

BOOK REVIEW:

Caldararo, N.L.: *The Anthropology of the Credit Crisis. Magical Thinking, Irrationality and the Role of Inequality.* More to Come Publishing, 2013.

RATHER TOO GREEDY TO SURVIVE THAN TOO BIG TO FAIL AND TOO DANGEROUS TO EXIST?

The author of this rare since truthful and very well referenced book is an anthropologist who applies his reflective and inter-disciplinarian knowledge and skills to analyze the complex society of Western Civilization, particularly its financial dimension and ability to trigger social crises. His primary hypothesis is that the current Great Recession which is the result of the Financial Crisis of 2008 cannot recuperate despite the messaging of many politicians and economists.

Therefore many intellectuals try to analyze the current situation from other points of view than the financial one. Professor Niccolo Leo Caldararo from San Francisco State University argues that complex societies, just 10 000 years old behave similarly to primitive societies, which knew how to save and distribute surpluses of important for living resources. This ability penetrates religions and political systems of complex societies and is the trigger of financial booms, busts and economic hardship trough centuries and millennia.

Farthermore, the Author claims that the ability to save and transfer wealth (under different forms) is at the core of the successful society. This achievement, the production of surpluses, was the great invention of the Neolithic period some 10 000 years ago. Remembering that the birth of civilization took place about 6 000 years ago, the growing application of irrigation systems in domesticated society created good business and a surplus of wealth. This new wealth had to be protected; therefore religion was engaged as well as administration, military, cities and so forth. Eventually these entities organized themselves under a form of a civilization.

This game between saving and distributing wealth led to the development of credit and a banking system. As a result it led to a conflict between labor and capital. The Soviets supposedly took care of labor and Nazist Germany took care of capital. The result of these cares is widely known and the author spares time not to explain to the reader about the outcomes of those experiments. Fortunately. The author thinks that we learned nothing, since we should elaborate the optimal system based on the solutions developed in Japan, Sweden, India, and China after World War II. Apparently the author knows what he is saying since he defined this system in his 2004 (2013 second edition) book on *The Anthropology of Complex Economic Systems: Inequality, Stability, and Cycles of Crisis*.

After a very profound discussion and review of literature, the author says that presidents Bush jr. and Obama's rescuing of banks at the dawn of the 21st century was limited to rescuing "aristocracy" instead of taking care of employment and innovations. The result of this policy is the fact that banks are not too big to fail but to survive. Eventually they may disappear even in the 21st century, since they are a liability for the future. Their utility function (commercial transactions) can be taken over by the Internet and its digital coins of many sorts, (examples include the Bitcoin system of digital currency).

Returning to the author's anthropological analysis, he reminds us that hoarding food or caching materials for future use is not a unique trait in humans; it is shared by many animals. Some anthropologists emphasize the display of wealth over desire to hoard (possess in secret). In such a way humanity defines its social status. The big bankers' behavior in focusing on big bonuses exemplifies their plan to save resources for the future. Even in such a scale that will never be consumed. But what is wrong that those huge bonuses are provided even if business goals are not accomplished. This kind of behavior is possible because the contemporary bankers are not limited anymore to a utility-oriented function but they became brokers who take care of the distributions of wealth for customers. On the way they collect portions of that wealth, which leads to diminishments of wealth in the hands of society and its ability to save wealth for future consumption. Therefore it leads to permanent financial catastrophes.

The author argues that the best textbook on the theory of economy was written by Melville Herskovits in 1940 (revised in 1952) - *Economic Life of Primitive Peoples*. He argues that this book applies the uniformitarian approach in analyzing primitive humans' ability and creativeness in production and exchange of goods. Only one thing has changed in modern society, namely that we spend more money to incarcerate people in prisons than to educate our young generation (the so-called "school to prison pipeline"). Needless to say, that those prisoners are often victims of their own inability to produce and/or distribute wealth or taking an honest part in these processes. In many ways, the prisoner has become the product, and our society builds a physical and professional infrastructure to service this product.

The applied anthropological approach to modern banking explains why the regulators and CEOs of financial institutions have no contacts with customers and act in an almost abstract space of wealth. They do this because their ancestors in the Age of Hunters did the trade with tribesmen in the same manner. To avoid problems the hunters were leaving killed animals in selected empty places and collected payments in goods in the same places without any face-to-face contacts. In other words, modern men behave like primitive men. The former's invention is only gambling with saved funds and with the help of insurers and governments which can eventually cover the losses.

The author is sorry that education is effected by financial deregulations since the state-supported colleges and universities steadily become private institutions (due to the diminishing income from taxes) which look for wealthy sponsors who provide funds but are restricted by their ideology that the sky is the limit and the common good is too expensive. This new situation in Western Civilization leads to its decline and backwardness in globalizing the world.

In the end, the author criticizes the current prescriptions on how to improve Capitalism as the unique and only political system for the world. Among them he recognizes; 1) “do nothing” and government is the problem and 2) regulate the market and financial institutions. In these approaches there is nothing about the roots of the current crisis, which is not a classic one but take place in the classic cycle. The author likes Japanese communitarism which has some roots in the Shinto-religion of nature as a common good.

The book defines as the main problem of modern society the increasing inequality and the growth of wealth of the top 1 %. Therefore one must reintroduce the wealth tax; like that which was in practice during the presidency of D. Eisenhower and is in use in France, Switzerland, Lichtenstein, Scandinavia and other well to do countries. This kind of taxation is not income tax and its purpose is to stop intergenerational wealth concentration (case of W. Buffett and others).

In conclusion, the Author says that he proved that the market is not as chaotic as it is portrayed in financial textbooks, but rather it is driven by Capitalism’s strongest trait, which is an extension of Darwinian natural selection where there must be winners and losers. Needless to say that uncontrolled by the opposite Hegelian force, Capitalism will negatively impact civilizational achievements, eventually leading to a return to the primate society once found in the Stone Age.

Are we ready to listen to such a message, which is very truthful but inconvenient?

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