

Uncertain Imperialism

By Susan Webber

Empire: The Rise and Demise of the British World Order and the Lessons for Global Power

By Niall Ferguson
Basic, \$35.00

“**B**y whatever means Great Britain has acquired her colonial territories—and I know that they were those of force and often brutality—nevertheless, I know full well that no other empire has ever come into being in any other way, and that in the final resort it is not so much the methods that are taken into account in history as success, and not the success of the methods as such, but rather the general good which the methods yield.”

Only a writer of Niall Ferguson’s erudition and daring would use such a quote—one from Adolf Hitler in 1939—to advance views broadly similar to his own.

In *Empire*, Ferguson, a former imperial subject turned professor of financial history at New York University’s Stern School of Business, limns the causes and course of the rise and decline of England’s empire. Ferguson has taken a complex and

well-studied subject and distilled it into a tight, compelling, seemingly effortless narrative. *Empire* is popular history at its best: engaging, vivid, full of trenchant observations and well-chosen detail. Yet those familiar with



Ferguson’s work may come away disappointed, for *Empire* is less ambitious than his previous work.

From my sampling of Ferguson’s output and the book’s subtitle, I expected a somewhat different book. For example, his *The Cash Nexus: Money and Power in the Modern World, 1700-2000* is an iconoclastic study that examines the role of finance and financial innovation in the conduct of war. It turns a good deal of economic orthodoxy on its ear: Economic might does not necessarily determine the outcome of conflicts (for example, England surpassed France, despite the former’s

considerably smaller GDP, due to its superior tax-collection methods and credit history); globalization does not always lead to higher incomes; freedom is not a precondition for greater prosperity.

Ferguson questions prevailing assumptions and distills complex data and analysis into highly readable prose. With this bent, and considering *Empire*’s promise of “lessons for global power,” readers will look forward to his assessment of how England’s example applies to modern powers—namely, the United States. But Ferguson waits until his conclusion to take on the issue, and it reads like an afterthought—not up to his standards of rigor and originality.

In fairness, *Empire*’s glossy stock and numerous illustrations signal that it is intended for the mass market. And who is to begrudge Ferguson the opportunity to follow in the footsteps of Simon Schama, the Columbia University professor who wrote a popular history of England that led to a BBC series? But I still find it troubling, akin to a first-rank Shakespearean actor throwing it over for Hollywood.

However, Ferguson’s audience would never guess that he has switched genres. He advances the story in a conventional,

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chronological fashion, while developing central themes, such as the role of capital markets and warfare. England initially pursued a commercial empire, granting monopolies over certain trade routes, and even though they were not legally enforceable, these charters facilitated capital-raising. First piracy and then an “Anglo-Dutch business merger” (i.e., the Glorious Revolution of 1688), which gave the British access to Dutch financial expertise, helped England play catch-up.

weak, often corrupt royalty and co-opted the local elites by including them in the army and the Raj’s administration.

Tensions and internal contradictions emerged as English values clashed with the handling of existing populations. In 1880, a new viceroy of India tried to correct an inconsistency in the law stating that qualified Indian judges could not conduct criminal trials of white defendants. The ugly, racist backlash of the Anglo-Indians exposed their true

empire” of the United States: “[T]he principal barriers to the optimal allocation of labour, capital and goods are, on the one hand, civil wars and lawless, corrupt governments . . . and, on the other, the reluctance of the United States and her allies to practice as well as preach free trade, or to devote more than a trifling share of their vast resources to programmes of economic aid. By contrast . . . the British Empire acted as an agent for imposing free markets,

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Pressure from the French, intent upon political rather than economic control, led England to seek new territories. Colonization was key to Britain’s success. Unlike Spanish colonials, who were largely male and often intermarried with natives and slaves, the British came in much greater numbers and, encouraged to bring their families, kept their culture intact. Ferguson notes, “No other country in the world came close to exporting so many of its inhabitants.”

The preservation of English culture carried its own pitfalls. The “New Englanders” in the American colonies saw representation as a right dating from the Magna Carta, and England was unwilling to make the concessions to them that it offered to future colonists, such as India’s National Congress and Irish Home Rule. However, because England, for the most part, governed with a light touch, demands for self-determination were intermittent until the 20th century. In India, a small British cadre of 900 civil servants and 70,000 soldiers controlled a population of 250 million. The English had adeptly displaced

sentiments and helped to forge an Indian national identity. The Boer War was England’s Vietnam, with brutal tactics (including concentration camps) and limited success (the Boers retained considerable power) raising doubts about the legitimacy of British power.

