
BOOK REVIEWS

Franklin Obeng-Odoom

Oiling the Urban Economy: Land, labour, Capital and the State in Sekondi-Takoradi, Ghana.

Routledge, Abingdon, 2013, 237 pp., \$165.

Reviewed by Joe Collins

The discovery of commercial quantities of oil off the coast of Ghana in 2007 signalled the beginning of an oil boom. Indeed, the Ghanaian oil industry has come from a 5 barrel per day operation in 1896 to having proven reserves of 800 million barrels in the Jubilee field alone, with an estimated 3 billion barrels in total. If such claims ring true, these offshore sites are set to make Ghana the 7th largest producer of oil in Africa. The potential revenues associated with such endowments are a source of optimism for most. Others have been quick to echo the sentiments of Upton Sinclair, who, in his 1927 novel *Oil!*, described the fossil fuel as ‘an evil Power which roams the earth, crippling the bodies of men and women, and luring the nations to destruction by visions of unearned wealth, and the opportunity to enslave and exploit labor’.

Franklin Obeng-Odoom problematises the resource curse/blessing dichotomy by providing a considered and substantive analysis of the effects of oil production on Ghana’s newest oil twin-city, Sekondi-Takoradi. His aims are as ambitious as they are novel; to both broaden the theoretical scope of the extant scholarship on managing resource endowments within developing economies whilst narrowing the analytical scope of the examination by focusing on the urban setting. *Oiling the Urban Economy* delivers in both respects.

The book begins with an insightful critique of prevailing theories surrounding the ‘resource curse’ hypothesis in relation to the African experience of oil. The shortcomings of orthodox approaches to explaining political, economic and social issues emanating from oil production are aptly identified as ‘teleological, if not theological’ (p. 8).

Specifically, the assertion that market-driven solutions must be implemented to rectify the failure of inherently corrupt or inept states is critically examined. In their place, Obeng-Odoom suggests the views of Henry George, David Harvey, Hossein Mahdavy and Chibuzo Nwoke are better placed to shed light on the Ghanaian context, specifically on the evolution of urban dynamics within Sekondi-Takoradi. This eclectic heterodox property rights approach seeks to address the lacunae within orthodox accounts that tend to 'naturalise' the detrimental effects of resource endowments within developing economies. Moreover, the emphasis upon understanding the dynamics of capital accumulation through class relations, specifically those between capital and landed property, helps us understand how the formerly 'socialist minded' urban authorities of the twin-city came to start chanting from the 'neoliberal hymn book' (pp. 12-13).

This political shift is traced through a rich historical narrative that engages with pre-colonial West-African societies, the period under British tutelage and the march after independence in 1957 to the present. Sekondi's Fort Orange, built by the Dutch in 1644, stands as a solemn reminder that trade is a double-edged sword. What is currently the home of the Ports and Harbours Authority once housed slaves for transportation to the Americas. What now administers the rights to pump wealth from the sea was built on the suffering of countless thousands. The book goes on to detail how the twin-city developed from what a colonial correspondent described in 1943 as a 'small collection of dirty reed and thatch huts where the beach ended and the bush began' (p. 9) to a sprawling oil city where there are 'dark clouds existing side-by-side with the islands of economic privilege enjoyed by a few' (p. 95).

The clouds of darkness manifest in various economic, political and social forms. Hoteliers are induced by rising rents and an influx of foreign workers and investors to deny local clientele their services. 'Oil clients, with oil money' (p. 104) reserve vast quantities of rooms for periods of up to two years to ensure accommodation is available whenever business calls. The chieftan class, who are the traditional custodians of the land, have increasingly profited from rising property values by selling the commons to predatory real estate agents. Indeed, landed property has been the main beneficiary of the almost doubling of land prices in the period 2007-2013. Another urban development is the 'hotbed of moral decadence' (p. 108) that is the Vienna City club; a den of vice that caters to denizens of oil with poker machines, a casino and child sex-workers.

All of this is painted against the backdrop of traditional fishing and farming industries under threat from the procurement of land and sea for oil exploration and production.

One of the most important issues identified in the book relates to resource rent taxation. The key point rests on the observation that taxation alone is insufficient as a vehicle to ensure oil production facilitates social development. The fact that the royalty paid to the Ghanaian state is just 5%, the lowest in the world, bears testament to the inadequacy of the existing taxation regime and indicates the political power of the state *vis-a-vis* the foreign oil companies that dominate the industry. So, while the efficacy of taxing oil rents is obvious, it is 'contingent rather than assured' (p. 151). The dynamics of this problem within the global setting are taken up in more detail in Chibuzo Nwoke's 1987 publication, *Third World Minerals and Global Pricing: A New Theory*.

