

# Capitalism in our Time: Crisis, Austerity and what Spaces for Change?

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The present crisis scenario —which came into being with the 2007/8 financial meltdown triggered by the US sub-prime mortgage crisis and which, by 2009, had turned into an economic contraction of worldwide proportions— is ever more pervaded by insistent calls for austerity politics. In some countries, such as Greece and Italy, these politics are being implemented by so-called technical governments, as if such a label could ratify the supposed ineluctability, as well as the neutrality, of austerity measures. As a matter of fact, while the spaces for politics may appear to be all the more shrunken in the face of the austerity dogma what with the vast majority of the political spectrum in many different countries sadly echoing Margaret Thatcher's famous slogan, «there is no alternative» —austerity politics are fundamentally affecting the labour arena. The increasing normalization of the process of labour precarization, together with the rise in unemployment levels, is in fact accompanied in the core capitalist countries by a new wave of cutbacks casting a gloomy shadow over the social entitlements of the labouring classes. With a severe shrinking of social welfare and pension systems, this politics looks like a bitter farewell to the welfare institutions that came into being during the «golden age» of capitalism and constitutes a major setback in the struggle for social rights.

In the face of this scenario, the two most recent volumes of the *Socialist Register* —*Socialist Register 2011: The Crisis This Time*<sup>1</sup> and *Socialist Register 2012: The Crisis and the Left*<sup>2</sup>— provide the reader with important analytical tools to fathom the social, economic and political depths of the current crisis. Starting from the centrality of the materialist conception of social development, the various essays in the two volumes interrogate economic processes in the light of the historically underlying class dynamics and power relationships, bringing a plurality of arguments into the debate. In so doing, they provide a multifaceted and nuanced analysis of the current capitalist crisis and its social implications, which takes into account both general trends and specific regional contexts. The present review is pursued with the aim of accounting for some crucial and wide-ranging issues which cut across both volumes and which, taken together, can be used to draw up a sort of conceptual map which contributes importantly to a critical understanding of our times.

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<sup>1</sup> *Socialist Register 2011: The Crisis This Time*, edited by L. Panitch, G. Albo and V. Chibber, London, Merlin Press, 2010, pp. 323.

<sup>2</sup> *Socialist Register 2012: The Crisis and the Left*, edited by L. Panitch, G. Albo and V. Chibber, London, Merlin Press, 2011, pp. 306.

## 1. Neoliberal Financialization

The various essays in the 2011 and 2012 editions of the *Socialist Register* are permeated by an acknowledgment of the historically specific character of crises. As stressed by Leo Panitch and Sam Gindin<sup>3</sup>, this implies the necessity to read crises in the context of the class relations and the institutional arrangements that characterize the specific period of capitalist development in which they occur. Neoliberalism —«the mode of existence of contemporary capitalism» as per the conceptualization advanced by Alfredo Saad-Filho<sup>4</sup>— is therefore constantly re-examined in the different essays. While acknowledging the complexity, unevenness, and multi-dimensionality of this social order, at the same time the different authors shed new light on specific aspects that set it apart and which are particularly relevant when questioning the nature of the current crisis, as well as the meaning and the social implications of the dominant response to it in terms of economic policy.

Importantly, different authors in the collection recall that neoliberalism became hegemonic gradually, both in terms of ideology and of policy practices, from the mid-1970s onwards, in a broad historical context marked by i) a severe crisis of profitability in the advanced capitalist countries (where, as pointed out by Panitch and Gindin, labour militancy was an important factor in preventing the restoration of higher profit rates after their downturn in mid-1960s); ii) by the implosion of developmentalism in the South, and iii) by the collapse of the Soviet Union. Starting from a reassertion of the supremacy of the market over the state, the rise of neoliberalism marked a retreat from post-war Keynesianism, and heralded a new order characterized by restrictive welfare and monetary policies; a new way of disciplining labour involving the gradual expansion of labour precarization and informalization and a parallel shrinking of labour rights; the expansion of financial institutions as well as the establishment of a new hegemonic role of the financial sector in relation to the other sectors of the economy<sup>5</sup>. In this respect, while pointing out that today it is widely accepted that neoliberalism entailed a class project «to shift the balance of economic and social power in favour of capital and away from labour», Sam Ashman, Ben Fine and Susan Newman<sup>6</sup> underline the importance of an in-depth examination of the processes of what is increasingly known as «financialization», in order to better grasp the

<sup>3</sup> L. Panitch and S. Gindin, *Capitalist Crises and the Crisis this Time*, in *Socialist Register 2011: The Crisis This Time*, pp. 1-20.

