lose jobs in a rich industrialized country (like the United States) and others gain jobs in developing countries like China, is this a good thing from the perspective of global welfare? Levinson acknowledges questions like this, but I felt that the book needs to be more thorough in discussing the benefits of globalization as well as the costs. Alone the benefits to consumers who have gained access to better products, by virtue of globalization, are very significant. This is much more difficult to quantify, but it is nevertheless an important reason why we believe that competition leads to better outcomes even if it implies that some firms and workers will do better than others.

The last chapter ("The Next Wave") addresses broader aspects of globalization, such as the income distribution, services, the sharing economy, and a trend away from consumption. This chapter highlights important issues but, from my perspective, it would be nice to have woven these subjects more into the discussion throughout the book. Globalization will definitely change in the future, but we don't know how much and in what ways. Conditions are changing so quickly that already container freight rates are increasing and ports are experiencing delays. While the European Union and Britain negotiate Brexit, businesses are warning of the costs of less openness (Miller 2020). Consumers seem to appreciate having access to products from all over the world, leading to unexpected examples such as New York Spanish-language television showing Turkish soap operas. It would be important when studying globalization to also examine it in terms of services, the sharing of ideas and cultures, the impact of travel and migration, as well as the rapid adoption of innovations (such as TikTok) among consumers globally. Focusing on global trade in goods may be missing a part of the story.

That being said, I believe the author has written an excellent book and the topics suggested above may well be beyond the scope of this work. The author has tried not to be prescriptive but the lessons are significant and of relevance to everyone who has to consider the implications of globalization. It is a fascinating story and I expect many readers will have the same experience as I did—you just want to keep reading it!

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H Public Economics

TARP and Other Bank Bailouts and Bail-Ins around the World: Connecting Wall Street, Main Street, and the Financial System. By Allen N. Berger and Raluca A. Roman. London: Elsevier, Academic Press, 2020. Pp. xxi, 454. $99.95. ISBN 978–0–12–813–864–9, pbk.
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Berger and Roman's book on bank bailouts is a research-based, comprehensive analysis of a rich panoply of ex ante and ex post policy tools available to regulators for dealing with potential and actual bank failures and financial distress. It draws on over 500 research papers and examines 16 regulatory policies, including unconventional monetary policy and countercyclical capital requirements.

The book has 29 chapters, divided into 5 parts. Parts I–III deal with resolutions. Part I contains four chapters of introductory material: descriptions of different tools to resolve failing banks, including the Troubled Asset Relief Program (TARP), bailouts, bail-ins, regulatory forbearance, bankruptcy, living wills, breaking up large banks, and ~~CoCos,~~ and the conditions under which these are deployed. Relevant theories and data are reviewed. Part II contains 11 chapters covering empirical research on TARP and its causal effects on market discipline, bank leverage and risk, competition, credit supply, and the real economy. Part III describes the empirical research on non-TARP resolutions (described in part I) and their effectiveness, and consists of three chapters. Part IV consists of eight chapters that deal with seven ex ante measures—called the "first lines of defense"—to reduce bank failure risk. These include capital requirements, liquidity requirements, stress tests, bank activity restrictions, supervisory monitoring, deposit insurance, and government ownership of banks. AQ1

These lines of defense are examined for their effectiveness through a three-dimensional lens of prudential regulation, certification, and subsidy. Part V has three chapters to close out the book, attempting to integrate the earlier material and step back for a big-picture view, as well as identify directions for future research. A nice table (table 27.1) is provided to summarize insights about the net social benefits of the sixteen policy interventions.

This book is the most comprehensive summary of policy-germane research on the topic of bank failure prevention and resolution that I know of. It should be valuable to researchers, policy makers, and doctoral students who want to get up to speed on the research in this area.

