications of the crisis for the global capitalist order while projecting the prospects of a far more radical change in the mechanics of global economic relations (pp. 155-164).

The strength of Dunn's book is that it presents a lucid theoretical appraisal of the global capitalist system that depicts its crisis-proneness, and explains the causative factors of the 2007-2008 financial crisis in the world's capitalist order while affirming the geographical mobility of capital in search of higher profit margins. In addition, the book is a scholarly contribution to the raging discourse on the political economy of the globalization of capitalism by the U.S. and the affluent countries of Europe and its implications for the rest of the world.

However, Dunn's book is not perfect. The shortcomings of the book

are conceptual in nature. First, the author is intellectually biased and rigid in choosing to assess and explain the extant global economic order from the narrow prism of Marxism. Interestingly, he himself admits at some points that Marxism cannot adequately explain how the global capitalist system recovered from the series of crises it has encountered. Second, the author's scope of analysis, which is confined to the global crisis that was triggered by the 2007-2008 financial crisis in the U.S., weakens the theoretical utility of his analyses in explicating deeper economic crises which could be caused by the conflicting economic interests of states in the global society. Third, since the time the book was written in 2014, a lot of important developments with far-reaching implications for the global capitalist system have taken place. The 2016 elections in the U.S., which gave rise to a far-right presidency (with ultra-nationalistic policies) and the referendum for the exit of Britain from the EU (Brexit) have together put immense pressure on the global system, to such an extent that questions are being asked about the future of globalization, which had been dependent on trade liberalization and the interdependence of states in the global society. The policy actions of the U.S. and UK, the erstwhile promoters of the global capitalist system, were not anticipated by the author in his book, a lacuna that casts a slur on the predictive capacity of the author's theory.

Paul Dobrescu's *The Century of the Emerging World: Development with a*

Vengeance provides an in-depth and practical analysis of the global economic system by placing emphasis on the active roles of the big powers who are portrayed as determinants of the extant structure and character of the global order. The first edition of this book was originally written in Romanian in 2013; it was translated into English in 2017 with a new Preface which aligns its contents with current global developments, including the 2016 emergence of a far-right presidency in the U.S. and the BREXIT referendum in the UK. In Dobrescu's estimation, the superpower of the 19th century, the UK, and the superpower of the 20th century, the U.S., have signaled that they are preoccupied with their own evolution, having for so long in the past focused on international problems at the expense of their domestic concerns. This development, he opines, will yield space for emerging great powers as the new main actors on the international stage (p. x). The author's expressed concern has much to do with the underdeveloped countries which he collectively refers to as "the periphery" (p. xii). He avers that the proper evaluation of the modernity of various visions of development is discernible in the place the periphery occupies in the discourse and the attention given to its problems. Dobrescu is of the belief that when the periphery is in crisis, the metropolis cannot fare well (p. xii).

This book has two broad sections. The first section discusses the crisis of the developed world and its various processes and tendencies, such

as financialization, which accentuates financial activities to the detriment of industrial activities, the shrinking middle class, the decline in the role of the elites, and dysfunctional forms of capitalism in Western democracies (pp. 1-16). This section also depicts the fall of neo-liberal capitalism with its free market fundamentalism as a challenge to the dominance of the global economy by the U.S., and an invitation for the redirection of its policies towards a model that encourages its development and which would give it a new appeal (pp. 18-25). It portrays the origin of America's decline as the point when the state was weakened for the benefit of private corporations in the belief that such action would promote development, but in actuality, it resulted in an antonymous relationship between the state and development (pp. 26-34). The author describes the scenario as one in which "the profitable American machine did not work for the many but a few. The average American's income stagnated... The rich have been creaming off a giant share of productivity growth. Flagrant worrying social inequality was in place" (pp. 62-63). This section concludes that capitalism has become more capitalist as "developed capitalist society no longer resembles classical capitalist society because this capitalism developed based on the neo-liberal model... Since 2007, 93 percent of the value added produced in the United States has been appropriated by 1 percent of Americans; the remaining 99 percent have had to make do with the remaining 7 percent of the value added" (pp. 88-89).