<sup>4</sup> A. Saad-Filho, *Crisis in Neoliberalism or Crisis of Neoliberalism?*, in *Socialist Register 2011: The Crisis This Time*, pp. 242-259.

<sup>5</sup> These characteristics of neoliberalism have been discussed and analyzed by different authors in various past volumes of the *Socialist Register*. Here I would like to recall the symposium on neoliberalism by A. Saad-Filho, E. Altvater and G. Albo, *Neoliberalism and the Left: A Symposium*, in *Socialist Register 2008: Global Flashpoints*, edited by L. Panitch and C. Leys, London, Merlin Press, 2007, pp. 335-362. A collection of essays on neoliberalism selected from various volumes of the *Socialist Register* is also available in Italian: *Socialist Register Italia: Antologia 2001-2008*, edited by M. Adduci and M. Cerimele, Milano, Punto Rosso, 2009.

<sup>6</sup> S. Ashman, B. Fine and S. Newman, *The Crisis in South Africa: Neoliberalism, Financialization and Uneven and Combined Development*, in *Socialist Register 2011: The Crisis This Time*, p. 174.

nature of neoliberalism itself and to explore the landscape in which the current conjuncture matured.

Indeed, in these two volumes of the *Socialist Register* various authors contribute to the analysis of these processes, capturing the reach of neoliberal financialization by focusing on the interlinked developments which lie at its core: the proliferation of financial markets and assets —undoubtedly a critical feature of the last three decades, which however does not in itself account for the complexity of financialization; the increasing propensity of non-financial corporations to diversify into financial activities; the growing proclivity of investment banks to provide financial services to individuals as a new basin of profit— or, in other words, the spreading of debt to individual households.

It is important to recall here that the multifaceted acknowledgment of the prominence of finance in the neoliberal turn of capitalism does not entail a representation of contemporary capitalism as purely speculative, or «rentier». The last thirty years have been characterized, in fact, by a complex interlacing between the financial and the non-financial sectors where, as pointed out by Panitch and Gindin, the growing power and internationalization of finance proved crucial for the global expansion of capital producing goods and nonfinancial services, allowing for the spreading of the associated risks. This process was closely related to the rise of financial derivatives, conceptualized as «commodified risk» by Dick Bryan and Michael Rafferty<sup>7</sup>, and to the process of securitization «whereby banks sold packages of loans to far-flung investors around the world», as underlined by Hugo Radice<sup>8</sup> —developments which, as these authors point out, were integral to contemporary capitalism. At the same time, on a different level, the global restructuring of production unleashed a formidable disciplining potential upon the working classes in terms of transformation of employment patterns (with the spread of casual employment), salary constraints and limitations on subsides and social security benefits, as underlined by Saad-Filho while discussing the nexus between neoliberal financialization and specific modalities of social discipline imposed upon key social agents. It is against this background that the increasing indebtedness of the labouring classes or their increasing reliance on asset price inflation —conceptualized as «the financialization of the reproduction of the working classes»— needs to be read: «many households reacted to the neoliberal reforms by maxing out their credit cards and turning their homes and retirement pensions into virtual cash machines in order to bypass the stagnation wages and the retrenchment of public welfare pensions»<sup>9</sup>. On the other hand, in the face of a three-decade-long stagnation in real wages (a result of neoliberalism widely combined with an increasing polarization in income distribution), the spreading of the debt to individual households through remortgaging and the accumulation of insecure debt, among others, became crucial to sustaining aggregate

<sup>7</sup> D. Bryan and M. Rafferty, *Deriving Capital's (and Labour's) Future*, in *Socialist Register 2011: The Crisis This Time*, pp. 196-223.

<sup>8</sup> H. Radice, *Confronting the Crisis: a Class Analysis*, in *Socialist Register 2011: The Crisis This Time*, p. 26.

