

BOOK REVIEW

Follow the money.

BY MARK WILLIAMS

IT'S NOT *just* the economy, stupid! If the message of *The Cash Nexus* could be dumbed down to a TV-size sound bite, that would be it. However, dumbing it down would be an injustice.

What Niall Ferguson—professor of history at Oxford University's Jesus College—represents is a new way of viewing history. First, where historians have hitherto been fairly ignorant of economics, Mr. Ferguson's understanding of international finance and its development is encyclopedic. This book's discussions of the labyrinthine machineries of various countries' national debts across three centuries, for example, might have a Fed chairman frowning in concentration.

Second, it's clear that the digital revolution has reached the historians. A book like this wouldn't exist were Mr. Ferguson not comfortable with modern computers and databases.

Mr. Ferguson's earlier, two-volume *The House of Rothschild* (Viking Press, 1998, 1999) ran 1,200-some pages, yet was absolutely worth reading. A reader came away having been shown that the Rothschilds' banking dynasty was indispensable to the creation of the international bond market as we know it today, and thus (among other consequences), to the financing of the British Empire and the Industrial Revolution.

In *The Cash Nexus*, Mr. Ferguson explains that states require money to wage war, and he explores exhaustively how this fact either fosters a state's develop-

THE CASH NEXUS: MONEY AND POWER IN THE MODERN WORLD 1700-2000

By Niall Ferguson

380 pages, Basic Books, \$30

ment of effective economic institutions or precipitates a state's collapse.

Too exhaustively. While turning *The Cash Nexus* into a sound bite would be a pity, it might have been nice if Mr.

Ferguson hadn't been so proud of his command of data. An old piece of writerly wisdom is "Kill your darlings." Less about per capita taxation in the Batavian Republic in 1803, for instance, and more focus on the underlying arguments would have served this book better, because Mr. Ferguson's arguments are intelligent and important.

He convincingly contradicts the simplistic economic determinism on which most current American policy making is based. History proves, he shows, that there's no free market without an effective state, that economic growth does not inevitably guarantee democracy, and that (as Al Gore recently learned) voters in a democracy don't necessarily favor political parties that give them economic good times. The "cash nexus" alone is insufficient to explain motivation in the modern world, and power dictates to economics at least as much as it is dictated to. ■

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