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Jérôme Wilson, *Robert Triffin: Milieux académiques et cénacles économiques internationaux (1935-1951)*, Éditions Versant Sud, Brussels, 2015, 844 pp.

Robert Triffin (1911-1993), a Belgian-born economist who spent much of his career in America, had a major influence on 20th-century economic thinking. He is known above all for his monetary approach, including his criticism of the Bretton Woods system of fixed exchange rates and his pioneering views on the reform of the international monetary system and global governance – views that remain highly relevant today.

His intellectual legacy revolves around the “Triffin dilemma” or “Triffin paradox”, a theory developed in 1960 that highlights the fundamental problem created when a national currency such as the dollar is used as an international currency: the accumulation of foreign exchange reserves in that currency by the rest of the world automatically forces the issuing country to run a current account deficit.¹ Although its precise scope has changed, this dilemma still applies today. The dollar remains at the centre of the international monetary and financial system, and there is still considerable tension between demand for currency from rapidly growing economies, the policies of countries issuing or holding reserves, and international financial stability.

While much is known about Triffin’s theories, considerably less has been written about his personal, professional and intellectual background. It is precisely these aspects that are the focus of Jérôme Wilson’s book. Wilson looks at the early stages of the Triffin’s life and offers a detailed description of his formative years and budding career. Triffin’s studies at Leuven and Harvard paved the way for an illustrious academic career. His views were strongly shaped by the upheaval that came with the Second World War, which instilled in him a radical Kantian

¹ Robert Triffin, *L’or et la crise du dollar*, Publication of the Institut de science économique appliquée, Paris, PUF, 1962.

approach that spurred him to seek favourable conditions for sustainable peace between countries by focusing on the question of international currency. After his early work on Latin America, he became involved in the institutional reorganisation of post-war Europe. Throughout the book, Triffin's career is observed from three angles: he is seen as a creative scientist, a pragmatic official and a seasoned diplomat. One notable constant that we find is his determination to apply multilateral solutions to problems that had often been seen – and continue to be seen – as defying solution because they had been addressed in a national and frequently sterile context.

Robert Triffin was born on 5 October 1911 in Flobecq, Belgium, at the intersection of the country's political, linguistic and territorial borders. He went on to spend nearly 40 years of his professional life in the United States. After completing studies in economics, during which he took a particular interest in the contemporary economic climate, in 1939 he began an academic career at Harvard University and then went on to work at the Federal Reserve System and the International Monetary Fund (IMF). He was sent on missions to Latin America, where he proposed major monetary reforms in several countries. He then joined the Economic Cooperation Administration (ECA), set up in Paris to administer the Marshall Plan funds. In connection with his role at the ECA, he laid the groundwork for the European Payments Union (EPU), an organisation for multilateral clearing among the 18 member countries of the Organisation for European Economic Cooperation (OEEC), the forerunner of the OECD. In 1951, Triffin returned to academia at Yale University, remaining there for more than 25 years. He continued to be involved in public service, however, acting as an adviser to Jean Monnet, President John F. Kennedy and the European Commission. In 1977, Triffin returned to his native country and reclaimed his Belgian citizenship. The Université catholique de Louvain, where he had studied law, philosophy and economics in the 1930s, was an ideal place for him to further develop his thinking. In his later years, Triffin was present in Europe to help develop the European

Monetary System and support the process of European monetary and financial integration. He died on 23 February 1993 in Ostend, Belgium. Wilson's book focuses on a period of sixteen formative years for Triffin, from 1935 to 1951, during which he experienced three transitions: from student to economist, from economist to adviser, and from adviser to professor.

We see the emergence of Triffin's intellectual ambitions, the methodological approach he adopted to back up his ideas, and the development of the first academic networks within which he forged his views. Members of these networks included Léon Dupriez, Triffin's fellow students from Leuven, and such moral mentors as the priests Jacques Leclercq and Félix Morlion, who worked together on the Catholic publication *L'Avant-Garde*. Several leading theorists influenced Triffin's approach, notably Joseph Schumpeter, Gottfried Haberler, Wassily Leontief, Oskar Lange and Milton Friedman. He subsequently developed close friendships with three other major thinkers and leading lights of his generation, Arthur Schlesinger, Paul Samuelson and Shigeto Tsuru, with whom he had many fruitful discussions.

The second section of the book concentrates on Triffin's work within the US administration and his entry into international economic circles at a time when plans were under way for major post-war reforms (characterised by the growing influence of the IMF, the recovery of international trade and the implementation of the Marshall Plan). Triffin therefore went from theory to practice and from research to expertise, acquiring considerable diplomatic and political decision-making skills. He played an active role in leading monetary think tanks, especially the Bellagio Group, which he founded in 1964 with Fritz Machlup and William Fellner to reconcile divergent academic and political views, and also in networks of economists involved in the mass media (in 1969, together with Jan Tinbergen and Robert Nathan, he joined the panel created by *Time* magazine to analyse topical economic issues). The turbulence of the Second World War instilled in Triffin a pacifist spirit that would serve as a motivating force throughout his life.

