Book Review
Silent Revolution: The International Monetary Fund 1979–1989 by J. M. Boughton

GEORGE M. VON FURSTENBERG
Robert Bendheim Chair in Economic and Financial Policy, Fordham University

Introduction

This impressively detailed opus gives an uplifting, well-documented account of the role of the International Monetary Fund (IMF, or Fund) in the world economy over a recent decade. Parts I and II discern the revolutions taking place in the international monetary system and in managing international debt in the decade of the 1980s. The remaining two parts are more particularly concerned with the dealings of the Fund with its members and with the design of Fund instruments and facilities.

The book has certain elements of form in common with Church History written by the Roman Curia: a sophisticated concern for meticulous history combines with a strong sense of mission to contribute to propagation of the faith. In lieu of divine revelation, there are some fly-on-the-wall dramatizations of positions taken in difficult and confidential negotiations with representatives of national governments and major U.S. banks. These alternate with edifying discussions of crisis management and of issues of systemic importance for the Fund’s mission, as defined after the Second Amendment to the Articles of Agreement formalized the widespread toleration of flexible exchange rates. Throughout, the study emphasizes the positive contribution of a somewhat idealized agency’s service to others. It does so without revealing too much about the inner workings of the agency, even though the entire fourth and last part of the book ostensibly is devoted to the evolution of the institution.

The work thus succeeds in enhancing the good name of the Fund and in telling its truth while protecting its mystique. As long as no one else has sufficient access and authority to write Church History, obviously the histories written by the Fathers of the Church are best. On the other hand, no one would expect such histories to tell the whole truth, since their authors would want to practice a well-meaning, protective selectivity and apply some gilding. In what follows, there is no criticism or value judgment implied in describing the limitations and finesse inherent in a genre of writing committed to more than “just” history. The good writing in that genre is generally believable and uplifting, which is exactly what it is supposed to be.
Now from grace to works: During the period considered, the Fund exercised its agency primarily through macroeconomic surveillance, assisting with stabilization and debt resolution programs, and the financing of supply-side and structural adjustment efforts of developing countries with the support of developed countries. The focus on the agency services and external relations of the Fund, including those intermediated by its Executive Board, leaves little room for exploring what was driving the Fund’s own decision and resource-seeking processes. It is neither surprising nor “wrong” for any ambitious organization to try to make itself useful in ever more ways and never to turn away a chance to gain additional resources (quota increases). But did institutional self-interest enter into facilities’ inflation, program innovation, and management standards and practices well beyond the point of (marginal) social benefit?

Boughton is not so strident on the appropriate size of the Fund as to always say “bigger,” but any program failures either get short shrift or are presented as collisions of the very best of Fund intentions with developments that could not possibly have been foreseen earlier. Boughton himself emphasizes the “no-fault” aspect of his analysis by noting early on (p. 2) that the purpose of his study is “not to judge the Fund’s success in carrying out this expanded role.” However, this Mark Antony disclaimer is asymmetric, since he proceeds, later in the very same paragraph, to offer this praise: “The Fund’s financial and policy (or ‘programming’) assistance has in many cases helped restore borrowers’ autonomy, reduce global inequities, and counteract the dominance of industrial power.” Thus, unsurprisingly, he is much more reticent about judging the Fund’s failures than its successes. As suggested at the outset, balanced in-house histories are not to be expected. Still, even imbalanced histories are perfectly honorable because those who are asked and agree to write them are deeply committed to the institution that is their subject matter, and to its goals.

1. **Per aspera ad astra?**

For me, the impression running like a thread through several of the 20 chapters of the book is that the Fund, during the 1980s at least, was jumping into the thick of things, fighting bravely for countries in difficulties, while scoring moral success after success in most areas. Thus the Fund is represented as generally providing the best of services to its membership. In this it is hampered only by members’ ineptitude and temporizing and by an Executive Board that sometimes appears slow and inconsistent in keeping up with the staff and its splendid initiatives (p. 92), even getting, on rare occasions, a bit rebellious (p. 472). Success for the Fund’s programs did not always last or come at first try, but in the end, it could rarely be denied. Here are some annotated instances of Boughton’s fulsome praise:

1. Boughton asserts in the Preface (p. xix) that “to an extraordinary degree, Fund staff have demonstrated an ability to operate as international civil servants without distinction as to nationality.”