The second section of Dobrescu's book examines the dimensions of the crisis of capitalism in Europe by analyzing the different stages and levels of integration that the European Union has passed through since its formation and opines that the contradictions of the Union have created several financial peripheries in Europe, including Greece, Spain, Portugal, Ireland, and Italy. Utilizing content analysis with reference to expressed perspectives of various authorities, the author argues that the EU favors Germany, which has a greater vision of its role and place in Europe, and a few other nations. The crisis in Europe, which is similar to the financial crisis in the U.S., has impoverished a greater number of the citizens of the EU countries and the UK—a development the author observes has been utilized by Germany to its advantage. He, however, warns that “the rise of German power will not work as a favorable element in consolidating the European development model” (pp. 94-124).

Expatriating on the nature and character of the financial crisis across Europe and its implications against the backdrop of the prominent role that Germany has been playing in the EU, the author observes that the persistence of difficulties across the peripheries of Europe has resulted in the progressive decline of Euro-optimism, yielding ground for the germination of Euroscepticism in the hearts of the inhabitants of those countries. He makes a passionate appeal that Europe needs a new deal, not a Marshall plan, noting that the

EU must either transform itself into a federation or remain a free exchange area, a simple common market. He avers that Germany has the wherewithal to provide official leadership to the EU as a hegemon, having been acting in that role albeit unofficially since the global financial crisis of 2007 hit Europe to-date (pp. 125-200). He concludes the book, on account of the crises in the U.S., the UK, and Europe, and the changing vectors of power evident in the rise of a new power (i.e. public opinion, which counts subjects in), with a prediction that the world has entered a new phase—a century of instability contingent upon the emergence of many global and regional centers of decision (pp. 201- 206).

The strength of Dobrescu's book is in its very lucid empirical analysis of the crisis in the U.S. and Europe. The book gives flesh to Dunn's theoretical skeleton and makes clearer the explanations of the causation and the broader implications of the crisis of capitalism which began in the U.S. and settled in Europe. However, Dobrescu displays a measure of naivety for expecting that states in a Union or the global system would act to preserve the stability of the Union or global system at the expense of their national interests. That assumption informs his expectation that Germany should altruistically provide leadership for the EU and shoulder the responsibility of helping Europe out of its seemingly entrenched crisis.

The major lesson that could be drawn from the foregoing is the absence of

a supranational body with requisite authority and legitimacy to mediate in the crisis of global capitalism, which could have arisen as a result of the opposing or conflicting interests of states in the global society. The two preceding books highlight the causes and effects of crises, which are presented as the inevitable consequences of the complexities of relations among diverse states in an international arena which lacks an authoritative institution to promptly call to order the conduct of any abuser or violator of the peace and orderliness of the global system. The advocacies for the reform of the United Nations' administration, and in particular the agitation for the expansion of the membership of the Security Council have gained renewed salience in contemporary times as evident in Thomas G. Weiss' call for the reinvigoration of the international civil service which the UN bureaucracy represents.¹

The book entitled *A Strategic Understanding of UN Economic Sanctions* by Golnoosh Hakimdavar sheds light on the effectiveness (or otherwise) of sanctions as a form of international coercion and a policy tool for effecting behavioral change in the conduct or action of states in the global system. Through a careful assessment of the UN economic sanctions in Iraq and Iran, using a methodical approach, Hakimdavar examines and measures their effectiveness through a spectrum of perspectives and from the standpoint of the UN and the affected countries. In driving home her points about the complexity of the

sanctions regime in the global setting through the instrumentality of the UN Charter, the author explores the varied dimensions of the subject in the eight chapters of the book.

