

governs the success of a scientific research program. Cognitively taxed human beings find it easier to keep a theoretical paradigm unified by a simple core principle in mind for application to whatever problem comes to light. From the present volume we can see that post-Keynesian economics is yet to move fully in this direction. The closest the field comes to a general core theory intellectually competitive with neoclassical economics (Harstad & Selten, 2013) is Godley and Lavoie (2006), but this work presents an accounting framework (stock-flow consistent models), not a simple core unifying principle. Evolutionary economics has one (that economic behaviour is subject to the evolutionary process of origination/variation, selection/diffusion and retention), as does neoclassical economics (that people more or less maximise utility under constraints), and this makes their application as modes of thought by the practitioner a far easier task.

This being said, we must not deny the valuable advances made by post-Keynesian economics thus far, and it is still less to deny the value of this admirable effort on the part of Harcourt and Kriesler to make a sprawling and vast literature accessible to all and sundry. I congratulate Harcourt and Kriesler, and commend their handbook to every serious economist in the world.

BRENDAN MARKEY-TOWLER

*School of Economics and Australian Institute for Business and Economics, University of Queensland, St Lucia Queensland, Australia*

#### REFERENCES

- Bortis, H. (1997), *Institutions, Behaviour and Economic Theory*. Cambridge University Press, Cambridge.
- Cohen, A.J. and Harcourt, G.C. (2003), 'Retrospectives: Whatever Happened to the Cambridge Capital Theory Controversies?', *Journal of Economic Perspectives*, **17** (1), 199–214.
- Dopfer, K. and Potts, J. (2008), *The General Theory of Economic Evolution*. Routledge, London.
- Felipe, J. and McCombie, J.S.L. (2013), *The Aggregate Production Function and the Measurement of Technical Change*. Edward Elgar, Cheltenham.
- Godley, W. and Lavoie, M. (2006), *Monetary Economics*. Palgrave Macmillan, Basingstoke.
- Harcourt, G.C. (1972), *Some Cambridge Controversies in the Theory of Capital*. Cambridge University Press, Cambridge.
- Harcourt, G.C. (2006), *The Structure of Post-Keynesian Economics*. Cambridge University Press, Cambridge.
- Harstad, R. and Selten, R. (2013), 'Bounded-Rationality Models: Tasks to Become Intellectually Competitive', *Journal of Economic Literature*, **51**, 496–511.
- Hart, N. (2013), *Alfred Marshall and Modern Economics*. Palgrave Macmillan, Basingstoke.
- Lakatos, I. (1968–9), 'Criticism and the Methodology of Scientific Research Programmes', *Proceedings of the Aristotelian Society* (new series), **69**, 149–86.
- Mas-Colell, A., Whinston, M.D. and Green, J.R. (1995), *Microeconomic Theory*. Oxford University Press, Oxford.
- Popper, K. (1992), *The Logic of Scientific Discovery*. Routledge, London.
- The Oxford Handbook of Banking and Financial History*, by Youssef Cassis, Richard S. Grossman and Catherine R. Schenk (Oxford University Press, Oxford, 2016), pp. 560.

Although I am a financial economist with an interest in banking, I must confess I was unsure of what a book on the history of banking and finance might contain. My naive view thought the connection between finance and its history was: today's finance is tomorrow's financial history, no? So at 21 chapters and over 500 pages, I was somewhat daunted with the task of potentially reading a lengthy chronology of financial events. I was mistaken. This volume is an ambitious – possibly too ambitious – recount of financial history interpreted through a modern lens, thus making its content relevant for financial economists of today.

Oxford handbooks aim to provide a comprehensive and up-to-date reference for scholars in a particular area of interest. This volume is no different. However, unlike narrower titles such as *The Oxford Handbook of Corporate Governance* or *The Oxford Handbook of Entrepreneurial Finance*, the topic at hand is extremely broad and potentially boundless. The editors then face a choice between a narrow but more in-depth and a broad but less detailed analysis – they chose the latter.

Consider the contents of the book. It is split into five parts, each with a number of independent chapters. Part I deals with thematic issues, including chapters on financial history and history, financial history and financial economics, and financial history and economic development. Part II covers financial institutions, with separate chapters on private banks, commercial banks, investment banks, multinational and transnational

banks, and small-scale credit institutions. In Part III, the focus shifts to financial markets, with different chapters for each of the major markets: money markets, securities markets, international capital flows, and international financial centres. Financial regulation is then dealt with in Part IV, covering monetary systems, central banking, international cooperation and central banks, bank regulation and supervision, and the relation between state and finance. The book then concludes with three chapters dealing banking crises, currency crises, and capital markets and sovereign default in Part V.

