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A Sociological Perspective

Book Review

Miguel A. Centeno and Joseph N. Cohen, 2010, *Global Capitalism: A Sociological Perspective*, Cambridge, UK: Polity Press, 180 pages. ISBN: 0745644503

This book, as the testimonials on the back cover indicate, is a well-written overview of the multi-faceted historical and contemporary aspects of *Global Capitalism*, especially the many relevant and often contradictory factors and debates leading up to and contributing to the Global Financial Crisis of 2008 (and beyond). It is an ambitious, extremely detailed, largely descriptive and reasonably well-researched work of just over 200 pages. The authors take a social-constructionist, institutional view of global capitalism and use an eclectic theoretical and conceptual base to explore their economic and sociological interests. In doing so they attempt to identify and examine the multiple and conflicting economic causes and sociological effects related to numerous significant events, factors and issues over the period since industrialisation, and briefly even prior to that time. Their second focus is to examine the where-to-from-here questions.

Their audience is purported to be both 'students of economic sociology' and others with an interest in the area, particularly the economic future of the USA. Many issues of importance are covered but not pursued in any analytical depth which may have been of interest to those who already have a more advanced understanding of global capitalism. In presenting their narrative, the stance is largely value-neutral and, as such, non-judgemental, and the work appears to be written in the spirit of a teaching case study so that the audience, whoever that might be, can make up his or her mind about the issues of contention.

The authors are USA-based, and not surprisingly in this context, often present detail that is far more USA-centric than it is global. Their research, too, through literature review, is largely based on USA publications. Of course, it can rightfully be claimed that the USA is (or at least was?), at the centre of the capitalist universe. However, such a seemingly parochial view limits, to some extent, the understanding of the importance of non-USA actors and events from an extended socio-economic and political perspective of global capitalism, particularly over the last three decades. Certainly, the global context is acknowledged

throughout, but what other Western, especially Anglo-Western (or even non-Western) scholars have already subjected, or might subject, to intense analysis is partly missing in this work. For an Anglo-focused book reviewer, such a restricted perspective and important omission diminishes the worth of the authors' research, overall.

Even USA detail is missing, as well. For instance, Milton Friedman (2002, [1962]), as an influential American neo-economic liberalist of the Chicago School, and thus important in the recent further development of global capitalism, does not even rate an 'Index' listing, although there is a bibliographical reference to one of his works. Similarly, beyond the USA, Hayek (1944, 1945), as a highly significant European actor from the Austrian School, but one who influenced Prime Minister Thatcher's neo-liberalist economic policies, particularly the issue of unionism as a hindrance to the expansion of economic neo-liberalism, has two bibliographical references but no 'Index' listing. Thatcher, herself, who, arguably, was one of the most important and powerful global political actors through the 1980s, who in large part facilitated the expansion of global capitalism, while mentioned briefly in the text, also is absent from the 'Index'. Her policy legacy which exists to the present, notwithstanding Prime Minister

Blair's subsequent *New Labour*, inevitably had a major impact on global capitalism from a sociological perspective. As it stands, the book may be better titled along the lines of *A USA Socio-Economic Perspective on Global Capitalism*. If a subsequent iteration of the book is forthcoming, the bibliographical basis for the research could be widened to a truly global perspective.

Obviously a book focused on global capitalism will have a strong economic core, which is a primary interest, as indicated by the title. However, the sociological perspective as the accompanying concern is sometimes difficult to find as the chapters proceed, even to the *Conclusion* which does not really summarise the sociological perspective at all. In reality, there seem to be sociological perspectives covered more or less in passing, such as: global capitalism as historically and socially constructed; and, the impact of global capitalism on societies over the years from the various chapter perspectives, not least of all over the last three decades. Had the sociological focus been stronger, more value may have been gained from the authors' insights and work. Given the breadth of their evidence, there is certainly opportunity to do this in a more coherent way.

The book is arranged, beyond the Introduction and the Conclusion around seven themes relating to global capitalism. In attempting to summarise, briefly, the discussion, the interest of this review is to highlight some of the critical and contemporary sociological perspectives that are acknowledged in the book, but not developed in detail. The first chapter on 'Global Capitalism' is primarily concerned with the social institutions of 'private property' and 'market exchange' and the rules and infrastructure surrounding these entities (p. 11), including the role of the state in the process of system legitimisation. In part, this chapter examines various periods of capitalism (1820-1870, 1870-1914; 1914-1945; 1945-1970s; 1970s-mid 1980s; mid 1980s-the present) and differentiates between four types of capitalism based on Baumol et al's. (2007) ideas: '*state-guided*'; '*oligarchic*'; '*big-firm*'; and, '*entrepreneurial*' capital (p. 14). However, the interest exists beyond state capitalist economies and extends to how the logics of markets have had an impact upon how the organization of social life and the creation of incredible wealth, for some. A fundamental question posed is whether global capitalism will collapse by 2010. Obviously, it has not, but there are warning signs that suggest that crises of global capitalism will continue. In the meantime, there are no obvious

system alternatives to what we currently have.

