

Book Reviews

American Big Business in Britain and Germany: A Comparative History of Two “Special Relationships” in the Twentieth Century. *By Volker R. Berghahn*. Princeton: Princeton University Press, 2014. ix + 375 pp. Index. Cloth, \$49.50. ISBN: 978-0-691-16109-9.

doi:10.1017/S0007680515000409

Reviewed by Gary Herrigel

This very helpful book brings together a lot of material that is nice to have all in one place. It traces the evolution of British and German economic and industrial fortunes in the first half of the twentieth century, with a particular emphasis on the way in which those fortunes interacted with U.S. political, financial, and industrial actors. The story is well known, not least because Berghahn has written a series of terrific books outlining this story (at least on the German side) in significantly more detail. But it is interesting to have the German story told in conjunction with the British one, as together they reveal quite a bit about the interests of the United States and how they changed (or did not change) over the course of the twentieth century. The book is also distinctive in that it tells its story largely (though not exclusively) through the voices of industrial and financial elites, relevant diplomats, and the ever vigilant if consistently short-sighted eye of the business press in each country (though Berghahn places most of his attention on U.S. press accounts of British and German economic conditions).

The basic story is one of slow but ineluctable British economic and financial decline, largely abetted by U.S. policy and interest, coupled with the turbulent but ultimately unavoidable ascension of German industrial power in Europe, also (fitfully) abetted by the United States. Berghahn adroitly outlines British-American conflicts and concerns throughout the first half of the twentieth century, showing that even when the two political economies were closest and most cooperative—for example, during the lend-lease arrangements leading up to and spanning World War II—the United States was constantly maneuvering to position itself as a global financial center (dislodging London) and to structure the global trading economy in a way that benefited its own industrial players. The British steadfastly but ultimately unsuccessfully defended the position of the City and its protected colonial trading areas. Color in the story comes from the way that American elites politely but very insistently, especially from the 1920s onward, moved to strengthen

Business History Review 89 (Summer 2015): 345–401.

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U.S. international economic power and reposition the British, while the British grew increasingly upset and strident as the implications of U.S. moves (and the reality of their own relative decline) became clearer. At the beginning of the story, the “special relationship” could plausibly be viewed as one between equals, whereas by the 1950s, to the extent one could speak unironically about such a “special” tie at all, it was clearly one that involved unequal partners.

Berghahn has told the German side of this story a number of times (particularly the part after World War II), but it becomes no worse for wear here, especially with the addition of earlier detail. His story begins with the fact that by the end of the nineteenth century, Germany was a clear industrial rival of the United States. German industrialists were fascinated by many U.S. technological and organizational advances, in particular mass production and Taylorism and the technologies associated with that kind of production, while the Germans also had many technological and organizational strengths of their own that fascinated Americans, especially in the electrical-engineering and chemical industries, but also in the machinery technologies associated with them. Industrial actors from both countries were, in an effort to assert their market advantage, investing in the other from quite early on in the twentieth century. This business elite interpenetration created an interesting perspective on events in each of the two countries. Berghahn focuses especially on the views of American businesspeople in Germany. U.S. business managers and bankers, much as their counterparts in China today, were drawn to the promise presented by the highly sophisticated industrial market, but at the same time worried that cultural differences around proper capitalist practice (e.g., German affection for cartels) and political antipathies against liberalism (Nazism, communism, and socialism) would disappointingly limit American opportunity in the German market. The sections of the book with the most pathos from this point of view are those in which Berghahn traces out desperate (nearly pathetic) efforts by American managers located in Germany to stave off war between the United States and Nazi Germany after the invasion of Poland. For a few, worries about the insecurity of assets crowded out worries about democracy and self-determination in Europe.

But the arc of Berghahn’s story shows that with Germany’s industrial strength and sophistication undeniable, despite disruption and defeat in two wars, U.S. interest shifted over time from a focus on German business conditions (to secure investments and monitor powerful competitors), to a concern for the underlying character of industrial order in Germany, to ensure that the country could emerge as the anchor for capitalism and democracy in Cold War Western Europe. Berghahn argues that stable, productive political and economic relations between

Germany and the United States were not possible until German industrial and political elites acquiesced to U.S. conceptions of market and democratic order. This involved, above all, agreeing to embrace American-style competition rules, in particular adopting a blanket ban on cartelization and embracing oligopolistic competition. By the end of the 1950s, this transformation was accomplished. Germany had achieved a “special” place in the postwar political and economic order in Europe, due not only to its size and industrial strength, but also to its commitment to American-style competition rules.

Berghahn has been developing this important set of observations about postwar German business transformation for years. He deploys a creative mixture of generational analysis—younger German managers, with significant experience in and with the United States, were more open to the new-style American principles than their more organic German forefathers—with political economic analysis of policy entrepreneurs and interest groupings working in the background to create an institutional framework for more democratic capitalism. This current book has all of the strengths of his previous work, combined with a longer arc of narrative and more elite American voices. The pairing of this story with the British one underscores the profoundly political character of the economic and industrial changes bound up with the twentieth-century shift from British to American hegemony.

Gary Herrigel is professor of political science at the University of Chicago. He has published widely in comparative political economy, regulation studies, business strategy, and business history. With Volker Wittke and Ulrich Voskamp of the SOFI Institut in Göttingen, he will publish Globale Qualitätsproduktion und Globales Deutschland: MNCs, Rekursivität und Lokale Standort Wandlung (Campus Verlag, forthcoming).

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Keynes: Useful Economics for the World Economy. *By Peter Temin and David Vines.* Cambridge, Mass.: MIT Press, 2014. xiii + 117 pp. Figures, index. Cloth, \$24.95. ISBN: 978-0-262-02831-8.

doi:10.1017/S0007680515000410

Reviewed by David Chambers

The 2008 financial crisis and its aftermath proved a great stimulus to public interest in Keynes and his writings as the world sought to make sense of events, particularly in the context of the 1930s. This concise book makes a valuable contribution in this regard. In general, the authors succeed in making their exposition of Keynes’s economic theorizing and ideas highly accessible to their target readership, “the more