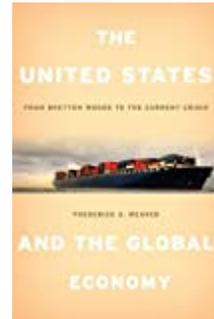




Frederick Stirton Weaver. *The United States and the Global Economy: From Bretton Woods to the Current Crisis.* Lanham: Rowman & Littlefield Publishers, 2011. xi + 175 pp. \$29.95 (cloth), ISBN 978-1-4422-0889-6; \$29.95 (paper), ISBN 978-1-4422-0890-2.



Reviewed by Alfred E. Eckes

Published on H-Diplo (March, 2012)

Commissioned by Seth Offenbach (Bronx Community College, The City University of New York)

Alfred Eckes on Weaver's *The United States and the Global Economy: From Bretton Woods to the Current Crisis*

Globalization and the recent global financial crisis have inspired a number of books intended for students as well as general readers. Frederick S. Weaver, a retired professor of economics and history at Hampshire College, is one of the latest scholars to address these topics. He seeks to introduce readers to patterns of change in the post-World War II international economy and to offer some understanding of key vocabulary elements applicable to the subject. Weaver identifies linkages between the global and U.S. domestic economy, and argues that patterns of change in the international economy domestically impact political power, income distribution, workers rights, and social policy profoundly.

Weaver, who completed his doctoral dissertation in economics at Cornell University in 1968, chooses the quest for international economic stability as his unifying theme. In doing so, he distinguishes his interpretation from many mainstream economists, trained in the prevailing neoclassical tradition, who might have selected other unifying themes, such as growth or efficiency,

to explain significant developments over the last seven decades.

This book has six principal chapters. In the first Weaver discusses the history of American involvement in the international economy before World War II, and then describes the Bretton Woods Conference, the dollar-exchange standard, and economic institutions created to monitor and guide the global economy. A second chapter carries the story from 1945 to the 1970s, and emphasizes the rise of industrial capitalism, the impact of the Cold War, and the rise of transnational corporations. Weaver notes that during this period U.S. manufacturing flourished, and large oligopolies enjoyed market power, secure from foreign competition, to pass along rising wages to workers and higher prices to consumers. He labels this golden age "Modern Times" in honor of Charlie Chaplin's film about work on an assembly line. After World War II, the author says that U.S. transnationals expanded rapidly abroad in developed countries, taking mass-production techniques abroad to serve foreign mar-

kets, not to export products back to the United States

Other chapters explore the turbulent 1970s, when the success of the Bretton Woods framework created forces that gradually undermined the international system. During this decade the United States abandoned the gold-exchange and fixed-but-adjustable currency commitments that characterized Bretton Woods. As the U.S. market opened to global competition, Weaver argues that core-sector manufacturing firms faced price competition from imports. Unable to pass along price increases to consumers, core manufacturing industries—such as steel and autos—could no longer honor social contracts to workers. U.S. industry began to shed labor and outsource production to developing countries with low labor costs. Late twentieth-century transnationals which turned to cheap foreign assembly, Weaver notes, were thus different from the transnational corporations of the “Modern Times.”

In his final chapters Weaver emphasizes the triumph of free-market capitalism between 1990 and 2007. Arguing that free-trade global capitalism resulted in a race to the bottom as nations competed for jobs, Weaver describes how neoliberalism and faith in free markets transformed the world. It reconfigured the Soviet Union, engaged China and most of the developing world in the open global economy, and led to the establishment of the World Trade Organization structure. In a concluding chapter the author argues that the new international system is not stable, and emphasizes currency speculation as the major destabilizing factor. In the aftermath of the 2007-10 financial crisis, he believes that financial markets have demonstrated an inability to correct themselves. With neoliberal economists continuing to espouse free markets and freedom for capitalism to expand without regulation, Weaver anticipates increasingly polarized societies and greater social instability.

For readers seeking a quasi-Marxist interpretation of the contemporary global economy, Weaver’s account could be appealing. The author focuses on capitalist structures and emphasizes the incompatibility of a social-welfare economy in a world of open markets. But, those wishing a less doctrinaire and mechanistic approach may conclude that the author does not give appropriate attention to key individuals who sought to influence policy development. Also, Weaver ignores the role of elected officials and government bureaucracies in advancing the vision of an open, world economy, which the author deplores.

While Weaver does appreciate the influential role

of the International Monetary Fund in promoting developing-world acceptance of the free-market model, he gives far too little attention to GATT, the forerunner of the World Trade Organization. Over nearly a half century, this low-profile international organization presided over a series of significant negotiations, which dismantled industrial tariffs in the advanced countries of the North Atlantic, and effectively opened their home markets to global competition. While some large businesses supported multilateral trade liberalization, many did not, such as the labor-intensive textile, apparel, and footwear industries. Despite the tug-of-war between export-competing and import-competing businesses, government officials committed to free trade prevailed in opening markets, and creating opportunities for emerging market countries and allies in the Cold War struggle with the Soviet Union.

Also on the negative side, Weaver pays little attention to the underside of the global economy, involving topics such as sweatshop working conditions and indentured labor, organized crime, and product and food safety issues. In addition, several minor factual errors and unsupported claims mar the account. For instance, the author states that there were three years of federal budget surpluses during the period 1979 to 1981 (p. 72). In fact, a historical table in the *Statistical Abstract of the United States* shows three successive deficits.[1] Then Weaver takes a swipe at the “incompetent party hacks” or people opposed to government regulations who served in the Ronald Reagan and George W. Bush administrations (p. 83). It has been my firsthand experience that most administrations—whether Republican or Democratic—contain some incompetents, some hacks, and some ideologues. But it is an unfair characterization of presidential appointees, many of whom make considerable personal sacrifices to undertake a few years of public service, to tar them broadly with the same brush.

To assist readers interested in obtaining more information, Weaver offers a short list of selected readings and Web sites. Curiously, the author overlooks some of the most prominent academic writers on aspects of the global economy, including economists and economic historians Barry Eichengreen, Harold James, Carmen Reinhart, Kenneth Rogoff, and Mira Wilkins, among many others. Nor is the writer apparently familiar with many of the diplomatic historians and political scientists who have engaged the subject.

Despite its significant shortcomings, Weaver’s book makes a contribution to public understanding of a com-

plex subject. It offers an alternative interpretation to the doctrinaire writings of some mainstream economists who celebrate the benefits of free trade, wealth creation, and consumer gains while downplaying the costs of dislocations, volatility, and instability.

Note

[1]. U.S. Census Bureau, "Federal Government—Receipts and Outlays: 1900-2003," *The 2012 Statistical Abstract*, No. HS-47, http://www.census.gov/compendia/statab/hist_stats.html.

If there is additional discussion of this review, you may access it through the network, at:

<https://networks.h-net.org/h-diplo>

Citation: Alfred E. Eckes. Review of Weaver, Frederick Stirton, *The United States and the Global Economy: From Bretton Woods to the Current Crisis*. H-Diplo, H-Net Reviews. March, 2012.

URL: <http://www.h-net.org/reviews/showrev.php?id=35691>



This work is licensed under a Creative Commons Attribution-NonCommercial-No Derivative Works 3.0 United States License.