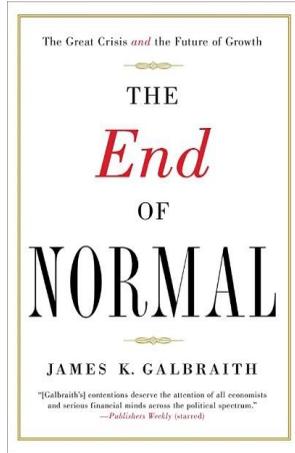


## BOOK REVIEW-1

Bülent EŞİYOK\*



### **The End of Normal: The Great Crisis and the Future of Growth**

**Author:** James K. GALBRAITH

Published 2014 by Simon & Schuster,

291 Pages.

**ISBN:** 9781451644937

In this book, the author suggests that it is time that we reconsider economic principles or the way we understand them as they were not helpful to either foresee the world financial crisis or predict subsequent low employment and economic growth. Economic principles that predicted a return to a sustained growth after a shock were perceived to be "normal". In first section, the author challenges our understanding of economic growth dynamics all along, starting from post-war era to the time of financial crisis of 2008. For instance, the author contends that a simple two-factor Solow growth model inclusive of capital and labour ignores the contribution of, among others, cheap oil and stable wages to the post-war era growth while overstating the role of technology, Solow-residual. Growth was important because it was the solution for poverty and unemployment. The author argues that although oil-shocks and resource costs pressures in 1970s proved to be inimical to economic growth, arms sale to resource rich countries and oil purchase in return of Treasury bills created a delusion that economic growth could be sustained in the years to come, thanks to increasing personal, household and corporate borrowing.

In the second section, four factors-named as "the four horsemen of the end of growth"- are cited that would challenge what was perceived to be normal. The first factor is the rising resource costs relative to the prices of goods and services; the second is the ineffective military power; the third is the labour-saving opportunities in production brought by the digital revolution; the fourth is non-adherence to law and ethics in the finance sector.

---

\* Assoc. Prof., Istanbul Gelisim University, Faculty of Economics, Administrative and Social Sciences, Department of Economics and Finance, Istanbul, TÜRKİYE. E-mail: [besiyok@gelisim.edu.tr](mailto:besiyok@gelisim.edu.tr) ORCID <https://orcid.org/0000-0001-7469-5309>

Given that we are unlikely to jump on to a high economic growth path as in the post-period due to the reasons aforementioned above, the author starts a debate in the third section as to what can be done in a world characterised by a slow-growth. Due to high fixed costs stemming from extensive energy use in keeping the army operational, the author suggests a provocative measure to shed air force branch of army except troop and cargo transport; after all, maintaining a large military power proved to be useless in securing oil supply. Some other measures concern tax, wage, credit and social insurance domains to create a slow growth system. Such a system should create –the author argues- “a qualitatively different form of capitalism: based on more decentralised economic units with relatively low fixed costs, relatively high use of labour compared with machinery resources, relatively low expected rates of return, but mutually supported by a framework of labour standards and social protection.” The last line of the book calls attention to the question of climate change. Creating and sustaining a slow-growth system requires concerted efforts not only at national but also international level; therefore, it remains to be seen whether such a system can be built in near future.