<sup>9</sup> A. Saad-Filho, *Crisis in Neoliberalism or Crisis of Neoliberalism?*, in *Socialist Register 2011: The Crisis This Time*, p. 245.

demand in a scenario in which «private deficits replaced the role of public sector deficits in macroeconomic stabilization»<sup>10</sup>. Interestingly, Susanne Soederberg<sup>11</sup> stresses the way in which, on the whole, their increasing integration into the credit system exposed workers to the disciplinary and demobilizing potential of debt, thus contributing to a further weakening of labour.

It therefore appears that neoliberal financialization encompasses the realms of both capital and labour, as well as, not least, the realm of nature, as shown by Larry Lohmann<sup>12</sup> in his in-depth analysis of the economic and political dominance of finance in contemporary climate politics. Ultimately, according to Ashman, Fine and Newman, the significance of financialization can be grasped by drawing upon two Marxian distinctions: that between real accumulation of capital (implying surplus value extraction in production) and accumulation of fictitious capital (i. e. «paper claims on surplus value yet to be produced but traded in financial systems»<sup>13</sup>); and that between interest-bearing capital and other forms of (industrial or merchant) capital. The authors point out that the age of neoliberalism saw «*both* the subordination of real accumulation to fictitious capital—with the expansion of speculative assets at the expense of real investment—and the integration of real accumulation into the realm of interest-bearing capital, resulting in financialized accumulation of a systemic nature»<sup>14</sup>, with the growing exposure of economic and social life at the risk of volatility from financial instability.

On the whole, a political economy perspective on the current hard times highlights the way in which the crisis scenario triggered by the 2007 US sub-prime mortgage crisis is intimately rooted in the consolidation of a social order characterized by a shift in power relations between capital and labour to the detriment of the latter, as well as a shift of power balance between different forms of capital to the advantage of financial capital. Within this perspective, the relation between the urban space and macroeconomic disruption is analyzed by David Harvey<sup>15</sup>, who examines the specific role of US urban property markets in creating the conditions for the current crisis, exploring the way in which «productive and fictitious capital circulation combine within the credit system» in the context of these markets<sup>16</sup>. While highlighting the prominent role of the financial system in regulating both the supply and the demand for housing, the author points out the way in which financial institutions had a strong incentive to sustain the property bubble as long as possible, in a context in which the mortgage securitization mechanism allowed for the spreading of

<sup>10</sup> Ivi, p. 246.

<sup>11</sup> S. Soederberg, *Cannibalistic Capitalism: the Paradoxes of Neoliberal Pension Securitization*, in *Socialist Register 2011: The Crisis This Time*, pp. 224-241.

<sup>12</sup> L. Lohmann, *Financialization, Commodification and Carbon: the Contradictions of Neoliberal Climate Policy*, in *Socialist Register 2012: The Crisis and the Left*, pp. 85-107.

<sup>13</sup> S. Ashman, B. Fine and S. Newman, *The Crisis in South Africa: Neoliberalism, Financialization and Uneven and Combined Development*, cit., p. 176.

<sup>14</sup> *Ibidem*.

<sup>15</sup> D. Harvey, *The Urban Roots of Financial Crises: Reclaiming the City for Anti-capitalist Struggle*, in *Socialist Register 2012: The Crisis and the Left*, pp. 1-35.

<sup>16</sup> Ivi, p. 13.

the associated risks. If the epicentre of the current crisis lay the in vast amount of «toxic» mortgage-backed securities held by banks or marketed to investors at a global level, the author importantly invites us to also consider the «predatory practices» present within the sub-prime lending field prior to the breaking of the crisis. Through pointing out that in fact the low income African-American population of the US was estimated to have lost between 71 and 93 billion dollars in asset values through sub-prime practices, the author shows how such practices were used to carve out a domain where money was «sucked up into the circulation of fictitious capital to underpin the vast fortunes made from within the financial system»<sup>17</sup>.

All in all, the weakness of the working classes and the hegemony of financial capital that characterized the scenario in which the crisis emerged, have concomitantly proved fundamental in shaping the policy response to the crisis itself.

