

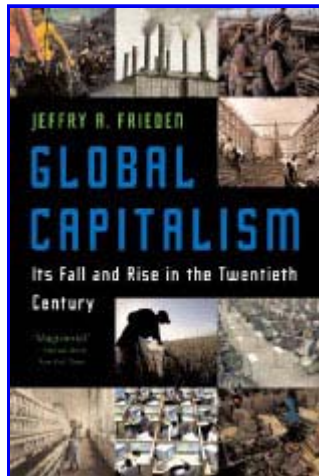
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[Book review: Global Capitalism, Its Fall and Rise in the Twentieth Century](#)

August 4, 2007



I haven't so far happened upon a satisfactory book review available online, for free, of [Jeffrey A Frieden's](#) no longer so recent book [Global Capitalism, Its Fall and Rise in the Twentieth Century](#). This a humble attempt to redress this untenable situation.

Published in 2006, it was made available in paperback this spring (and therefore affordable to me). Extensive summer holidays near a swimming pool are a good way of finally finishing a book that requires time and dedication to read. Running the risk of being called an incorrigible nerd by friends and family, I postponed reading a few lighter novels in content and weight for the sake of this bulky 500-page volume. Yet the read is worth many a novel. As long as you are not the one affected by concentration

camps or forced labour in African colonies, you can argue from the rim of a Southern French swimming pool in the burning sun that 20th century History is worth all thrillers, crime novels, horror and other cop and spy stories put together. I learned there, for example, about Adolf Hitler's effective method of fighting inflation:

"[T]he first cause of the stability of our currency is the concentration camp". (...) "inflation is lack of discipline... I'll see to it that prices remain stable. That's what my storm troopers are for. Woe to those who raise prices. We don't need legislation to deal with them. We'll do that with the party alone. You'll see: once our storm troopers visit a shop to set things right – nothing similar will happen a second time." (Quoted p.204).

But let's be serious. First of all, the book's **style** is brilliant. No technical jargon when it comes to explaining complex economic phenomena or even theories that have made significant historical impact to a readership that is not presumed to be economically educated. The author also displays an incredible capacity of summarizing highly complex political situations in simple yet powerful words. How to write on the Gold Standard and its opponents; on Keynes vs. the tenants of gold standard orthodoxy in the 1920s; on Schacht and Soviet planning; on the horrors of the colonial world such as Leopold's Congo as opposed to the impressive economic catch-up of poor countries such as South Korea or, now, China; on the battle between "neo-liberal" tenants of the "Washington Consensus" and protesters at the Seattle WTO meeting; on the emergence and rise of the multinational company as driver of globalisation; on the development of the welfare state and of social democracy and the current crisis... Yes how to write on all this, and keep calm? This Frieden manages to do. The book is serene and balanced. That is what one expects from a prominent Harvard scholar, however, it remains a striking achievement.

Frieden's work as historian – the rigour of the research, the selection of facts and the analysis offered – is also top-notch. The result is a harmonious book divided into four equally covered periods:

- 1) "Last Best Years of the Golden Age, 1896-1914"
- 2) "Things Fall Apart. 1914-1939"
- 3) "Together Again, 1939-1973"
- 4) "Globalization, 1973-2000"

Each period receives its due account of political events and economic developments, across the regions, in countries, as well as a depiction and analysis of global trends (technological, organisational, financial, trade-related, ideological). What I particularly appreciated was his choice of

representative historical figures who can be considered to stand for that particular epoch. For the pre-1914 era, he chose to write a compelling portrait of Nathan Meyer Rothschild. The Interwar period gives ample space to John Maynard Keynes, his life, ideas and political battles. The Postwar period gives room to three typical characters: Dean Acheson, Jean Monnet and Jawaharlal Nehru. Frieden dedicates a sub-chapter to George Soros, the powerful international financier and political activist, as representative of today's global age. What makes history? Structural phenomena, such as economics or demographics? Events? Individuals? Frieden definitely gives their due place to all the forces that shape history. The result is dense, but solid, and, thanks to his analytical rigour, gives an impression of almost perfect roundness.

An educated reader will not necessarily find many new facts in this book, although a few extra stories, new angles and numbers are always useful. A historian will feel very comfortable in this book. An economist will also feel quite at home, but probably amused or scared by what real life does with economic theory. The novelty is the way Frieden's narrative integrates economics and politics in a manner that seems natural, but that historians, political scientists, or economist are generally not capable of. The outcome is a powerful book that is a very useful tool to forge one's own opinion, independently, on the great debates around globalisation that are raging today.

The book fundamentally says two things:

1) Modern day capitalist globalisation has had a U-shaped fate during the 20th Century. International integration reached a peak before 1914. It was buttressed by a powerful Gold Standard, the monetary order of the time that provided the necessary financial stability for international trade and finance to flourish. It collapsed completely in the interwar period, in a whirlwind of economic closure and a race to war. The post-1945 Bretton Woods order was a compromise between the free operation of the international market and national economic aspirations. This order collapsed with the US' abandoning the "gold-dollar standard" in 1971 and the oil shocks, while new technological innovation and the growth of financial markets led to a new era of genuine triumphant globalisation.

