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Brenner, Robert. *The Boom and the Bubble: The US in the World Economy.* London. Verso. 2002. (xv + 303 pages).

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Completed in mid 2001, this book has proven remarkably prescient in its predictions as to the unsustainability of the current growth regime in the United States. Drawing on historical theories of long waves, this book explores the dominant trajectory of the US economy, the extent to which earlier systemic crisis were partially resolved, and the current crisis of adjustment. In the introduction, Brenner provides an overview of the implications of the Asian financial crisis and associated knock-ons for the US economy, and the place of the US within the global financial system. In response – as it has done repetitively since then – the US Federal Reserve lowered interest rates, to resolve a growing credit crunch and a long-term crisis of consumer demand. The aim was, quite simply, prop up share prices and – interrelatedly – to increase the paper wealth of US households, in order that the latter could borrow and spend more. This led to a renewed spurt of stockmarket speculation, revived consumer spending, and a temporary stay of execution. In effect, the bubble of over-inflated share prices and unsustainable borrowing was further reinflated enabling the US economy to avoid a full blown recession – in effect, to defy gravity just that much longer. Since then, the Fed has continued to inflate the bubble to dangerous proportions. Major falls in share prices since mid-2000 have 'sent the wealth effect into reverse', resulting in ongoing cutbacks in output and investment. Nonetheless, in each case, share prices have partially rebounded through interest rate cuts, and renewed bouts of speculation.

In chapter 1, Brenner argues that there has been a situation of 'persistent stagnation' from 1973-1993. During the great recession, production costs had been greatly trimmed, enabling the US to strongly benefit from increased demand during the Second World War. This advantage continued into the immediate post war years, but was soon eroded by later-developing economies such as Japan and Germany, who were able to exploit the advantages of having little capital sunk in obsolete technology, and 'institutional forms and government policies' that enhanced growth. Bent on 'containing communism' and the expansion of markets abroad, the US had little option but to support its emerging rivals' economic rise. By the late 1960s, this led to gross global industrial over-capacity and falling rates of profit, leading on to the recession of the 1970s. The failure of classic Keynsian solutions directly led on to Thatcherist and Reaganist alternatives. Yet the monetarist solutions – and more specifically high interest rates introduced by the Reagan administration in the early 1980s – threatened a global financial crisis.

In chapter 2, Brenner explores the reasons underlying the US's recovery. Given the failure of its early monetarist experiments, the Reagan administration was forced to adopt a distorted form of war Keynsianism, associated with monumental defence spending, and tax cuts for the rich, leading to enormous trade and current account deficits, yet temporarily pulling the global economy out of full-blown recession. Meanwhile, persistent over-capacity in manufacturing forced the US economy to increasingly rely on service sector activity. In 1987, the US stock market collapsed; government money released to stave off collapse led to a final speculative fling.

However, the Clinton government's espousal of fiscal austerity in the early 1990s – ending the profligate deficit spending of preceding Republican administrations – led to 'private investment and debt (being) left to drive the system forward on its own'. It also led to an initially 'jobless recovery' and continuing manufacturing overcapacity. This was, however, partially resolved by a dollar devaluation and interest rate cuts to prop up demand, leading to a revival in manufacturing by 1993, assisted by cost saving through large scale employment cutbacks and the cumulative benefits accorded by the freezing of real wages for more than a decade. However, capital continued to lurch from manufacturing to financial speculation.

Chapter 3 explores the experiences of Japan and Germany from 1980 to the mid-1990s. In the case of Germany, a high currency and high labour costs placed a major profits squeeze on the key manufacturing sector, a crisis only temporarily resolved by the 'unification boom'. Faced with similar problems, Japanese firms shifted capacity to East Asia leading to a revival of profitability levels, but ultimately negatively impacting on domestic production and employment, leading to a severe downturn. In order to prop up the global economy once again, to attract renewed foreign investment to plug a rising current account deficit, and to reduce domestic prices (and contain inflation), the US chose to allow a new rise to the dollar, the costs to domestic manufacturing notwithstanding. Whilst the knock-on effects (in terms of Yen devaluations, and hence currency volatility in emerging Asian economies) directly led to the Asian financial crisis, it also led to a temporary revival in German and Japanese manufacturing and an equity boom in the US. The latter represented 'the onset of the bubble', the subject of chapter 5.