But even though British intellectuals were increasingly troubled by the very notion of an empire, the British imperium collapsed not from self-doubt but under the weight of debt accumulated in two world wars. In the 19th century, the cost of maintaining the empire was low: England’s annual defense budget was usually under 3 percent of GDP. But as Germany surpassed England in population and economic power and acquired comparable military technology (and as Japan later rose as both an industrial economy and a military force), the cost of preserving English freedoms was the dismantling of the empire.

Ferguson is a true believer in the benefits bestowed by British rule. While acknowledging its dark chapters, he argues for its advantages over the “informal

the rule of law, investor protection and relatively incorrupt government on roughly a quarter of the world.”

England not only provided stability and a non-intrusive, largely just government; more importantly, it also provided investment, particularly in infrastructure like railroads. In 1913, 63 percent of foreign direct investment was in developing countries, compared with 28 percent in 1996. The disparity in per-capita income levels between nations is far greater now than at the beginning of the 20th century. As a result, the benefits of American ascendancy appear limited.

Ferguson argues that the dominant economic power can do a great deal to impose its will and values, and the United States, with 22 percent of world GDP, has far greater clout than England at its peak (8 percent of world GDP in 1913). However, he does not develop the implications of the limits of American financial power. While England was a capital exporter until it was saddled with war debts, the United States has long been the world’s biggest creditor. It is unlikely that

the United States can issue debt in its own currency on an open-ended basis. The reversal of England's fortunes really began when Germany surpassed it as an economy; it will take considerable political skill for the United States to continue its dominant role in the face of the rapid rise of China and India.

But the gap between the United States' idealism and its conduct is already creating undue opposition to American supremacy. A champion of democracy, the United States has repeatedly supported dictatorships such as those of Manuel Noriega, the shah of Iran, Saddam Hussein, and now Pervez Musharraf of Pakistan, when it has suited its geopolitical interests. Some believe it has destabilized democracies upon occasion; for example, many Australians suspect that CIA dirty tricks precipitated the constitu-

tional crisis in 1975 that marked the end of Gough Whitlam's Labor government. The United States' expedient, inconsistent, and sometimes hypocritical foreign policy has fueled resentment and played into the hands of extremists—and the unilateral response of the Bush administration only confirms foreign suspicions. The Bush administration's repudiation of the Kyoto accord and the ABM treaty, as well as its frontal assault on the United Nations and NATO, appear to many to be impulsive, impatient moves to secure immediate objectives with little thought to long-term consequences.

Despite England's military ascendancy, it was a master of the minimal use of force. It conquered India economically first, then adeptly exploited the weakness and jealousies of its rulers. The United States lacks that finesse and affinity for foreign

cultures, and the current Administration is a particularly ham-handed lot. It is hard to imagine the United States producing, say, a T.E. Lawrence, whose role in enlisting the support of Arab tribes was a critical element in England's success in World War I. In Iraq, by contrast, imposing a secular democracy on a devout and ethnically divided nation is naïve, a Yugoslavia in the making. Having prevailed in battle, the United States is in danger of losing the peace.

Ferguson commented in *The Cash Nexus* that the United States was the only country with the resources to promote democracy, but that its leaders lacked the guts to do so. The current administration has plenty of nerve, but the British empire's example suggests that its narrow conception of how to advance American interests is unlikely to serve either the United States or the world well in the long run. ♦

People Who Matter

By Michael Finley

Somebodies and Nobodies: Overcoming the Abuse of Rank

By Robert W. Fuller
New Society, \$23.95

In 1968 I had the chance to hear a young Jesse Jackson invite an Arlington Heights, Ill., congregation to repeat with him his famous proclamation, "I . . . am . . . *somebody!*"

I have since wondered what Jackson's secret was, that even middle-class white people sat

forward in their seats that day to repeat his words. Jackson's notion corresponded with

the writings of African-American novelist Ralph Ellison, whose novel *Invisible Man* described the plight of



those whom society could not and would not see.

Curiously, candidate Richard Nixon was putting forth a similar

proposition at the same time: that a "silent majority" of Americans, to whom the media paid no attention, insisted on being heard on public policy. From the left and from the right came a similar lament, that people felt invisible or silent and did not want to feel that way anymore.

