

The Collapse of Globalism

John Ralston Saul

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Tom Easton

The new afterword John Ralston Saul had added since the recession is almost worth the price of his incisive and well-written *The Collapse of Globalism*, first published four years ago. Try this, for example, on the 2008 *mea culpa* of Alan Greenspan, the chairman of the US Federal Reserve from 1987 to 2006:

'If you believe that history has come to an end, you explicitly banish memory from your mind. Greenspan was "shocked". Like a small child who had ventured into a world beyond his experience or imagination, he did "not fully understand why it had happened". But he had been paid to be the world's ultimate financial father and so there was no one to teach him or slap his hand.'

Saul is less severe on Greenspan and the financial sector as causes of our present troubles than on the 'hypnotic effects' induced by the pervasive ideology – 'a world adrift in passive received wisdom' – spread by 'the sacred congregations of Globalization' in the past 30 years. He blames much of that on what has happened to economics teaching since the widespread acceptance of Hayek, 'the father of the new international economic Pentecostalism'. He says: 'The failed ideologues of the past three decades remain in charge of what passes for economic thought in our universities.'

After that come the business schools, the management consultancies and then

'the fourth group of propagandists: the many economic and business journalists who, on a daily basis, drove us on until it was too late. Now they are urgently raising red flags to warn us off protectionism and to praise, yet one more time, free trade as the only, indeed the sacred way out of the crisis. And so they are busy reanimating their old Manichean proposition that all will stand or fall in this battle of opposites – walls up or walls down – as if there were no other more sophisticated approaches to prosperity than a continual growth of trade; as if our problems were not broader and more profound.'

Far from the 'tsunami of modernisation driven by unleashed competition' the world in recent decades, he says, experienced not capitalism, but 17th century mercantilism:

'managing the market from production to consumption in order to avoid the dangers of competition. In other words, Globalization by the mid-1990s was becoming a contradiction between rhetoric and reality. And now it has collapsed. But it has collapsed without there being any attempt to understand the pattern that led us into crisis. What we are concentrating on are the superficial outcomes of something far more profound.'

Saul concludes:

'The key to dealing with this crisis is not to rebuild the old structures based on the old assumptions. We have the opportunity to build a more sophisticated sort of wealth based upon a balancing of social, environmental and market needs. This could easily be the project of a century.'