Victoria would involve, with respect to natural gas, scrapping Newport and Jeeralang, and raising the price to industrial consumers so that it was just less than the price of competing petroleum fuels on an equivalent energy basis. For brown coal, any plans for conversion to liquid or gaseous fuels should be thrown in the waste paper basket. Having done that, crisis problems on the energy front would recede, and one could set about planning for progressively greater energy conservation and the gradual transfer to a renewable energy economy. Such energy policies would be one item on a whole slate of changes that would accompany the transformation to a socialist society. Changes in urban structure and transport systems of the type described in this book would, in all probability, be another item on the agenda. But one would want such changes in their own right, not because they reduced energy consumption, though that would be an additional benefit.

I may appear to have been labouring the arguments. If so, it is because I think the vision contained in **Seeds for change** is powerful and important and I fear that the energy fundamentalist context in which it is placed will discourage many readers. Two other aspects make this a difficult book to read. One is its length, much of which, unfortunately is the result of repetition and excessive detail. Reduced to about two thirds, the book would have lost none of its message and gained greatly in impact and readability.

Another characteristic, which I found somewhat irritating, was its parochialism. It is an excellent idea to take a particular city, Melbourne, as the basis for elaborating a blueprint. But to analyse the energy supply and demand pattern purely in terms of "Victoria's energy prospects" is another matter. One of the greatest obstacles to achieving sensible energy policies is the federal constitution which gives almost all powers over energy to the States. It is State powers which are responsible for the present absurdly low price of gas in Victoria, which constitutes perhaps the greatest single energy policy anomaly in Australia today. And it is state powers which enable Court and Bjelke-Petersen to flog off Australian resources at giveaway prices and to compete with each other and with the Victorian government to sell energy to the international aluminium cartel companies at the lowest possible prices. In discussing the greater use of liquid petroleum gas, the authors appear to believe that it is the Victorian government which allows Esso-BHP to sell most of what they produce to Japan, whereas, of course, the export control power is one of the very few useful levers that the Australian government has on energy policy.

My complaints may seem carping, but I think such parochialism is poor political tactics. Speaking of Bass Strait oil, the authors concede that "it is only reasonable that Victoria should export oil to other States". But it is not impossible to envisage a reactionary, Canberra-hating State government in years to come having different views.

What else does the book contain? Apart from the chapters on urban form and transport which, as I have already indicated, are excellent, there are two very good chapters on energy efficient buildings and urban design. The chapter on urban water supply, drainage and sewerage is also good if you can ignore the energy context into which, in keeping with the book's whole approach, it is illogically forced. The final chapter, entitled "The seeds are there" describes a number of projects in Melbourne where people are "creating community". It shows the task of transforming our cities can and should start from the bottom. This is the closest the book gets to questions of political strategy. I am sure that the authors would be the first to acknowledge that the task of transformation must be carried out at all levels and that Esso-BHP and the SECV cannot, unfortunately, be simply by-passed and left to wither away.

Seeds for Change should not be criticised for avoiding these political problems. The authors see the book as "a first step towards widespread discussion of the technical, social, economic and political issues related to energy". As a contribution to the energy debate its good points are marred by some factual errors and misleading arguments. But as a contribution towards the task of transforming our cities and hence the lives of the majority of Australians it is a splendid start.

The Second Slump: A Marxist Analysis of Recession in the Seventies, *by Ernest Mandel. New Left Books, London, 1978.*

In his major study **Late Capitalism,** Ernest Mandel undertook the task begun by Marx in the **Grundrisse** and **Capital** of providing an integrated historical and theoretical analysis of the development of the capitalist mode of production. This work with its rigorous usage of marxian economic categories (which avoided both monocausal reductionist explanations and the abstract utilisation of Marx's reproduction schemas) constituted the first systematic marxist account of what may be termed the three fundamental conjunctures of 20th century capitalism: (1) the transition from competitive to monopoly capitalism (1890-1935); (2) the consolidation of monopoly capitalism (1936-1965): (3) the coming crisis of monopoly capitalism (1966-...).

With the publication of **The Second Slump** Mandel has attempted to deepen the analysis developed in his earlier work through a detailed account of the circumstances precipitating the

1974-75 recession and the subsequent period of limited and non-cumulative recovery. In doing this Mandel incorporates two levels of analysis into his work. On the one hand, the origins of the present crisis are traced to the forces responsible for eroding the underlying preconditions that generated the long wave of expansion during the 1948-1968 period. On the other hand, Mandel situates the historically specific conditions which transformed a cyclical crisis of overproduction into a structural crisis of generalised recession which spread throughout the international capitalist system.

Mandel argues that the end of the long wave of post-war expansion is a direct consequence of two inter-related tendencies. First, the "technological profits" ("surplus profits originating from advances in productivity based on technical improvements, discoveries and patents") which were made possible by the third technological revolution (semi-automation, cybernetics, nuclear power) have begun to decline or, in certain instances, disappeared altogether. This generalised erosion of productivity gains (see table, column 3) has reversed the trend towards a cheapening of the elements of fixed constant capital. With ever greater levels of investment required to raise productivity a given amount, the organic composition of capital has tended to rise more rapidly initiating a tendency towards the formation of long-term average profit rates below the levels achieved in the 1950s and '60s.