The book ends with a long discussion on how to socialise oil rents. Suggestions are made regarding public housing, rail development and education. Of particular interest are the class dimensions mitigating the development of railways. After the implementation of the World Bank's 'Rehabilitation Programme' in 1987, there were concerted efforts to restrict the power of the militant Railway Workers' Union by drastically reducing state funding to the railway sector. Since then, road development has been the preferred investment route, resulting in detrimental ecological, economic and social outcomes. As Obeng-Odoom notes, 'no leader, party, or government seems to be too keen to revive a sector well known to breed "stubborn" workers' (p. 183).

Oiling the Urban Economy is an important contribution to the debates surrounding the 'resource curse' thesis. It poses important questions about the limits of resource rent taxation in relation to broader issues of social development, class struggle and environmental degradation. One need not have a specific interest in the political economy of Ghana to read this book. Its insights are relevant to any country with bountiful natural resources, states unable to capitalise on them and parasitic compradors mediating exploitation. This review does not do justice to this compelling analysis of what oil does, and can do, to a city. The only way to do so would be to go and read the book.

Mike Berry

The Affluent Society Revisited

Oxford University Press, Oxford, 2013, vi+204 pp., \$82.50.

Reviewed by Frank Stilwell

J.K. Galbraith was a prominent figure in political economy for more than half a century – from the 1950's to his death in 2006. One can imagine him saying, with a veneer of characteristically self-effacing wit, 'my contributions have not been entirely negligible'. He advised Presidents and senior politicians from the Democrat side of US Politics. He was a renowned public intellectual, featuring regularly in the serious press and in the media, including his own TV series on economic ideas in historical context. He wrote over 40 books, many of which were on the bestseller lists. Of these, *The Affluent Society* is the most widely celebrated, having been an absolute blockbuster when it first appeared in 1958 (and probably not surpassed in this respect until Thomas Piketty's remarkable smash-hit this year).

It is appropriate and timely to look back at JKG's famous work and to reflect on the lessons learned, the subsequent experiences and the equivalent political economic challenges today. Mike Berry does so with clarity and panache. For readers who are unfamiliar with Galbraith's ideas, he presents a helpful introduction to the main themes of *The Affluent Society*, usually as paraphrase but sometimes laced with key quotations. He is eager, however, to get on with his own interpretation of the relevance of Galbraith's main contributions. And he is by no means consistently laudatory. On page 83, for example we read: 'Looking back from today's vantage point, one would have to say that in many respects Galbraith misread the signs concerning the declining importance of production and growth'. And on page 95: 'Developments over the past few decades have generally undermined the predictions of Galbraith and Keynes on the declining urgency of consumer wants'. Overall, though, it is an empathetic assessment of Galbraith's work, not only in *The Affluent Society* but also in a range of his other publications up to *The Good Society* that Berry describes as his last major work (albeit not the very last, that being a slim, seriously witty volume on *The Economics of Innocent Fraud* which Galbraith wrote just two years before he died).

The *Affluent Society Revisited* is organised around about a dozen themes. First and foremost are reflections on the power of ideas, assessing what Galbraith famously labelled ‘the conventional wisdom’ (*i.e.* not wise at all, just conventional). Then there is a return visit to ‘the central tradition’ of economic thought, from Smith to Keynes, in which the principal economic problem is identified as achieving economic growth without recessionary interruptions. It was his challenge to this traditional focus of economics that led Galbraith to adopt the title *The Affluent Society* – as a means of signalling, in effect, ‘mission accomplished, but now quite different challenges ahead’.

Berry then directs our attention to inequality, which has been a subsidiary or subordinate theme in economics. Of this Galbraith wrote ‘few things are more evident in modern social history than the decline of interest in inequality as an economic issue’ (quoted on p.31). I don’t think, however, that he personally thought economic inequality to be of ‘declining significance ... as an issue worthy of attention’ (p.50) As Berry elsewhere notes, JKG always advocated pro-poor policies, and did so particularly prominently in *The Good Society*. Indeed, I think that he would have warmly welcomed Piketty’s recent *tour de force* on inequality – notwithstanding the strong reservations about Piketty’s approach that have been expressed by Galbraith’s son, James K. Galbraith (discussed in Chris Sheil’s article earlier in this issue of *JAPE*).

