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**Jeffrey A. Frieden, *Global Capitalism: Its Fall and Rise in the Twentieth Century*, W.W. Norton and Company, New York, 2006.**

## 1. Introduction

For a brief moment in the 1990s, before the “new economy” and the war on terror dominated the public discourse, globalization was a new thing for politicians and other idea entrepreneurs to debate, consider, and use for their sides’ political advantage. Many viewed a process of ever deepening international trade, greater foreign investment and easier access to ideas generated far away from one’s own village or workstation as the prime conduit for the diffusion of development. Globalization was to bring forth untold gains from specialization allowing market forces to allocate resources not only within national borders but across them. Opponents alleged the global reach of capitalism threatened insoluble governance problems, labor exploitation, financial crises, the homogenization of products and tastes based on large run production processes and a race to the bottom in environmental standards. It is clear from the general discourse that not everyone viewed the outcomes of these economic processes in the same way or with equal optimism. Also clear is that a similar process, and the reactions to them were nothing totally new. For as the new comparative economic history has shown, the second half of the nineteenth century, and even the 1920s, witnessed extreme commodity market integration, deep penetration of foreign capital into less developed countries and historically high gross immigration rates. Labor activists in Europe and America alike complained that low wage countries would push their workers into unemployment or else lead to lower wages. Conspiracy theorists decried the “crime of 1873” in the US whereby foreign financiers surreptitiously pushed the US onto the gold standard, tied the hands of the monetary authorities and stifled domestic economic expansion.

One could go on at length and indeed Jeffrey Frieden does in his new book titled *Global Capitalism*. Frieden, a professor in the Department of Government at Harvard, who has wide-ranging research interests, is just the man to deliver this extensive, lucid and erudite survey of “globalization” over the past 130 years and the surrounding polemics. But to describe the book as simply a history of globalization as the title implies or to remark that it thoroughly and ably covers topics like the evolution of the gold price of silver between 1870 and 1900, the battle between fascism, liberalism and communism in the 1920s or the rise of social democracy is doing the work an injustice. This book is all that as well as a general interest comparative history, a careful study in comparative politics, a long-run analytical narrative of international political economy, and even quite simply an immaculately told story of almost everything important that happened in the realm of political economy in the last 130 years or so. This book succeeds on all these fronts, and it should shoot straight to the top of the things to read for anyone with an interest in any of the several fields of study mentioned above. Barry Eichengreen’s liner endorsement as “the obvious place to start” aptly sums it up. For those unfamiliar with the contours of the major events that shaped the last 130 years, this book will provide a great initiation. It is written not only for scholars who lack enough of an

interdisciplinary range to come to grips with the politics, history or economics but for as wide of an audience as possible. This work will provide a fine bridge between books that cover the long-run evolution of international capital markets such as Barry Eichengreen's, *Globalizing Capital* (Eichengreen, 1996), and the general interest literature on long-run growth such as David Landes' *The Wealth and Poverty of Nations* (Landes, 1999) which of late have tended to ignore the dynamics of macro-economic policy and international trade to focus on institutions and technological advance.

With three main sections in the book, Frieden begins with globalization in the late nineteenth century. Here he traverses American agrarian discontent, explores the innards of European haute finance and then heads off to the less developed regions. We learn more about the state of the art in global comparative economic history in the span of 100 or so pages than one could ever hope to by scouring dozens of academic books and hundreds of scholarly articles.

Setting a precedent for the rest of the book, Frieden keeps his eye on the many balls in play during these eventful 40 odd years. Political backlashes, the life of one of the world's most important financiers, Nathaniel M. Rothschild, British trade policy, the pattern of specialization, the pace of economic growth, the impact of foreign capital, fixed exchange rates and what economists call the "trilemma" are all covered in depth in this first of three main sections.

Pushing forward into the period between the world wars in the second section, Frieden touches on obligatory themes of recovery, Depression, reparations, and the Schactian/NAZI economy all with an eye towards the politics of each crucial moment in these important years of change. The winners and losers of each episode, their responses to each other, their strategies and their payoffs are coherently laid out so that the reader can take away not only a sound knowledge of the events but of the motivations underlying the outcomes.

