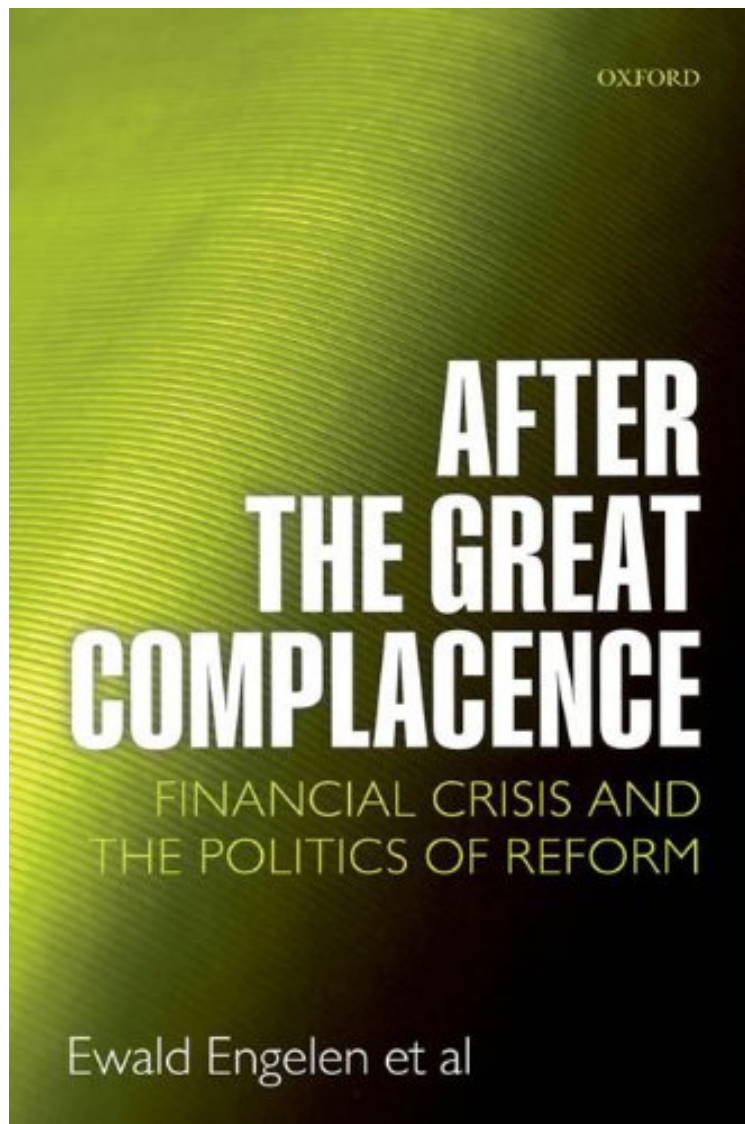


(Ebook pdf) After the Great Complacence: Financial Crisis and the Politics of Reform

After the Great Complacence: Financial Crisis and the Politics of Reform

Ewald Engelen, Ismail Ertuuml;rk, Julie Froud, Sukhdev Johal, Adam Leaver, Mick Moran, Adriana Nilsson, Karel Williams

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Ewald Engelen, Ismail Ertuuml;rk, Julie Froud, Sukhdev Johal, Adam Leaver, Mick Moran, Adriana Nilsson, Karel Williams : **After the Great Complacence: Financial Crisis and the Politics of Reform** before purchasing it in order to gage whether or not it would be worth my time, and all praised After the Great Complacence: Financial Crisis and the Politics of Reform:

3 of 3 people found the following review helpful. Excellent study of our current economic situationBy William

