

BOOK REVIEWS

Arno Tausch, Almas Heshmati and Hichem Karoui:

The political algebra of global value change

Nova Publisher, New York, 2015, 532 p.

ISBN: 978-1-62948-899-8

Analysing the change in global values and its implications for our political and economic system has a relatively rich history, which spans back to the 1980s, when the first World Values Survey was conducted. With the help of these data sets it is possible to obtain some bearing on which way the preferences of the world's population are heading, and get information on phenomena such as attitudes on competition and free markets, social expenditures or bribery. This is particularly useful when we wish to analyse changes in consumption, religion or attitudes towards minorities of a given country or a region. The goal of this book is to analyse the World Values Survey and define the determinants of values which characterise certain cultures and/or civilizations. By doing so the book aims at adding to the scientific discourse in three areas: values as determinants of economic growth; how values characterize certain cultures, and last whether the relative decline of the power of the Global North can be correlated with changes in its own values. The authors adopt Promax Factor Analysis to investigate the relationships within the dataset of the World Values Survey and to underline their points.

The first chapter of the book investigates the development of global value research. It introduces the concept of a relationship between the loss in religious values and a rise in the shadow economy. The authors argue, based on Robert Barro's research, that religion affects economic outcomes by fostering religious beliefs which may influence individual characteristics such as thrift, work ethic and honesty. This is an interesting concept which may answer why the Global North is in decline. However we should remark at this point that according to for

instance Paul Kennedy, the decline of empires had nothing to do with religion. Catholic Spain in the 16th and 17th century for instance was deeply religious and its decline had more to do with imperial overstretch, complacency and the sudden acquisition of wealth. By acquiring new riches from South America the population of Spain was not pushed to perform and work, simply put, they were not hungry enough to progress. It is no surprise that World War 2 was a major incubator for innovation, as people were pushed to the limit as at no time in history before. The question therefore is: what is pushing the Global North to perform at its peak of capacity? The authors also introduce the works of the 14th century Arab sociologist and historian Ibn Khaldun. According to Ibn Khaldun, changes within the society can be attributed to the changes in values (similar to Paul Kennedy, however the main variable is not necessarily religion as mentioned by Robert Barro). It can be assessed within the span of four generations: the first generation retains desert qualities, desert toughness and savagery. The second generation during a life of comparative ease and authority get used to a life of luxury and plenty, and the population gets used to obedience. The third generation has mainly forgotten the life of desert life and toughness as if it had never existed, and luxury reaches its peak. Group feeling disappears completely. If someone attacks them, the third generation cannot defend itself, thus by the fourth generation it will be destroyed. If we are assessing countries of the Global North we can see, that for instance recruitment for the armies is at an all-time low, less people are willing to put their lives at risk of danger for a country which no longer honours them. In the remainder of the chapter the authors provide a detailed analysis of the standard economic growth theories and attempt to quantify how the loss of religious values has led to the rise of the shadow economy. The authors quantify the propensity for having a shadow economy by assessing how people respond to the idea of not paying on the public transport system. Interestingly enough in secular countries the avoidance for paying fares is far higher than in religious countries, making it more likely to have a proportionally larger shadow economy, which in turn may lead to lower rates of economic growth.

Chapters 3, 4 and 5 contain a wealth of interesting and thought provoking ideas. It is in Chapter 3 where the authors start building on the analysis of the shadow economy (which they began in Chapter 1) and try to quantify its effects on the economy. Measuring the size of the shadow economy poses a number of challenges, however the authors introduce several methods with which we can judge the size of it. For instance, the authors find a negative relationship between the shadow economy and the level of development, democracy and press freedom. Factors which may increase the size of the shadow economy include: increased tax burden, rising state regulatory activities, low tax morale, lower institutional quality and trust in the surroundings. Chapter 4 contains the

