Wirtschaftspolitik nach dem Ende der Bretton-Woods-Ära. "Jahrbuch für Wirtschaftsgeschichte." 2002/1. Pp. 269. €64.80, paper.

This is a medley of essays on the political economy of transatlantic relationships in the second half of the twentieth century, offered by a group of distinguished economists and economic historians as a festschrift for the 60 years of their German peer, Carl-Ludwig Holtfrerich. The *Yearbook* encompasses a variety of topics, among which a personal account of the rise of monetarism as a policy rule by Charles P. Kindleberger, a "wise and witty" man (in Richard Sylla's words) we already miss. However, the core issue at stake is the scope for national sovereignty in a globally integrated economy—a world of "capitalism in many countries," writes Welf Werner in his final remarks (p. 249), as opposed to the "socialism-in-many-countries" regime of Bretton Woods (a variation on Peter Temin's famous motto suggested by Knick Harley) (p. 157).

A unifying theoretical background is provided by the analysis of twentieth-century monetary regimes through the "trilemma," the policy trade-off suggesting that a viable international monetary regime has to give up at least one corner of an incompatible triad formed by fixed exchange rates (sacrificed in the early 1920s as well as in the post–Bretton Woods era), free capital mobility (renounced both in the 1930s and under Bretton Woods), and domestic monetary policy discretion (which governments gave up during the Gold Standard). As Harley emphasizes, however, both the Gold Standard and Bretton Woods collapsed under the mounting pressure of the subordinated monetary goal—increasing globalization and capital market integration in the case of the latter (p. 169). This is the focus of Sylla's contribution, which challenges the standard geopolitical account of the breakdown of Bretton Woods by proposing an alternative story based on a reversed causality (p. 84). It was not, Sylla argues, the Cold War and its impact on U.S. fiscal and monetary policies in the second half of the 1960s that undermined the viability of the system; it was rather the unprecedented transnational thrust of U.S. banks, escaping from an overregulated domestic system—an issue addressed also by Randall S. Krosner in a paper on the economics and politics of branching deregulation in the United States (p. 217)—and following their multinational customers abroad, that sowed the seeds of the transition to the post–Bretton Woods regime.

Quite in the same vein, Richard Tilly surveys the rise of Euro currencies and international capital markets to suggest that deregulation, liberalization, and market-oriented institutional convergence, although triggered by the exogenous shock brought home by the United States, were basically a reaction to the restrictive regulation of financial institutions that prevailed after 1945 (p. 216). Indeed, Heiner Flassbeck suggests that political elites who gave in to such powerful market forces were actually misled by the promise of increased national sovereignty, in terms of insulation from international shocks, embedded in a flexible exchange regime. This, Flassbeck argues, was a fallacious "fiction" that spelt disaster for international trade and financial stability (p. 33). Marcello De Cecco also espouses a critical view of globalization in his learned historical excursus on the secular experience of Europe with capital controls. He warns against the destabilizing potential of massive short-term capital movements and cautions emerging countries against "following incautious advice" to adopt "prematurely" capital account convertibility (p. 65). He is nevertheless skeptical about the effectiveness of unilateral capital controls, and qualifies his open-mind approach to Tobin's "sand-in-the-wheel" argument by stressing the higher degree of international cohesion that multilateral regulation would require.

The importance of international cooperation is also emphasized by Barry Eichengreen. He raises the question whether in fact the explosive growth of international capital flows of the late twentieth century made national economies alarmingly more vulnerable to international contagion, relative to past periods. After modeling the channels through which crises spread internationally, he empirically analyses the experience of 21 countries over the period 1880–1998, and finds strong similarities between the post-1971 and the pre-1940 period as to frequency, incidence, and determinants of financial crises. At the same time, the pre-1913 globalized system looms up as relatively stable, due to institutional characteristics that reinforced the credibility of national authorities' commitment to currency stability, thus making globalization politically and socially viable (p. 102). This is a lesson from a distant past that, Eichengreen regrets, political elites of nowadays might have to learn again at high costs for the society.

Harold James expresses the same concerns as to the politics of de-globalization. Can redistributional conflicts or radicalized extremes, he asks, translate again into a backlash against internationalization similar to the interwar one? He suggests that the highly fragmented political spectrum within Western democracies and the absence of any strong national model of antiglobal success has so far prevented the pendulum from swinging back from globality too fast (p.144). Nonetheless, he warns, the emergence of new populisms based on "mild" protectionism against trade as well as capital and labor movements might well drive us into the same mistakes that in the 1920s prepared the ground for the catastrophe of the following decade.

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