2) Although the displacements globalisation forces upon people are "wrenching" – a word often used by Frieden – periods of globalisation have always produced the better outcomes ranging from spreading prosperity to securing international peace:

"Market internationalism before 1914 was not all good. Domestic and international stability often rested on political systems that

excluded the middle and working classes and on governments that ignored the poor. Only toward the end of the golden age did the working classes gain significant political representation and governments begin to address the concerns of those outside the economic and political elite. Before 1914 the benefits of international economic growth were available only to some of the people some of the time.

But almost everything that came after 1914 was bad, or ended badly, for almost all the people almost all the time. Social conflicts became civil wars, and civil wars gave rise to brutal dictatorships; commercial conflicts became trade wars, and trade wars gave rise to shooting wars. The decades before 1914 should not be idealized, but the horror of the decades after it is hard to exaggerate." P. 128

In the first chapters of this book, one almost expects the book to become a quasi-mythological account of how global capitalism triumphed, collapsed and, finally, for the good of all, won the case at the end of the century. His depiction of the pre-1914 Golden Age is dramatic, triumphalist in tone. Only the disaster that was Leopold's Congo is a dark counterpoint to the glory of what the French call *La Belle Epoque*. But the book finishes on a disquiet tone. Global capitalism is troubled. The Seattle debacle in December 1999 (the book stops its historical account in 2000) shows that the case for globalisation still needs to be won, and it will only be won if the losers of globalisation are dealt with in a satisfactory manner. Before 1914, the wrenching process of globalisation was embodied in European peasants being displaced by the surge of imports of agricultural products from the New World, and by the fact that the rigid gold standard played against workers – by depressing wages and forcing governments to use labour as the adjustment variable during crises. Today, it is about Western, generally unskilled, workers being "displaced" by the workers of the new emerging markets, and by entire regions, namely Africa, being abjectly excluded from the process of globalisation, and therefore from its benefits. Yet fundamentally, Frieden considers the underlying problematic to be the same.

Now, to what I consider to be the book's weaknesses:

1) The title. The book is not about global capitalism (in that I agree with Harold James from Princeton in this [small review](#) published by the IMF), but a history of globalisation and its politics. It is an economic history of the twentieth century. Or, to take Frieden's own words, an account of the tumultuous fate of "market internationalism". Global capitalism, as a possible independent unit, or system, is impossible to get hold of in this book, as it is in reality. Frieden does not even venture into defining what he means by "global capitalism". The title sells well – but to the disappointment of

conspiracy theorist, "there ain't no such thing" as global capitalism. The story is about countries interconnecting their markets, via the development of technological and organisational (the modern multinational corporation) structures, and all the politics around the process.

2) *The last part.* When can one start speaking of History, and when are trends and events still too close to be considered history, and analysed with the adequate distance? This is what I was asking myself while reading Frieden's last chapters. The account of the politics and policy shifts undertaken in the 1970s and 1980s is brilliant (crisis in the 1970s, the monetarist revolution in the 1980s, the debt crisis and shift to "Washington Consensus" policies, etc.) But the rest of the fourth part I found comparatively weak. There is a forceful account of the failure of Africa and other least-developed countries on other continents to jump onto the bandwagon of globalisation, and on the abject failure of the rich nations in doing something about it. This part is an appeal (which speaks for Frieden's concern and humanity, of course), rather than a history and a thoroughly examined explanation of the causes and roots of the problem. At least the problem doesn't seem to be global capitalism itself. Frieden also gives a powerful account of the debate that raged on financial globalisation and its instability after the Asian crisis in 1997-98, with long paragraphs on the vociferous statements made at that time by Malaysia's Prime Minister, Dr Mahatir bin Mohammed. But the final chapters are generally less rigorous in their analysis of facts and are a little bit more opinionated, showing that the adequate distance has not yet been reached. I don't think anybody at this stage really could do much better. But, although the need for a synthesis of the last thirty year is clearly making itself felt, Frieden's analysis is probably only the beginning. More satisfactory accounts are still to come.

3) *The "U-curve"* of the history of globalisation in the 20th century. Although the parallels with the pre-1914 era are stark and striking, and these are useful for analytical purposes, sometimes I have the feeling Frieden forces too much. His book, on the contrary, left me with the impression that we are in a radically new world today. We are in world free of gold, more technologically and institutionally interconnected, more democratic, with welfare states, and post-colonial. Yes, but markets operate much more freely than fifty years ago. So what?, would be a bit of a provocative question. In terms of policy conclusions, drawing from the pre-1914 era is I think impossible.

This book, nevertheless, remains a magisterial tour de force.

A highly recommended book for people striving to form their own - as ideologically neutral as possible - opinion on the process of globalisation. It is a long read, but it is a good read. And it can make up for years of widespread misinformed ignorance. It is worth the financial and intellectual

investment.

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