

## **Review of Noreena Hertz's book, The Silent Takeover**

***The Silent Takeover— Global Capitalism and the Death of Democracy,* Noreena Hertz, 2001, published by William Heinemann, London; Paperback, 242 pp; £12-99; ISBN 0-434-00933-4**

This is a disturbing book. I read it during our annual family holiday in Massachusetts and on the flight back from Boston two weeks before 11<sup>th</sup> September. After that shocking event and its consequences, it seems even more relevant.

I feel uneasy in USA, the richest and most extreme manifestation of capitalism, in many ways so benign and inspiring and yet full of excesses and contradictions. This book made me even more uncomfortable and, at times, angry. It was the perfect book to read in USA, the home of an unswerving belief in free market capitalism coupled with liberal democracy.

Here, I must say I also found it very readable. I did not want to put it down. Like many good books, it uses story telling.

It is highly relevant to consultants, internal or external, who believe they need an informed and realistic understanding of how global capitalism works, if they are to contribute strategically. This is what the book offers.

The book is full of information. That is its power. Much of it I was familiar with; but it added to what I know and gave me many fresh insights. Some is not at all palatable, indeed shocking at times. It does not help us or anyone to put our heads in the sand and convince ourselves that everything is fine or, in any case, there is nothing much we can do. The subject is extremely complex and therefore particularly demands intellectual integrity and balance. This is what Noreena brings to her book. She had a small research team working for her and this is evident — apparently young research graduates and MBA students were queuing up to help her, so important did they see the subject. It is wide ranging, comprehensive and rigorous. It is neither pro- nor anti- business and tells the story “like it is”. It gives the good news and the bad. It is partly a story of corporate greed, power lust, highly unethical actions, double talk and perversion of democracy. But equally, there is also a lot of information about ethical and highly responsible corporate and individual initiatives. Much of this was new to me. But, she argues, without proper leadership from democratic governments and world institutions, these initiatives can only be at the margin.

The book puts the subject into a historical — we have been here before — and truly international context. It is an honest assessment of how global capitalism is working and not working and demonstrates that the picture is very mixed. It is not a crusading book and it does not demonise. But it warns of the dangers, informs and will create greater awareness and concern. There is no naïve prescription as to what is to be done. This respects the reality, that change emerges and evolves out of many diverse actions and initiatives. But it focuses clearly on where, she believes, action is most needed, ie in reclaiming the role of the democratic state and democratising world institutions.

The strength of the book is the information it gives. Reliable, honest and balanced information increases awareness, change attitudes and is likely to help people decide to take different action that may lead to both successful businesses and a sustainable society. The book also highlights the big issues with clarity.

An interesting feature of the book is that it has no contents page and no index; chapters have racy, fun titles. At first I thought this was a defect. Then I appreciated it: the subject is complex, confusing and benefits from a non-linear approach. It respects your capacity to make your own sense of it. What matters is how the book affects you. This rigorous book has its origins in feeling; that was why it got written — a major and perhaps daunting undertaking.

What is it about? I am reluctant to summarise a book dealing with such a complex and many sided subject. Each reader will take different things from it and form their own interpretation.

The key message is that the system is failing. Despite the ideological consensus and supposed triumph of capitalism, cracks are very evident. Global capitalism is undermining democracy and not serving the vast majority of ordinary people in the world some 80-90% of whom, unlike us, are very poor.

As we know, corporations (including the media and publishing) have become larger and more powerful than national economies and governments. They have the power and money to influence politicians. They dominate global institutions such as the World Bank and IMF. Governments line up in beauty parades to attract and keep capital and jobs. They dare not adopt policies that displease sensitive capital markets or Trans National Corporations. Companies move production to countries where costs are lowest and there are the least restrictions. Developing nations are unable to protect their fragile economies and imposed restructuring and privatisation has led to a huge deterioration in education and health provision. The World Bank opposes any restrictions on trade, no matter if the grounds are concerns about health, sustainability or ethics.

Global capitalism certainly delivers wealth. But the enormous cost is emerging: the gap between the very rich elite and the poor majority is becoming more and more extreme; it is undermining local economies, polluting the planet; and the trickle down theory is not working.

Because of the impotence of governments, more and more people see them as irrelevant and are not turning out to vote. Instead people are using their power as consumers or share holders, joining NGOs and taking to protest, peaceful or violent. This works. Many enlightened business people see the dangers and are taking initiatives and trying to fill the gaps left by government. But all of this, however well intentioned, is not democracy at work. It is being done by prosperous people and organisations that are unrepresentative and unaccountable. The vast majority, are not properly “included” in decisions taken by both national and global institutions. Decisions are influenced by powerful and wealthy corporations, wealthy individuals, middle class consumers and shareholders and activists. Though preferable to totalitarian regimes and dictatorships, this is **not** liberal democracy. It is free market liberal economics. National and global

institutions have an essential role to play in regulating the free market and corporate power on behalf of citizens — that is if we are to have a sustainable global society. They must be representative, accountable and truly democratic and they are not.

As I read this book, I experienced a roller coaster of emotions: first anger; followed by relief in learning of the many good initiatives I did not know about, particularly in USA; a satisfying sense of realism, understanding and greater clarity about the issues and dangers; hope and, finally, resolve to prioritise and do my best to influence and act constructively where I can. The book leaves me better informed, less naïve, more realistic, still shocked, reflective and moved.

I recommend this book to any consultant wishing to fulfil a strategic role, who believes their clients deserve the integrity and perspective that comes from someone who is well informed about global issues, as they affect the whole world.

Bruce Nixon, consultant and author, Berkhamsted, England.

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