An Exchange Rate History of the United Kingdom, 1945–1992. By Alain Naef. Cambridge: Cambridge University Press, 2022. Pp. xx, 246. £85.00, hardcover.
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Alain Naef's new book, *An Exchange Rate History of the United Kingdom, 1945–1992*, addresses one of the most fascinating aspects of exchange rate policy management: the role of intervention in foreign exchange markets. This well-written and intensively researched book is certain to become a reference for those wishing to understand the history of exchange rate management in the United Kingdom during the post-WWII period. Chapters are organized in chronological order and cover the period from 1945, when the U.S. government forced the restoration of convertibility in Britain, to the Black Wednesday crisis of September 1992. Chapters 1 and 2 survey the 1947 convertibility crisis and the sterling devaluation of 1949; Chapters 2 to 6 focus on the Bank exchange market interventions from 1951 to the end of the decade; the years between the beginning of the 1960s and the end of the Bretton Woods system in 1971 are analyzed in Chapters 7 to 13; and, finally, the last chapter (14) scrutinizes Britain's last currency crisis of 1992.

Two key features make this book an extremely timely and useful guide for economic historians as well as contemporary policymakers. The first is the fact that the key to understanding sterling management is primarily the day-to-day work of currency dealers at the Bank of England (BoE). By focusing more on the work of the "executors" (dealer experts) and less on the "deciders" (government), Naef's book not only departs from the currently available monographs on the topic but also fills a crucial gap in the study of exchange rate management. Readers learn a great deal about the concrete strategies set in place by the BoE to implement governmental decisions.

The second feature that makes this book fascinating is its methodological approach, particularly its sound combination of historical narrative and quantitative evidence. The author draws upon a wealth of archival material from official and confidential sources such as dealers' letters and memos, offering to the reader a rich and detailed history of British foreign exchange intervention alongside a full and broader treatise on the multiple dynamics involved in this process. Furthermore, in each chapter, the author supports the historical narrative with a vast array of econometric techniques and quantitative evidence to assess the reasons behind the success or, more frequently, the failure of the Central Bank's foreign exchange interventions.

Naef's book successfully combines two major themes that underlie the storyline. As noted above, one well-explored theme is a thorough study of foreign exchange dealers' actions, the strategies used to support the pound, and an evaluation of the effectiveness of interventions. When the London foreign exchange market reopened in late 1951, the main goals of the BoE's intervention were to keep the sterling exchange rate within the Bretton Woods' bands and to avoid sharp fluctuations in the value of sterling. The author argues that foreign exchange market intervention on its own has very rarely been effective. The policy lessons Naef has drawn from Britain's experience are that foreign exchange intervention "usually does not work when it is not aligned with economic fundamentals" (p. 225) and transparency instead of the secrecy of market actors provides a better guide for exchange rate management. Both points are uncontroversial and are shared by many other scholars. Nevertheless, the description of dealers' daily actions shows in a tangible way the extent to which bank policymakers struggled to overcome conflicting domestic and international pressures. The author truly brings the readers "behind the closed doors" of the Bank. Indeed, it is fascinating to discover that at that time, the BoE's senior dealers were driven by market instinct and took important decisions "based on gut feelings more than driven by economic knowledge"

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(p. 47). Furthermore, it is breathtaking to see how, by using window-dressing strategies, bank officials "literately made up" (p. 171) for their official publication the amount of the bank's reserves to make them appear greater than they were.

The second theme, that of central bank cooperation, is perhaps more provocative. While most scholars portray the Bretton Woods period as the peak of central bank cooperation, Naef convincingly shows that selfish interests drove British officials' relationships with their international counterparts. Lack of transparency and an unwillingness to share information with other central banks appear to have been the rule rather than the exception. The history of the Bank of England during the Bretton Woods years clearly shows that central bankers in London chose to cooperate only when they directly benefited. As Naef persuasively illustrates, the increased pressure against the pound at the beginning of the 1960s "forced the Bank of England to be more cooperative and transparent" (p. 105). Furthermore, the book highlights how the key to success in the realm of central bank cooperation was political will rather than technical design. Cooperation between the Bank of England and the Federal Reserve Bank, already undermined by the run on gold that followed the 1967 sterling devaluation, was finally wiped out by Richard Nixon's isolationist policy.

The book is an easy read, and its 14 chapters offer many insightful lessons for anyone wishing to know more about the episode of the sterling crisis in the post-1945 period or is merely interested in how to apply modern econometric techniques in the realm of exchange rate management. Of course, like any scholarly work, it has certain limitations. From the outset, Naef states clearly that its focus is on the interaction between the Bank of England and currency markets, while positing that government decisions in sterling management should be avoided. The methodical recording of a key aspect of dealers' actions and behaviors is what differentiates this volume from the many other books on sterling management. Yet the author does not fulfill his pledge in a few chapters (1, 2, and 14), and the bank's currency dealers, the heroes of Naef's book, simply disappear from the narrative. While this does not lessen the book's overall analytical coherence, this disappearance gives the impression that the Bank had no agency at all in exchange rate management. If that was the case, further reflection on the relationship between Government and the BoE might have clarified the reasons for the loss of the bankers' maneuverability. Despite this, the book is a great achievement. It will surely be used by scholars for years to come and offers significant food for thought in the ongoing debate over contemporary foreign exchange market intervention.

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