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Left thought & practice Aotearoa

Economics After Capitalism: A Guide to the Ruins and a Road to the Future

By Derek Wall, Pluto Press, 2015.

Reviewed by David Parker

IN 2013, GREG Mankiw, former economics adviser to George W. Bush and currently Professor of Economics at Harvard, published a paper titled (without irony) 'Defending the one percent'.¹ In this paper Mankiw wrote 'It is, I believe, hard to square the rhetoric of

the Left with the economist's standard framework'.² Mankiw takes the standard neoclassical economic framework as a set of universal objective truths, unquestioned and unquestionable. The Left's analysis (I prefer the word to 'rhetoric') is rejected because it does not conform to this set of supposed truths.

Well there's a surprise.

It does not seem to have occurred to Mankiw that there might just be a rather significant logical flaw in this one-sided inquiry. His determined unwillingness to consider whether the problem he sought to expose may conceivably lie within the unstated assumptions of neoclassical economics also comes as no surprise. But it could explain why a group of students walked out of Mankiw's classroom, dissatisfied with what they described as the 'overly conservative bias in the course'.³

The same year that Mankiw's paper appeared, another group of disgruntled economics students at the University of Manchester formed the Post Crash Economics Society (Inman, 2013).⁴ They too were unhappy with their course: they were taught neoclassical economics as if it were the only theory in town. Their course did not address their world of global financial crisis and austerity, and their lecturers did not find time to consider alternative views from economists such as Keynes, let alone any Marxist critique.

The students of Manchester and Harvard, and anyone else looking for alternatives to neoclassical economics, would be well advised to pick up a copy of Derek Wall's very useful new book, *Economics After Capitalism*, a primer on the many schools of

1 Gregory Mankiw, (2013), 'Defending the one percent', *Journal of Economic Perspectives*, 27/3, pp. 21-34.

2 Ibid., 29.

3 Jose Delreal, 'Students walk out of Ec 10 in solidarity with 'Occupy'', *The Harvard Crimson*, 2 November 2011, accessed 5 November 2015, <http://www.thecrimson.com/article/2011/11/2/mankiw-walkout-economics-10/?page=single>.

4 Phillip Inman, 'Economics students aim to tear up free-market syllabus', *The Guardian*, 24 October 2013, accessed 5 November 2015, <http://www.theguardian.com/business/2013/oct/24/students-post-crash-economics>.

thought that critique not just mainstream economics but capitalism itself.

Derek Wall teaches new radical political economy at Goldsmiths College, University of London. Unsurprisingly, given the events outlined above, he teaches in a politics department not an economics department. And Derek Wall is very much an activist academic – an avowed anti-capitalist and eco-socialist, former Male Principal Speaker of the Green Party of England and Wales, and at present the party's International Co-ordinator and a member of the National Executive.

Economics After Capitalism takes the neo-Keynesian reformism of Joseph Stiglitz and George Soros as its departure point. But Wall's patience with this desire for a 'kinder, gentler capitalism' quickly wears thin and it is ultimately put down as merely 'Vaccinating against anti-capitalism'. Wall moves on to bolder visions and deeper analyses: critiques of transnational corporations, green economics, social credit and monetary reform, Marxisms (plural), autonomism and anarchism, eco-socialism and, finally, on to feminist economics.

In each chapter Wall outlines the account of capitalism that the particular 'school of thought' puts forward, taking the opportunity to thread through the chapters discussion of basic economic concepts and economic/social history to help us appreciate the specific critical analysis at hand. For example, in the chapter on autonomism we get a short history of class struggle, brief visits with Peter Kropotkin, social ecologist Murray Bookchin, and Kurdish leader Abdullah Öcalan, and a look at Catalonian anarchism before we finally arrive for a longer stay in Hardt and Negri's *Empire*.

In this way, each chapter is an exhilarating, often rapid-fire, but always lucid synthesis; the writing is accessible to a wide audience, and the approach, with its intriguing glimpses of broader vistas, has certainly prompted me to explore further. And, ensuring that the many voices of these diverse anti-capitalist traditions are heard for themselves, Wall provides well-chosen and often quite lengthy quotes which add an engaging variety to the tone of the book.

The easiest criticism of any piece of writing is to complain about what it does not do, does not consider, does not mention. Given Wall's book is only 150 pages, it would be a simple task to go down this road since the territory he attempts to cover is enormous. But I have resisted this line of thinking because Wall has done a fine job in drawing together many strands of anti-capitalist discourse in his book. This is in fact the second edition of the book, first published in 2005 under the title *Babylon and Beyond: The economics of anti-capitalist, anti-globalist and radical green movements*, and with a foreword by Nándor Tánzos. One could speculate on the thinking behind the title change. But what is certain is that this new edition is far more than a merely repackaged product; there are substantial revisions and additions throughout which would appear to signal some important developments in Wall's own thinking. The most significant addition is the new chapter on feminist economics.

