***International Financial Architecture: A Genealogy of 1850-2008*, Óscar Ugarteche, Institute for Economic Research – UNAM, Mexico, 2014.**

This insightful text, written by Urgarteche as the result of his doctoral research, raises innumerable points on which to reflect. Below I will mention a few of these ideas, in the hopes of contributing to, based on my reading of the book, the endless debate surrounding the way in which the 2007-2008 crisis unfolded, which is yet to be fully analyzed. The author's considerations substantially enrich this ongoing debate, both in theoretical terms and through a meticulous historical review.

Amidst the wealth of this work is a marked emphasis on the role of debtor countries in the composition of the international financial architecture. Briefly, the institutional form assumed by the international financial order, and the instruments created, forged, and shaped by the pressure of each historical period analyzed, are tempered in the shadow of the onset of the credit and balance of payment problems ailing countries on the borrowing side of the international loan game. Now, for example, Latin America's historical foreign debt track record is not just an exceptional or anecdotal case in what would be the "grand history of the international monetary system," but is rather, in various and recurring episodes, the intrepid protagonist of the most relevant events involved in the restructuring of the global financial sphere. In referencing this apt interpretation of the narrative of the progress of the global financial order, the author comes up with an original and rousing hypothesis: the solution to the recurring tensions between public debtors/private creditors is an expression of the way the international financial architecture has been erected in each historical era. In this way, and as an auxiliary hypothesis, in this historical reconstruction, it becomes clear that the maxim of "one weight, two scales," in other words, one set of rules but two different ways of applying them," prevails in the international financial system. That is, depending on the nature of the debtor country—whether it is a "leading country" or just "one of the rest," as Ugarteche writes—the rules, institutions, and adjustment measures prescribed are substantially different, which leads us to the characterization that the international system is undeniably bifurcated. In fact, an early sign of this duality of behavior can be found in the treatment dispensed for managing the allied war debts after the First World War, when the United States forgave the debts of Great Britain, Italy, Belgium, and Poland, while Armenia, Nicaragua, Cuba, Liberia, and Russia did not receive the same "generosity" from their creditor. In summary, "singe long ago, this was the first sign of a split policy: one for Europe and the other for the rest of the world" (p. 126).

Now, for those readers who long for a more traditional review, I will mention, in an attempt at an extremely brief summary with rather concise language, that the book consists of nine chapters, whose topics can be divided as follows: *1*) introduction to the concepts used in the subsequent historical review of the conformation of the international financial architecture, as well as those embedded in the discussion about *credit cycles, savings gaps, foreign debt, sovereign risk, payment capacity and transfer, refinancing,* and the role of *institutions* in the resolution of problem episodes in the gears of the international credit market; *2*) a discussion regarding the framework of agreements that since the twenty-first century have been put into place and which constituted the remote thresholds for the previous international financial institutionalism;[1] *3*) the identification and description of the origins of the international financial bodies associated with the sending of money doctors in the last quarter of the last century to advise on the financial reorganization of debtor countries; *4*) a detailed historical review of the principal three exceptions to the traditional management of debt, because these are the cases in which the solution to the incapacity to repay the debt was furnished by the debtor country itself. These include: the United States after the First World War and German debt after the Second World War (which permitted the reconstruction of the German economy under extremely appeasing, and unrepeatable, conditions, as explained in the comparison with the harsh treatment currently dispensed towards Greece by its insatiable creditors); *5*) a critical description of how historically, creditor countries imposed a prescription for managing debt that was in their own interest to respond to debt crises, narrating what the most commonly applied rules were, the institutionalism created, and the "conditional" measures adopted in each phase—ranging from the successive plans implemented starting in the 1930s up through to the most recent agreements, such as the Brady Plan (1989) and the initiative for Heavily Indebted Poor Countries (HIPC)—; *6*) empirical data describing the results of the structural reforms implemented in Latin American debtor countries following the 1980s debt crisis, which as a counterpart, required their reinsertion into international financial circuits, underscoring the scars left behind by the Washington Consensus, which include volatile economic growth and precarious labor conditions; *7*) a detailed overview of the nature and powers of the International Monetary Fund (IMF) in contemporary crises, with special mind paid to a discussion of the Argentine debt crisis and the crises that a few Asian countries have faced; *8*) a reflection about how as a result of the Great Recession of 2008, international financial architecture has changed, emphasizing an analysis of financial liberalization, the problematic role of risk rating agencies, insufficient attempts to build a more robust banking system, as indicated by the Basel Accords, the fact that the IMF has become prematurely outmoded and the tendency among some emerging countries towards the accumulation of international reserves; and *9*) a valuable exploration of the future of the international financial architecture, proposing possible paths to reform and restore the credibility of the IMF, but principally pointing to regional stabilization funds—especially in Asia and Latin America—as the cornerstone of how we will face crisis situations in the future.[2]

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[1] The following are discussed: *a*) the cases "resolved" by "gunboat diplomacy"—and its transubstantiation in the Monroe Doctrine—; *b*) the collection of standardized information about debtor countries by the Council of Foreign Bondholders (1873); *c*) the first sending of an "external advisor" to clean up the national finances of a country unable to repay debt in 1875 (p. 99); *d*) the increasing role of public loans between States in the context of the First World War; *e*) scarce examples of total debt forgiveness and the Hoover Year (1931); and *f*) the rise of the League of Nations (1918) and its fall (1939) as part of the effort to build multilateral solutions.

[2] In the words of the author: "The advantage of regionalization is that it permits the design of crisis solutions tailored to regional problems, moving away from the one-size-fits-all global policy, which has prompted such dismal consequences. This proposal steers away from the route prescribed by the Washington Consensus and represents a return to autonomous paths to development" (p. 352).