



PARRHESIA AND PERSUASION
HAROLD JAMES

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I was delighted to be at Wiko for the academic year, where I divided my time between several academic activities. First, I made some good progress on my main project, a long-term study of how and why financial centers rise and decline, of how financial activity moves from one center to another, of how financial centers relate to centers of political power, and of how multiple financial centers coexist, interact, compete, and occasionally

try to destroy each other. The work involved reading as much as possible about earlier historical periods, but also trying to access data – especially for the twentieth century, when the sources of data multiply, and I was fortunate to be able to spend a few weeks in Basel at the Bank for International Settlements.

What makes Wiko so special is the very special overall atmosphere. Being at Wiko was a wonderful way of broadening my mind and widening my approach. In my home university, over the past nearly forty years, I often have had very intense but precisely focused discussions on a specific topic. What is so great about the Wiko environment is the way that general conversation, whether over lunch or dinner, in the street, or in the club room, can turn in surprising, interesting, and revealing ways. And the staff of Wiko do their utmost to make all this happen: the fantastic library resources, the help with public relations from Katharina Wiedemann, the logistical support, and the unique atmosphere around dining and sociality created by the amazing Dunia Najjar. Frederick the Great is supposed to have said that an army marches on its stomach, and in that way Dunia was the General.

It is hard, and in some ways unjust, to select particular moments or individuals. Quite a few of the Fellows' presentations at the Tuesday Colloquia gave me a new impetus. Obviously it was great to work alongside Éric Monnet, who is working on a very broad study of central banks across the world; and central banks play a key part in the making of financial centers, from the Casa di San Giorgio in Genoa, the Venice Rialto Bank, and the Amsterdam Wisselbank, to the Bank of England, etc., etc. And listening to Joel Blecher's eloquent assessment of medieval trade routes across the Indian Ocean, and the role of public officials in setting the terms of commercial transactions, opened up a new geographic area that seemed especially tantalizing, as I came to Berlin from Princeton via Samarkand in modern Uzbekistan and was captivated by the legacy of the old Silk Road and puzzled by how it operated across such different political and economic entities. At the same time, not all the contributions were really related to my research – and the most intriguing ones came from far away. I was struck by Stefan Leutgeb's off-the-cuff remark that human brain size had remained constant over millennia, and that strictly we couldn't be more intelligent than previous generations. This is a version of a point made frequently when I was a student in 1970s Cambridge by the brilliant historian Jonathan Steinberg, who loved to emphasize precisely that point: as he put it, we ain't cleverer than our ancestors. We can record more, and that helps us to gather lessons from more experience. But we may also be more stressed, and Stefan and Jill Leutgeb both worked out beautifully

the implications of their laboratory work: that the experience of stress measurably changes the genetic code in DNA.

I was compelled by the number of philosophers, a unique feature perhaps of our Wiko year, and learned a lot. Marcus Willaschek generated insights into the philosophical world of Kant that may be critical for the precarious world around us since the pandemic and the Ukraine war: how courage (*Mut*) can become *Übermut* (cockiness) in the absence of good will (*guter Wille*). Ruth Chang taught me about choices and what really constitutes a dilemma – a concept I had been centrally concerned with in economics as a way of thinking about trade-offs between usually three desirable but mutually inconsistent objectives in “trilemmas.” The classic trilemma for economists is between fixed exchange rates, capital mobility, and autonomous monetary policy, but the notion has been productively applied to national sovereignty, globalization, and democracy. Carlos Spoorhase gave a great insight into how rhetoric works and how narratives can be scaled in different dimensions: I felt here an invaluable impulse on how small-scale cases can be connected to big, even global, pictures. And in the context of the multiple elections of 2024 across the globe, from Taiwan, India, and the European Parliament to the looming contest in November 2024 in the United States, democracy was obviously a topic of frequent, almost continuous discussion. It is worth thinking in this context of a different variety of *Mut* or courage, the archaic German term *Freimuth*, which was the rendering by Martin Luther of the biblical Greek term *parrhesia*, the right but also duty of citizens to convey their arguments in a public forum, in debate where they can be subject to testing and to counter-argument.