Feminist economics in itself ranges widely, from reformism to the most radical anti-capitalist perspectives, but it always offers a strong methodological critique of the field of economics. As many readers of this journal will know from the work of Marilyn Waring,⁵ this is a critique it has undoubtedly deserved. However, where Wall really wants to take us in his discussion of feminist economics is to the work of Elinor Ostrom on the commons. He clearly has engaged with her work deeply, having recently published a full-length exploration of her work titled *The Sustainable Economics of Elinor Ostrom*.⁶

Wall contends that 'Throughout history, the commons has been the dominant form of regulation, providing an alternative almost universally ignored by economists, who are reluctant to admit that substitutes to the market and the state even exist'.⁷ Elinor Ostrom and her co-researchers have provided a solid foundation for an economics which can and does go beyond both market and state. In developing a substantial body of diverse empirical research,⁸ they demonstrate the viability of the commons and, in particular,

5 Marilyn Waring, *If Women Counted*, London 1989.

6 Derek Wall, *The Sustainable Economics of Elinor Ostrom*, Abingdon 2014.

7 *Ibid.*, p. 145.

8 See, for example, Amy Poteete, Marco Janssen & Elinor Ostrom, *Multiple Methods in Practice*, Princeton 2009.

highlight the huge variety of successful collective community-based approaches to the management of common-pool resources that exist around the world.

The history of the commons is intertwined with the history of oppression, from the enclosures of European peasant commons beginning in the 1600s, to the expropriation of indigenous land and other taonga across centuries of colonisation. The standard (i.e. Western academic) position on the commons is based on rational choice type assumptions regarding the constitution of humans, as utility-maximising, self-interested individuals, and is captured in the malignant notion of the 'tragedy of the commons'. Garrett Hardin, who originated the idea of this 'tragedy', wrote: 'Ruin is the destination toward which all men rush, each pursuing his own best interest in a society that believes in the freedom of the commons. Freedom in a commons brings ruin to all.'⁹

In repudiating this soulless position, Ostrom showed that, like much else in neoclassical economics, it does not reflect the world that people actually live in. The real tragedy now is that the standard neoclassical position still informs so much policy and media analysis, and is used to justify the ongoing enclosure of the commons by either markets (privatisation of property or of use rights) or the state (regulation, nationalisation).

The absence of a class analysis stands out in Ostrom's work, as does her unwillingness to address capitalism as 'a source of the destruction of the commons'.¹⁰ Nevertheless, in the final chapter of *Economics After Capitalism* Wall pairs Marx and Ostrom repeatedly, highlighting the similarities he sees in their thinking: 'both Marx and Ostrom grappled with the problems of human freedom, collectivism vs individualism, ecological sustainability and economic systems that work... taking both Marx's and Ostrom's work seriously is productive for thinking about a post-capitalist world'.¹¹ Though it is impossible to argue that Ostrom was any sort of Marxist, the idea of the commons, as a space between markets and the state, is at the heart of Wall's own radical green/left vision.

9 Garrett Hardin, (1968), 'The tragedy of the commons', *Science*, 162/3859 1968, pp. 1243-8.

10 Derek Wall, *The Sustainable Economics of Elinor Ostrom*, p. 181.

11 *Ibid.*, pp. 144-5.

Ostrom has provided an important intellectual foundation for that vision and, on that basis, in this final chapter Wall raises his own banner on the road to the future: ‘the anti-capitalist slogan above all others should be ‘Defend, extend and deepen the commons’.¹²

A desire for alternatives to capitalism is becoming widely evident. It is driven, for some, by the experience of the global financial crisis and the politics of austerity, and a deep anger at elites that are still carrying on their own sweet way. For others, it is driven by a recognition of the ‘greatest market failure the world has seen’,¹³ namely climate change, and an understanding that capitalism is driving us over a cliff. And for others again, as we have seen, it is driven by recognition that academic economics teaching is bankrupt. To meet this desire for alternative visions, Derek Wall has done superbly well in providing readers with an entry point into the world of radical left economic thought – and, hopefully, also given them an introduction to a politics that will change the world.

12 Ibid., 145.

13 Alison Benjamin, ‘Stern: Climate change a ‘market failure’’, *The Guardian*, 29 November 2007, accessed 5 November 2015, <http://www.theguardian.com/environment/2007/nov/29/climatechange.carbonemissions>.

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