

and the US Department of Treasury largely focused on monetarist easing, ignoring the roots of the crisis in consumption fragility produced by rising income inequality and the stagnation of real investment. The response of the Obama administration was largely conducive to a stagnation scenario, because it was primarily centred on bailing out the banking system and preventing financial panics and defaults.

Rasmus ends his book with a combination of Keynesian recipes to stimulate a full-fledged recovery. They address issues as diverse as reducing consumption and financial fragility, re-regulation of financial speculation and the promotion of the long-term equalisation of incomes. To tackle consumption fragility, Rasmus proposes to fix mortgage rates, reset mortgage principals to average housing prices in 2002-2006 to reduce the impact of the speculative housing bubble, introduce a moratorium on mortgage foreclosures, etc. The Keynesian approach to economic stimulus is reflected in Rasmus's proposals to initiate state-sponsored job creation in infrastructure, public and growth sectors. As far as the financial sector is concerned, Rasmus proposes measures aimed at discouraging speculation. Among others, they include the taxation of financial operations, capital gains and the introduction of a surcharge on excess profits. The most radical, but promising, recipe proposed by Rasmus is the nationalisation of consumer credit to prevent subprime lending and securitisation. Although Rasmus's recipes may be deemed by radical political economists to be palliative measures that, if implemented, would be soon be nullified again by neoliberal reaction, their depth and consistency within the theoretical edifice developed by Rasmus make them truly revolutionary compared to now dominant responses to the crisis. In sum, theoretical depth, empirical proof and the creativity of practical proposals to stimulate recovery all make Rasmus's book an invaluable resource for understanding the trajectories of crisis within the modern capitalist system.

Author biography

Kirill A. Goltsman has a Masters degree in political science, and lives in Donetsk, Ukraine. In 2011, he defended his thesis on ideology and practices of 'democracy promotion' as a modern hegemonic instrument of exporting formal democracy to the THIRD World at Chernivtsi National University, Ukraine. He also has a keen interest in issues of the financialisation of the capitalist economy, financial innovation and the relationship between the 'real' and 'financial' sectors of the capitalist economy.

Jim Stanford

Economics for Everyone: A Short Guide to the Economics of Capitalism, Pluto Press: London, 2008, 360 pp: 9780745327501 £12.99 (pbk)

Reviewed by Damien Cahill, *University of University of Sydney, Australia*

Jim Stanford's *Economics for Everyone: A Short Guide to the Economics of Capitalism* is a wonderful book. Clearly written and highly accessible, it provides an excellent introduction to the capitalist economy, from a radical perspective.

The book began life as a guide to economics for trade unionists, and it is refreshingly free of the unrealistic abstractions that characterise mainstream economics textbooks,

but without 'dumbing down'. Throughout, the focus is on demystifying the economy, which Stanford views as fundamentally socially embedded, experienced by everyone in the normal course of their everyday lives, and therefore amenable to understanding without the need for arcane, expert knowledge.

In keeping with this, *Economics for Everyone* is infused with a critique of orthodox economic thought which, according to Stanford, presents itself as objective and scientific, yet by simultaneously sanctioning privilege, inequality and exploitation, is inherently political. In contrast to mainstream economics, Stanford draws upon a range of heterodox traditions (Marxist, institutionalist, Keynesian and feminist) to construct an approach to political economy focused on the conditions that lead to the production of a surplus, and on how and to whom it is distributed.

The book adopts a broadly historical materialist perspective whereby human labour, and the conditions under which it occurs, are at the centre of economic analysis. For Stanford, like Marx, only human labour produces value, and this analytical lens allows the book to frame people's everyday experiences of work, paid and unpaid, as constitutive of economic activity. Stanford therefore moves well beyond the orthodox economic focus on markets and prices, although a good understanding of these mechanisms is also provided.