Chapter one introduces the subject by providing a bird's eye view of the mechanics of economic sanctions and their broader consequences, including the unintended ones, noting that the problem had much to do with the sanctions themselves, rather than the UN administration of the sanctions (p. 12). Chapter two establishes the operational definitions of the different concepts utilized as analytical tools in the book, placing emphasis on comparative law and economic methodology, and analyzing the legal issue of trade sanctions through the prisms of international and domestic legislations (pp. 19-45). Chapter three discusses such concepts as "peace," "politicization," "efficiency," and the humanitarian consequences of sanctions against the backdrop of the UN Charter, while outlining the dominant arguments of the legality discourse (pp. 46-61). Chapter four focuses on most of the analytical-descriptive literature while proposing a set of structures for addressing the implementation of sanctions (pp. 61-78). Chapter five sheds light on the complexities of political and trade relations and the difficulties of expecting UN member states to self-impose trade cut-offs with a specific target state (pp. 79-103). Chapter six provides evidence that economic sanctions that are slammed on a country are not successful in achieving the stated objectives because the objec-

tives are often ill-defined (pp. 104-142). Chapter seven discusses policy proposals for a more efficient sanctions regime (pp. 143-162). Chapter eight concludes the book by reaffirming the imperative of understanding the objectives of sanctions as the first necessary step to a better appreciation and assessment of the effectiveness or otherwise of the sanctions regime (pp. 163-165).

The strength of Hakimdavar's book is its methodology, which confers originality on the author's study of UN Economic Sanctions. By proceeding from the genesis of the problem and the UN decision making process that culminates in the imposition of economic sanctions on a target state, the author is well-positioned to objectively analyze the outcomes and indeed the effectiveness or otherwise of the sanctions. This book is the product of a multi-disciplinary research endeavor undertaken by the author in her quest to illuminate diverse perspectives on the utility of the imposition of UN sanctions on deviant states as a tool for effecting behavioral change on the part of those affected states.

However, Hakimdavar's book has only lent credence to the reality of the orderless order in the global system, in which there is no effective central authority to enforce the resolutions of the UN. This latent instability of the global system has become rather critical in contemporary times, especially since the inception of the new millennium when several anti-globalization protests across the coun-

tries of the world began. A series of publications chronicling the downsides of globalization added sparks to the near-global outrage against the policy dictates of global capitalism.² The current wave of anti-globalization, which has its vortex in the ultra-nationalistic drive of Donald Trump's presidency, has violently intensified with the prospects of the planned exit of Britain from the EU. These two great erstwhile promoters of globalization have through their actions shown that the globalization of capitalism is indeed crisis-ridden and in the long-run injurious to the economic health of the majority of states in the global society, judging from what it has done to the national economies of both the U.S. and the UK. The trend of de-globalization has begun and other countries are taking cues from both the U.S. and the UK.

In conclusion, these three books have something concrete to say about the nature and character of the extant global setting. They articulate the discontents in the global system, the relative inability of the UN and other global institutions to arrest the threats of disorder by deviant states, the seeming impotence of UN sanctions, and the uneven impacts of global capitalism across the countries of the world. The likely consequences of the de-globalization process which the multiplier effects of the actions of both the U.S. and the UK will yield are manifold. First, the exit of America from the global scene, which the Trump's presidency portends, will answer Joseph Nye's question –is the American century over?, in the

affirmative.³ The cumulative effect of the current ultra-nationalism of the Trump Administration's foreign relations could mean an end of the American century and the emergence of a post-American world order. Second, in the emergent post-globalization order, the UN would be more weakened as a result of the less assertive disposition of the foreign policies of the U.S. and the UK, as well as the emergence on the global stage of new great powers. Third, the advent of multiple powers on the global stage without any dominant power to give direction to global affairs could instigate unhealthy rivalries that could lead to anarchical tendencies in the world. Fourth and finally, the de-globalization process would entail policies that are inimi-

cal to free trade among countries of the world, thereby heightening bitter competition and the probability of wars. However, the current situation is not irreversible, as Bill Dunn observes with regard to the crisis of global capitalism which, according to him, has shown a remarkable and rather inexplicable ability to recover over time. ■

Endnotes

1. Thomas G. Weiss, *What's Wrong with the United Nations and How to Fix It*, (Cambridge: Polity Press, 2016), pp. 200-222.
2. Elmar Rieger and Stephan Leibfried, *Limits to Globalization*, (Cambridge: Polity Press, 2003); John Ralston Saul, *The Collapse of Globalism*, (London: Atlantic Books, 2005).
3. Joseph Nye, Jr., *Is the American Century Over?* (Hoboken, New Jersey: Wiley and Sons, 2016).