

## Book Reviews

### **Jens Hölscher (ed.), 50 years of German Mark. Essays in honour of Stephen F. Frowen, Hounds Mills, New York (Palgrave), 2001, 229+xxxi pages, ISBN 0-333-75267-8.**

What lessons can we draw from 50 years of German monetary policy for the future conduct of monetary policy in the Euro area? This was a central question of a symposium held in honour of *Stephen F. Frowen* at the University of Birmingham whose lectures are summarised in the present book. The volume contains a laudation by *Hans Tietmeyer*, given on the occasion of the 75<sup>th</sup> birthday of Professor *Frowen*, and some rather personal remarks by *Norbert Kloten* on the life of *Stephen Frowen*. It proceeds with a keynote speech by *Charles A. E. Goodhart*, a reprint of *Hans Tietmeyer*'s address to the meeting presented at a ceremony in the Frankfurt Paulskirche commemorating „Fifty Years of Deutsche Mark“, and seven articles, most of them accompanied by a discussant's comments. An epilogue about the meaning of sound money by *Sir Samuel Brittan* concludes the volume together with some bibliographical data about *Stephen Frowen*'s work.

*Charles Goodhart* ascribes in his “Keynote Speech: The DM and the Future of the Euro“ the success of the Bundesbank in some large part to the statesmanship and leadership of its presidents. At the same time, he remains somewhat sceptical about the long-term success of the Euro because of possible frictions between a supranational European monetary policy and fiscal policies, which are still driven by national considerations first and foremost. A more optimistic view is presented by *Hans Tietmeyer* in his address “Fifty Years of the Deutsche Mark – a Currency and its Consequences”: He looks back on a history of more than 100 years of German monetary policy and regards as the heritage of the DM “its international reputation in the markets, the independent central bank as a reference model, important monetary policy traditions and, above all, the culture of stability among the population.” This legacy will be passed on to the Euro.

*Keith Tribe* analyses in his historical paper, titled “The 1948 Currency Reform: Structure and Purpose”, the German (and other European countries') currency reform after World War II and casts some doubts on the customary thesis that the currency reform's terms and practices were overwhelmingly important in stimulating the German economic miracle. *Horst Tomann* comments in more detail on the relationship between the concept of a Social Market Economy and the neoclassical orthodoxy. The Bundesbank's monetary policy strategy and instruments are analysed by *Reiner König* in his paper “Paradigm Changes of German Monetary Policy”. *König* shows that after the collapse of the Bretton Woods system in 1973, the Bundesbank switched from an exchange rate

targeting policy to a monetary targeting policy, but apart from this, paradigm changes tend to be rare occurrences in German monetary policy. This continuity is regarded as a major contribution to the Bundesbank's successful stability record of the last 50 years.

In his comments, *Andy Mullineux* warns of an unchecked acceptance of the Bundesbank's strategy by the ECB since acceptance of the view that the Bundesbank's policy was right for Germany does not automatically imply "acceptance of the view that a similar policy pursued by the ECB will be beneficial for Euroland in future." Independence from political directives is one of the Bundesbank's central institutional features and whether these characteristics should be transferred to the ECB is the central question posed by *Geoffrey E. Wood* in the paper "Is the European Central Bank too Independent?". The preliminary answer is yes, because the ECB misses sufficient accountability and transparency as important adjuncts of its independence. This view is challenged by *Anke Jacobsen*, who in her comments stresses the differences between the UK with its democratic traditions and the European Union which should decide for a perfectly independently acting ECB.

*Norbert Kloten* presents in his paper "The Euro: Implications for Germany and Europe" a backward look on the German position towards European monetary integration and regards intensified market competition as well as intensified institutional competition between national systems of regulation as the most obvious implications of EMU for Germany and Europe. *David Cobham* stresses in his comments the political aspects of European monetary integration. *Jens Hölscher*, *David Owen Smith* and *Geoffrey Pugh* consider in their paper "The DM Undervaluation and West Germany's Economic Performance" exterior aspects of the Bundesbank's monetary policy and address the question whether West Germany's trade surpluses were due to a mercantilist strategy of the Bundesbank which boosted exports at the expense of domestic absorption. In his comments, *Jörg Bibow* stresses that it is quite impossible to prove that the Bundesbank deliberately followed such a mercantilist strategy.

*Stephen F. Frowen* and *Elias Karakitsos* consider in their paper "The Fate of Key Currencies: a Strategic Approach" possible monetary policy choices in a bipolar international monetary system with the U.S. Federal Reserve System and the ECB as actors; they analyse in an *Barro-Gordon*-type model the strategic policy choices of both central banks if the Fed behaves as a *Stackelberg*-leader or *Stackelberg*-follower. The future role of the British pound in such an international monetary system is analysed by *Hajo Riese* in his paper titled "The Bipolar International Monetary System and the British Pound". The volume is concluded by an imprint of a pre-dinner speech given by *Sir Samuel Brittan* titled "Epilogue: The Meaning of Sound Money" where he warns of the dangers of a deflationary monetary policy.

With the collection of these ten articles, the volume succeeds to draw a bow between the past of 50 years of the German Mark and the future of European monetary policy. The book demonstrates the significance of the 1948 currency reform and of the foundation of the Bundesbank for economic development in (West-) Germany. Simultaneously, it pinpoints the chances and risks involved by a copy of the Bundesbank's institutional structure to the European Central Bank. Insofar, the present book is absorbing not only for those interested in German monetary history but even for those readers interested in proper design and in functionality of monetary institutions.

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**Thomas Steger, Individuelle Legitimität und Legitimation im Transformationsprozeß – Eine empirische Analyse in ostdeutschen Industriebetrieben; Schriftenreihe „Arbeit, Organisation und Personal im Transformationsprozess“ Band 11, Rainer Hampp Verlag, München 2000.**

Der Autor wendet sich mit dem Thema individueller Legitimität und Legitimation im Transformationsprozess einem Desideratum in der sozial- und wirtschaftswissenschaftlichen Transformationsforschung zu. Der Komplexität und Pluralität dieser Themenstellung entsprechend beginnt das Buch mit einer ausgreifenden Analyse des Wissensstandes, die einen Bogen von der Transformationsforschung über organisationstheoretische Ansätze bis hin zu psychologischen Konzepten individueller Legitimität und Bewältigung schlägt. Diese Wissensstandsanalyse beeindruckt nicht nur durch Belesenheit, sondern auch durch eine überzeugende Systematisierung und Strukturierung des umfangreichen und sehr heterogenen Materials.

Die Veröffentlichung basiert auf der Präsentation, Verallgemeinerung und Diskussion der Ergebnisse einer empirischen Untersuchung, die der Autor in fünf Betrieben des Chemnitzer Maschinenbaus vornahm. Den empirische Kern dieser Untersuchung stellen 101 Interviews dar, die der Autor von 1994-1998 mit Mitarbeitern verschiedener Hierarchiestufen und Fachbereiche in diesen Unternehmen führte. Er stützt sich dabei auf das Instrumentarium der qualitativen empirischen Sozialforschung, das er souverän beherrscht. Die Dokumentation und Kommentierung seines methodischen Vorgehens ist in die Präsentation und Diskussion der Ergebnisse eingebunden. Besonders hervorzuheben, weil keineswegs generell üblich, ist eine zusammenfassende Bewertung der Güte seiner empirischen Ergebnisse anhand methodischer Kriterien.