A central theme in the book is that financial history has a lot to offer to the development of financial economics. Indeed, I benefited greatly from John Turner's contribution (Chapter 3) arguing that 'the financial historian should not merely be a financial economist with a high tolerance for dust and data entry'. Whether this volume is able to convince the reader of Turner's claim is crucial to its success; otherwise the reader might be left to conclude that (to steal a phrase from Turner) financial history is merely testing financial theories using thin data – a characterisation that is likely pervasive among those who are *not* financial historians.

Accordingly, to make an assessment of the book's success, I appeal to Solow's (1985) criteria for how economic history ought to be practised to be useful and relevant to economists. In his words: 'what economic history offers to [economic theory] is more interesting. If the proper choice of a model depends on the institutional context – and it should – then economic history performs the nice function of widening the range of observation available to the theorist. Economic theory can only gain from being taught something about the range of possibilities in human societies. Few things should be more interesting to a civilized economic theorist than the opportunity to observe the interplay between social institutions and economic behavior over time and place' (Solow, 1985, p. 329).

So according to Solow, financial economists can only learn from financial history if financial historians teach them something about the range of possibilities in human society. In many ways, this book goes a long way to achieving this. As the table of contents suggests, the sheer volume of topics covered in this book is impressive, and so the range of possibilities considered is quite large. However, given that each of the five parts making up this book could have easily been

expanded to the length of a book in their own right, the cost of this comprehensive coverage is that the analysis is at times not as detailed as one would like.

Bigger shortcomings stem from a characteristic typical of the Oxford handbooks: each chapter is written such that it stands alone and can be read in isolation. This characteristic leads to two problems. First, there is repetition across chapters. Second, and more importantly, there is, on occasion, a lack of continuity and reconciliation across the chapters and parts. While the second deficiency may not be an issue for handbooks covering different topics, I feel that in this instance it matters a lot. This is because the usefulness of financial history depends critically on its ability provide context, or, to borrow again from Solow: 'The economist is concerned with making and testing models of the economic world as it now is, or as we think it is. The economic historian can ask whether this or that story rings true when applied in earlier times or other places, and, if not, why not. So the economic historian can use the tools provided by the economist but will need, in addition, the ability to imagine how things might have been before they became as they now are' (Solow, 1985, p. 331).

Because the book deals with such broad themes, the type of context that Solow talks of can only be provided, in my opinion, if one can successfully link the evolution of key aspects of the financial system. To pick one example, Part II of the book contains a chapter on commercial banking, while there is a chapter in Part IV dealing with central banking. However, there is no real discussion about how the two connect, how this connection has changed over time, and ultimately what this means for something financial economists today care about: the operation of monetary policy. The prior literature on this topic has shown two things: first, that banks are an important conduit through which monetary policy operates (i.e. the bank lending channel); and second, that the bank lending channel is dominated by small banks (see, for example, Bernanke & Blinder, 1992; Kashyap & Stein, 2000). However, over time, both bank industry structure and the practice of monetary policy have changed significantly. Economies the world over are today dominated by a handful of very large banks and monetary policy has moved into an era of quantitative easing, so a question looms large: is the bank lending channel for monetary policy dead? Have big banks ever played a role in

transmitting the will of the central bank? What can financial history teach us about this relation between commercial and central banks and the functioning of monetary policy?

In closing, I do not mean to sound disparaging. The book is a good one, indeed financial economists and graduate students in particular will be well served to read it. I feel a lot of finance research today is conducted in the absence of historical context, and so this book is a good start to filling that void, especially since (as far as I am aware) there is no equivalent alternative out there.

PHONG T. H. NGO

*Australian National University, Canberra,  
Australian Capital Territory, Australia*

#### REFERENCES

- Bernanke, B.S. and Blinder, A.S. (1992), 'The Federal Funds Rate and the Channels of Monetary Transmission', *American Economic Review*, **78**, 435–9.
- Kashyap, A.K. and Stein, J.C. (2000), 'What Do a Million Observations on Banks Say about the Transmission of Monetary Policy?', *American Economic Review*, **90**, 407–8.
- Solow, R.M. (1985), 'Economic History and Economics', *American Economic Review (Papers and Proceedings)*, **75**, 328–31.

*The Euro and the Battle of Ideas*, by Markus Brunnermeier, Harold James and Jean-Pierre Landau (Princeton University Press, Princeton, NJ, 2016), pp. 440.