## 2. Questioning the Politics of Austerity

The aftermath of the 2007/8 financial meltdown coincided in several states with a prompt rediscovery of emergency public measures aimed at rescuing the collapsing financial markets —measures such as injecting capital into the banking system, ensuring liquidity to mortgage markets, as well as promoting shifts towards expansionary fiscal and monetary policies. Whilst on the one hand, as stressed by Doug Henwood<sup>18</sup>, this demonstrated the power of the financial system in a scenario in which, as the author shows with specific reference to the US, financial capital remained «fairly hostile» even to «modest regulatory efforts»<sup>19</sup>; on the other hand Julie Froud, Michel Moran, Adriana Nilsson and Karel Williams<sup>20</sup> disclose the way in which, at the level of ideology, 2007/08 banking rescue measures were accompanied by a revival of old narratives about the social value of finance.

In any case, as pointed out by Greg Albo and Bryan Evans<sup>21</sup> and by Elmar Altvater<sup>22</sup>, heavy state spending in the massive wave of «rescue strategies» in the advanced capitalist countries triggered a severe crisis of the public sector, whose intensity varied according to the socio-economic specificities of different national contexts. It is in this scenario that international agencies such as the International Monetary Fund, the Organization for Economic Co-operation and Development and the European Union fostered the drive for a new era of public austerity. While highlighting the implications of such policy prescriptions

<sup>17</sup> Ivi, p. 18.

<sup>18</sup> D. Henwood, *Before and After the Crisis: Wall Street Lives on*, in *Socialist Register 2011: The Crisis This Time*, pp. 83-97.

<sup>19</sup> Ivi, p. 93.

<sup>20</sup> J. Froud, M. Moran, A. Nilsson and K. Williams, *Opportunity Lost: Mystification, Elite Politics and Financial Reform in the UK*, in *Socialist Register 2011: The Crisis This Time*, pp. 98-119.

<sup>21</sup> G. Albo and B. Evans, *From Rescue Strategies to Exit Strategies: the Struggle over Public Sector Austerity*, in *Socialist Register 2011: The Crisis This Time*, pp. 283-308.

<sup>22</sup> E. Altvater, *From Sub-prime Farce to the Greek Tragedy: the Crisis Dynamics of Financially Driven Capitalism*, in *Socialist Register 2012: The Crisis and the Left*, pp. 271-287.

in terms of a further neoliberal restructuring of the state, Albo and Evans importantly stress the fundamental continuity in the rationale underlying both «rescue strategies» and public austerity measures, as a set of politics fundamentally «designed to stabilize and sustain a liberalized financial system»<sup>23</sup>. This perspective allows for the comprehension of an apparently contradictory scenario in which emergency public intervention in the financial sector goes hand in hand with disproportionate cuts in welfare, public education, cultural activities and public employment levels. Coherently with «rescue measures», in fact, austerity politics represents «a powerful and interventionist economic policy [...] to restore “market regulation”, very much along the lines of the always extensive state intervention and regulation to this end throughout the neoliberal era»<sup>24</sup>. In sharp contrast with what has been defined as the «hegemonic self-representation»<sup>25</sup> of neoliberal times —i.e. the core principles of minimal state intervention— and in continuity with neoliberal political practices, austerity politics represents an attempt to reassert a social distributional dynamic in which the working classes should bear the costs of the crisis and of the «restoration for the economic viability of capitalist control over the financial system»<sup>26</sup>.

The uneven impact of austerity measures on the working classes is explored through different perspectives by various authors. Nicole M. Aschoff<sup>27</sup> analyzes the way in which the crisis has weakened beyond measure the position of unionized autoworkers in the US with regard to both wage conditions and labour rights. On a broader level, and still with specific reference to the national context of the US, Johanna Brenner<sup>28</sup> analyzes the effects of the crisis on working class families taking into account its gendered and ethnic dimensions. Starting from a historical context marked by thirty years of neoliberal restructuring of the economy in which working class families have become increasingly dependent on familiar networks, the author analyzes the way in which, under the current economic policy scenario, the reliance on family survival strategies is even strengthening, with the working classes facing a subsequent growing condition of fragility. This leads to the question of rising levels of poverty in the country, tackled in its gendered and ethnic dimensions by Frances Fox Piven<sup>29</sup>, who analyzes the interlacing of the material and the ideological dimensions of cutbacks in welfare programs for poverty, marked by a growing stigmatization of «the poor». Importantly, these authors bring the issue of ethnic exclusion as embedded in multiple social relations into the analysis, thus avoiding the reductionism of the

<sup>23</sup> G. Albo and B. Evans, *From Rescue Strategies to Exit Strategies: the Struggle over Public Sector Austerity*, cit., p. 285.