The second tendency that Mandel sees as contributing to the end of the long wave of expansion has been the strengthening and increasing militancy of the working class (see column 6) which has inhibited the successful implementation of various ruling class strategies for increasing the rate of surplus value in order to offset the fall in the rate of profit. Mandel attributes this primarily to the high levels of employment in the post-war period which diminished the disciplining effects of the industrial reserve army. He argues that the resurgence of mass unemployment (see column 1) has not yet checked the downward pressure exerted on the growth of relative surplus value (as partially reflected in increasing unit labor costs and diminishing productivity (see columns 3 and 4).

But for Mandel it is the "combination of the classical overproduction crisis with the reversal of the long wave" (p. 181) which accounts for the contradictions inherent within capitalism today. The pros and cons of the analysis offered in **The Second Slump** resides in his attempt to show how this "combination" has brought about the synchronisation of the international industrial cycle, the intensification of imperialist rivalry, the inflationary nature of the limited recovery, the emergence of new trends in the merging of banking and industrial capital, and the weakening of the processes affecting the restructuring of capital.

In very general terms, the main thrust of Mandel's argument may be summarised in the following manner. The "fundamental cause of the recession" was the fall in the average rate of profit, accompanied by a cyclical crisis of overproduction which became generalised after being "detonated" by the slump in the auto and construction industries. The normal tendency for profitability to decline during the downswing of the business cycle was compounded by several additional pressures. First, the previously mentioned reversing of the tendency towards cheapening the elements of fixed constant capital. Secondly, an additional profit squeeze brought on by working class militancy. And thirdly, the movement of the terms of trade in favor of the primary producers (1972-74) which slowly then rapidly (oil price increases) brought about a rise in the costs of the circulating portion of constant capital.

With extensive empirical data showing that the falling rate of profit preceded the oil price increases, Mandel argues that the latter, while not causing or detonating the recession (owing to the manner in which the O.P.E.C. surplus was recirculated through investments and increased imports rather than being hoarded) accentuated its impact by augmenting costs and liquidity thus "advancing the moment at which inflation began to have negative effects".

With mounting inflationary pressures (see column 2), a product of the rapid expansion of private and public debt, and the emergence of a Keynesian induced credit cycle "partially independent of the industrial cycle" to offset the tendency of overproduction, the capitalist system absorbed a further crisis tendency with the collapse of the Bretton Woods system. With the decline of the dollar and uncontrolled exchange rate fluctuations aimed at maintaining international competitiveness, and the diminishing effects of the third technological revolution placing additional pressure on the ability of the system to maintain the levels of productive capacity built up during the long boom, national governments began to simultaneously pursue anti-inflationary measures.

The combined effects of these developments accelerated the movement towards the synchronisation of the international industrial cycle, culminating in the generalised recession of the world system (the "so called socialist countries" excepted [pp. 147-56]). Where once the uneven periodisation of business cycles in different nation states facilitated various means for an export led recovery by countries in the midst of recession, the generalised and simultaneous downturn of the cycle has restricted this possibility and reinforced three basic contradictions inhibiting the recovery. First, the possibilities of a generalised recovery have been offset by increasing protectionism and the relative decline of US hegemony in the face of an insurgent and increasingly indebted third world, and the challenge to American predominance in the field of capital and commodity exports by Europe and Japan. Secondly, the massive credit injections used to induce the recovery, have not sufficiently augmented the level of investment or the reabsorption of surplus capacity (see columns 7 and 8). To bring about a capital spending boom that is more than mere replacement demand will require a major restructuring of capital and the international division of labor. This process of rationalisation is underway today, and constitutes the thrid contradiction, the intensification of the class struggle with the determination of the rate of surplus value at stake.

The Second Slump is certainly more comprehensive than this brief overview suggests, but it also suffers from several major limitations. A general criticism of Mandel's work (besides his tendency to subsume the class struggle within "the unfolding laws of motion of capital") has been his failure to specify whether the falling rate of profit is the parent or offspring of an overproduction crisis and whether and how these elements combine differently during various periods of economic crisis. While not disputing the importance of this critique, it generally neglects Mandel's method of focussing on different combinations of "long waves of capitalist development" with the "normal" yet historically specific 7-10 year cycle, thus subjecting the relationship between the falling rate of profit and overproduction to a dual determination. And it is this dual determination which becomes decisive in determining the extent to which the crisis provides the preconditions for a sustained recovery.

