



Review of *The City: London and the Global Power of Finance*

Tony Norfield. *The City: London and the Global Power of Finance*. 2017. London: Verso. 288 pages, ISBN 978-1-7847-8502-4 Paper (\$16.95).

Any review of Tony Norfield's *The City* will likely mention that Norfield worked in the financial sector for two decades before embarking on doctoral studies at the School of Oriental and African Studies (SOAS), University of London, under the supervision of Marxist economist Ben Fine. This unusual combination results in an extraordinary book.

Norfield appears to be on a mission, and the mission is two-fold. Firstly, he wants to convince the reader that London is at the center of the global economy, and therefore also at the center of international politics. The City of London is not a secondary financial center after New York's Wall Street, but stands on par with the latter and in some ways even eclipses it. Secondly, Norfield needs the reader to know that finance is at the center of the capitalist economy, not an outgrowth or appendage of it. Where there is capitalism, there is finance. Finance is a necessary feature of any form of capitalism, and we should therefore not be surprised about its power, but rather try to understand how it ties the world together.

Perhaps Norfield has a third, more latent mission as well: to show how the global financial system, centered in London and New York, is parasitical – not on the global economy, as it is an integral part of it – but rather on our lives in a much more general sense. Norfield barely articulates this final mission, but it is lingering between the lines of the book. For example, one of the chapter titles mentions “parasitism”, but since he does not imply the capitalist economy is a victim of this parasite, he must be referring to something else here. Only on the very last page of the final chapter



Articles in vol. 21(2) and later of this journal are licensed under a Creative Commons Attribution 4.0 United States License.



This journal is published by the [University Library System, University of Pittsburgh](#) as part of its [D-Scribe Digital Publishing Program](#) and is cosponsored by the [University of Pittsburgh Press](#).

does Norfield drive the point home. He argues that Marx's metaphor of capital being like a vampire should be extended:

It is no longer simply about the exploitation and distortion of the productive abilities of humanity, but how capitalist economic and social relations have taken on a financial form—a form not just confined to financial companies but one that also involves industrial and commercial corporations, in particular those from the leading powers. These corporations and their states dominate other countries (228).

In some sense, one can read the entire book as building up to this point, but once Norfield has arrived at it, the book abruptly ends. Perhaps Norfield thought all this was so obvious that it did not need to be discussed at length, but I found myself a bit disappointed that this core argument appears in the final two paragraphs of the book. It is almost as if Norfield did not want to 'bore' his readers with his Marxist take on twenty-first capitalism.

Don't get me wrong: *The City* is an analytically sharp, and at times superb, investigation of finance in general, and the power of finance in international affairs in particular. But my sense was that Norfield, after dissecting the system with a range of instruments that he masters better than most, shows the evidence and says, 'You see?' Publications like *The Economist*, *The Financial Times* and other business and financial periodicals love *The City*, and one reason for this is that while it is hard to disagree with Norfield's claim about finance's centrality, it is much easier to ignore his ultimate conclusion: the system is rigged, rotten to its bones. Improvements can really only be marginal because it remains a system designed to exploit and dominate. This is not my opinion—it is the logical conclusion to Norfield's analysis. Admittedly, with this book Norfield is able to reach an audience normally not interested in Marxist analysis. It may have been a wise decision not to frontload the book with Marxist theorizing, but the analysis presented here would have benefitted from *some* theorizing, Marxist or otherwise, in the concluding chapter.

It is easy to accept Norfield's argument that it really could not have been any other way—that finance is, and must be, at the core of the capitalist economy. Is this necessarily the case, however? Yes, finance is central to the capitalist economy, but at the same time both finance and the capitalist economy are in constant flux. So no, it could have been many other ways. In fact, it has been many other ways in the past, and it will be many other ways in the future. Although I agree with Norfield that finance is an integral part of the capitalist economy – it would be hard to argue otherwise – that is not the same as saying that finance has always had the exact same role and size within the capitalist economy. What Norfield's data demonstrate, and what numerous other books and papers have demonstrated, is that something has changed profoundly.

Finance now appears to be more dominant within the capitalist economy than it was a few decades ago. In the work of Giovanni Arrighi (1994), the rise of finance is an indication of the beginning of the end of a hegemonic cycle. For Arrighi, the rise of finance is a recurring phenomenon. Others argue that finance has never been as dominant as it is today. These are not necessarily incompatible claims: Without denying Arrighi's long-term cycles, it could be argued that the role of finance has never been as pronounced as it has in the last forty or fifty years. Indeed, Norfield shows as much. He writes, "Another aim of the book is to explain why it is wrong to counter-pose finance to a more favoured, productive version of capitalism" (xiii), before going on to show that finance is now more dominant than ever before.