<sup>24</sup> Ivi, p. 286.

<sup>25</sup> L. Panitch and M. Konings, *Myths of Neoliberal Deregulation*, «New Left Review», 57, May/June 2009, p. 68.

<sup>26</sup> G. Albo and B. Evans, *From Rescue Strategies to Exit Strategies: the Struggle over Public Sector Austerity*, cit., p. 286.

<sup>27</sup> N. M. Aschoff, *A Tale of Two Crises: Labour, Capital and Restructuring in the US Auto Industry*, in *Socialist Register 2012: The Crisis and the Left*, pp. 125-148.

<sup>28</sup> Johanna Brenner, *Caught in the Whirlwind: Working Class Families Face the Economic Crisis*, in *Socialist Register 2011: The Crisis This Time*, pp. 64-82.

<sup>29</sup> F. Fox Piven, *The New American Poor Law*, in *Socialist Register 2012: The Crisis and the Left*, pp. 108-124.

discourse on «racial» disparities critically discussed by Adolph Reed and Merlin Chowkwanyun<sup>30</sup> as common to many accounts of the crisis.

In any case, in the face of the emergence of increasingly unequal social scenarios, the supposed ineluctability of austerity politics is yet constantly reaffirmed. As Karl Beitel<sup>31</sup> points out, the increasingly apprehensive debate over the negative effects of rising state deficit is particularly powerful in this respect. However, the author draws attention to the ideological dimension of such a position, fundamentally concealing the material dimension of the powerful class interests ultimately served by present policy initiatives. In this connection, Ursula Huws<sup>32</sup> provides a perspective analysis of the austerity agenda on welfare and education, highlighting how it has been paving the way for a new wave of commodification of public services, thus engendering new opportunities for private profit. Seen as essentially based on the «expropriation [...] of the results of past struggles by workers for the redistribution of surplus value in the form of universal public services»<sup>33</sup>, this process of reappropriation is taking place through the recent explosive expansion of the outsourcing of public services and administrative functions, legitimated by the imperative of deficit reduction and by the quest for efficiency. Similarly, Altwater reads the privatization of public assets in the current crisis scenario as nothing less than a practice of expropriation in order to sustain the process of accumulation. In parallel with this development, David McNally<sup>34</sup> points out that the age of austerity has also witnessed a new wave of investments in financial derivatives based on food as well as other raw commodities that look set to appreciate, thus strengthening an investment pattern that has emerged in recent years which has engendered a clear tendency for food prices to move in tandem with the general movements of financial markets. In this respect, as stressed by the author, the age of austerity has also become one of increased food insecurity in the developing world.

### 3. What Spaces for Change?

As anticipated, the various essays in the 2011 and 2012 editions of the *Socialist Register* question the current crisis, shedding light on the unfolding of overall socio-economic dynamics as well as on the specificities characterizing different regional contexts within the global scenario.

The impact and the socio-economic implications of the crisis in the European context are explored and articulate by various contributions. Riccardo Bellofiore, Francesco Garibaldi and Joseph Halevi<sup>35</sup> provide a nuanced analysis of the way

<sup>30</sup> A. Reed and M. Chowkwanyun, *Race, Class, Crisis: the Discourse of Racial Disparity and its Analytical Discontents*, in *Socialist Register 2012: The Crisis and the Left*, pp. 149-175.

<sup>31</sup> K. Beitel, *The Crisis, the Deficit and the Power of the Dollar: Resisting the Public Sector Devaluation*, in *Socialist Register 2011: The Crisis This Time*, pp. 260-282.

