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Book Review

[Book Review of] Monetary regimes in transition, Michael D. Bordo ... (eds.) : Cambridge, Cambridge Univ. Press, 1993

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Section 7.6. Productivity effects are treated similarly. This division between theoretical arguments and empirical evidence deserves reconsideration in subsequent editions. Moreover, strikes are mentioned briefly in Chapter 5, under the heading of bargaining models, together with cooperative approaches. Endogenizing the strike decision, and hence integrating cooperative and non-cooperative union bargaining models, has not advanced far in the literature yet. Hence, there exists no "natural" place where to include the economic analysis of strikes. But discussing strike models together with efficient bargaining and right-to-manage models does not seem to be an obvious choice. Let me also mention that questions of membership determination are not dealt with extensively. This is all the more regrettable as Booth herself has done a lot of excellent work in that area and readers might have benefited from her research experience.

Secondly, I am doubtful about the intended audience for the book. In the preface it says that one aim is to make "the existing literature on the trade union more easily accessible to economics or industrial relations students at the third-year undergraduate or the MSc level". But Booth deals at length with issues which a third-year undergraduate with a thorough knowledge of economics will be familiar with, even if s/he might not have heard any labour economics before. Similarly, anyone with some econometrics background will find Chapters 6 and 7 fairly extensive. It seems that the price for addressing a wide audience is that readers with a knowledge of economics will regard some sections as mere repetition.

Even though I am rather critical of the exposition of the material, there is also another side to this coin, which I believe to be very valuable. In discussing basic issues in depth Booth does not shy away from mentioning critical assumptions, underlying hypotheses and parameter restrictions. This is a clear advantage in comparison to other publications where, say, the source of rents to be bargained about is dealt with rather briefly. And Booth also emphasizes strong points of the models. For example, she argues forcefully that the analysis of collective wage determinations is an extremely relevant topic even for countries with low trade union density like the US because of spill-over effects to non-unionized markets.

The book by Alison Booth is well written, incorporates most of the relevant work and provides a much needed update on the economic analysis of trade unions in Europe. It can serve as an excellent introduction to a course in labour economics for intermediate students with some background in micro- and macroeconomics.

Laszlo Goerke

Bordo, Michael D., Forrest H. Capie (Eds.), Monetary Regimes in Transition. Studies in Monetary and Financial History. Cambridge, New York, Port Chester, Melbourne, Sydney 1993. Cambridge University Press. XIII, 394 pp.

A book with a rather general title which consists of articles written by different authors is always difficult to read and even more difficult to comment on. That this book is no exception becomes evident if one reads the introduction and the summary successively. While the first contains the concept, the latter reflects the outcome – which is quite different.

The introduction by *Bordo* and *Capie* (Chapter 1) promises that the book will answer two questions (p. 1):

- What might be said about how different regimes fared when placed under stress?
- What was it that made some monetary regimes stable and durable, and others not?

They go on to discuss the definition of a regime and make clear what they mean by "Monetary Regimes in Transition", namely, the move from a silver to a gold standard and from a gold standard to fiat money, the historical nature of which makes the need to analyze historical examples adequately clear. Additionally, the authors claim that such an analysis has not only direct applications to modern macroeconomic themes like credibility, time consistency, and independence of monetary authorities but that "... (we) have to turn to historical experience for guidance on (the) questions..." of "... reducing uncertainty, stabilizing prices and smoothing the path of economic progress..." (p. 10). I think this is a rather challenging hypothesis for the majority of economists, i.e. those who do not refer to historical but rather to recent evidence in order to discuss these questions.

Having read the book, my impression is that the articles do not please the high demands established in the introduction. This view is implicitly supported by *Schwartz* (Chapter 12) who proposed in her summary a different common denominator for the book: the degree of success each regime experienced in maintaining actual and expected price stability. However, her answer is also rather vague: "The variety of monetary regimes in this volume affords the reader insights into different historical circumstances, different institutional settings, and different constraints on the individuals who played a role in the countries concerned. Given these external conditions, every monetary regime is associated with price behavior that results from actions of authorities, financial intermediaries, and the public" (p. 383). Who wants to doubt that?

While Schwartz also fails to give a clear-cut conclusion, she does an excellent job when summarizing the articles on "commodity money standards in transition" by *Gallarotti*, *Redish*, and *Calomiris* (Chapters 2–4), on "successful and unsuccessful adherence to the gold standard" by *Martín-Aceña*, *Dick* and *Floyd*, and *Pope* (Chapters 5–7), and on "wartime upheaval and postwar stabilization" by *Bordo* and *White*, *Siklos*, *Casella* and *Eichengreen*, and *Jonung* (Chapters 8–11). Schwartz demonstrates that academic readers interested in these issues may find that the book provides interesting pieces of empirical evidence. However, those economists eager to learn about solutions for currently discussed problems of monetary and exchange rate policy are likely to be disappointed. Although it becomes clear that the problems with achieving stability, credibility, and consistency are not new, the authors leave it to the patience and the creativity of the reader to interpret the historical evidence in a present-day context.

Rainer Schweickert

Child, John, Management in China during the Age of Reform. Cambridge Studies in Management 23. Cambridge, New York, Melbourne 1995. Cambridge University Press. IX, 333 pp.

Existing studies by Western authors on the results of enterprise reforms in China "are rarely informative" claims Professor Child in the introduction to his book and sets forth to remedy this "dearth of information about how Chinese firms are run". I wonder whether it was necessary to motivate the book thus, particularly in view of the recent publications emanating from a joint research project by the Chinese Academy of Social Sciences, Oxford University, the University of Michigan, and the University of Southern California (see e.g. Groves et al. 1994; Hay et al. 1994) which the author sadly fails to appreciate. Nevertheless, Child's book is a valuable contribution to this growing literature.

The best parts of the book are the first two chapters and the conclusion. In the first part, Child sets the scene for the subsequent empirical analysis of enterprise level data. Chapter 1 identifies three main perspectives that are relevant to an analysis of Chinese economic reform and development. These are the process of industrialisation and