This was a new thought. While the Declaration of Independence posited our rights to life and liberty, and while the Constitution explicitly granted the rights to speak our minds and vote, people today insist on being *acknowledged*. As technology has democratized in the decades since, with chatrooms, Weblogs, and instant polling, it's become apparent that

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there is hardly an American who doesn't chafe at the way we continually divide ourselves into people who matter and people who don't.

We are all of us *somebodies*. It's just that the system hasn't wised up to the fact.

Most curious is that even obviously "in people," individuals of position and influence, often feel that they are out, that they are *nobodies*. On some level, we all feel we occupy rungs on a great stratified ladder of being, and someone right above us is giving us the raspberry.

Now comes educator Robert Fuller with the thesis that this hurtful hierarchization is the

ageism, and all of the other belittlings based on nationality, creed, globalpolitik, and biology. Rankism is, according to Fuller, the mother of all prejudices.

Fuller's beef is not with authority or the necessity that people with ability be in charge while others follow. That arrangement strikes him as natural and effective. The problem is when meritocracy fades and incumbency takes over, and talent and good work no longer count.

Nations pull rank this way all the time. The Persians, the Greeks, the Romans, the French, the British, and today the Americans have all claimed

In politics, every vote is supposed to count, and elected representatives are subject to periodic review and removal by voters. In reality, however, the influence of campaign donors far outstrips the influence of individual donors, and the system is skewed by elected officials to give them every possible electoral advantage. Rightly or wrongly, President Bush summed up all of our feelings early in his administration when he allegedly turned to a heckling protester and asked him, "Who cares what you think?" Ouch.

In business, the struggle is especially persistent. Manage-

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next big hurdle that democracy must clamber over. Fuller is a former professor of physics who did a stint as college president, then went on to serve as chair of Internews, a global nonprofit that promotes democracy and international understanding via free and independent media.

But when he was not wearing the hat of head honcho, Fuller felt like a nobody just like everyone else. And from those humiliating experiences he crafted the thesis of *Somebodies and Nobodies*: that democracy is profoundly conflicted by *rankism*, the everyday practice of culling out the people who are worth two hoots from those who are plainly not—and letting the nobodies know just how low their status is.

Rankism isn't just another grievance to toss on our already tall pile. It actually makes the pile smaller, because it includes most of the other "isms" that are so rankling to so many—racism, sexism, jingoism,

to be number one, each to their own time. When you are top dog, the rules often don't apply equally to you. You get a free pass, which causes resentment, which ultimately undermines empire. Historians ask, What brought the empires down? And the usual answer is that the groups they mistreated found ways to undermine or overthrow them. And that it was a pleasure.

Foreign-affairs commentator Thomas Friedman, following the events of Sept. 11, coined a phrase that belongs in Fuller's book. While the country rushed to ask how our enemies could hate us, he supplied the phrase "poverty of dignity." The Muslim world ruled the roost during our medieval period, and hundreds of millions of people worldwide still feel slighted by history. It might be good for Americans, as the supreme superpower, to feel what it's like every day at the nobody end of the rope.

ment enjoys, in many people's estimation, too high a portion of an organization's proceeds, while the rank and file are the first to suffer when hard times strike. In between, relations between corporate strata range from the Dickensian to the Dilbertian. As consolidation and globalization extend the hierarchic effect, feelings of indignity and disposability up and down the ladder have the potential to paralyze organizations from within and prevent them from achieving their goals.

The opposite of rankism isn't a procrustean society, in which the powerful are cut down to size until everyone is equal. Fuller's goal isn't achieving false equality; it's identifying and discouraging abuse of rank—bullying, sadism, "lording it" over the rest of us. Fuller makes no specific demands for legislation, and offers no laminatable 10-point plan. He asks, rather, that we step back and see the long-term harm this

short-term response causes.

Fuller favors modeling of respectful behavior by top executives, exposure of those who habitually pull rank, and a campaign to heighten organizational consciousness of the consequences of this kind of bullying to our businesses and our economy.

A syllogism for change is not difficult to construct:

(1) Organizations need a free flow of knowledge and a positive spirit of teamwork in order to function dynamically.

(2) Rankism stifles the flow of knowledge and the sense of common cause, pitting organizations against themselves.

(3) Ergo, no competitive organization can tolerate rankism.