My problem with Norfield's argument is that it appears naturalistic, fatalistic almost: it cannot be any other way, and therefore change within the system is impossible. To Norfield, financial and industrial interests are necessarily aligned, whereas I would have preferred a more nuanced understanding that leaves room for alternative constellations; one that acknowledges that there are different fractions of capital, and that the interests of finance are not always necessarily the interests of industry. Whereas Norfield appears to accuse others of black-boxing (not his term) finance by not understanding its workings and central role in the capitalist economy, it could be argued that Norfield is black-boxing the rest of the economy; by putting everything else in one box and labelling it 'industry,' he ignores the range of activities and actors that are reduced to a single entity whose interests are aligned with those of finance.

Again, I agree with Norfield that, "without finance, modern capitalism is dead" (4). However, it does not follow that finance has always had the same sway over economies and societies. Norfield briefly argues against the notion of 'financialization' and then continues to demonstrate how 1) a range of corporations conduct financial operations; 2) the power of the City and Wall Street over the global economy has increased; and, 3) financial markets in general, and those for derivatives in particular, have grown over the past decades. These are exactly three of the central claims of the financialization literature (for an overview, see Aalbers 2017), although Norfield maintains that "This book is not a study of what some academics have called 'financialisation'" (20). Yet, in the passage from the conclusion that I quoted earlier, he speaks of "how capitalist economic and social relations have taken on a financial form," again reminiscent of the financialization literature and indicative of shifts towards a greater dominance of finance, as contrasted with his 'capitalist business as usual' argument advanced elsewhere in the book. Norfield also argues that money creation by banks through debt, resulting in a 'stretching' of the supply of money, is a temporary feature. Whereas others have argued this results in excess liquidity or endless money creation, Norfield suggests that eventually the 'elastics' of money creation by banks contract and leverage escapes the system again. Alternatively, one could argue that in the

contemporary economy, the stretching, the leverage as a result of private money creation, is now a structural feature of the system, and that the elastics have become so worn that they barely contract anymore.

More generally speaking, Norfield writes off a whole range of literatures and individual scholars. Peter Gowan, Eric Helleiner, Leo Panitch, Sam Gindin, David Harvey—all wrong! Norfield has a tendency to reduce the contributions of others while magnifying their shortcomings. My problem is not who or what he critiques, but how easily he dismisses their insights. At one point, I wondered if Norfield directly copied the ‘Competing Books’ section of his book proposal into the introductory chapter.

One final quibble I have with Norfield is the focus on London. Norfield has written a book about the global capitalist system and the central role of the London *and* New York financial industries in this system. He appears to believe that his readers need to be convinced about the fact that London is not some secondary center to the primary center of New York. Perhaps some readers need convincing, but I would like to think most of them will be well aware of the ‘twinopoly’ or ‘NY-LON’; London and New York are the dominant poles in a world city network, more dependent on, than competitive with, each other (Sassen 1991; see also Beaverstock et al. 2000; Wójcik 2013). Why didn’t Norfield frame this as a book about the twin centers of global capitalism?

References

- Aalbers, Manuel B. (2017) “Corporate financialization.” In *The International Encyclopedia of Geography: People, the Earth, Environment, and Technology*, D. Richardson, N. Castree, M.F. Goodchild, A.L. Kobayashi and R. Marston, eds. Oxford: Wiley. DOI:10.1002/9781118786352.wbieg0598.
- Arrighi, Giovanni. (1994) *The Long Twentieth Century: Money, Power, and the Origins of Our Times*. London: Verso.
- Beaverstock, Jonathan V., Richard G. Smith, and Peter J Taylor. (2000) “World city network: A new metageography?” *Annals of the Association of American Geographers* 90(1): 123-134.
- Sassen, Saskia. (1991) *The Global City: New York, London, Tokyo*. Princeton, NJ: Princeton University Press.
- Wójcik, Dariusz. (2013) “The dark side of NY-LON: Financial centres and the global financial crisis.” *Urban Studies* 50(13): 2736-2752.

Manuel B. Aalbers

Division of Geography and Tourism

KU Leuven, the University of Leuven

manuel.aalbers@kuleuven.be

<http://kuleuven.academia.edu/ManuelAalbers>