The second theme I worked on was a joint project with my wife Marzenna James, a Princeton political scientist, on monetary policy in Poland since the creation of the new Polish state in 1919. Monetary policy in a relatively small Central-Eastern European state sounds awfully boring, doesn't it? I've never worked on a project that is more suited for a script for a movie thriller. The highlights include the evacuation of Poland's gold reserves at the last moment in September 1939 after the German attack, their shipment in buses to the Romanian frontier, then across the Black Sea in a leaky old tanker steaming by night with no radar to Istanbul, then by train to Beirut, then by French frigates to Toulon; and then a new evacuation after a new German invasion of France in May 1940, which brought the gold to West Africa rather than the intended destinations of Canada and the United States, and where the gold was under the control of Vichy France, not de Gaulle's *France libre*. The final stage in the gold odyssey was then a court case that the Polish government in exile fought in the Supreme Court of the State of New York, where they

succeeded in obtaining an injunction placing a lien on the Banque de France's gold in the New York Federal Reserve in the event that Vichy should hand it over to Nazi Germany. So the story is actually connected to, and illustrative of, my first big project, on the legal and political underpinnings of financial centers.

But there are even more extraordinary features of the Polish story, including a central bank head during the Nazi occupation who by night stamped old banknotes to make them legal tender so that the underground could use them. And a high-ranking bank official who carried out the biggest bank robbery in Polish history – during the German occupation of Warsaw – and completely avoided detection. And a new central bank in the communist era whose key personnel had a background that they had to hide from the communist government and the omnipresent Polish and Russian intelligence services: that they had fought during the war with the anti-communist Home Army, *Armia Krajowa*, rather than the communist people's army, *Armia Ludowa*. So we have at the end of the year a book, and dream of having a movie script.

This project benefited from the Berlin vicinity and from insights from the economic historians Alexander Nützenadel and Nikolaus Wolf (at Humboldt-Universität) and Ingo Loose (Institute für Zeitgeschichte, Berlin).

Finally, I'd published a book just before I came to Wiko, *Seven Crashes: The Economic Crises That Shaped Globalization* (Yale University Press), released in German as *Schockmomente* by Herder Verlag. Maybe because of the prevailing geopolitical uncertainty, the book, which emphasizes how moments of shock and scarcity generate new uses of theoretically already available technology, attracted some attention, and I spoke about it in debates in Berlin, including talking with the economic historian and journalist Ulrike Herrmann at the Staatsbibliothek. I had a discussion with Éric Monnet that was webcast jointly by the Volkshochschule's online lecture program "vhs.wissen live" and the Wissenschaftskolleg, and then at an event organized by the Kiel Institut für Weltwirtschaft. I also spoke at events organized by the *Frankfurter Allgemeine Zeitung*, the *New Zürcher Zeitung*, the International Monetary Fund, the European Bank for Reconstruction and Development, and the Delphi Economic Forum. Delphi was special, and I convinced myself that the oracle still communicated the Aeschylean wisdom derived from the Delphic deity Apollo about suffering into truth, and where Athena propounded the importance of persuasion as exemplified through *parrhesia*.

Non-academically, Berlin is obviously full of culture, and we went to many concerts, theater performances, and operas, often in the benignly erudite company of our fellow

Wiko-ites. This included two different cycles of Richard Wagner's *Ring*, a work which can be seen (and was interpreted in the Staatsoper) as a critique of the modern psychology-and-surveillance society and in the Deutsche Oper as a depiction of modern late capitalism. I'm not sure that the productions really managed to be consistent, but they made me think: in the way that the whole Wiko experience really made me think.

PS Life-cycles.

Living in the Villa Walther with the view over the Herthasee was magical. When we arrived, a pair of white swans floated around the lake, always with five quite large gray cygnets in strict formation behind them. Then, early in November, came the first wave of unpleasant icy weather, and there were only two cygnets left. In January, with more bad weather, there was only one grown-up swan left, swimming distraught. Many of us were desolate. And then came April and May, and a new swan couple, rather smaller than last year's couple, was gliding on the lake, with five tiny little cygnets. We could see a new cycle beginning. We are leaving in July; in September new Wiko Fellows will see new swans.