Subsequent chapters in Berry’s book draw out other prominent and celebrated Galbraithian themes – economic security, the ambiguities of production, the driving force of consumerism, the causes of inflation, the significance of debt, the theory of social balance, policies for economic reform, the importance of engaging with economic power and the question of morality in economic affairs. There is a wealth of interesting material here, both revisiting Galbraith’s penetrating insights and assessing how well they have stood the test of time.

Two examples of his most widely celebrated propositions must suffice. One concerns the importance of advertising-fuelled consumerism. Berry argues that both technological and socio-economic changes have offset Galbraith’s ‘dependence effect’ – the proposition that ‘consumers wants are themselves both passively and deliberately the fruits of the process by which they are satisfied’ (*The Affluent Society*, Ch.12). On Berry’s reasoning, consumer spending is not strongly subject to the effect of diminishing returns in the current era because (a) the Internet expands

consumer's expenditure options and therefore their power; while (b) the growth of service industries provides ever-expanding opportunities for novel forms of personal expenditure. Maybe but, as Berry is himself quick to concede (on p. 96), studies on 'the economics of happiness' show that diminishing returns to consumers' well-being actually remains a strong tendency.

The other example concerns the problem of 'social imbalance'- between private wealth and public squalor. It is *de rigueur* to cite Galbraith's famous description, quoted on p. 127, of the 'mauve and cerise, air-conditioned automobile' driving through littered and ugly streets, conveying its occupants to a picnic by a polluted stream in a park that is 'a menace to public health and morals'. The imbalance between private wealth and public squalor is deeply embedded in the nature of capitalism, comparable in this respect to the underlying tendency towards economic inequality. During the period of the long boom and even into the 1980s, it looked like the private-public imbalance might be redressed by substantial public investment in economic and social infrastructure, but the bias remains. Indeed, it has been sharply exacerbated since then by the influence of neoliberalism on public policies, particularly privatisation. Berry's conclusion on this point has a distinctly Galbraithian air:

As we gaze at the increasingly run-down state of our public infrastructure, the strain on basic services in education and health, the potential costs associated with climate change, the fragility of our financial system, and the increasing hopelessness of a generation of the unemployable and homeless, we might well ponder the alternative path taken since Galbraith and other liberals extolled the necessity and basic integrity of an empowered public sector (p. 139).

By modern standards, the concerns that Galbraith enumerated in *The Affluent Society* look a little light on environmental issues relating to economy-ecology interactions and sustainability. The problem of instability in a finance-dominated and speculation-fuelled economy is also accorded less prominence than the post-GFC political economic conditions now require. Indeed, these are matters to which Galbraith paid more attention in his later life. His evolutionary view of economic affairs was well suited to that flexibility of focus; and his institutional economic perspective focussed attention directly on the powerful

institutions that would need to mend their ways. For sheer breadth of perspective and depth of humanitarian concern, the Galbraithian tradition is hard to surpass. Long may it continue to inspire.

Mainstream economists have usually either ignored Galbraith or derided him for his radical observations and elegant prose, but that is all the more reason for considering his alternatives to the 'conventional wisdom'.

Mike Berry's retrospective on JKG's most famous book and its challenging propositions should be warmly welcomed. For people familiar with the original work, it combines a brisk walk down memory lane with a thought-provoking stroll back to the present. For newcomers to the field, it is a fine illustration of how political economy must engage with social concerns and matters of power and ethics.

Immanuel Ness (ed.)

New Forms of Worker Organization: The Syndicalist and Autonomist Restoration of Class-Struggle Unionism.

PM Press, Oakland, CA., 2014, 319 pp., \$39.95.

Reviewed by Neale Towart

This new book gives some great examples of rank and file, bottom-up actions that challenge the mainstream trade union leadership approach of seeking deals with supposedly 'friendly' political parties in exchange for acquiescence to the neo-liberal agenda. The contributors provide detailed discussion on movements and actions in Italy, China, Russia, India, South Africa, Madagascar, Colombia, Argentina, Sweden, Australia, USA and the United Kingdom, thus demonstrating an internationalist approach that highlights the importance of local conditions.

The basis of autonomism was the syndicalist movement and the Industrial Workers of the World (IWW) from 1895. Emma Goldman defined syndicalism as organisation that advocated at revolutionary philosophy of labour conceived... in the actual struggle and experience of the workers themselves'. Ness, in his introduction to the book, outlines the approach:

- all forms of action are advanced by the workers themselves, not by union officials;
- there is total opposition to all collaboration with management;
- independence from any political party;
- a culture of solidarity on the job and with the local community;
- workers exhibit total solidarity and unity, e.g. through wearing badges or hats displaying their allegiance;
- the strike is a principal strategy;
- seizing control over production is a goal;
- there is opposition to any collective bargaining that cedes the capacity for direct action.

