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Managing the Franc Poincaré: Economic Understanding and Political Constraint in French Monetary Policy, 1928-1936, by Kenneth Mouré

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the lore is missing from Berenson's version of the Caillaux affair that it is made to appear much less convoluted than it was. Finally, the number of factual errors is troubling, among them the circumstances of Joseph Caillaux's first election to the Chamber of Deputies, the details of his elevation to the Ministry of Finance, the reasons for Georges Clemenceau's long exclusion from cabinet office, the capacity and reputation of presiding justice Louis Albanel, and the extent of Radical Party involvement in the Rochette scandal. In spite of her acquittal, the evidence was heavily against Mme. Caillaux; the evidence is heavily against Berenson as well.

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KENNETH MOURÉ. *Managing the franc Poincaré: Economic Understanding and Political Constraint in French Monetary Policy, 1928–1936*. (Studies in Monetary and Financial Policy.) New York: Cambridge University Press. 1991. Pp. xiv, 314. $59.50.

Drawing on a wide variety of published and unpublished sources (including files of the Bank of France and the Bank of England, French and British treasury papers, and the private papers of Vincent Auriol, Paul Reynaud, Frederick Leith-Ross, Henry Morgenthau, and many others), Kenneth Mouré has put together a remarkably detailed and nuanced account of France's ill-fated effort to return to the gold standard between 1928 and 1936. Accepting the widely held diagnosis that overvaluation of the franc was the root cause of France's persistent economic difficulties after 1931, Mouré seeks to explain why the French clung so tenaciously to the gold-backed "franc Poincaré"—and adopted the severely deflationary policies that its defense required—in the face of mounting evidence that such policies precluded real economic recovery. In essence, he wants to determine why French officials acted less "rationally" in dealing with the Great Depression than their British, German, and American counterparts.

Mouré gives much attention to the public and private writings of the bank and treasury managers, politicians, and financial experts most responsible for formulating French monetary policy in the late 1920s and early 1930s. He tends to assume that these were public-spirited men whose only sin was faulty "economic understanding." And perhaps they were. Inasmuch, however, as France in these years had more than its share of shady operators looking for political favors and more than its share of financial scandals (of which the Stavisky affair was the most notorious), Mouré might have given more attention to the dark side of French public finance, including the role of currency speculation and what Jean-Noël Jeanneney calls "hidden money." A closer look at the private connections and interests of French decision makers might reveal that policies that now seem to have been irrational for the long-term public good of France in the early 1930s were in fact quite rational for the short-term private good of those who made them.

Mouré also devotes considerable space to reconstructing all the twists and turns in international monetary relations and domestic policy formation between 1928 and 1936, from the Anglo-French negotiations on gold flows before 1931 (chap. 2), to the politics and diplomacy of the London Economic Conference of 1933 (chap. 3), to the tortuous process by which the franc was finally devalued in 1936 (chaps. 6 and 7). It is always salutary to be reminded that large policies are usually the cumulative product of many small decisions, but there is also a danger of not seeing the forest for the trees. And Mouré does point out a lot of trees. In any case, much of the diplomatic and political history that he recounts will be of interest mainly to the handful of scholars working on this topic. Of more general interest—at least to economic historians of modern France—are chapters 4 and 5, which provide an excellent explanation of how the Bank of France functioned in this era and how it interacted with the treasury in its efforts to manage the currency and maintain the solvency of the French state.

Ultimately, Mouré's search for the source of France's ill-conceived monetary policy takes him beyond the thought and actions of specific leaders and the details of diplomacy and politics to what might be termed France's "official mind" on the monetary issue: more specifically, the quasi-religious commitment to gold that emerged (or reemerged) in official circles in response to the monetary problems of the early 1920s. Once institutionalized in the franc Poincaré and seemingly validated by France's apparent immunity to the initial stages of the world Depression in 1929–30, this commitment prevented France from following Britain and America off the gold standard in 1931–33 and, indeed, locked it instead into the disastrous deflationary policies of 1931–35. Only when the Popular Front took power in 1936 did a change in French monetary policy become possible, and even then it was undertaken so reluctantly and in such a clumsy and ill-timed fashion as to virtually ensure continued economic crisis. Having learned the wrong economic lessons from its experience of the 1920s, France had to unlearn them the hard way.

Like most books that are in fact lightly revised doctoral dissertations, this one presumes extensive knowledge of the subject and is inevitably intended for a small scholarly audience. Nonetheless, it is an unusually well-researched work that sheds much light on a difficult subject. In the process, it eloquently announces the arrival of a talented young historian from whom we may expect more excellent work in the future.

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