<sup>32</sup> U. Huws, *Crisis as Capitalist Opportunity: the New Accumulation Through Public Sector Commodification*, in *Socialist Register 2012: The Crisis and the Left*, pp. 64-84.

<sup>33</sup> Ivi, p. 64.

<sup>34</sup> D. McNally, *Slump, Austerity and Resistance*, in *Socialist Register 2012: The Crisis and the Left*, pp. 36-63.

<sup>35</sup> R. Bellofiore, F. Garibaldi and J. Halevi, *The Global Crisis and the Crisis of European Neomercantilism*, in *Socialist Register 2012: The Crisis and the Left*, pp. 120-146.

in which the current crisis has highlighted longstanding structural weaknesses in European capitalism, with specific reference to the established dependence of the European Union economies on the United States market for the realization of net surpluses. The Eurozone crisis is debated in a symposium of three essays by Elmar Altvater<sup>36</sup>, Costas Lapavistas<sup>37</sup> and Michel Husson<sup>38</sup>, starting from the emblematic value of such a crisis in showing that «the malaise of financialization is deep and structural», as stressed by Lapavistas<sup>39</sup>. The authors of the symposium analyze the nexus between «rescue strategies» for the private banking system and the subsequent crisis of the public sector in a context where, as Altvater points out, neoliberal tax reforms and tax competition between European countries had, in time, led to a considerable reduction in income and wealth taxes, which is where the origins of fiscal deficit ultimately lie. And while highlighting the uneven social impact of austerity measures, the authors of the symposium point out the dangers posed by these politics in terms of recessionary effects, as shown by Husson. In the face of this scenario, accompanied by a growing social malaise, the authors underline the urge for a new political «projectability» of the left, able to shift the social power balances in favour of labour and with the construction of a social Europe as its objective. Within the context of the Eurozone Peadar Kirby<sup>40</sup> analyzes the case of Ireland as a prime example of the socio-economic cost of neoliberal practices, exploring the collapse of the ‘Celtic Tiger’ economic model as well as the possible spaces for change opened up by the new wave of civil society mobilization that has followed the implementation of austerity measures. Finally, as regards Eastern Europe, Jan Toporowski<sup>41</sup> examines the way in which the exposure of the region to the crisis of the major financial centres of the world was intimately related to the presence of a «large-scale rentier capitalism operating in financial markets rather than applying finance to expanded reproduction»<sup>42</sup> which developed after the collapse of the communist regime. Once again, the costs of the crisis have fundamentally fallen on the working classes, exposed to rising levels of unemployment.

As regards Latin America, the relatively limited effect of the global turbulence is critically analyzed by Claudio Katz<sup>43</sup>, who points out that while the global recession had a strong impact on the region in 2009, the following year witnessed the start of a recovery. However, the author argues that the very circumstances at the basis of such a recovery, namely the high international prices of raw mate-

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<sup>36</sup> E. Altvater, *From Sub-prime Farce to the Greek Tragedy: the Crisis Dynamics of Financially Driven Capitalism*, cit.

<sup>37</sup> C. Lapavistas, *Default and Exit from the Eurozone: a Radical Left Strategy*, in *Socialist Register 2012: The Crisis and the Left*, pp. 288-297.

<sup>38</sup> M. Husson, *Exit or Voice? A European Strategy of Rupture*, in *Socialist Register 2012: The Crisis and the Left*, pp. 298-306.

<sup>39</sup> C. Lapavistas, *Default and Exit from the Eurozone: a Radical Left Strategy*, cit., p. 288.

<sup>40</sup> P. Kirby, *When Banks Cannibalize the State: Responses to Ireland's Economic Collapse*, in *Socialist Register 2012: The Crisis and the Left*, pp. 249-268.

<sup>41</sup> J. Toporowski, *Eastern Europe: Post-Communist Assets in Crisis*, in *Socialist Register 2012: The Crisis and the Left*, pp. 235-248.

<sup>42</sup> Ivi, p. 245.

<sup>43</sup> C. Katz, *The Singularities of Latin America*, in *Socialist Register 2012: The Crisis and the Left*, pp. 200-216.

rials, are contributing to the perpetuation of a vulnerable growth model based on primary product exports. While underlining that —within a regional scenario characterized by structural poverty and rising levels of inequality— the socially uneven impact of the crisis varied according to the socio-economic and political specificities of the different national contexts, the author recognizes an important potential for social change in the current rise of emancipatory instances and projects across the region.