In the present context of a hesitant recovery, amidst high levels of inflation and unemployment, marked by a sharp increase in profitability without a sustained recovery in capital investment or capacity utilisation (and with the next recession in the US just around the corner), this approach of Mandel's generates a fundamentally important hypothesis:

> *Precisely because the anti-crisis practices of governments once again succeeded in limiting the duration and depth of the recession, although less so than in the past; and precisely because the bourgeois state did refloat many banks, finance companies and major trusts that found themselves on the brink of bankruptcy, the recession did not play the traditional objective role of capitalist crises .... A profound process of 'pruning' the system, with a sharp new rise in the rate of profit through the devalorisation and massive destruction of capital simply did not take place .... That is why the recession of 1974-75 was not followed by a new boom. (pp. 78-82.)*

Unfortunately, a major weakness of **The Second Slump** is its failure to deal with this phenomenon in detail. To do so would involve showing how the "Combination of the overproduction crisis with the reversal of the long wave" advanced the moment at which an increase in the proportion of small and medium sized firms going bankrupt in the crisis is no longer sufficient for the process of devalorisation and destruction of capital values given the increasing internationalisation and concentration of capital. That in order for the 'pruning' process to fulfil its function it becomes increasingly necessary (but politically problematical) for larger firms to go to the wall, or for branches of industry to experience a politically induced rationalisation of productive capacity.

The corollary of the crisis in the processes affecting the restructuring of capital is the crisis or coming crisis of the mechanisms designed to restructure the mobilisation capacity of labor. With increasing levels of investment required to augment the diminishing effects of the third technological revolution, and with the almost universal ruling class strategy of "profits first, investment later", the state has increasingly attempted to implement a three-fold policy program for raising the rate of surplus value. This involves: (1) a transfer of income from wages to profits through intervention in the industrial relations system; (2) with the massive increase in state expenditures (particularly in the 1965-75 period [see column 5]) and despite increasing contradictions between the state's accumulation and legitimation functions, an acceleration of the tendency to transfer expenditure benefits to capital and revenue burdens to labor; (3) the possibility of achieving the first two goals has required the maintenance and further refinement of tripartite (capital-labor-state) formats of representation and organisational technologies which increasingly have resulted in the formation of a newly emergent network of interlocking party, state, and industrial relations apparatuses.

The hesitancy of the present recovery and the instability of this institutional framework as evidence by the collapse of incomes policies and the refusal of the working class to preside over its own demobilisation, has necessitated the reformulation of workable strategies for engaging in class struggle and frameworks of analysis for understanding its historical dimensions. In regard to these problems and developments **The Second Slump** has very little to say. While constituting an important contribution to our understanding of capitalism in the 1970s, the task of analysing the changing nature of class struggle after the long boom has yet to be undertaken.

— *Nixon Apple.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
U.S.A.	4.8/7.0	15.9/56.1	2.6/2.3	3.4/6.1	25/28/36	65	4.3	17.9/16.9
Canada	5.0/7.2	19.5/65.4	4.0/3.0	3.7/8.7	26/29/41	94	4.0	21.6/23.2
Japan	1.0/1.9	40.5/103.6	8.8/4.2	6.4/13.2	15/20/26			34.4/31.0
Belgium	3.2/7.8	22.9/74.8	7.4/7.7	4.7/8.5	24/30/42	146	11.6	21.6/21.6
Denmark	3.5/6.2	43.6/88.7	7.0/6.2	5.1/8.1	23/30/48	—53		21.9/21.7
France	2.0/	21.5/83.2	5.7/5.0	4.9/9.9	32/36/43		4.8	24.3/23.4
Germany	1.0/4.1	18.9/46.3	5.5/5.7	4.6/6.0	30/35/46	118	7.5	24.8/21.1
Italy	3.3/4.9	30.2/136.6	6.3/4.9	8.1/16.4	28/34/38	82	9.0	20.3/21.0
Holland	1.1/5.0	31.7/75.6	7.4/6.4	5.8/8.5		250	4.7	25.1/21.0
Sweden	1.7/1.9	30.0/80.1	6.0/3.3	5.3/11.7	26/35/51	138		22.4/21.0
U.K.	2.1/4.7	26.6/149.0	3.4/2.2	7.4/15.8	33/35/46	426		19.1/19.3

(1) Average annual rate of unemployment (per cent) 1961-1970/1974-1978 (3rd qtr)

(2) Aggregate increase in the consumer price index 1961-1968 (base year = 1963)/1970-1977 (base year = 1970)

(3) Annual per cent change in manufacturing productivity (output per hour) 1960-1977/1970-1977

(4) Annual per cent change in manufacturing unit labor costs 1960-1977/1970-77

(5) The share of state expenditures in G.D.P. (%) at current market prices 1955/1965/1975, where state expenditures include all current expenditures (health, education, defence, subsidies, etc) plus the state's contributiontp gross fixed capital formation. Excludes outlays by public corproations

(6) Percentage increase in working days lost through industrial stoppages per 1,000 employees (annual averages 1968-72) as compared to annual averages 1963/67

(7) Estimated decline in the rate of capacity utilisation in industry (1975-78 average rate) compared to 1967-74 average rate

(8) Average annual rate of gross fixed capital formation (%) G.D.P. 1967-73/1975-77

Sources: Columns 1, 2, 5, 6, 7 and 8 have been calcualted from data obtained in selected issues of O.E.C.D. National Accounts, United Nations Yearbook of National Accounts, O.E.C.D. Main Economic Indicators, U.N. Monthly Bulletin of Statistics. Figures in columns 3 and 4 were obtained from Monthly Labour Review, Nov. 1978.