

The Cash Nexus: Money and Power in the Modern World 1700–2000, by Niall Ferguson, Allen Lane, xix + 553pp, £20.00 (hbk), £10.99 (pb).

I found *The Cash Nexus* frustrating and stimulating by turns. Ferguson evidently wanted to produce a synthesising work of the order of Gibbon, Ranke and William H. McNeill. In encapsulating 300 years in a book this size, he has presented a highly schematised account of 1914–45; the era of total war, the period he evidently knows best. The other two and a quarter centuries are covered in passing references and fascinating vignettes. The non-specialist reader should check the sometimes inaccurate allusions outside 1914–45 before using them at dinner parties with specialist guests. For example, August Bebel is described as '[a] later German Marxist', while the early Abbasid caliphate (late eighth century), is conflated with the Ottomans (1284–1921). (The index entry for the Abbasid caliphate states 'see Ottoman Empire', where the three references to the Abbasids are indistinguishable from the other five for the Ottomans.)

Ferguson gives a dense account of the different institutional arrangements for public debts and the public bank, '[a]n important innovation which spread from Italy throughout Europe in the course of the seventeenth century', including a micro-examination of how the development of Venetian public debt from the twelfth century was secured on the state salt monopoly. This facilitates an appraisal of the relative merits of different ways of raising and servicing public debt, not only from 1700, but stretching back to the medieval Italian city-states, whose patri-archians pioneered the techniques and instruments underpinning the expansion of money as a vessel of credit. The sixty pages of Section Two, 'Promises to Pay', constitute a veritable *Wisden* for contemporary bond punters. Just as the statistics for high-scoring opening batsmen, centuries and spin bowlers are riveting reading for cricket enthusiasts, so followers of bond statistics will be delighted to find the cornucopia of figures about bond prices through the ages so easily accessible in this volume. The highest and lowest scoring positions for interest rates over the centuries on public debt are retailed in comprehensive detail.

The whole of Section Two and chapters 10 and 11 in Section Four will be of great interest to followers of bond scores and will hold the attention of economic historians; but it is difficult to see them sustaining the concentration of other readers. Ferguson makes no attempt to inform the reader why it is necessary to master these facts in order to follow his principal argument: that the United States should be spending a higher percentage of its national income on armaments in order to make the world safer for liberal democracy and capitalism. Why should readers interested in the critical nexus between money and power need to know that the *Amsterdamsche Wisselbank* (1609) performed similar functions to the Rialto Bank, but also dealt in bullion and minted coins?

Ferguson marshals his army of statistics, regression analyses and correlations in well-ordered ranks and creative graphics. There are elegant squares and intersecting circles (or rather ovals, for Ferguson's description of figure 37 on p. 419 as 'circles of interests' is visibly inaccurate). They were probably provided because the current presumption is that the general reader, for whom this book is evidently intended, expects conclusions and policy prescriptions to be buttressed by 'facts'. Though the protocols of social science may dominate political discourse in the United States, they have not yet conquered in Europe, where well-developed arguments are still appreciated.

Apparently, Ferguson also considers that the general reader expects, in a book intended to be weighty and important, a considerable harding of European culture. He provides this amply and sensitively, not only in the epigraphs' quotable quotes, but also in illustrative metaphors interlarded with the graphs and prose. The reader will find Dickens, Dostoevsky, Fontane, Trollope, Turgenyev, Tolstoy and Shakespeare, though not Schiller. The twentieth century is represented by Joseph Roth, Hasek and Shaw (on Wagner). However, these references, though clearly cultured, are superficial, and often forced. One feels they were simply accumulated to be cut and then pasted into the pages at intervals, to present the appearance of a discerning profundity.

The same is true, unfortunately, of the illustrations—all political engravings and

cartoons—accompanying the fourteen chapters. Though chosen aptly enough, they are mere appendages, presented without any discussion of their politically charged context. So little care was taken, it seems, that the prose on page 255 refers to a 1753 engraving by Hogarth which does not appear on the facing page, page 254, evidently having been replaced at the last minute by an 1885 engraving by Cherrins. (While the List of Illustrations provides titles and artists, it does not contain the page numbers on which they appear in the book.)

Ferguson dismisses with Olympian disdain those thinkers whose work he dislikes, apparently calculating that readers share his prejudice against socialists and economic determinists. But his intellectual thrusts are mostly misplaced. His references to Marx are especially one-sided, and rest upon the flimsy foundations of the *Communist Manifesto* and *Capital*, volume 1. As Schumpeter and Hilderling knew well, Marx's dense and sophisticated treatment of money occurs in volume 3 of the latter work (though volume 1 and *Cash Nexus* each have three quotations from Goethe). Marx's exploration of credit in volume 3 has scarcely been bettered, but Ferguson does not discuss it, perhaps because it contradicts his dismissal of Marxism. Though his treatment of Eric Hobsbawm and Paul Kennedy is more measured, he finds it impossible to refrain from scoring easy points. On page 387, he has an attack of grammatical correctness and inserts an unmerited *sic* in a quotation where Kennedy has judged 'risings and fallings' to be a collective noun and therefore used a singular verb!

