

The Postwar Economic Order: National Reconstruction and International Cooperation. By Albert O. Hirschman, ed. Michele Alacevich and Pier Francesco Asso. New York: Columbia University Press, 2023. 352 pp. Hardcover, \$120.00. ISBN: 978-0-231-20058-5.

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In our fragmented, multipolar world, plagued by inflation, wars, natural disasters, and supply chain disruptions, the looming economic challenges of reconstruction spark renewed interest in post–World War II history. In this context, Michele Alacevich and Pier Francesco Asso’s book, which brings together 21 essays written by Albert O. Hirschman during his service at the International Section of the Federal Reserve’s Research and Statistics Division (1947–1950), is a timely contribution to ongoing debates in economic, international, and business history.

The latest historiography is rediscovering the twentieth century’s obsession with the idea of an international economic order. The concept became more popular as the nineteenth century’s liberal era of international free trade began to disintegrate into war, colonial depredation, recession, and protectionism (Harold James, *The End of Globalization: Lessons from the Great Depression*, 2001). Competing regional orders emerged out of the chaos of World War I and the Great Depression, and the world’s economic imbalances became the subject of constant geopolitical and social power struggles (Adam Tooze, *The Deluge: The Great War and the Remaking of Global Order*, 2014; Jamie Martin, *The Meddlers: Sovereignty, Empire, and the Birth of Global Economic Governance*, 2022). After World War II, the shift from empire to national economies redefined the role of states in global economic governance, and newly established international institutions provided a forum for alternative internationalisms (Alice Amsden, *The Rise of “The Rest”: Challenges to the West from Late-Industrializing Economies*, 2001; Eric Helleiner, *Forgotten Foundations of Bretton Woods: International Development and the Making of the Postwar Order*, 2014).

Albert O. Hirschman (1915–2012), long neglected by international political economists because he did not fit in a debate polarized by Marxist, Keynesian, and monetarist categories, now appears as one of the most visionary thinkers on global economic and social interdependence. Dubbed an “optimistic economist” (*New York Times*, 23 December 2012), “a classic” of the social sciences (*Financial Times*, 13 December 2012), a “pioneer” in development economics (Michele Alacevich, *Research in the History of Economic Thought and Methodology* [2016]), an antifascist who fought with the

International Brigades in Spain, a *partigiano* [partisan] in Italy, and a *résistant* [a member of the Resistance in France and Italy] in France—in other words, a “worldly philosopher” (Jeremy Adelman, *Worldly Philosopher: The Odyssey of Albert O. Hirschman* [2013]). Hirschman was a fascinating character. He epitomized an original genre of internationalism. Through his work on development, regional integration, international cooperation, and trade, he defined the international economic order on original grounds by emphasizing the role of specific actors instead of generic countries and the political and technical difficulties of putting economic theories into practice. His intimate, empirical knowledge of the German, French, and Italian economies influenced his analytical and programmatic approach to postwar reconstruction.

The 21 essays are presented in four parts exposing the macroeconomic challenges of economic and political reconstruction in France and Italy (chapters 1–6), the practical obstacles to implementing the Marshall Plan and its consequences on European monetary policies (chapters 7–12), the role of the restored European economy in international cooperation (chapters 13–19), and finally the world economic and geo-strategic consequences of the growing hegemony of the United States (chapters 20–21). If Hirschman’s essays might not seem accessible to non-expert readers of monetary policy, the introduction will give the business historian a reading compass to navigate technical considerations.

These essays contrast with heroic postwar narratives that focused only on the growth years of the 1950s. They corroborate the findings of recent historiography on the disarray of early reconstruction (Konrad H. Jarausch, *Out of Ashes: A New History of Europe in the Twentieth Century* [2016]). Planning efforts to restore multilateral trade were not widely coordinated at first, and the beginnings of reconstruction resulted from private and local initiatives (p. 72). In the case of Italy, much of the reconstruction planning was organized with the help of Allied agencies (p. 97). European governments had to find ad hoc, emergency solutions to transition from a war economy to a peace economy (p. 235). However, one of the main problems, often overlooked by the history of European reconstruction, was the monumental information crisis regarding the economic and monetary state of each country’s resources. Diagnosing the problems related to inflation in France and exchange controls in Italy was an elusive task at a time when data was scarce, unreliable, and difficult to collect. A thriving black market caused dual pricing and blurred the evaluation of inflation; in the end, governments had to design monetary policies without accurate information about the amount of

money in circulation (p. 78). The trauma of recent history also led to miscalculations when financial pundits were convinced that French inflation was nearing levels equivalent to the later stages of German hyperinflation (pp. 50–51).

To refute prevailing misconceptions and make sense of the situation, Hirschman collected original data that proves to be an invaluable primary source for anyone studying this period. Beyond the issues of trade and production in disorganized societies and heavily destroyed industries, he believed that the crux of reconstruction was monetary. Countries could no longer rely on cross-border payment systems or sufficient foreign exchange reserves. They struggled with inflation, high-interest rates, dollar shortages, and a lack of credit liquidity (p. 135). Controversial policy choices in the fight against inflation exacerbated the situation in Italy, where credit restrictions triggered deflationary behavior by bankers, leading to the liquidation of many industries in 1947 (p. 115). To promote European integration and address economic policy dysfunction, Hirschman proposed that national governments relinquish their fiscal and monetary prerogatives and establish a European Monetary Authority (p. 197). While this proposal never came to fruition, Alacevich and Asso brilliantly demonstrate that it set the agenda and standards for European integration through the creation of the European Payments Union, making Hirschman one of the forgotten architects of European multilateralism (p. 34).

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