

## **Shock, What Shock?**

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**Were the 1970s a critical decade in the advance of globalization? This edited volume written by American historians is arguing that globalization is the unplanned outcome of the two oil price shocks. Though stimulating, this thesis tends to excessively project today's concerns on yesterday's crisis, and neglect the longer history of globalization.**

Reviewed: Ferguson, Niall, Charles S. Maier, Erez Manela and Daniel J. Sargent, eds., *The Shock of the Global: The 1970s in Perspective*, The Belknap Press of Harvard University Press, Cambridge, Mass. and London, England, 2010

As the 1970s recede in personal memories, historians begin to recreate them as a shared record of public events. Our own pasts, made immutable in text, spectral pillars of salt for those who look back, challenge any historian to bring them to life. The authors of *The Shock of the Global* do so by breathing the present into the past, finding the antecedents of today's globalization in a decade that required Americans to reassess their place in the world.

This book is a contribution to the genealogy of the global public sphere of 2008, seen from an American perspective. Of the 23 contributors, 20 are based in the United States and the other three are in Australia and the UK. Products of a Harvard conference on "The Global 1970s", the papers are professional, perceptive and polished.

### **The Origins of Globalization As We Know It Today?**

An American view on the world naturally sees the 1970s as the critical decade in the advance of globalization. For it was the period when an easy assumption of free world

leadership after 1945 gave way to a sense of threat and unease in an unexpectedly fragile world, and when American leaders sought new initiatives to restore stability. The Bretton Woods currency arrangements established in the aftermath of the Second World War had collapsed. Currency and capital movements led to the abandonment of dollar/gold convertibility in 1971. Fixed exchange rates between the European currencies and the dollar ended in 1973. American capital controls ceased in 1974. And then there was the big shock, not so much global, but an assault from a cartel of oil exporting countries on the oil consuming countries, a fourfold rise in prices in 1973/4 responding to the decline in the value of the dollar in which those prices were denominated. The result was a recession in the world economy, the deepest yet since the 1930s. The scope of the effects highlighted the integration of the world economic system, its dependence on oil, and the limits of American power.

The American response was to emphasise world interdependence and to undertake initiatives which set in train features which are now seen as integral to global governance. The expansion of the European Community with the accession of the United Kingdom, Denmark and Ireland in 1973 suggested that a rival in world markets could also assist in co-ordinating the world economy. But in American eyes it was still a junior role, even as Henry Kissinger announced that 1973 was the “Year of Europe”. He told Congress “the US has global interests and responsibilities. Our European allies have regional interests.” It was Kissinger who made the initial suggestions that led to the first summit of Western leaders that President Giscard d’Estaing convened at Rambouillet from 15-17 November 1975, attended by President Gerald Ford, Chancellor Helmut Schmidt, Prime Ministers Harold Wilson, Aldo Moro and Takeo Miki. Overwhelmingly the discussions focussed on economic issues, though Kissinger envisaged a longer term wider ranging series of consultations, which indeed did develop into the summitry the world knows today.

### **Unplanned Outcomes of a Global Shock**

Daniel Sargent’s fine chapter “The United States and Globalization” claims that the American response in the 1970s was reactive rather than prescriptive, and he casts doubts on those like Giovanni Arrighi and David Harvey who see globalization as a “purposeful recasting of American hegemony”.<sup>1</sup> The US had, he says, no long-range strategic vision though its choices did ensure the future for market-based financial globalization. This kind of assessment reminds one very much of the proverbial nineteenth century British judgment on

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<sup>1</sup> Giovanni Arrighi, *The Long Twentieth Century: Money, Power and the Origins of our Times* (New York, 1994), David Harvey, *The New Imperialism* (New York, 2003)

the way England acquired an empire, “in a fit of absent-mindedness”. It allows for agency, but only limited awareness of the consequences of action. Random intimations of what is to come: the first reference to globalization in the *New York Times*, Henry Kissinger talking of a new global society, the development of mortgage backed securities, Ronald Reagan’s belief in Armageddon and the second coming of Christ all become the birth pains for the new global public sphere we know today. This crafts the story of globalization as a continual interplay between events and responses, politics, theories and world developments, sometimes human beings in control, sometimes out of control. Globalization as unplanned outcome of a global shock also happens to be a rather convenient way of evading responsibility for all the advantages that accrue to the most powerful agent as it sustains its position through the random course of events.

### **The Illusions of “Presentism”**

An American view of the 1970s from the standpoint of economic globalization as it appears today is both instructive and necessarily restricted in outlook. Such is the importance in the public mind worldwide of the financial crisis of 2008 that many of the contributions are bound implicitly to be concerned with factors that lead up to those events. Historians often call this “presentism”, precluding as it does equal concern for key priorities of the time like the Cold War and nuclear issues and the Third World and development.