There are few enough academics willing to make such an unvarnished case in favour of American imperialism, and we should be grateful for Ferguson for doing it sincerely and even passionately. It is clearly incumbent on us all to think long and hard about how relations between states should be conducted in this post-Cold-War hurly-burly. It is a pity that Ferguson has elected to score easy points rather than engage with serious theses about the motivations and institutions which propel imperial powers. I was surprised to find no discussion of either Cain and Hopkins or William H. McNeill in the text. Ferguson's only reference to Cain and Hopkins is to their first volume of *British Imperialism*, though the

second volume dealing with the years after 1914 is clearly relevant. Nevertheless, he takes a sideswipe at gentlemanly capitalism on page 296, without explaining the concept or attributing it to them. He may well have found it inconvenient to discuss their description of gentlemanly capitalism in the interwar period, since it provides a more positive assessment of British imperialism than his own.

Ferguson filleted McNeill's *The Pursuit of Power, Technology, Armed Force and Society since AD 1000* with forensic precision to provide many of the statistics for his first chapter, 'The Rise of the Warfare State'. He does not, however, consider McNeill's magnum opus, *The Rise of the West*, in which world history up to 1950 is synthesised. McNeill is neither an economic determinist nor a simple materialist, and consequently the final section of the concluding chapter, 'The Dilemmas of Power', could have served Ferguson well as a jumping-off point for examining the post-Cold-War world. 'The two-edged nature of power is nothing new in human affairs. All important new inventions have both freed men from former weakness and deficiency and enslaved them to a new regimen . . . Civilised history . . . may be understood as a series of breakthroughs toward the realisation of greater and greater power—including under this rubric the delicate but altogether real power of beauty in art and thought as well as power's cruder, ruder forms. . . . The fact that evil men and crass vices have precisely the same enhanced powers should not distract our minds. Rather we should recognise it as the inescapable complement of the enlarged scope for good.' Perhaps he will so do in a later book. I will look forward to the next occasion when Ferguson presents his case.

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Failed Crusade: America and the Tragedy of Post-Communist Russia by Stephen F. Cohen, W. W. Norton, 304pp, £15.95.

The main theme of Stephen Cohen's provocative but persuasive polemic is America's failure to effect a rapid transition to liberal democratic capitalism in Russia. US policy towards Russia failed, argues Cohen, because,

throughout the 1990s, the Clinton administration embraced the illusion that the former Soviet regime could be reinvented in America's own fantasy image as an idealised, free market economy, polity and society. But by the end of the decade Russia, far from making a transition to capitalist utopia, was a de-industrialised and 'de-modernised' state, a country of social devastation and deprivation on a vast scale, with no relief in sight for the majority of the population. Post-communist Russia is a capitalist country of sorts; but one gripped by corruption, criminality and above all, the plundering of state assets and foreign aid in equal measure.

According to Cohen, America's post-communist crusade in Russia is the biggest disaster for US foreign policy since the Vietnam War. In addition to failing in its economic aims, Washington's support for the authoritarian Yeltsin presidency undermined the post-communist development of Russian democracy. Later, the United States' identification with an unpopular and failed regime has contributed to the development of a prevalent anti-Americanism in Russia. The legacy of the 1990s is Putin's Russia, which is progressively detaching itself from American influence.

In Europe Cohen is renowned as a historian of Soviet Russia, in particular for his classic biography of Nikolai Bukharin, the architect of the New Economic Policy of the 1920s and advocate of a gradual, consensual transition to socialism—a strategy thwarted by Stalin's policy of forced collectivisation and industrialisation. In the United States Cohen is also a well-known commentator on contemporary Russia; in fact *Filled Crusade* is based on articles published in *The Nation* in the 1990s, together with various supplementary and updating postscripts. Quite early on in the 1990s Cohen came to the conclusion that America was conducting a crusade in Russia, a campaign to transform the country radically and rapidly in accordance with the nostrums of various monetarist economists.

Cohen's critique and analysis of 'transitionology'—the successor to 'Sovietology'—was much more acceptable in Britain and Europe in the 1990s than in America. But even in the United States discussions continued about the failure of 'shock therapy' with, at the very least, some serious questioning of

its short-term utility. Yet the crusade continued.

