

Debt Cycles in the World-Economy: Foreign Loans, Financial Crises, and Debt Settlements, 1820–1990. By Christian Suter. Boulder, Colo.: Westview Press, 1992. Pp. xii + 234. \$32.50.

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In *Debt Cycles in the World-Economy*, Christian Suter argues that foreign public debt crises in the periphery and semiperiphery have occurred regularly every 50 to 60 years starting with the 1820s. Long cycles of accumulation in the core of the world economy cause these recurrent debt crises. Waves of indebted states' being in default or debt-servicing difficulty coincide with stagnant periods in global Kondratieff and Kuznets growth cycles, which average 50–60 years and 18–25 years, respectively. The duration of crises and the method by which they are resolved are a function of the specific institutions that hegemonic powers use to uphold international property rights and the institutions linking savers and borrowers. Finally, debt-servicing difficulties do not arise automatically from global stagnation. Local economic and political processes interact with global ones to produce a range of reactions to global economic stagnation.

Suter tries to develop a general theory of public foreign debt crisis in order to overcome the fragmented knowledge that comes from studying the dyadic relationship between specific creditors and debtors and the shortness of vision that accompanies looking only at the methods of resolution for specific countries' debt-servicing problems. He argues that, at the beginning of Kondratieff upswings, rising core income and consequent imports from the periphery ease debt-servicing problems left over from the previous downswing. This promotes a settlement of outstanding defaults. At the peak of expansion in the core, the profit rate in the core tends to fall, leading to capital flows out to the periphery. There, booming exports and local income keep profits high. But shallow peripheral markets are quickly saturated. At the beginning of the Kondratieff downswing, demand in the core levels off and stagnates, leading to falling exports and income in the periphery, and hence to debt-service difficulty as state revenues shrink and foreign exchange becomes scarcer. Suter uses simple regression analysis to confirm that debt-servicing problems and settlement resolution cluster in time.

Overlaying this basic cycle is a trend toward greater institutionalization of debtor-creditor relations. At the beginning of the 19th century, market relations characterized international financial relations. By the end of the 20th century, a range of international organizations, for example, the International Monetary Fund (IMF), regulated debtor-creditor interactions. By providing a lender of last resort they "helped" debtors to reschedule debt rather than defaulting outright.

Suter's use of a world-system approach has three benefits. First, it dispels the tendency to view international debt problems as something

unique to the 1980s. Second, it shows how system-level phenomena—global economic environments that make debt servicing difficult—can determine the nature of domestic political regimes. Finally, it suggests why foreign debt problems recur over time and in the same places, and equally important, why settlements are likely to cluster.

I think this book would function well as a text for advanced undergraduate or perhaps graduate classes. Aside from the items noted above, it does not provide much beyond the existing literature. More sophisticated econometric analyses are available in, for example, Michael Edelstein's *Overseas Investment in the Age of High Imperialism* (New York: Columbia University Press, 1982) and *The International Debt Crisis in Historical Perspective*, edited by Barry Eichengreen and Peter Lindert (Cambridge, Mass.: MIT Press, 1989). Case studies concentrating on Peru, the Ottoman Empire and Turkey, and Liberia seem to miss both the economic and political point.

Economically the relationship between Britain and, for example, Australia or Argentina, was much more important than that with any of these countries—Britain invested about six times as much in Australia as in these three *combined* in the 19th century. And Britain exported more to Australia in 1914 than it did to France. Investigating this relationship would have revealed more about the links among foreign debt, international trade, and economic cycles than do these minor cases.

And despite his intent to link system-level-debt problems to regime characteristics Suter stints the important *political* lessons of these cases. Charles Tilly (*Coercion, Capital and European States* [Cambridge, Mass.: Basil Blackwell, 1990]) suggests that relying on foreign capital rather than domestic revenue sources can cripple state-building efforts. Turkey and Egypt would be perfect places to examine this phenomenon, insofar as debt-servicing difficulties led creditors to take control of their treasuries (a pattern that IMF programs repeat, in a somewhat disguised form, today). In this respect, Suter's use of world-system theory continues to display this theory's tendency to view state building as an outcome of system-level processes, not as a cause of system-level characteristics in its own right.

Nationalism: Five Roads to Modernity. By Liah Greenfeld. Cambridge, Mass.: Harvard University Press, 1992. Pp. 581. \$49.95.

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Liah Greenfeld's book *Nationalism: Five Roads to Modernity* addresses three questions: "Why and how nationalism emerged, why and how it was transformed in the process of transfer from one society to another, and why and how these different forms of national identity and consciousness translated into institutional practices and patterns of culture,