Pablo Martin Acena, Jaime Reis, eds.. *Monetary Standards in the Periphery: Paper, Silver and Gold, 1854-1933.* New York: St. Martin's Press, 2000. x + 264 pp. $75, cloth, ISBN 978-0-312-22677-0.

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The classical gold standard of the late nineteenth and early twentieth centuries remains a touchstone for evaluating alternative international monetary regimes. Therefore the operation of that standard has both contemporary and historical implications. With some notable exceptions, analyses have focused on the operation and costs and benefits of that regime in a few "core" economies --predominantly the United Kingdom, the United States and France. Thus, this book, in which leading monetary historians in six "peripheral" economies present case-studies of the operation of the gold standard, is particularly welcome.

The book begins with a brief chapter by Pablo Martin Acena, Jaime Reis and Agustin Llona Rodriguez that summarizes the literature on two related themes pursued (to varying degrees) in the case studies: the possibility that adherence to the gold standard was more difficult in peripheral economies and the possibility that the benefits of gold standard adherence were different for the periphery. The article then suggests what can be learned from these six economies. In a nutshell, the authors believe that adherence to the gold standard was more difficult for peripheral countries (especially in Latin America) because they faced volatile export prices, were sensitive to the international capital market and had an underdeveloped financial system, particularly no lender of last resort.

The six economies discussed in the book are Italy, Portugal and Spain (within Europe) and Brazil, Chile and Columbia (within Latin America). The overall picture presented is a diverse one, which is a little disheartening for those wishing to take away general lessons. Was the gold standard an appropriate monetary regime for peripheral countries? Jose Antonio Ocampo, writing on Columbia, argues that it "worked" (perhaps not the strongest endorsement!) even in the face of sharp external cycles. Rodriguez, writing on Chile, carefully shows how the appropriate exchange rate regime might depend on the level of development of the banking system. He argues that, in Chile, the paper standard in the late nineteenth century had been a good fit. Did countries benefit from a "Good Housekeeping seal of approval" if they joined the gold standard? Reis, writing on Portugal, argues that this did not happen. Portugal did not enjoy low interest rates as a member of the gold standard club, but, on the other hand, it did not behave according to the rules either. In Italy and Spain, for much of the period, exchange rates were stable even without formal adherence to the gold standard. But if being on the gold standard assured easier/cheaper access to international capital markets, why pay the price of acting like a convertible currency without getting the benefit of the "seal"? (This is an issue that has similarities with the current debate about the advantages of explicit targets for the implementation of monetary policy.)

This book may find its principal use as a source for those studying the monetary systems of individual countries, but let me turn to what I took away from the whole. Firstly, economies on paper money standards experienced a wide range of macro-economic outcomes. As Tolstoy might have put it, "All metallic standards resemble one another; every paper standard is a standard in its own way." Fiat money standards provide the scope for everything from high inflation to stable prices. Given that today most economies are searching for the optimal paper standard it is this diverse experience off the gold standard that may have the most useful lessons for understanding the international monetary system.

Secondly, while the introductory chapter emphasizes that these six economies spent more time off than on a metallic standard, there is an interesting common chronology underlying that statistic. For virtually all of the first thirty years of the period covered, Chile, Columbia, Portugal, and Spain were on metallic standards; from 1880 to the mid-1920s most regimes were paper based; and, in the mid-1920s, there was a return to metallism in Latin American and Italy. Were there common factors in the suspension and return to convertibility? Again there is more diversity than uniformity. Chile suspended convertibility after enduring balance of payments problems from 1875-78 as the price of wheat and copper fell, and these problems were then exacerbated by the War of the Pacific (1879-83). Columbia's civil war began in 1885 leading to the issue of inconvertible paper. Portugal suspended the gold standard as a result of fallout from the dramatic depreciation in Brazil after the 1889 Republican revolution there, and also from the cessation of lending by the Barings. Finally, Spain's suspension appears to have been caused by the dramatic fall in the price of silver in the early 1880s. (The discussion of the return to metallism in the 1920s is told only for Columbia where the influence of the renowned Dr. Kemmerer was (pro)found.)

Finally, the summary chapter stresses the need for greater emphasis on political economy analyses of the monetary standard issue, and I strongly concur. While economic factors, such as the dependence on a few exports whose prices are volatile, were important vulnerabilities for the peripheral countries, perhaps the most significant threats to metallism were war and unstable political processes. This of course was equally true in the core: the Franco-Prussian War, the US Civil War and the First World War all led to suspensions of convertibility, and Barry Eichengreen and others have argued for the importance of changing political systems in the collapse of the gold standard in the core countries during the interwar period. A monetary system is a social contract, and its strength will reflect the degree of social cohesion.

Before wholeheartedly recommending this book, let me just add a brief wish list. The book would have profited from a concluding chapter that pulled the material together even more than in the introductory chapter, focusing on whether or not mistakes were made and whether or not there are lessons that can be learned. The book might have also benefited had the authors of the case studies presented comparable material and coverage. For example, the time periods differed quite starkly, with the chapter on Brazil focusing only on the ten gold standard years, while other chapters covered only subsets of the period--to 1891 (Portugal) and to 1914 (Spain and Italy). My last request would be for a common set of data tables, which would have enhanced the usefulness of the book as a source for comparative financial history. That said, however, there are a vast number of data tables and plenty of references for those who want to go further.

Let me then end as I began: there is not sufficient knowledge about the experience of peripheral economies during the heyday of the international gold standard, and this book goes a long way toward filling gaps in our information.

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