Cohen explains the persistence of an evidently failed policy paradigm by reference to several factors. First of these is the power of the free market ideology and the 'transition narrative' conjured up by academics, journalists and politicians. The story of the Russian transition was told in terms of a Manichaean struggle between radical reformers and the forces of conservatism, while the failure of shock therapy was depicted as the fault of half-hearted implementation. Second, America was over-confident and arrogant. The advocates of forced transition really did believe that US power, influence and money could rapidly remake Russia in America's image. Third, various academic, business and institutional interests favoured a transition that provided them with prestige, power and profits. On a more mundane level, there were those who, seeing the situation exclusively from Moscow—the boomtown of Russian capitalism—wistfully thought the economic transformation to be succeeding, or at least having the potential to succeed. Finally, the spectre of communism was raised again. Throughout the 1990s the most potent political card of the 'transitionologists' was anti-communism: the argument that the alternative to radical free market reform under Yeltsin's tutelage was a resurgence of communism.

As one might expect, Cohen's book has not been without its critics. For a start, his alternative to free market ideology is questionable. Like many others, he counterposes to the Big Bang of the free-marketisers some kind of slow transition to social democratic capitalism which would take on board post-Soviet realities, not least the need to maintain popular political support for change and transformation. But isn't this just another proposal for the imposition of an inappropriate Western model on Russia? Who is to say it would have worked any better? Further, what relevance has such a model to tackling the endemic lawlessness and institutional weaknesses which many identify as key to the Russian condition? The strong state model implied by this strategy could have turned out to be merely a public rather than a private form of corrupt oligarchy (and might well turn out actually to be the case under Putin). One must

also ask to what extent Cohen himself is a victim of the American power illusion. Was the American crusade in Russia in the 1990s as important and decisive as Cohen suggests?

The corollary of this point is that Cohen underestimates the directing influence and manipulative capacity of the Russian business and political elite. Perhaps the American crusaders were not so much fools as dupes. Next, Cohen does not consider the comparative lessons of other communism-to-capitalism transition economies, including some relatively successful examples. Of course, Russia is not Poland, the Czech Republic, Slovenia or Hungary. It is a different country with a different history. But part of that history is the Soviet legacy, and Cohen consistently underates the impact of this legacy on the character of the 1990s transition in Russia. In particular, Cohen seems reluctant to recognise that both the discourse and much of the structural framework for rapid economic transition originated in the late Gorbachev era, growing out of the Soviet tradition of large-scale social engineering.

Nevertheless, it is difficult to put aside Cohen's polemic without feeling that the tragedy of post-communist Russia was not inevitable. Cohen's text outlines an alternative, might-have-been narrative of Russia in the 1990s. American policy-makers could have dedicated themselves to helping the longer-term project of creating the complex and intricate social, cultural and legal conditions necessary for social market capitalism—processes which took hundreds of years to develop in the liberal democracies of the west. What Russia desperately needed, and still needs, was a moral as well as a market economy.

Reading this book one never loses sight of Cohen the historian—a believer in the openness and malleability of historical processes. Indeed, Cohen concludes on an optimistic note. Even if we didn't see it clearly enough at the time, he says, our retrospective knowledge of the depth of Russia's tragedy can inform future action to prevent an even greater disaster.

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The Riddle of the Modern World, of Liberty, Wealth and Equality, by Alan Macfarlane. Palgrave, xiii + 326 pp. £45.00.

In 1732 Alexander Pope set out the problem of 'the glory, jest and riddle of the world'—that is, of the real human contradictions. The riddle posed in this book is that of the *modern world*, which was just beginning, when Pope wrote. As Macfarlane insists, 'when we survey the trajectory of human history and pause for a moment at about 1700', then we see how 'extraordinary, unexpected and enormous' the transformation to modernity has been. The task is to explain the arrival in the last 300 years of degrees of liberty, wealth and equality far, far beyond all precedent and expectations and still continuing.

This transformation is unique. Humans always exhibited an exploratory urge, in search of their own betterment. They were active, not passive. So eventually there developed many great civilisations: Sumeria, Egypt, Greece, Rome, Mughal India, Japan, China and Islam. All had great achievements in building, culture and science; but they all failed or stagnated. Only the modern era has superseded the agrarian norm and its limitations.

The main parts of Macfarlane's book are concerned with three witnesses to the advent of modernity: Charles Montesquieu, Adam Smith and Alexis de Tocqueville. Though they dealt with different subjects they assembled a coherent philosophy. It was not simple. For Montesquieu, good government was a question of balance: what was crucial was the relation among its elements, not anything in itself. Adam Smith was a mixture of optimist and pessimist: he could see for himself the growing prosperity of mercantile society, but his awareness of limitations made him ultimately pessimistic. Tocqueville observed for himself the success of American practice: the equality of status which encouraged widespread economic enterprise and self-belief. At this distance their prescriptions can be described as liberal capitalism, but their ideas were always complex and qualified. Nothing was unbridled; social peace was essential; and progress was possible but tentative.

Much later, for Ernest Gellner (to whose memory the book is dedicated) the problem appeared in different form. If the way to