Even the notion of shock, helpful though it is in remedying the tendency to write of globalization as a relentless and necessary direction of history, has only become a fashionable trope because of the financial crisis of 2008. It is somewhat ironic then that Ferguson’s Introduction “Crisis, What Crisis?” finds that the popular view of the decade as one of crisis does not tally with time series data. Perhaps, he muses, the crisis was only in the minds of Anglophone academics relying on declining financial assets to eke out low salaries. It may have been, he says, a “perception of crisis” or “metanarrative” rather than anything real. Of course there is no rule which says a book can’t demonstrate the opposite of what its title implies. The alternative, *The Illusion of the Global Shock of the 1970s*, perhaps has not quite the same pulling power for the reader. But Ferguson’s rather whimsical acknowledgment of the selective viewpoint of Anglophone academics points to a much bigger issue of interpretation. If the personal interests and viewpoints of professional historians may result in a biased understanding of the times in which they live, how much more may be the cumulative effects of the outlooks and biases of a whole host of public intellectuals, opinion

leaders, popular pundits and the media in general through which the mood of the times was constructed? What about mass culture? Or, indeed, what about *la vie des idées*?

### **Rather a Cultural Shock?**

Events of the 1970s such as the oil price rise and its repercussions might have been economic and political in their origin and consequences, but their absorption into daily life and public discourse as global events was a cultural phenomenon and as a global shock can only be understood in a long switch in public consciousness, in the West primarily, but also extending world wide, in which the global became the overarching frame for collective ambitions and anxieties in the contemporary world. This culturalist viewpoint is represented in one of the best essays in the volume, by Australian based Glenda Sluga whose “Transformation of International Institutions: Global Shock as Cultural Shock” emphasizes the role of the United Nations and the influence of U Thant and Philippe de Seynes. She also includes a choice reference to Canadian John Wendell Holmes telling the American Academy of Political Science in 1977 that Americans had a problem with a global United Nations because they thought they owned the globe. A chapter by Rebecca Sheeham on rock music in the 70s provides a further antidote to economism and mentions how the Pentagon explored the role of culture markets in securing America’s position. This was the time when Coca-Cola launched the most successful advertising campaign of all time with its image of a multi-ethnic choir lauding peace on a hill side. But its success was in exploiting a cultural shift that Marshall McLuhan (not a single mention) had ten years before identified with his global village and linked to a revolution in communication technology.

### **Advocating a Longer View**

The problem for this volume is that you can’t really encapsulate that profound shift in the span of a single decade. Ferguson recognises this for the economy in comparing usefully the 1970s with the 60s and 80s but a cultural perspective needs to do even more because we are, as I argued in *The Global Age*,<sup>2</sup> dealing with an epochal shift in which the global has supplanted the modern as an axial motif for our time. For that longer view it is necessary to embed the 1970s in a period beginning at least with the end of the Second World War. The real shock which jolted the collective consciousness of the world was the impact of the Hiroshima and Nagasaki bombs in August 1945, very soon registered by writers of world significance like Raymond Aron, and Karl Jaspers. Arnold Toynbee already coined the term post-modern to reflect that shift. It became common to speak of a “nuclear” or “atomic” age.

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<sup>2</sup> Martin Albrow, *The Global Age. State and Society beyond Modernity*, Stanford University Press, 1996.

This was the shock of recognition that modernity was as much a force for human self-destruction as progress, and a mood that saw post-modernity as the dissolution of the modern. Symptomatic of the cultural limitations of this volume is that it is only in the final short Epilogue by Thomas Borstelmann that there is a brief allusion to the postmodern.

Nor was this deep cultural shift unnoticed at the time. Research on the social and cultural conditions of the 1970s provided a solid basis for arguing that a deep change of values and outlook was in train. An outstanding example, but unused in this volume, is Ronald Inglehart's *Silent Revolution*<sup>3</sup> and his many subsequent reports. If historians are to tell how it was in the recent past, they have to reckon with the self-examination of the time. They can find it in the social research from which national leaders crib their speeches. The shift to the "global" begins in a discursive reality and that is there where its exploration must begin. That awareness of the globe as the endangered home of our species knows no national boundaries.

The rest of the world has always refused to be assimilated into Walt Whitman's America as a "globe of globes". The history of what is now the United States' global engagement began with the experience of founding a New World and it has never come fully to terms with the continuing independent existence of the world that was left behind. Globalization as subsequently promoted by President Clinton, a constant struggle to control the direction of history, remains perpetually ambivalent towards the independence of others. It is blind to the recognition that there is no necessity even for globalization to be American at all.

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<sup>3</sup> Ronald Inglehart, *Silent Revolution: Changing Values and political styles in Western Publics*, Princeton University Press, 1977.