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basis for understanding global values research. It introduces the works of Geert Hofstede, Shalom Schwartz, Eldad Davidov and Ronald Inglehart. The above mentioned authors provide to some extent different viewpoints for the measurement of national values. For Hofstede (p. 141) the variables are power distance; individualism vs. collectivism; masculinity vs. femininity; uncertainty avoidance index; long-term orientation and indulgence vs. restraint. Just as an example the uncertainty avoidance index deals with a society's tolerance for uncertainty and ambiguity, and it assesses to what extent the individuals within the society can deal with a novel situation. The results show that the index is highest in Roman Catholic and Orthodox cultures and lowest in Protestant cultures and Southeast Asia. For Schwartz and Davidov (p. 156), there are seven dimensions for the comparative analysis of global values: embeddedness, hierarchy, mastery, affective autonomy, intellectual autonomy, egalitarianism and harmony. According to the authors, Muslim societies rank very high on values of embeddedness which can be characterised by traits such as social order, the respect for tradition, obedience, politeness, national security, devoutness, honouring of elders etc. Inglehart (p. 169) characterises values as traditional values and self-expression values. When survival is uncertain, cultural diversity may seem threatening and people will stick to traditional gender roles or emphasize familiar norms to maximize predictability in an uncertain world. However, when survival is taken for granted, diversity is not only tolerated, but positively valued since it is something new and interesting in an otherwise materialistic and similar world. The analysis of the data in the chapter shows that not surprisingly Australia, New Zealand and the US are the most self-expression oriented countries, whereas the most survival oriented are the ones where the Orthodox Christian heritage is strongest such as Belarus, Russia or the Ukraine. In Chapter 5 the authors provide the results of the re-analysis of the World Values Survey based on their own dimension of factors which complements the analysis of the authors mentioned in the previous chapter. On page 229 the authors make one of their most thought provoking and controversial statements when they say "*with great caution that there is a certain trend towards racism and traditional religion in too many places in the global Muslim community (Umma), and a lack of the values of tolerance and respect in too many places in the global Muslim community (Umma), all compared to the global community of humankind.*" Another very interesting result of Chapter 5 is the low values of Russia in the avoidance of authoritarian character (p. 263), which may explain to some extent the lack of regime change and worsening democratic conditions within Russia.

The remainder of the book (Chapters 6–12) addresses important issues such as feminism in the Muslim world and find that it is not really the religion which influences how women live, but the region they live in. Another issue which

the authors discuss is Arabic opinion of issues such as separation of religious practices from political and social life or separation of religion from politics, and whether these factors are requirements of a democratic country. These chapters however not only provide the result of econometric analysis, but also endeavour to combine the results of the calculations with classic texts which shaped the living and the livelihood of people in modern history. Such an example can be seen for instance on page 339 when the authors conduct a Promax Factor Analysis of the Ten Commandments.

The book of Arno Tausch, Almas Heshmati and Hichem Karoui is not only recommended for those who wish to read an update on how global values have changed in the last couple of years, but also for those who want to take a broader perspective and understand some of the philosophical underpinnings of value change. It is a really interesting and thought provoking addition to the literature and helps us understand, with quantifiable variables, how values in certain regions have changed in the last couple of years and what implications these might carry.

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Martin H. Wolfson and Gerald A. Epstein (eds.) *The Handbook of the Political Economy of Financial Crises*

Oxford University Press, New York and Oxford, 2013, 770 p.

ISBN: 978-0-19024-093-6

The Handbook of the Political Economy of Financial Crises – published by Oxford University Press – is one of the many recent efforts to better understand the dynamics, causes and implications of the Great Recession. The contributors come from a wide range of ideological backgrounds and offer their insight on topics ranging from productive incoherence (Ilene Grabel) to world money (Costas Lapavistas). In addition to an overview of the theoretical and empirical contributions to the field, the handbook outlines four policy solutions to address the potentially disastrous effects of financial crises: a) capital controls, b) macroeconomic management to discourage excessive capital inflows, c) regional cooperation in the periphery to ameliorate the effects of shocks that emerge from the major financial centre and d) global initiatives, notably world money, to reduce the ability of the centre to wreak havoc on the rest of the system.

Society and Economy 37 (2015)

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