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 will take its readers on a sociological journey that can be 'exciting, surprising, angering, outrageous and scary'.

The potential reader will be forgiven, on reading this introduction, for thinking that they have picked up a Stephen King novel rather than a sober academic textbook. Or perhaps not. Maybe now that we have in many South African universities done away with discipline-based departments and introduced 'programmes' in their place, we have left behind the stuffy halls of classical academia and entered the realm of social science as popular culture, a roller-coaster ride of thrills and spills that entertains as it educates.

And in this new environment who better to kick off with than Johann Graaff? I had the pleasure of working with him in the erstwhile University of Bophuthatswana, where as head of the Development Studies department, he spent many hours honing our skills in the art of lecturing. For him a logical structure, clarity of presentation and keeping your audience interested constituted the essence of good communication practice. The latter, apart from humorous asides, meant using examples to illustrate concepts that have a real resonance in the student's own lives. These are virtues that I have cherished in my own teaching and writing to this day. One may not always agree with Johann Graaff, but at least you are always clear on what it is that he is saying.

His book *What is Sociology?* remains true to these ideals. The sixty eight-page book, which I managed to read in a few hours, is essentially an attempt to sell sociology as a discipline, explain basic sociological concepts, and outline the difference between common (non) sense and scientific 'hard and soft' theories. The last is illustrated through an exposition of the three major sociological paradigms: Marxism, Functionalism and Symbolic Interactionism. The language is clear and each section is logically structured. The examples used have a resonance in students own lives. These range from cooldrink cans as a relativised object, the use of students within the university to illustrate the meaning of system, Aunt Muriel as the purveyor of common (non) sense, to the development of the path through a grassy plain adjacent to a rural village as the entrenchment of social structure. The symbolic interactionist paradigm is illustrated through the study of migrant labour in South Africa.

The answer to the question what is sociology is answered in the first chapter entitled 'The Nature of Sociology'. After a clear summary of what the chapter entails in the introductory section, the author gets into the heart of the subject matter without further ado. The sociological imagination is explained through the related concepts of relativising, system-relating and debunking. The nature of sociology is further pursued through an exposition of the relationship between the individual and society (agent and structure). The one shortcoming here for me is the lack of any discussion of the idealist/materialist division that underlies this relationship. Graaff also fails to explain the difference between the common meaning of materialism and the philosophical one. The chapter ends with a discussion of the difference between science, social science and common sense and an explanation of theory as a systemised body of thinking. This latter section serves as a good introduction to the three chapters on Marxism, Functionalism and Symbolic Interactionism. The problem in this section is Graaff's attempt to distinguish between hard and soft theory. This leads him to grouping functionalism and Marxism together in the hard category, that for him is synonymous with positivism and macro theory. While I have no problem with the latter, the characterisation of Marxism as a positivist theory is problematic, given the central methodological rejection of Marxist realism of empiricism (a central claim of positivist science) and Marxism's insistence on uncovering underlying unobservable structure.

The central theme of the chapter on Marxism is an understanding of materialism. It contains four sections: dialectical materialism, materialism and production as the foundation of society, historical materialism as theory of social change, and a critique of Marxist materialism. The example of ancient Rome to illustrate the base/superstructure model, that is the way in which production processes have a profound influence on the other sectors of society, works well. Boxes on the side of the main text offer both biographical information on Marx as well as questions for students to consider. This format is carried through for each of the subsequent chapters. Missing from the chapter are two issues that I would consider central to understanding Marx's contribution to sociology in particular: his theory of alienation and his theory of exploitation of the worker under capitalism through the extraction of surplus value.

The chapter on functionalism considers the writings of two of the paradigm's best-known theorists, namely Durkheim and Parsons. The section on Durkheim, following through on a central element of the two previous chapters on the nature of sociology and Marxism, kicks off with the Durkheimian view of the relationship between the individual and society. Graaff uses both a contemporary example in the form of the popular movie *The Matrix* as well as Durkheim's classic study of suicide to illustrate the effect of social structures on even our most intimate behaviour. After a brief critique of functionalism, he goes on to discuss Parsons's contribution. This section concentrates very briefly on his famous AGIL schema, the exposition of the positive functions societies need in order to survive, and ends with another criticism of functionalism a la Parsons. One wonders whether a single critique of functionalism as a whole would not have served the chapter better.

The first two paradigms were examples of macro and what Graaff terms hard theories. As an example of micro/soft theory, he discusses symbolic interactionism. The chapter starts off with an outline of the main writers within the micro subjectivist paradigm, and then, rather confusingly, slips in Weber. This is no doubt due to Weber's straddling of both macro and micro approaches, and to the fact that although he provided many of the basic tenets of microsociology, he defies classification within any particular branch. This should be explained at the outset, given that the book is aimed at students with no background knowledge of the topic.

The box comparing Weber and Durkheim's approaches is interesting and provides for students a good illustration of the interrelation between structure and meaning. A short section on Giddens's structuation theory, on which Graaff has written about elsewhere, as an attempt to overcome this opposition would be useful. The rest of the chapter deals with Mead, and is well done. It covers meaning, pragmatism, the self and ends with a critique.

The final section of the chapter is entitled 'symbolic interactionism in practice', but it is actually an excellent consideration of migrant labour in South Africa through the lens of many different microsociologies, including Goffman, Schutz and Mead.

The last chapter in the book attempts a comparative conclusion and goes back to a consideration of the practical example of the village, the grassy plain and the path through it, used at the beginning of the book. Each of the paradigms outlined in the previous three chapters gets a turn to analyse the village and the structures and meanings it embodies. This is brought together nicely in both a comparative table and circular diagram. The book ends with useful exercises pitched at three levels of complexity and difficulty: simple understanding, transposition of ideas from one situation to another, and lastly, analytical questions that require independent thought. A glossary that defines the most important concepts used in the book and an annotated bibliography are also included.

In conclusion, the book may not give Stephen King much competition at the box office in its attempt to be 'exciting, surprising, angering, outrageous and scary', but it certainly does live up to its other claims. It tells a story with a developing and cumulative theme, is structured as a logical and sequential argument, and is written in a language that flows and entertains as it educates. Its minor shortcomings highlighted above could easily be corrected in subsequent editions. All in all it is a useful addition to the pedagogical tools available to the South African university lecturer/ tutor at both first and second year level. If sociology ever becomes a subject taught in schools, it will find a ready market at the senior levels.