Against the painful backdrop of the war, he honed an approach that emphasised the importance of collective engagement as a driver of peace and freedom. When he had to choose a career path, he looked at "how he could best contribute to promoting mutual understanding and peace."² Triffin dedicated himself to this objective in his various advisory roles, especially during the years of post-war reconstruction. Over this period, he continued to broaden his intellectual horizons, developing scholarly authority and resolutely defending his ideas, even if this meant opposing other theorists. Triffin had been involved in the peace movement since his student days and he became increasingly committed in his later years. With his old friends Pierre Hoyoit and Carlos Haustrate, he founded the "THH club" (Triffin-Hoyoit-Haustrate), which played an important role in the think tank "Commissions Justice et Paix de l'Europe occidentale" (Committees for Justice and Peace in Western Europe), as reported in *La Documentation catholique*. This group deplored the lack of supranational political bodies empowered to regulate economic and financial systems and was critical of Third World debt and the nuclear arms race.³

In 1949, Triffin declared his support for a European federation, after previously supporting a federalist project between Guatemala and El Salvador in 1945. He went on to work tirelessly in favour of European economic and monetary integration, both within the EPU and via the plan to pool central bank reserves, as well as through his advisory role during the early days of the Commission of the European Communities.

Triffin was close to Jean Monnet and Pierre Werner and worked alongside them from the early 1960s onwards for European monetary

² Catherine Ferrant, Jan Sloover, Michel Dumoulin, Olivier Lefebvre, *Robert Triffin, conseiller des princes. Souvenirs et documents*, PIE Peter Lang, Brussels, 2010, p. 14.

³ "La responsabilité des banques commerciales envers le Tiers-Monde", in *La Documentation catholique*, No. 1887, 6 January 1985, p. 78.

integration, whether through the development of a European monetary identity (a common or single currency), a European reserve fund or a symmetrical economic and monetary union as proposed by the Werner Report of 8 October 1970 following the Hague Summit in 1969. He also worked closely with other committed Europeans such as Jean-Charles Snoy et d'Oppuers, Hubert Ansiaux and Robert Marjolin, whom he met in the 1950s during OEEC missions to the United States. In the 1970s, as Chairman of the Board of KBL Luxembourgaise SA, Triffin, alongside Fernand Collin and Luxembourg Prime Minister and Finance Minister Pierre Werner, contributed to the development of Eurobonds denominated in European units of account, for which the Luxembourg international centre served as a test bed.⁴

Triffin accurately predicted the end of the Bretton Woods system, though not for the right reasons. In 1962, he stated that the President would not be able to devalue the dollar without the agreement of Congress and said that the "fanciful" notion of the widespread adoption of fluctuating exchange rate systems needed to be discarded.⁵ The action taken by President Nixon in August 1970 proved him wrong in that respect.

Throughout his life, Triffin held fast to the position that it was much harder to achieve sound international economic management with flexible exchange rates and that best practices were by no means a guarantee of global stability if they were not accompanied by genuine international coordination.

"Given the difficulties in resolving questions of democratic governance at international level, Triffin developed a regional

⁴ Elena Danescu, "Pierre Werner, a Visionary European and Consensus Builder", in K. Dyson, I. Maes, *Architects of the Euro. Intellectuals in the making of European Monetary Union*, Oxford University Press, Oxford, 2016, p. 113.

⁵ ASBI, Banca d'Italia, Segreteria particolare, carte Baffi 120/3. Robert Triffin, "Robert Triffin, Lendemain de Vienne/ mesures conservatoires et germes d'avenir", [1962], p. 11(b).

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approach, convinced that regional integration could facilitate cooperation and improve global governance. That vision (...) led to tangible results, as a result of the subtle mechanisms he developed and his skilful negotiating technique, which enabled him to create the conditions for cooperation between sovereign countries.”⁶

Jérôme Wilson’s book is remarkable for many reasons. It is the result of extensive and thorough archival research in Triffin’s private papers and related collections (the Lois Triffin collection and other family documents). It also offers a detailed selection of sources and bibliographical references and a highly useful appendix that provides biographical sketches of the key figures mentioned in the book, enabling readers to recreate the networks to which the author refers.

This book would not have been possible without the support of Robert Triffin International. That association, set up under the chairmanship of Alexandre Lamfalussy, is currently chaired by Baron Bernard Snoy and run by leading Triffin experts, including Professors Ivo Maes, Michel Dumoulin and Christian Ghymers and, until recently, the late Jean-Claude Koeune. Its aim is to raise awareness of Triffin’s pioneering thinking about the international monetary system and emphasise the relevance of his achievements in the current economic climate.

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⁶ Christian Ghymers, “Robert Triffin, penseur systémique”, in J.-C., Koeune, A. Lamfalussy, A. (eds.), *À la recherche d’un nouvel ordre monétaire mondial. In Search of a New World Monetary Order*, PIE Peter Lang, Brussels, 2012, p. 135.