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Book Review: Quinn, William, and John D. Turner. *Boom and Bust: A Global History of Financial Bubbles*. Cambridge: Cambridge University Press, 2020. 288 Pp.

William Quinn and John Turner have written a really good book. They deal with an important and topical issue, propose a convincing framework of analysis, and tell their story in a highly readable way. The focus of the book is on financial bubbles (rather than on financial crises, though the two can be linked), their causes and consequences.

The authors invite the reader to think of a financial bubble as a fire, which they describe as a triangle consisting of oxygen, fuel, and heat, and needing a spark to inflame. The same triangle can be applied to financial bubbles with the marketability of assets being its oxygen, money and credit its fuel, and speculation its heat. When these three conditions are met, a spark—a technological innovation or alternatively a political decision—will ignite the fire and give rise to a financial bubble; and the bubble will end when it runs out of fuel or heat, having caused more or less economic damage depending on its degree of integration into the rest of the economy.

The model is simple, non-mathematical, and works very well to explain the largest bubbles in history. It surely also explains smaller ones, though the authors are only interested in steep movements in the financial markets—a rise of at least 100 percent over less than three years and a fall of at least 50 percent over the following three years. Twelve bubbles have met these criteria: three in the eighteenth century (the Mississippi Bubble in France, the South Sea Bubble in the UK, and the Windhandel Bubble in the Netherlands—all in 1719-20), four in the nineteenth century (the first emerging market bubble in 1824-26 in the UK, the railway mania in 1844-46 in the UK, the Australia Land Boom in Australia in 1886-93, and the Bicycle Mania in the UK in 1895-98), three in the twentieth century (the Roaring Twenties in the USA in 1929-31, the Japanese Bubble in 1985-92, and the Dot-Com Bubble in the USA in 1995-2001), and two in the still young twenty-first century (the Subprime Bubble in the USA, UK, Ireland and Spain in 2003-10, and the Chinese bubbles of 2007 and 2015).

As suggested by the book's subtitle, this is indeed a global history of financial bubbles, with five taking place in Europe, three in America, two in Asia, one in Oceania, and one simultaneously in Europe and America. Africa is not entirely absent, the Gold Mine Boom in South Africa in 1895 being briefly evoked in connection with the nearly simultaneous British Bicycle Mania; while in addition to the United States, South America is present as the source of the first emerging market bubble. There are some surprises, for example the presence of the British Bicycle Mania; while the famous Dutch Tulipmania of 1636-37 was, in the words of the authors, "too unremarkable to merit inclusion" (p. 14).

The book is divided into twelve chapters: the first introduces the "bubble triangle" and explains the selection criteria; the following ten chapters discuss, separately, each of the bubbles (the three bubbles of 1719-20 are dealt with together in the second chapter); and the twelfth and final one concludes by suggesting ways to predict and deal with bubbles. The approach is definitely right. Each chapter is divided into three parts: a brief history of the crisis, a discussion of its causes (how the three sides of the triangle developed and what was the

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spark that ignited the fire), and an assessment of its consequences (effects on the wider economy, in particular whether or not it was followed by a recession, and the balance between positive and negative effects). This enables the authors to discuss at once the specificity of each bubble and the commonalities between all of them, and to combine the historical perspective, concerned with the former, and the economics one, emphasising the latter. There is a risk, usually avoided, of being repetitive—though the reader might sometimes wonder if he/she is reading the same story with a different twist or a different story with a common thread.

The links between causes and consequences, while multifarious, ultimately lie with the spark. Bubbles triggered by technological innovations tend to have fairly positive effects, in particular the British Bicycle Bubble and the Dot-com Bubble. Even the Roaring Twenties are not dismissed as an entirely wasted bubble, in spite of being part of the “Great Depression”. Bubbles caused by political decisions, on the other hand, hardly ever have positive outcomes, with the Japanese Bubble and the Subprime Bubble being the most conspicuous examples. While this judgement could hardly be disputed, the analysis of the consequences of the subprime bubble is disappointing, being limited to the recession that followed in the four countries mainly involved in the property boom, without a single word being written about the “Great Recession” with which the subprime bubble is intrinsically linked.

The book will no doubt become a classic. The text reads very well; the story of bubbles is peppered with amusing but relevant anecdotes. The authors make ample use of printed sources, especially newspapers, as they pay close attention to the role of the “Fourth Estate” in speculative mania. In terms of policy lessons, they subtly point out the dangers for governments of bursting technological bubbles, and the obvious difficulty of ending political bubbles serving their own interest. Comparisons will obviously be made with Charles Kindleberger’s *Manias, Panics and Crashes*, first published in 1976 and permanently reedited since then. The books have similarities, especially in their use of an economic model anchored in history. Focusing on financial bubbles has both advantages (greater precision in the analysis) and disadvantages (narrower scope in the analysis). While “Quinn and Turner” is unlikely to replace “Kindleberger”, it not only complements it but, forty-five years later, testifies to the advances made in the historical analysis of financial crises.

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