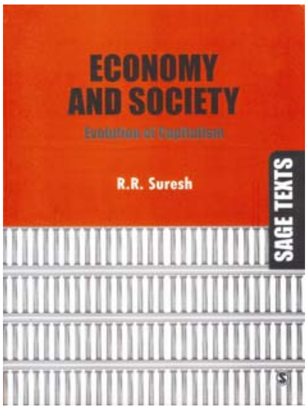

Economy and Society: Evolution of Capitalism. R. R. Suresh. Sage Publications India Pvt Ltd, B1/I-1 Mohan Cooperative Industrial Area, Mathura Road, New Delhi 110 044. 2010. x + 318 pp. Price: Rs 395.

Capitalism has emerged as the leading economic system in today's global economy. Given this, one might like or dislike capitalism but one cannot be indifferent to it. Capitalism as an economic system has been assuming increasing importance globally, particularly since 1991 when more and more developing countries and erstwhile socialist countries started adopting market-oriented economic policies and thereby offered greater scope for transnational corporations (TNCs) through foreign direct investment (FDI) in domestic economic activities. The establishment of World Trade Organization (WTO) in 1995 gave an impetus to liberalized trade between nations. All this has accelerated the global spread of capitalism.

However, in the process of global growth of capitalism during 1991–2009, the world economy has experienced at least three major economic crises: one in 1997–98 which originated from South-East Asia; second in 2001 and the third in 2007–2008, both originated from the fountain-head of capitalism, the United States of America. This gave rise to doubts about the ability of capitalism to be the consistent source of enhancement of economic well-being of nations and its people. What is worse is that the gap between the rich and the poor is said to be widening in most of the economies since 1991. This leads to the question – how good is capitalism as an economic system?

The book under review provides a comprehensive answer to this question. The book discusses elaborately the ever-changing face of capitalism by ascertaining different stages in its evolution in terms of its causes, characteristics and its implications, with a focus on developing countries. Suresh's exploration of capitalism evolution, from the past to the most recent period, spans over 10 chapters. This is primarily a textbook covering the syllabus of the papers on economy, state and society for Indian universities.

In the first chapter, Suresh describes the basic concepts, particularly social productive forces, mode of production, the superstructure and the socio-economic formation, whose understanding is a prerequisite to appreciate his subsequent description and analysis in the subsequent chapters. In the second chapter, he throws light on the various modes of production beginning with the primitive communal mode, which was characterized by subsistence production. However, it was in the slave mode of production that productive forces produced more than minimum subsistence. In the feudal mode, surplus was extracted from the producers by force. The capitalist mode of production succeeded the feudal mode, which marked a break from the previous modes in terms of all the three aspects of socio-economic relations – social productive forces, production–distribution relations and the superstructure. It brought about systematic dynamism and man-induced acceleration of change in all these aspects.

But when capitalist mode of production is not well developed, several modes may co-exist in an economy. To prove the point, Suresh justifiably quotes the example of current Indian economy where the organized sector (which he equates with capitalist mode) accounts for hardly 8% of the labour force whereas the unorganized sector (which he equates with pre-capitalist mode) employs more than 92% of the labour force. But the former controls the economy in every respect whereas the latter is subservient to the former. (This brings out that the much-touted economic liberalization has hardly made an impact on the occupational structure of labour force of our country.)

The capitalist mode subsequently gives way for socialistic mode of production. The mode of production assumes significance because it describes not only the socio-economic formation of a country at any point of time but also its transition from time to time.

To critically analyse the transition from feudalism to capitalism, Suresh uses two major debates – Brenner debate and Dobb–Sweezy debate, in chapter 3. In addition, as a representative of commentators from colonized countries, he uses Irfan Habib's views. According to Dobb, internal factors caused the decline of feudalism whereas Sweezy emphasized the role of long distance trade in the emergence of capitalism but Brenner attributes it to economic and political factors. On the other hand, Irfan Habib emphasizes on colonization. Thus, Suresh has looked at the emergence of capitalism from diverse angles and brings out the difficulty in understanding the true causes of the transition from feudalism to capitalism.

In the fourth chapter, he describes the distinctive features of capitalism: (i) private property, (ii) wage labour, (iii) commodity production and (iv) the market system. Capitalist economic system functions on its own so much so that it is independent of the state and society of a regime. However, in the fifth chapter, he brings out that capitalist systems are ever changing. It is the need for constant technological progress that imparts dynamism into the capitalist system, which makes change a constant feature of capitalism. Technological progress and capital accumulation are its two intrinsic features. Gradually technological progress and economies of scale would transform competitive capitalism to monopoly capitalism.

Thus, the first phase of capitalism – competitive capitalism – gives way to the emergence of monopoly capitalism. Competitive capitalism was characterized by perfect competition where a large number of small-sized buyers and sellers exist and are price takers. But the prices are determined by the interaction of aggregate demand and aggregate supply. The state plays the role of non-interference in the international functioning and external trade but confines itself to police functions. On the contrary, under monopoly capitalism, the market will longer be dominated by small firms rather it will be dominated by a few oligopolistic firms. Though small firms continue to exist they dominate neither the market nor the state policy.

