

Intersections: Early American Commerce and the Rise of the Spanish West Indies (Cuba),” which appeared in the *Business History Review* (Winter 2005). Currently, she is working on a book entitled “*Ironies of Empire: The United States–Cuba Trade in a New Atlantic World, 1762–1868.*”

. . .

Global Capitalism: Its Fall and Rise in the Twentieth Century. By Jeffrey A. Frieden. New York: W. W. Norton, 2006. xvii + 556 pp. Notes, bibliography, index. Cloth \$29.95; paper \$17.95. ISBN: cloth, 978-0-393-05808-6; paper, 0-978-393-32981-0.

Reviewed by Patrick D. Reagan

In this ambitious, sweeping history, Jeffrey A. Frieden of Harvard University’s Department of Government, reverses the usual historical metaphor of rise and fall to narrate the story of the fall and rise of world capitalism during the twentieth century. Frieden adopts the perspective of regional and national economic development over time relative to the larger economic process of globalization.

Implicitly relying on the viewpoint of developmental macroeconomic policy making to historicize a sophisticated version of modernization theory, Frieden draws on years of close reading of secondary sources in economic history, political science, sociology, and reports from non-governmental agencies. He argues that modern world economic history can be divided into major periods: “Last Best Years of the Golden Age, 1896–1914”; “Things Fall Apart, 1914–1939”; “Together Again, 1939–1973”; and “Globalization, 1973–2000.” Examining each period’s financial, trade, and investment policies, Frieden posits a cyclical pattern, whereby the reaction to policy challenges in each period set the stage for the succeeding one. Rather than trying to make sense of modern-day globalization based on the views of proponents, dissenters, and resisters, he suggests that we ought to become more aware of globalization in all its historic guises.

In twenty well-written chapters, Frieden details the policies of each age (thesis), traces the shift from orthodoxy to a new set of policies (anti-thesis), and describes the resulting synthesis in the next stage of world capitalism. Before 1914, policy makers upheld the gold standard, free trade, balanced national budgets, and limited governmental regulation. By 1914, these assumptions had come under attack by social-movement activists among farmers and workers in various countries, who demanded social insurance programs. Mobilization for the Great War and

responses to the Great Depression led to the abandonment of the gold standard; the turn to trade protectionism in the form of autarky (economic nationalism) or fascist authoritarianism; and, in France, the United States, and various Scandinavian countries, the adoption of social democracy, resulting in more economic regulation and the creation of welfare-state programs. The failure of autarky and fascism as economic alternatives resulted in the postwar gold-dollar standard; free trade among the dominant world powers, their former colonies, and the developing nations of the Third World; and greater international investment through the International Monetary Fund and the World Bank. Yet the breakup of the Bretton Woods system led to post-1973 developments: tension between tight national monetary policies and the need for international cooperation; the invention and deployment of new technologies; the rapid movement of investment dollars; competitive pressures arising from issues of comparative advantage; and the economic modernization of Latin America, East Asia, Japan, and China that threatened the economic dominance of Western and northern economies. By the end of the twentieth century, Frieden argues, the delicate compromises of the Bretton Woods system had collapsed, following a pattern much like the one seen emerging before 1914, World War II, and 1973, and that, he implies, will continue well into the twenty-first century.

Frieden describes, in exquisite historical detail, the banking skills of Nathan Rothschild; Belgian King Leopold's devastating policies in the Congo; English economist John Maynard Keynes's iconoclastic policy proposals; the popularity and short-term successes of Nazi policy; the Swedish model of social democracy, which he compares to the American New Deal; the bold, yet costly, industrialization initiatives of Stalin's five-year plans; the efforts of French policy activist Jean Monnet to establish a European economic community; the human tragedies of China's Great Leap Forward and the Great Proletarian Cultural Revolution; the economic and social gains of Fidel Castro's Cuba in the 1960s; the capitalist successes of Brazilian Marxist politician Fernando Cardoso; and the international investment activities of George Soros, now better known for his political and philanthropic activities. In geographic terms, this history covers not only Western Europe and the United States but also the nations of South, Central, and Eastern Europe. Frieden ranges as well across Canada, Mexico, Latin America, and South America; the better-known Asian Tigers and the often forgotten South Asian economies; and the postwar economies of Japan, China, and India, whose activities set the stage for contemporary economic policy issues and controversies. However, he has little to say about Muslim nations' economic developmental failures.

Yet oddly in a work of history, Frieden overlooks entire bodies of literature by business, economic, social, labor, immigrant, ethnic, women's, and policy historians. For example, his discussion of New Deal policies draws mainly on the work of one 1998 doctoral dissertation and a few major economic histories, while failing to mention either the standard histories of the New Deal or the work of leading policy makers, economic and social policies, and regulatory and social welfare agencies. Omission of these sources suggests that his equation of the New Deal with Swedish social democracy is an imprecise overgeneralization at best. Frieden implies that the Bretton Woods system led to a golden age of world capitalism, yet his own recounting of economic development in Korea, China, and some African nations shows that that system had a huge negative human impact on tens of millions of people. Ignoring the work of the last generation of social and labor historians, Frieden deals only with the macroeconomic social impact of policy changes, while emphasizing the benefits wrought by policy advocates and their institutions. Business historians now pay more attention to the cultural settings of firms in their national and historical contexts, yet Frieden does not identify many of the various policy actors, nor does he explain how their institutions were built or financed, how their policies were debated and decided, or how relations among business, government, labor, and nongovernmental bodies played out and changed over time.

Despite these weaknesses, *Global Capitalism* is an important synthesis of what we now know about large changes in the political economy over the course of the twentieth century. Frieden weighs both the benefits and the costs of the economic policies of capitalists, socialists, fascists, and communists over time in different nations across the globe. His conclusions, based on the effects of rapidly changing technologies, fast-moving capital investments, disastrous economic policies in contemporary sub-Saharan Africa, and paying "the China price" for cheap labor and low costs in exchange for unsafe conditions and products, do not bode well for the quality of economic life in the twenty-first century.

Patrick D. Reagan, professor of history at Tennessee Technological University, has written Designing a New America: The Origins of New Deal Planning, 1890–1943 (2000); a multimedia history of the United States between 1890 and 1929 entitled American Journey: World War I and the Jazz Age (2000); History and the Internet: A Guide (2002); and entries on planning in Encyclopedia of the Great Depression, edited by Robert S. McElvaine (2004).

Copyright of Business History Review is the property of President & Fellows of Harvard College and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.