Podmore Even before the crisis, Britain's private sector was unable to create enough jobs. There were 7 million manufacturing jobs in 1979, 4 million in 1997 and 2.8 million in 2008. From 1996 to 2008 business investment was flat at 10 per cent of GDP; bank lending to productive business fell from 30 per cent to 10 per cent, while bank lending to other financial firms and to property developers soared. The transfer of 750,000 jobs from the public to the private sector accounted for 71 per cent of the apparent increase in private sector jobs between 1979 and 1997. Under Labour, increased spending on health and education accounted for 37 per cent of job growth (61 per cent in the West Midlands, 43 per cent in Wales and 46 per cent in Scotland). Privatisation and outsourcing led to an expansion of state funding for private employers, as in nursery education and services for the elderly - 1.7 million jobs. In 2007, the OECD's chief economist forecast 'a strong and sustained recovery in Europe'. The authors argue that the economic crisis was not an accident but a debacle, like the Iraqi and Afghan war disasters and the euro. As they note, "two debacles collided as the financial crisis crashed into European Monetary Union." They observe that neither the euro, nor the European Central Bank nor the EU was any use in the crisis. The euro no more reduced the risks on government debt than all the securitization and special financial vehicles reduced the risks of investment. The bailout cost the British taxpayer pound;1,183 billion in loans and guarantees (not all used) - pound;46,700 per household. Public debt rose from 36.5 per cent of GDP in 2007 to 63.6 per cent in 2010, the public sector deficit from pound;634 billion to pound;890 billion. Globally, the crisis cost between one and five times 2009's world output, in terms of output lost now and in the future: \$60-200 trillion for the world's economies, pound;1.8 -7.4 trillion for Britain's. Globally, the crisis destroyed at least 30 million jobs and cost \$3 trillion in extra public spending, to bail out the banks. The authors write, "Finance is not only an economically unsafe and violently pro-cyclical sector but also part of a democracy that is not working." It is hardly a democracy at all: as they note, "the privatization of gains and the socialization of losses usually indicate the presence of an uncontrolled and predatory elite." Indeed, the finance sector is not adding value but extracting rent. Much financial innovation was worse than 'socially useless', it actually harms the economy. This sector is built on tax avoidance: from 2002 to 2008, tax receipts from finance were just pound;193 billion, only 6.8 per cent of the total, half what manufacturing industry paid. Finance employs just a million people, 4 per cent of workers, no more than in 1991. The government is still running banks for shareholder value, the model responsible for the crisis. Rather than the government nationalising some banks, it has privatised the Treasury into being a new kind of investment fund. It is not just the free movement of capital that is bad for us. The free movement of labour is bad for us too: as the authors observe, "mass inward migration ... kept downward pressure on labour costs in the private sector." The authors conclude that we need to put banking and finance under democratic control. They point out, "Debt is not a problem when put to productive use to create credit which facilitates physical investment and material transformation via infrastructure, care services, or manufacturing, as the basis for economic advancement and social improvement." We need national banks designed to invest, in RD, housing, industry, energy and infrastructure.

What is the relationship between the financial system and politics? In a democratic system, what kind of control should elected governments have over the financial markets? What policies should be implemented to regulate them? What is the role played by different elites - financial, technocratic, and political - in the operation and regulation of the financial system? And what role should citizens, investors, and savers play? These are some of the questions addressed in this challenging analysis of the particular features of the contemporary capitalist economy in Britain, the USA, and Western Europe. The authors argue that the causes of the financial crisis lay in the bricolage and innovation in financial markets, resulting in long chains and circuits of transactions and instruments that enabled bankers to earn fees, but which did not sufficiently take into account system risk, uncertainty, and unintended consequences. In the wake of the crisis, the authors argue that social scientists, governments, and citizens need to re-engage with the political dimensions of financial markets. This book offers a controversial and accessible exploration of the disorders of our financial capitalism and its justifications. With an innovative emphasis on the economically 'undisclosed' and the political 'mystifying', it combines technical understanding of finance, cultural analysis, and a political account of interests and institutions.

"Excellent and important. Absolutely essential reading for anyone wanting to understand how Britain's financial sector got out of control."--Nicholas Shaxson, author of *Treasure Islands*"There have been many books about the financial crisis but very few as original and incisive as this one. This is a book which really ought to be read not only by academics but also by industry representatives and policy makers in order to make sure that the kind of hubris displayed in the early 2000s, born out of a curious mixture of elite miscalculation and misbegotten premises, never again becomes an article of faith."--Nigel Thrift, Vice-Chancellor, University of Warwick"With the post-crisis financial reform process at an impasse the book looks at the historical causes of the crisis. Its focus on elite power control of central banking and regulation is a refreshing alternative to macro-economic narratives. This is essential and disturbing reading for anybody concerned about the relationship between financial power and democracy."--Paul Mason, Economics Editor, BBC Newsnight"By taking a sideways swipe at the idea of the period before the financial crisis being the "great moderation" this book provides a convincing narrative for this being the "great complacency"

instead. It suggests that this was a period of unprecedented hubris on the part of the political and economic elites, and that the resulting crisis was not an accident, not a disaster, not a catastrophe, nor a fiasco, but a genuine political debacle. The book argues that elites failed to appreciate the financial system as a bricolage of excess, disconnects, anomalies, and contradictions, with the result that this ramshackle assemblage collapsed around them and us with devastating consequences. Angry and compelling, this book demands to be read as a clear-headed alternative account of the run up to this critical period and its aftermath."--Grahame F. Thompson, Copenhagen Business School

About the AuthorThis book is written by an interdisciplinary team based at the ESRC funded Centre for Research on Socio Cultural change at the University of Manchester. The authors are collectively best known for their pioneering work on financialization including team written books such as J. Froud et al, *Financialization and Strategy* (2006), I Erturk et al, *Financialization at Work* (2008) and M. Savage and K. Williams, *Elites Remembered* (2008). Several of the authors also publish individually within their disciplines with books such as M. Moran, *The British Regulatory State* (2007) and *Business, Politics, and Society* (2009).

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