What is significant is that Suresh throws adequate light to sub-divide monopoly capitalism into Fordist phase and post-Fordist phase and the latter into economic globalization and financial globalization. The Fordist phase started with the initiation of factory system by Henry Ford in 1914 as the 'assembly-line method, and the eight-hour five dollar a day wage for workers in the manufacture of motor cars'. Fordization led to corporatization of firms, divergence between ownership and control (management) of capital, emergence of financial markets in the form of money market and capital market, etc. Gradually all these led to the emergence of multinational corporations (MNCs).

The post-Fordist period is broadly the period after 1970. The concept of liberalism, role of the state and of the market, the nature of globalization, financialization of the economy and the decline of national sovereignty differentiated post-Fordism from Fordist capitalism. Post-Fordism in turn comprised economic globalization and financial globalization. Flexible production emerged, rampant small firms which were promoted by venture capital firms and MNCs supported further monopolization, services sector grew faster than that of gross domestic product (GDP), the growth of professionals as a proportion of labour-weakened labour unions, and state policy supported MNCs under economic globalization phase of the post-Fordist period.

The growth of economic globalization led to the emergence of financial globalization. This was characterized by financialization of services, and international trade consistently surpassed the growth rate of world economy. But the growth of international financial flows surpassed both international trade and world GDP growth rates. MNCs started focusing more on complex integration strategies covering both developed and developing countries to their advantage. But the crux of financial globalization is the de-linking of international financial flows from international commodity flows aided by free exchange rates. This encouraged hot money movements. This has made independent economic policies by governments difficult. Nations have become variables in the world market. International bodies such as the IMF, World Bank and WTO strive to bring about an ever-increasing integration of the world economic and financial systems. As a result, the capitalist development has been facilitating concentration of wealth in fewer and fewer hands, not confined to nations but to blocs across nations. The identification and analytical description of distinct phases in the growth of capitalism is the hallmark of Suresh's prudent analysis.

How each of these distinct phases of capitalism functioned has been dealt with in chapter 7. According to Suresh, capitalism is subjected to far greater changes in the course of its existence than pre-capitalist systems so much so that it has been sub-divided into sub-epochs, which are different in terms of size of the enterprise, form of business organization, work organization, nature of financial system, nature of globalization, and role of the government. But the question is why has the nature of capitalism changed from time to time? Suresh traces the source of problems of capitalism, which led to a consistent change in its form, to the commodification of economic life (in chapter 8). Commodity production under capitalism has its sole emphasis on exchange value, on the market as the governing principle of the economy. The problem most commonly associated with capitalism is that of business cycles, of recurring depression and crises in production and employment.

Another dimension of capitalism is what is known as internationalization – worldwide spread of capitalism. While identifying the phases of internationalization, Suresh focuses on its current phase, namely financial globalization (in chapter 9). This phase is characterized by, among others, international flows of finance capital in the form of capital as finance. It is globalization of finance in the form of 'hot money' flows. He contends that globalization of the world economy is synonymous with globalization of capitalism. However, he concludes that less developed countries have not been enveloped in the world's globalized economy and therefore globalization has hardly benefited them. The benefits of growth due to globalization have accrued more to the First World than to the Third World. In the final chapter, based on Marxist view, Suresh identifies imperialism as the highest stage of capitalism which would ultimately give way to socialism. Imperialism is capitalism in which dominance of monopolies and finance capital is established. In the process, the economic and hence political sovereignty of every nation has weakened, and Third World countries suffered more on this account.

Overall, Suresh's analysis of 'evolution of capitalism' raises pertinent issues for safeguarding the development interests of developing countries, particularly the vulnerable sections within. However, whether policy makers will be able to respond to this 'wake-up call' or will further strengthen 'global monopoly powers' is an altogether different issue. The book is well-structured, deeply analysed and discusses the implications of changing phase of capitalism comprehensively. The limitation, if at all, can be found in some of the repetitive statements relating to the features of different phases of capitalism, which to some extent was unavoidable. Finally, economics students will gain substantially by reading this book.

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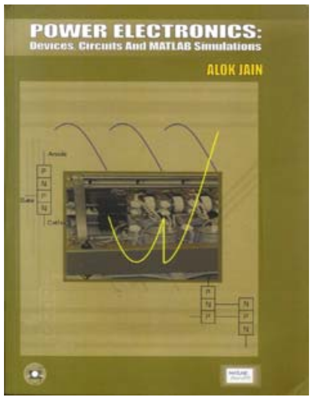

Power Electronics: Devices, Circuits and MATLAB Simulations. Alok Jain. Penram International Publishing (India) Pvt Ltd, B-20, Bussa Udyog Bhavan, T. J. Road, Sewree, Mumbai 400 015. 2010. xiv + 504 pp. Price: Rs 315.

This book on power electronics covers a wide spectrum of power electronic topics and primarily addresses the undergraduates and to some extent post-graduates of the electrical engineering group. The book aims to exhort with the aid of the popular proprietory MATLAB environment. It comes with a CD that includes MATLAB programmes for the students to use and learn.