Within the Asian context R. Taggart Murphy<sup>44</sup> proposes an analysis of the crisis scenario in Japan, with specific attention to the economic dynamics historically underlying Japan's supportive policy towards the dollar within a global capitalist order centred around the financial hegemony of the United States. The crisis scenario in China is explored by Ho-fung Hung<sup>45</sup>, who analyzes the socio-economic implications of the country's response to the contraction of the export-dependent manufacturing sector provoked by the global turbulence. Hung points out the way in which the massive fiscal stimulus package promptly rolled out by the central government privileged investments in capital assets (such as highway construction) and the expansion of industrial sectors already afflicted by overcapacity (such as steel and cement) to the detriment of social spending measures able to improve the living standards of the working classes, thus contributing to the perpetuation of a growth model characterized by rising inequalities.

As for the Middle East, Adam Hanieh<sup>46</sup> offers a well-constructed analysis of the crisis scenario in the Gulf States, which is, at the same time, an important contribution to the understanding of the unfolding of capitalist dynamics in the whole region. Starting from the crucial position of the Gulf States in the Middle East as «the central zone of accumulation and the region's principal articulation with the global economy»<sup>47</sup>, Hanieh underlines the twofold effect of the crisis. On the one hand, as the author argues, the crisis in fact strengthened the position of the Gulf's dominant classes —in a scenario in which the largest Gulf financial and industrial conglomerates were supported by prompt state intervention, while migrant workers were profoundly hit in terms of loss of jobs and residency rights. On the other hand the crisis contributed to reinforcing the Gulf's dominant role in the Middle East —in a context in which the existing gap between the Gulf and other Middle Eastern states widened as a consequence of the uneven impact of the global turbulence in the region. This does not mean, however, as the author stresses, that this scenario goes unopposed, since the struggles against authoritarianism that the Arab uprisings represent «are, simultaneously, intertwined with the way that capitalism has developed across the region»<sup>48</sup>, thus representing a challenge for the dominant relations of power across the Middle East as a whole.

<sup>44</sup> R. T. Murphy, *A Loyal Retainer? Japan, Capitalism and the Perpetuation of the American Hegemony*, in *Socialist Register 2011: The Crisis This Time*, pp. 147-173.

<sup>45</sup> Ho-fung Hung, *Sinomania: Global Crisis, China's Crisis?*, in *Socialist Register 2012: The Crisis and the Left*, pp. 217-234.

<sup>46</sup> A. Hanieh, *Finance, Oil and Arab Uprisings: The Global Crisis and the Gulf States*, in *Socialist Register 2012: The Crisis and the Left*, pp. 176-199.

<sup>47</sup> Ivi, 177.

<sup>48</sup> Ivi, p. 193.

On the whole, although the crisis spread with different intensity between and within the different regions of the world, the emerging picture in terms of erosion of social rights, increasing inequality and exposure of large sections of the world population to rising levels of uncertainty, deprivation and poverty is a disturbing one. However, as many analyses in the two volumes point out, various regional scenarios have witnessed the rise of different mobilizations that share common ground in their rejection of the renewed harshness of the neoliberal turn of capitalism. As Anwar Shaik<sup>49</sup> points out, the «question of our time» is about the possibility of having a social mobilization that can overcome the current crisis scenario and move in the direction of a more equitable society. This will imply a profound democratic change of the current balance of social forces towards the assertion of a new centrality of labour which, to rise to the challenge set out by Noam Chomsky<sup>50</sup> who underlines the need for a rekindling of the radical imagination, brings us to the urgent question of a revitalization of the Left.

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<sup>49</sup> A. Shaik, *The First Great Depression of the 21<sup>st</sup> Century*, in *Socialist Register 2011: The Crisis This Time*, pp. 44-63.

<sup>50</sup> N. Chomsky, *The Centre Cannot Hold: Rekindling the Radical Imagination*, in *Socialist Register 2011: The Crisis This Time*, pp. 309-323.