This book is co-written by three authors with heterogeneous and complementary backgrounds. This allows an exhaustive and original coverage of the working and difficulties of the euro zone in recent decades. Markus Brunnermeier, the Edward S. Sanford professor of economics at Princeton, was born in Germany and specialises in financial and monetary macroeconomics. Harold James, professor of history and international affairs at Princeton, was born in Great Britain. Finally, Jean-Pierre Landau is a French civil servant who formerly served as deputy governor of the Banque de France and executive director of the International Monetary Fund and World Bank.

The main thesis developed in this book is that, beneath the economic problems encountered since its creation, the euro area should first solve a non-dialogue situation between its two main

members, France and Germany. Both countries analyse the way economics works in a diverging fashion, which has had costly consequences for the management of the recent financial crisis and made the responses to the sovereign Greek debt suboptimal.

This book is worth reading. It mixes in a thorough way general concepts, economic facts and theories, as well as significant factual episodes in the recent economic and political history of the euro zone. As a teaser, the first paragraph of the book begins by describing the conditions surrounding the decision made by Nicolas Sarkozy and Angela Merkel at the Deauville summit (19 October 2010) to favour a loosening of the no-bailout condition imposed to fiscal questions in the euro zone: Merkel accepted a relaxation of this principle, while Sarkozy agreed to an 'adequate participation of private creditors'. This bilateral decision surprised all the other participating countries, as well as the European Central Bank and the United States. Nevertheless, despite the extensive use of anecdotes, this book extensively uses – and presents in an accessible language – key developments in economic theory to explain how progress in economic analysis provides the basis for some major policy decisions in the euro zone.

This book mainly centres on German–French relations. It more particularly assesses how baseline differences – originating in philosophical traditions, historical experiences and economic and political practices – have impaired the functioning of the euro zone and have affected its capacity to address problems arising from the Maastricht treaty and the subprime and Greek crises. It is organised into four parts. Part I describes the origins of German–French differences, adopting a multidisciplinary and long-run perspective. Parts II and III apply this grid to analyse how the German–French nexus ('the Rhine divide') has created difficulties in solving questions (mainly related to monetary and fiscal affairs) originating in the implementation of the Maastricht treaty and financial problems surrounding the management of the sovereign Greek crisis. Part IV enlarges the focus to the participation of other actors in the management of the financial crisis such as the IMF and the ECB.

The main originality of the book lies in the adoption a wide perspective accounting for the role of philosophical and political ideas, as well as economic facts and theory, to provide an impressive radiography of the roots of the

The Oxford Handbook is organized into four parts: Part I, Thematic Issues, deals explicitly with the problems that the editors confronted at the outset: how have historians approached the issues in financial history (Youssef Cassis); how have economists dealt with the issues that interest them (John D. Turner); and how have policy makers tried to apply lessons from history. To pay due attention to historical contingency, economic analysis, and policy relevance in each of the following chapters is, indeed, a daunting task for each author. Part II, Financial Institutions, takes up these challenges by separating out several categories of distinctly different institutions, a useful distinction too often overlooked in practice and one that illustrates nicely the complexity of any financial system. See details and exclusions - The Oxford Handbook of Banking and Financial History - 9780198815730. See all 6 brand new listings. Qty The financial crisis of 2008 aroused widespread interest in banking and financial history. Contributions to this volume analyse banking and financial history in a long-term comparative perspective. Lessons drawn from these analyses may well help future generations of policy makers avoid a repeat of the financial turbulence that erupted in 2008. Product Identifiers. Publisher. She is the author of several books including International Economic Relations since 1945 (2011) and The Decline of Sterling: managing the retreat of an international currency (2010). Country of Publication. United Kingdom. Review. "The book is a good one, indeed financial economists and graduate students in particular will be well served to read it. I feel a lot of finance research today is conducted in the absence of historical context, and so this book is a good start to filling that void, especially since (as far as I am aware) there is no equivalent alternative out there." His work mainly focuses on banking and financial history, as well as business history more generally. Her research focuses on international monetary and financial relations after 1945 with a particular emphasis on East Asia and the United Kingdom. She is the author of several books including International Economic Relations since 1945 (2011) and The Decline of Sterling: managing the retreat of an international currency (2010). Jun 17, 2015 - The Oxford Handbook of Corporate Governance (Oxford Handbooks) [Wright, Mike, Siegel, Donald, Keasey, Kevin, Filatotchev, Igor] on Amazon.com. \*FREE\* shipping on qualifying offers. It is an ideal book for ADR and management consultants, legal practitioners, human resource managers and students of ADR. It includes coverage of: various ADR techniques and the roles played by ADR practitioners in workplace conflict; the need for workplace grievance policies and the forms these can take; the suitability of ADR for various types of disputes; 2014. The European Union and Global Financial Regulation examines the influence of the European Union (EU) in regulating global finance, addressing several inter-related questions.