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Monetary War and Peace: London, Washington, Paris, and the Tripartite Agreement of 1936. *By Max Harris*. Cambridge: Cambridge University Press, 2021. xiii + 279 pp. Appendixes, index. Hardcover, C$126.95. ISBN: 978-1-108-48495-4.
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Reviewed by Adrien Faudot

In *Monetary War and Peace*, Max Harris sheds light on the events leading to the Tripartite Agreement, which occurred in a crucial period for international monetary relations. The book proceeds in chronological order, and in a very original fashion, as it switches in each chapter from one capital to another. Hence it focuses on London, then Washington, DC, and then Paris, much like a TV show highlighting various competing cities. France, the United States, and the United Kingdom were the three main actors of the Tripartite Agreement. Furthermore, the author focuses on different protagonists in each chapter, including Neville Chamberlain, Henry Morgenthau, Montagu Norman, and Harry Siepmann. The book highlights a tactical monetary struggle that took place in the three cities on both sides of the Atlantic Ocean.

In the first chapter, Harris describes the gold standard, with a focus on the pound sterling. Hence the reader learns of the gold flow mechanism related to the foreign exchange market: Basically, when the pound sterling was sold on the foreign exchange market, its exchange rate would depreciate. Foreign exchange operators would request its conversion in gold in London. With gold, they would buy dollars, which would be used to buy pound sterling on the market at the official rate. As a result, the operators gained additional sterling pounds and London lost gold. The mobility of gold was an essential condition of this mechanism. Nevertheless, Harris highlights the limits of the gold standard: transportation costs, bid/ask policies, and sterilization policies that aim at neutralizing the mechanism of the gold standard and the adjustment inherent in such a system of fixed exchange rates. For instance, inflows of gold may be neutralized by the sale of treasury bonds to prevent a related monetary expansion. Speaking of neutralization policies, several chapters insist on this issue, whether the countries under review were losing or receiving gold. The neutralization policies were crucial to the monetary war and peace and caused great harm to the gold standard.

The first chapter is important as it provides some help to understand the technical issues in foreign exchange and gold management exposed all through the book. Chapter 2 starts with the case of Great Britain, which suffered from its return to the gold standard at the prewar parity. The end of gold convertibility at the prewar parity in 1931 opened (not ended) the drama of the interwar period, which was worsened by Germany's policy of exchange control and the suspension of gold convertibility.

Chapter 3 introduces the monetary hostilities that were opened by the United Kingdom's departure from the gold standard in 1931 and caused a 20 percent depreciation. For several central banks holding sterling foreign exchange reserves—notably France—the depreciation was unpalatable and called for recapitalization by the Treasury. Such need put central banks, including the Bank of England, in an uncomfortable position of dependence on the Treasury. The major step toward monetary war was the establishment of stabilization funds, whose explicit purpose was neutralization policies through foreign exchange markets intervention. In 1932, London created the Exchange Equalization Account (EEA) through the Bank of England. The EEA successfully managed the sterling exchange rate with high autonomy and a noticeable opacity regarding its operations.

Chapter 4 focuses on the reaction of Washington, DC, which looked like a declaration of war. Unlike the United Kingdom, the United States had significant gold reserves and no massive pressures to depreciate its currency. Roosevelt and Morgenthau used several methods to successfully devalue the U.S. dollar and boost their domestic economy. In 1934 they created the Exchange Stabilization Funds. The stabilization funds are described as participating to "the monetary arm race" (p. 91). For the countries who held U.S. dollar reserves—the United Kingdom in particular—the massive devaluation was a nasty surprise with a huge cost. For most of them, it stimulated distrust in currencies and the flight to gold as a safe haven.

Chapter 5 moves to Paris. In 1935 France still clung to gold in the gold bloc, which also included Belgium, Switzerland, Poland, the Netherlands, and Italy. The situation was precarious as the currency movements were violent and costly. A first step toward monetary "peace" emerged at this time: Roosevelt asked the Bank of England to act as settlement agent in Europe on behalf of the Federal Reserve, while a significant part of U.S. gold would remain in London.

