

tional society" lens. They conclude that "[r]econciliation events in international society . . . are likely to constitute a meaningful signal of a desire for improved relations that break through past animosity . . . when they are costly, novel, voluntary, and irrevocable." They conclude further that "[t]his outcome is markedly different from civil conflict cases in which reconciliation events succeeded in reducing conflict, not because they operated as an effective signal in a negotiated bargain, but because they were part of the process of forgiveness characterized by truth telling, partial justice, and redefinition of identities."

All of this, Long and Brecke assert, indicates that "it is time to ask whether there is another way to think about the underlying assumptions of social theory that would allow rationality to include both emotion and cold-blooded calculation." They obviously believe that this question should be answered in the affirmative, and they suggest that this effort "requires reaching beyond the discipline of political science to existing and emerging findings in biology and neuroscience."

War and Reconciliation raises some interesting and perhaps important theoretical and methodological questions, but beyond this there is probably less here than meets the eye. There is a rich body of social science literature in the fields of negotiation and conflict management (virtually ignored in the book's list of references) that long ago reached many of the same conclusions that the authors seem to find novel. Indeed, much of what the authors conclude has long since achieved the status of conventional wisdom (for example, a reconciliation event's concessions are more likely to succeed in facilitating settlement when they are costly to the giver, novel, voluntarily given, and not easily taken back once given). Reconciliation events tend to succeed when combatant populations begin to forgive and fail when they do not. It is not obvious that we need biology or neuroscience to confirm these things, nor is it obvious that reconciliation events are ever independent variables. Rather, they are the result of forces already at work within and among belligerent populations.

Interested readers would be better served consulting such latter day "classics" as Thomas Schelling's *The Strategy of Conflict* and Fred C. Ikle's *How Nations Negotiate*. More recent noteworthy works include Chester A. Crocker, Fen Osler Hampson, and Pamela Aall's edited *Turbulent Peace: The Challenges of Managing International Conflict*, Bruce Jentleson's edited *Opportunities Missed, Opportunities Seized: Preventive Diplomacy in the Post-Cold War World*, I. William Zartman and J. Lewis Rasmussen's edited *Peacemaking in International Conflict: Methods and Techniques*, and the recently published third edition of Dean G. Pruitt and Sung Hee Kim's *Social Conflict: Escalation, Stalemate, and Settlement*.

War and Reconciliation is recommended for faculty and graduate students.

RICHARD S. RHONE
Drew University

Verdier, Daniel

Moving Money: Banking and Finance in the Industrialized World

Cambridge: Cambridge University Press
326 pp., \$24.00, ISBN 0-5218-9112-4
Publication Date: December 2002

Daniel Verdier, an associate professor in the Department of Social and Political Science at the European University Institute, has written an informative and original analysis of the evolution of the banking industry in the industrialized West. His central concern is explaining the different paths followed by banking and financial interests in centralized versus decentralized political systems, but in the process of completing that task he also lays out a sophisticated theory of money matters in most of the world's major economic powers.

The first two chapters review the relevant literature and lay out Verdier's theory. In a modern era characterized by scarce but increasingly mobile capital, information asymmetries play a central role in determining the nature of the banking and financial markets in a given nation. Whereas much of the previous work in this area has focused on the implications for financial-sector organization of economic cycles and the resultant surges in demand for capital, Verdier instead concentrates on the politics (specifically, the regulation of competition) of the system. Of chief concern to that consideration is the distinction between banks and financial institutions at the center of the national economy, versus those doing business on the periphery. More to the point, Verdier concentrates on the relative degrees of influence exercised by the financial institutions themselves, as well as their private and public sector clientele, because that authority is affected by the degree of political (de)centralization. In the end, decentralized political systems offer considerably greater opportunities to resist the otherwise dominant tendency toward economic centralization (efficiency/rationalization). In other words, when local governments exercise a greater degree of power relative to the central government, they are more able to resist the desires of economic institutions to drain resources from the periphery, in service to the financial core.

Shorn of its details, the argument developed in this rich work can appear almost simplistic. Where the book gains much of its importance, however, is in shifting attention from the traditional focus on economic crisis as the prime factor explaining regulatory patterns—that is, on economics

as the prime instigator of political action—to the role of politics in prodding those policies.

In addition to the theoretical contribution, however, the book also marks an important—and highly original—addition to the empirical literature on banking and finance. The second and third sections of the book deal respectively with the two modern eras of growth in the banking and finance industry: 1850–1913 (chapters 3–6) and 1960–2000 (chapters 7–10). Verdier subjects basic but creatively used data to rigorous regression analyses to test empirically the hypotheses generated by the theory developed in the first part of the book.

Moving Money hardly qualifies as an "easy read." It is written in a clear, nontechnical—one might almost call it "user-friendly"—style, but the subject matter is not inherently obvious for the uninitiated. However, although the nature of the topic may not invite attention from many nonspecialists, Verdier's book is theoretically rigorous and analytically robust and should find its way onto the reading list of anyone interested in the evolution and current role of the banking and finance industry in contemporary societies.

THOM YANTEK
Kent State University

ASIA AND THE PACIFIC

Cass, Deborah Z., Brett G. Williams, and George Barker, eds.

China and the World Trading System: Entering the New Millennium

New York: Cambridge University Press
468 pp., \$85.00, ISBN 0-521-81821-4
Publication Date: April 2003

Twenty-three knowledgeable essays explore China's entry into the World Trade Organization (WTO). The authors are mostly Australian lawyers and economists who consider both how China will affect other WTO members and how the WTO will affect China. The essays target the serious reader. They expertly treat technical issues that had to be resolved before China joined the WTO in December 2001. The essays will appeal to readers who closely follow either China or the international trade system.

China and the World Trading System, edited by Deborah Z. Cass, Brett G. Williams, and George Barker, includes a few speculative, short-run predictions. Beijing is expected to become the biggest beneficiary of China's WTO participation, followed by industrialized countries. Developing countries that compete with China for trade have the