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Book review

John Bellamy Foster and Robert W. McChesney, *The Endless Crisis: How Monopoly-Finance Capital Produces Stagnation and Upheaval from the USA to China* (Monthly Review Press, New York, NY, USA 2012) 224 pp.

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The *Monthly Review*, since its inception, has been carrying on some of the best works in radical political economy. Economists Paul Baran, Paul Sweezy, and Harry Magdoff set out the analytical foundations of what has come to be called the Monthly Review School.

Karl Marx, having written in the nineteenth century, wrote about a particular phase of capitalism, which was predicated less on oligopolies than today, although it was moving in that direction. In the best tradition of a historical–materialist approach, which seeks to understand the world as dynamic, rather than static, *Monthly Review* writers have realized that the organization of capitalism has changed. While the general driving force – the structural imperatives of increased expansion and accumulation of capitalism –remains, the way it goes about doing so is inherently different. Competition, as we commonly think of it, has ended with the rise of monopoly capitalism – a system in which competition is between only handfuls of large firms. This is not the result of greedy individuals, but, rather, part of a larger systemic feature of capitalism. What sets the Monthly Review School apart is not just the commitment to keen intellect, but the ability and desire to engage with and incorporate non-Marxian political economy into analyses.

John Bellamy Foster and Robert W. McChesney continue this strong tradition of analytically sharp Marxian political economy in *The Endless Crisis: How Monopoly-Finance Capital Produces Stagnation and Upheaval from the USA to China*. Endemic systemic crises set the table for explaining the rise of certain historically specific features of the economy. As capitalism is predicated on endless accumulation, it is a system that tends towards stagnation. New historically specific phases of capitalism are structural attempts to alleviate the crisis-prone tendencies.

Over-accumulation stemming from the so-called golden age of global capitalism has resulted in an era of underconsumption as exemplified by low profit rates and chronic excess capacity. As such, what has taken place is an historical transformation towards the process of financialization. With an inability to absorb effectively economic surpluses, concerning the promotion of rising wages along with productivity, NFCs (or non-financial corporations) are coerced into paying a larger share of their internal funds, specifically via debt leveraging (including consumers), to financial institutions. These financial institutions, which are increasingly concentrated in the hands of fewer and fewer people, have become some of the most powerful actors. Increasing concentration of control within the financial sector lends credence to

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Marx's (1894, pp. 544–545) argument that what Foster and McChesney call the age of monopoly finance capital is one in which

> [t]he credit system, which as its focus in the so-called national banks and the big money lenders and usurers surrounding them, constitutes enormous centralization, and gives this class of parasites the fabulous power, not only to periodically despoil industrial capitalists, but also to interfere in actual production in a most dangerous manner – and this gang knows nothing about production and has nothing to do with it.

In this sense, contemporary monopoly power reflects the subservience of captains of industry to powerful bankers, whereas in the past, as Baran and Sweezy famously detailed in *Monopoly Capital: An Essay on the American Economic and Social Order* (1968), the relationship was reversed. As financial markets are, by their very nature, unstable, long-term corporate growth is left to short-term survivalist strategies of maximizing immediate profits; this is what William Lazonick and Mary O'Sullivan (2000) identify as the shareholder value orientation of corporate governance. Thus, surplus value creation and realization via short-termism exacerbates the inherent instability of investment demand, exponentially increasing global financial fragility.

Altogether, *The Endless Crisis* is a brilliant critical articulation and exposé of the nature of modern capitalist stagnation. The only criticism is how the authors paint Hyman Minsky as a sort of mainstream economist who attacked Keynes for his placing of the analysis of financial implosion in the long run, and not specifically with respect to short-run cyclical rhythms (p. 58). This is a bit harsh (if not unfounded), for it can be argued that Minsky contributed to long-run analysis by assessing the degree to which excessive deleveraging after speculative-led consumption bubbles causes a doubling of contradictions in a downward spiral of deflation, resulting in a normal unemployment equilibrium.

Nevertheless, the book provides the reader with a clear framework with which to assess contemporary capitalist contradictions. The general argument is that reforming parts of the current capitalist world-system will not resolve such crises. As such, financialization is not a solution to the general laws of motion of the dominant mode of production, but rather an outgrowth of it. Thus, thinking structurally and about systemic change is a more realistic solution to the general problem at hand.

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