The costs imposed on domestic manufacturing by an overvalued dollar led to a continued squeeze on profits, only partially alleviated by repressing wages. However, the high dollar also magnified the rise of US share prices in international terms, leading to further bouts of speculation. The hype surrounding technology stocks soon led to share prices assuming an independence from profitability levels. Easy credit led to non-financial corporations engaging in the most blatant financial manipulation, such as borrowing to buy back their own shares to buoy up their values. Yet, as chapter 6 underscores, a high currency made US manufacturing exports increasingly uncompetitive, problems exacerbated by the Asian financial crisis. As the author highlights in Chapter 7, these problems did not preclude further share price rises; by March 2000, the price-earnings ratio for US corporations on the S&P 500 index reached an unprecedented high of 32, more than twice the historical average.

In Chapter 8, the author assesses the limits of the wealth effect. In the late 1990s, booming share prices greatly enhanced the net worth of US households, matched by increased borrowing and declining savings rates. Meanwhile, large scale corporate borrowing 'goaded equity prices upwards', resulting in unprecedented corporate debt-equity ratios. Meanwhile, consumption of households greatly increased. But the wealthiest Americans were largely responsible for resultant boom; economic growth became, quite simply, driven by yuppie spending. Meanwhile, to plug the chronic current account deficit, the US became increasingly reliant on foreign investment, fuelled by the mediocre performance of many East Asian economies, and the desire of East Asian governments to depress their own currencies in the interests of export competitiveness. Yet this boom failed to resolve the falling profit rate suffered by US manufacturing firms.

In the following chapter, the author notes that the 'New Economy' boom of the late 1990s was in fact mediocre when compared to the performance of the US economy earlier that century; in short, contrary to the hyperbole, unprecedented new wealth had not been unlocked. Moreover, as we have seen, the boom was driven by speculation, rather than the real performance of firms. In the penultimate chapter, the author notes that in the second half of 2000 and the first half of 2001, GDP growth fell by levels unprecedented in the post-war epoch; the period of correction had begun. Finally, in Chapter 11, Brenner argues that the deflation of the stockmarket bubble has begun to propel the world backwards into full blown recession. Should equity prices fall below a certain level, the US will no longer be a safe haven to foreign investors, placing downward pressure on the dollar. Investment necessary to fund the deficit could only be reattracted through interest rate increases, which would result in a domestic credit crunch, causing further declines in equity prices and consumer demand; the 'meltdown scenario'. At the time of writing this review, the inevitable has been temporarily staved off by renewed bouts of hype and speculation; interest rate cuts have, so far, been able to reflate the bubble, and, hence, keep the US stock market attractive to foreigners. But the rickety props supporting a veritable Potemkin village are increasingly visible.

It is hardly surprising that, given the tyranny of the rational choice paradigm within mainstream economics, such a powerful critique of contemporary capitalism is provided by an historical sociologist. Yet this does not mean a softness regarding empirical detail; Brenner provides a wealth of quantitative evidence to buttress up his arguments. There is little doubt that Brenner is *right* about the fundamental crisis facing the US and global economy; the challenge is now to provide more detailed theoretical constructs founded on this masterful overview.

Johann Graaff. *What is Sociology?* Cape Town. Oxford University Press. 2002.

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This book is first in a series of what the publisher Oxford University Press describe as 'small books'. The series aims to present foundational sociological topics in modular form, i.e. each topic in a separate book. Students need buy only the modules relevant to their course. The idea is to cut down on the cost students would incur buying a 600-page conventional textbook in which a large number of chapters are never used. The first five topics will offer introductions to sociology in general (the book under review); social institutions (education and the family), crime and deviance, population studies and industrial sociology.

The editors promise that each book in the series will be written in such a way that it tells a coherent story with a 'developing and cumulative theme'. The style will be 'lucid, logical and organized' and the exercises in the book 'geared towards higher cognitive skills'. In addition the books will deal with issues of some substance in sociology, with clear and accessible discussions written in language that 'flows and entertains as it educates'. While rejecting the notion of a southern African sociology, the series does claim to utilise southern African reference points and examples. The final promise of the series introduction is that in putting question marks behind some of our most dearly held beliefs it