The chapter on 'Trade' considers the historical development of trade and how production and consumerism have become global, especially in recent times through the advent of technological advancement. How globalization has affected the preferred locations of production and the opportunities and threats that have come for labour and consumers with this change, is also a focus. Trade is seen as a 'network' (p. 48) of highly complex links where geographical positioning of states can provide advantage and disadvantage through the circuits of trade. There are dominant groups: North America, Europe and the Asia-Pacific areas within and between which trade occurs including the trade of resources. Those outside these 'dominant cliques' (p. 50) are relatively isolated, although trade circuits, within diverse markets (such as luxury consumer goods, and the basics of energy and food) and the economic and social success of states can easily change. There are the rich and the poor, including the poor of the rich states and the poor of the poor states and the rich in both domains, as the dominant global capitalist class. Accordingly, access to the circuits can vary and be determined by the cost of goods at a given time.

Trade can be legal, and illegal and, as such, trade, including the trade of labour (especially cheap labour) operates on two broad circuits of power (Clegg, 1989), one where there is likely to be some level of labour and consumer protection and one where there is not. While the movement of labour, unlike goods, is still not relatively free, the movement of labour, especially cheap labour, has changed the dependencies between the rich and the poor. Remittances from global labour working abroad, has also affected the economic and social situations of their home states. This further highlights the fact that the interconnectedness of the world means that there is a concomitant interdependency of and between networks where events in one environment can have an impact on another. The challenge is to determine how greater equity of opportunity to access trade and its benefits can be achieved.

Following on from trade are issues relating to global 'Finance and Wealth', particularly how the movement of finance and the development of systems, institutions, instruments, and notions of risk, as social constructions, have provided opportunity for extraordinary economic growth and the increase in economic and social power for many. At the same time, those without similar access to finance have become economically and

socially disadvantaged, with differences between rich and poor greater than has been seen before. As the authors note, the flow of finance is more concentrated in limited hubs and, thus, opportunity to participate in global finance is inequitably distributed. Like trade, finance systems and their instruments, particularly risk, are complex and dynamic with many crises and ebbs and flows of economic power, greed and influence. However, financial risk takers, especially exemplified through major corporate failures of large and powerful global firms, continue to put many more people in jeopardy, beyond themselves.

The chapter on 'Marketing and Consumption' highlights the rise of materialism and consumerism, especially as more and more states have entered the global marketplace, in countries such as China and Russia, where consumerist desires were previously officially suppressed by the state. There are now many advantages for the new global 'shopping class' (p. 95) who may be enticed and manipulated to buy beyond their immediate means through carefully targeted marketing campaigns and the globalisation of brands. The authors further note that social interaction takes place as much in modern shopping malls and mega-stores in privately owned public space as it does in more traditional public environments. The marketing of and access to consumer

credit has also resulted in opportunities to buy an extraordinary range of consumer goods but has created greater debt burdens than previously. Material life has changed remarkably for those who are able to consume, at large, buying far more than the necessities of life. Global consumerism and marketing has, thus, changed the way social identity is constructed but has further bifurcated social classes between the consumerist haves and the have nots. With the commonality of global materialism some governments recognise the assault on unique national cultures and societal values and attempt to reinforce traditionalism as a force against rising global consumerism. Whether the global consumerist environment really increases quality of life remains to be seen.

The chapter on 'governance', notably 'economic governance' highlights the interaction between markets and states, as well as the more global roles of supranational institutions such as the International Monetary Fund, the World Bank, and the Organization for Economic Cooperation and Development. The authors claim that 'governance is important because state actors are the most influential actors in the global economy' (p. 123). This may certainly be true in the case of legitimate power to act but what the authors do not canvass to any great extent is the issue of power where, in

fact, corporate oligarchs or elites may be as or more powerful than states. In this instance, big corporations can be the principals and governments their agents to the detriment of society as a whole. Di Maggio and Powell's (1983) various notions of isomorphism – *institutional*, *rational*, *coercive*, *mimetic* and *normative* - are used as a framework to present explanations for the global adoption of various forms of national and supranational economic governance organized around global capitalism. However, while 'transactions are global ... laws are not' (p. 128). It is this chapter, though, that is the least convincing, in terms of economic analysis, given the USA-centric view of economic neo-liberalism versus government intervention. While the World Bank's governance Indicators give some sense of the extent to which governments might care for global capital more than their citizens, the impact of economic governance on the society is not well covered at all.

The penultimate theme of 'Inequality' contains facts and figures to that end, comparing countries and regions on a range of indicators, only to conclude that, indeed, there is much inequality of wealth and income within and between countries. A topic of discussion without obvious resolution is whether global capital and the general policy shift in values,

from the collectivist role and responsibility of the state to its citizens to individualism, will benefit societies in the long run. The final theme 'Living with Limits' explores the connection between such issues as global capital and the 'environmental challenge' (p. 174): hazardous waste, pollution, air quality and landfill. The sociological perspective, especially the obvious impact on all our societies from the downside of global capitalism is not well covered. However, what is missing from the material relating to all of these aforementioned themes is the coherent and rigorous sociological perspective. It is the narrative of the effect of economic neo-liberalism and the rise of global capitalism in its current form that really needs to be told.

As indicated above, throughout the chapters and in the Conclusion, many of the sociological perspectives are not elaborated upon but rather the issues are identified.

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