Chapter 6 eventually introduces the Tripartite Agreement, which was an informal agreement based on mutual identical statements (the British statement is reproduced in an appendix of the book). Each member country would fix the price of its currency in gold for one day; the next morning, it could reset the price at the same level or at a slightly different one. The agreement provided temporary stability (within the day) and was a success as many observers saw in it a balance between the rigidity of the gold standard and the chaos of the period from 1931 to 1935. The Tripartite Agreement is described as a "24 hours gold standard" (p. 154). Rapidly, Belgium, Switzerland, and the Netherlands joined the agreement as junior members.

Interestingly, Harris describes the United States as the dominant power that has maintained a unique monetary system regarding gold convertibility. During the 1930s the United States became increasingly conscious that it would become the monetary hegemon, and for that reason, it may have taken steps toward currency convertibility and international currency cooperation without necessarily asking for an immediate reciprocity from other countries. The book contains some hints on this new role of international pivot (e.g., p. 138).

At the end of 1936, the world started fearing gold oversupply: demand declined and supply recovered, encouraged by high prices and currencies devaluations. Chapter 7 focuses on the enduring difficulties with gold movements. France suffered from gold outflows while the United Kingdom and the United States witnessed significant inflows. London and Washington sterilized the inflows, but those operations were costly. This episode was known as the Gold Scare. France was not concerned by the Gold Scare as it experienced gold outflows over and over in the context of the Popular Front (following the 1936 elections). France's difficulties are studied more specifically in chapter 8. France had to devalue on repeated occasions, which exasperated the British and the Americans and jeopardized the Tripartite Agreement. The following chapter (chapter 9) moves to London and describes the troubles that in turn affected the pound sterling, with depreciating pressures. The war starting on September 1939 and involving France and the United Kingdom terminated de facto the agreement, although communication between Treasuries, an important aspect of the Tripartite Agreement, continued somewhat after 1939.

Chapter 10 ("From Bretton Woods to Today") is the prelude to the conclusion. It highlights the ingredients of the Tripartite Agreement that survived in subsequent international monetary agreements, such as foreign exchange interventions and the objective of domestic prosperity. It also shows that the Bretton Woods negotiations went further than the Tripartite Agreement by drawing upon lessons of the 1930s, one of

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them being the creation of a fund (the International Monetary Fund) to finance payments imbalances with resources made available to member countries.

The book is pleasant to read. The reader may regret that some connections with real economic variables are not always illustrated—specifically, the relationships between exchange rate movements and economic growth, current account balance, unemployment, and other variables that justified exchange rate management choices. Furthermore, it could have been interesting to further develop the agreement's legacy in chapter 10, with the "lessons for today" (p. 240).

The book nevertheless fills a gap in the literature and successfully concentrates on the history of the Tripartite Agreement. In that sense, it will probably become a seminal reference for researchers interested in exchange rate policies and international monetary relations.

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A Full-Value Ruble: The Promise of Prosperity in the Postwar Soviet Union. *By Kristy Ironside*. Cambridge, MA: Harvard University Press, 2021. 320 pp. Photographs, illustrations, glossary, appendixes, notes, bibliography, index. Hardcover, $45.00. ISBN: 978-0-67425-164-9.
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Reviewed by David Woodruff

Kristy Ironside offers an important entry in the literature on the economic history of the Soviet Union, charting post–World War II efforts by Stalin and then Khrushchev to offer Soviet citizens a kind of consumer prosperity after years of economic upheaval and total war. The core dilemmas facing this project, as this impressively researched volume repeatedly illustrates, derive from the particular nature of the Soviet monetary system.

In the mid-1920s, the Bolsheviks had decided to react to unwelcome upward price pressure by instituting fixed prices for goods in state-controlled shops. However, fixed prices did not eliminate the need to manage the amount of money available to consumers. Any excess monetary demand led to shortages of available goods, resulting in rationing, at times organized explicitly and at times enforced de facto by the need