In the book's first section, Stanford introduces some basic tools of economic analysis. The economy, he explains, is constituted by 'all the work that human beings perform in order to produce the things we need and use in our lives', and the conditions under which such work is performed. Unlike most mainstream textbooks, he recognises a variety of approaches to understanding the economy and the way the dominant neoclassical approach, by focusing simply upon models of individual decision-making, tends to obscure the historical specificity of capitalism.

The second section examines the underlying dynamics of capitalist economies. Stanford outlines the class relations between wage labourers and the owners of capital that give rise to profit-oriented production under capitalism. Very usefully, Stanford advocates the use of unit labour costs as the key metric for understanding the relationships between capital and labour, due to its expression of relative compensation, work intensity and productive efficiency. Later in the book he uses this framework to show that the distribution of the economic surplus depends upon political and economic power rather than just the impersonal 'market forces' as understood by mainstream economists. Moreover, Stanford moves his analysis beyond the spheres of markets and firms, exploring how the household is an economic unit that is crucial to both social and economic reproduction.

In the third section, Stanford outlines some of the more systemic features of capitalism. Competition between profit-oriented firms is posited as a key dynamic. Yet Stanford also recognises that the model of perfect competition favoured by orthodox economists offers an unrealistic description of actually existing markets, which are characterised by large oligopolistic corporations with significant market power that benefit from economies of scale. Stanford argues that competition is responsible for many of the socially and environmentally destructive elements of capitalism, as well as its more innovative tendencies. There is a chapter on investment which, following Keynes, Stanford views as the key determinant of employment and growth, but which can be highly volatile.

In the fourth section, Stanford shifts the focus to money, crisis, states and globalisation. Stanford recognises that the centrality of money to capitalism also underpins the system's fragility. Under neoliberalism, notes Stanford, there has been a growth in the ratio of financial to asset-backed wealth, as well as an integration of everyday life with finance (via pension funds for example), which created the preconditions for the global financial crisis and magnified its effects on workers. Central banks are also examined, as is their contemporary remit of inflation targeting. Refreshingly, Stanford recognises the inherently political nature of central banks and monetary policy. Indeed, he argues that the trend under neoliberalism toward central bank independence is a deliberately undemocratic arrangement, quarantining monetary policy from democratic processes. This leads into a discussion of the economic role of states more generally, where Stanford demonstrates the centrality of the state to capitalist economies and the undemocratic nature of capitalist economies that accord disproportionate political power to the relatively few who own and control productive resources. The focus on the state is extended to a discussion of globalisation, which, Stanford points out, is both contested in its effects and more limited in its extent than is usually acknowledged. This leads into the recognition of uneven development, which Stanford attributes to differences in political power, not simply the relative scarcity of resources or corruption.

Stanford concludes the book with a 'report card' on capitalism. He judges it a dynamic system with enormous potential for innovation, but this sits alongside perennial inequality, insecurity, and inbuilt tendencies to ecological destruction. Stanford therefore examines prospects for both changing and replacing capitalism. He argues that workers, acting collectively, do have the power to influence states, repress private profit-oriented interests and quarantine working-class living standards from capitalist markets. However, Stanford also argues that a future beyond capitalism is realistic. He recognises the problems of actually existing socialist economies, but also advocates learning from successful experiments in non-capitalist organisation. This represents the culmination of the book's focus upon political activism – that only through mobilisation can economic processes be shaped for the better.

Overall, while one might quibble with some of its interpretations or choices of emphasis, *Economics for Everyone* does a fine job in introducing those with no specialist training in economics to the key dynamics of capitalism. It is suitable for anyone in search of a critical introduction to the capitalist economy.

Author biography

Damien Cahill is a senior lecturer in political economy at the University of Sydney. His main areas of research interest include neoliberalism, as well as the social foundations of the capitalist economy. His forthcoming titles include: *Market Society: History, Theory, Practice* (with Ben Spies-Butcher and Joy Paton); *Neoliberalism: Beyond the Free Market* (co-edited with Lindy Edwards and Frank Stilwell); and *The End of Laissez Faire? Neoliberalism and its Future*.

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.