Is rankism an inherent part of human nature, like the dominance instinct in dogs? And if so, are efforts to eradicate it hubristic and hopeless? Yes and no. Yes, rankism is one tool in our instinctual toolkit, along with the “fight or flight” adrenaline response. It is one that served us well in less complex, more authoritarian times.

But we are not, despite many doggy proclivities, dogs. Dogs can't replace monarchy with constitutional democracy. Dogs are incapable of self-assessment and improvement, like our real successes against slavery, colonialism, racism, and gender inequity. Dogs think short-term; we take a longer view, which enlightened self-interest requires.

In nearly every culture, a “Golden Rule” counsels against the thoughtless and destructive consequences of brutal behavior. A spirit of fairness and generosity suffuses every world religion. But Fuller suggests we are ready to go beyond nostrums to a changed order, one that is open to its true potential, and has curbed the self-perpetuating behavior of those in charge. ♦

Worth Noting

The New Financial Order: Risk in the 21st Century (Princeton)

By Robert J. Shiller

The proposals of *The New Financial Order*, which would reduce economic inequality through the mechanisms of the market, might have raised more skeptical eyebrows if they had come from someone besides the prescient Shiller, who famously predicted the bursting of the dotcom bubble in *Irrational Exuberance*. In his new book, he lays out six steps that would create a new risk-management infrastructure and bring about the new financial order of the title, including livelihood insurance to protect individuals' earnings; intergenerational social security; and income-linked loans, with balances that decrease if the borrower's earnings fall below expected levels. Even if the book doesn't bring about change, it will certainly raise discussion.

What (Really) Works: The 4+2 Formula for Sustained Business Success (HarperBusiness)

By William Joyce, Nitin Nohria, and Bruce Roberson

The “formula” of the subtitle is a cut above “secret” in the language of marketing management books, but its intent is the same—to promise what it (really) can't deliver, for by now everybody knows that there is no formula or secret to business success. Actually, there is a “formula”—doing the right things in the right way at the right time. But that seems so obvious, you say. Well, how's this for obvious: strategy, execution, culture, and organization are the “4” primary management practices of the book's title (secondary practices are no less eye-popping). The companies that do these things well are successful; the ones that don't fail. While the revealed wisdom may be self-evident, the book has other things going for it: a statistical basis for its findings—the authors and their team identified and analyzed 160 companies over a 10-year period—and some well-developed examples of companies that have done the right things on the way up and the wrong things on the way down. Credit the authors, too, for winnowing through more than 200 management practices that supposedly influenced business success. Perhaps most interesting, although the authors caution not to make much of it, they identify several management prac-

tices as not having a cause-effect relationship to superior performance. Among them: a company's investment in technology, corporate change programs, and attracting high-quality directors.

Companies Are People, Too: Discover, Develop, and Grow Your Organization's True Personality (Wiley)

By Sandra Fekete with LeeAnna Keith

It's not often that you find an entire book based around a diagnostic tool—at least, not one that's very readable. But Fekete has written exactly that, based on her Companies Are People, Too (CAP2) questionnaire, which purports to determine a company's personality. The series of questions puts companies into one of 16 categories, from “Thriving on Risky Business” to “It's Fun to Do Good Work.” The book then explains how to develop a persona and profile for your company: If your company was a person, what would he wear? Drink? Read? Personalizing a company this way reiterates that it is its own entity, and lets its managers grow its vision and values based on the company's personality rather than their own. The most important lesson? Recognizing that the company's personality isn't the same as the CEO's. Remember, it's a person, too.

Saving the Corporate Board: Why Boards Fail and How to Fix Them (Wiley)

By Ralph D. Ward

In taking on corporate governance's main pillar, Ward pulls no punches: “The board simply sucks as a tool for fiduciary oversight of the modern corporation.” The rest of his prose is more constructive—and less inflammatory—and offers a plausible road map for solving problems that, until recently, most businesspeople didn't realize were problems. In his third book about improving boards, Ward, publisher of the *Boardroom INSIDER* online newsletter, breaks down board failings into 10 categories and explains each, from directors' lack of time and expertise (“The Boardroom Amateurs Syndrome”) to directors' reluctance to address interpersonal issues (“We Don't Talk About That”). It's all solution-oriented, and Ward's authoritative, highly readable prose, larded with real-world anecdotes and quotes, makes the book an essential read for anyone interested in or involved with governance issues.