The third main section of *Global Capitalism* begins with the 1950s and the reconstruction period. Frieden compares and contrasts the "Bretton Woods" period with its limited capital flows and cooperative trade agreements with the interwar period of international antagonism and the pre-1913 period of *laissez faire mondialisation*. A discussion and synthesis of the origins and (dys-) functioning of alternative economic "systems" such social democracy, import-substituting industrialization (ISI), the Soviet and Chinese brand of command and control, and export-led growth (e.g., in East Asia) follows. This is absolutely essential reading. Frieden must be one of the few scholars left in the world with a sufficiently broad grasp of all these different systems to coherently compare them. Frieden winds up by exploring the re-emergence of unrestricted international capital movements and the consequent crises and discussions of the international financial architecture, the rapid growth of international trade and the development disasters of the last 30 years or so.

Perhaps the greatest merit of Frieden's book is that it allows the reader to see the themes of winners and losers, risk and uncertainty, integration, economic growth and technological change emerge clearly from the deep forest of contemporary history. One gains a greater appreciation for the timelessness of these phenomena and how to begin to get a grip on the bigger picture of policy making and the global economy. Frieden also brings to life key characters such as Nathaniel M. Rothschild, John Maynard Keynes, Hjalmar Schact, and Richard Nixon. In doing so, he emphasizes how their constituencies, intellectual formation, political opponents and their personalities interacted to bring us the policies and outcomes that have shaped the last century. Surely this combination of political, personal, social and economic history is rare amongst the many readings one could think of in the area.

This strong point will also be seen as a weakness for area experts. Those readers wishing to gain a greater understanding of a particular episode or phenomenon will have to go further. Breadth of coverage has been prioritized over depth of treatment of particular issues. It is not that the analysis is misleading because of this, simply that readers that want to know more or think about a particular subject will have to further immerse themselves in the scholarly literature. There are no figures or

tables in this book. There is no real conceptual or analytical framework under girding the length of narrative. This allows Frieden to deliver an immensely readable synthesis of current scholarship, but seriously interested readers will only be able to learn the details after consulting the relevant works cited in the immense bibliography.

A more troubling matter of interpretation arises when I began to contemplate the meta-narrative of the book, and the impact it is likely to have. The introduction emphasizes that there are winners and losers from “globalization”. But this only one of the book’s themes, and to chalk up all political conflict to globalization alone seems to me to be a major and somewhat unmerited leap. However, from the introduction, the reader’s expectations become anchored throughout the reading to this topic. This is a problem because much of the analysis cannot realistically pretend to sort out the impact of globalization (or, more precisely, cross national economic activity in its many and complex forms) per se from the impact of technological change, economic growth, political interference in the market mechanism and even other factors such as demography, ideology, beliefs and culture. This sorting would be a nearly impossible task, and one worries that the reader will simply carry away the idea that globalization itself is responsible for creating the winners and losers that are naturally generated by almost any endeavor humans undertake. Since this book will be, and should be, widely read by those interested in economics, politics and diplomacy (in these groups I would include college students, the staffs of central banks, treasuries, ministries of finance, financial market participants, legislators, the foreign service and multilateral institutions etc.) doing so could shift the focus of important opinion leaders and actors (future and current) towards globalization as malefactor even when the prime agents of causal and effective change are just as importantly ideas, technology, political interests and policies and culture. It would be a shame for a reader to walk away from the book not appreciating that all of these factors are intertwined and bear some responsibility for the ultimate outcomes. But despite the introduction and the catchwords in the title, it is obvious that Frieden understands this all too well. Anyone who reads this book attentively must come away from it appreciating the complexity of the economic and political phenomena of the past and the future. And most certainly they will be all the better prepared for tackling the challenges ahead because they will have truly learned something from this superlative history of the past 130 years.

## References

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