The book introduces the new forms by discussing the Italian *autonomista* groups, known as *Operaismo*. They had their origins in the 1960s when the worldwide upheavals were challenging political parties of the left and right. In Italy the Christian Democrats had dominated since the end of World War II, but the national trade union bodies, such as the CGIL, were pushed into activism by a groundswell. The Christian Democrats sought to include the socialists in government as a way of holding down dissent. The Communist Party (PCI), a strong alternative force, was a part of the reformist way that developed into 'euro-communism'.

The left of the PCI was not convinced by this approach and it, along with others, was the basis of *Operaismo*, now COBAs (*Confederazione dei Comitati di Base*). These workerist movements were autonomous, unaffiliated with any of the political parties. The early version of the movement was attacked by the state. Anarchist formations were in particular the object of state repression, as documented savagely by Dario Fo and Franca Rame (see the dramas *Can't Pay, We Won't Pay*; and *Accidental Death of an Anarchist*). The new movement, the COBAS, developed from the late 1980s and, more recently, have been to the forefront of protests against the austerity path. They have adopted the Brecht line: 'It is more criminal to found a bank than to rob it.' Sectoral COBAs have been developed in defence of public education and public transport. Whereas the main union movement looks to compromise, COBAs do not.

COBAs aim to maintain maximum democratic practice, not the practice of parliamentary democracy. Paid directors are not permitted to vote.

Funding is always an issue, but COBAs seek contributions from members of 0.5% of monthly salaries. They have been able to establish an international relief body, *Azimat*. They have monthly meetings and no overarching bosses. Committees 'rule', always via mass meetings. Decisions require 75% agreement: if agreement is not reached, the matter is discussed again. Steven Manicaster's chapter on these issues asks if the model is sustainable. We don't yet know, but it remains a fierce rejection of the bureaucratic unionism that we see elsewhere.

Meanwhile, trade unions in Australia have seen membership levels plummet to below 20%, under governments ostensibly of the left and the right. The clear messages are that politics of the representative democracy type is no guarantee of workers' rights, and that workers need to act for themselves to ensure safety and decent work by controlling their workplaces.

Tom Mann, a founder of the Independent Labour Party in the UK, came to Australia and New Zealand at the turn of the 20th century to examine the 'new province of law and order'. He went back to the UK after the 1909 Broken Hill Lockout convinced him that the arbitration system was not a path to a workers paradise, as employers defied the Arbitration Court with impunity. Syndicalism (he edited the *Industrial Syndicalist*) became his organising method and it resulted in the newly formed transport workers union winning the Liverpool transport strike. The smashing of the IWW around the world came after this, with the authorities (in particular Billy Hughes in Australia and governments in the UK and the USA) using 'national security' scares as a way of winding back challenges to the capitalist order.

The book is well worth reading for its inspiring accounts of 'ordinary people acting in extraordinary ways and as a source of ideas of what we might do. The Australian chapter, *Doing without the boss: Workers' Control Experiments in Australia in the 1970s*, written by Verity Burgmann, Ray Jureidini and Meredith Burgmann, emphasises how these ideas have played a role, theoretical or otherwise, in various disputes in Australia. The Whyalla Glove Factory Co-operative (Miscellaneous Workers Union), the Sydney Opera House Work-in (Builders Labourers' Federation) and the Nymboida Coal Mine occupation (United Mineworkers Union) illustrate how the 'taste of power' in the workplace can transform labour processes and human dignity.

Australian Options

Discussions for social justice and political change

Australian Options is a quarterly journal featuring the analysis and views of Australia's foremost activists and progressive thinkers. Issues of current attention include responding to the evolving global economic crisis, strategies to combat climate change, public transport, problems of Australian cities, education, jobs and facing the challenges of right-wing governments.

Each edition also has reviews of relevant books, films and music, as well as cartoons by Simon Kneebone.

Subscriptions are as follows:

\$20 for one year (4 issues)

\$15 concession

\$10 for students

Send payment or credit card details (cardholder name, 16 digit card number, expiry date and a cardholder signature) to Reply Paid 431, Goodwood, SA 5034.

For subscription details or more information, see

www.australian-options.org.au;

or email donjarrett@intermode.on.net