The book has a plethora of insights, which makes it challenging to condense them into a neat package of a few key takeaways, but its three overarching conclusions are:

- As with most bailouts, TARP had its drawbacks. It doled out huge subsidies and rewarded banks for bad behavior, exacerbated safety-net-induced moral hazard, distorted the competitive landscape of banking, and suffered from political influence and lobbying. But the research also indicates substantial benefits: in the midst of a severe financial crisis, it prevented a collapse of the financial system, recapitalized banks, and boosted the real economy. Overall, the benefits exceeded the costs.
- The sixteen policy tools examined—a mix of ex ante measures to minimize the likelihood of financial distress and crises and ex post measures to deal with a crisis if it arrived—are best viewed as a comprehensive toolkit for regulators, with the benefit of research that illuminates the relative effectiveness of each tool.
- The choice among policy tools depends on the circumstances. Prior to a crisis, tools like higher capital requirements and bail-in measures are optimal, whereas in the midst of a crisis, regulatory recapitalization of banks through initiatives like TARP may be best.

While my overall assessment of the book is very positive and I highly recommend it, I also think it misses some opportunities to be more informative and assertive. In banking research as well as policy discussions of safety and soundness, the elephant in the room is typically bank capital requirements. Given the divergent views on CoCos and some of its drawbacks (e.g., Gonacharenko, Ongena, and Rauf 2020), why should regulators be reluctant to simply ask banks to have substantially higher capital ratios? By posing this question, the book could have highlighted the simplest ex ante measure to reduce financial fragility, a measure that obviates the need to consider more complicated tools and permits a beneficial simplification of the regulatory toolkit (see Boyer and Kempf 2020). I have argued that there is research support for leverage ratios as high as 12–15 percent (see Thakor 2019), but regulators seem to be swayed by bankers' arguments that raising capital requirements will be counterproductive and significantly reduce bank profitability. Apart from the obvious divergence between private and social optima when it comes to bank capital, it appears that banks are undercapitalized even relative to their *private* optima—see Mehran and Thakor (2011) and Berger and Bouwman (2013). Emphasizing this point would have helped the book to provide integrating insights in three ways. First, it would have highlighted an unintended *long-run* benefit of the recapitalization of US banks achieved with TARP. Because government capital injections came with government ownership and rules such as executive pay restrictions, it represented an unusual governance intrusion that banks were eager to shed. This induced banks to work hard to buy out the government's stake, thereby replacing government equity with private equity and achieving long-run recapitalization. This did not happen in Europe and may explain why European banks are not as well capitalized as US banks and are experiencing lower market-to-book ratios. Second, it helps to tie together both the ex ante and ex post tools discussed in the book: higher capital requirements reduce the ex ante risk of failure, and ex post initiatives like TARP get banks out of distress by providing them capital ~~banks~~ during a crisis. Thus, both come down to making banks better capitalized. Third, it would have helped to address a puzzle the book highlights, namely that the announcement of TARP and intended bank recapitalization generated positive stock price reactions for banks, but the actual capital injections had either insignificant or negative price reactions. A simple explanation is that the market recognized the benefits of more capital for bank market values when the plan to recapitalize was announced, but then saw that the actual recapitalizations did not involve the large government subsidies for banks that it expected.

The discussion of bankruptcy/failure would have benefited from a closer link to the extensive research on this in corporate finance. In particular, the "no-fault-default debt" proposal of Merton and Thakor (2021) suggests that adopting this kind of debt would permit a low-cost transfer of control of the bank to its creditors in distress states and thus be Pareto superior to bailouts, CoCos, and Chapter 11 bankruptcy.

Finally, while there is some discussion of the research on the influence of politics, the book could have done a bit more on this issue. The Calomiris and Haber book (2014) highlights the massive influence that politics has on banking, influence that is even greater during crises. Viewing its different policy tools from the standpoint of the extent to which the tool is susceptible to politics would be a useful exercise.

To conclude, there is much to like about the book. It is comprehensive in its coverage of topics and relevant research, rich in its institutional detail, and written in an engaging manner, with ample summaries and illustrations to drive home its points. I recommend it highly.

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Democratic Federalism: The Economics, Politics, and Law of Federal Governance. By Robert P. Inman and Daniel L. Rubinfeld. Princeton: Princeton University Press, 2020. Pp. xii, 435. \$45.00, cloth. ISBN 978–0–691–20212–9, cloth; 978–0–691–20213–6, e-book.

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In this book, Robert Inman and Daniel Rubinfeld evaluate different forms of a federal system of government, using both theoretical models and empirical evidence. They emphasize that their evaluation is interdisciplinary, drawing on work by economists, political scientists, and legal scholars. The book goes beyond the usual objective in economics of the maximization of an individualistic social welfare function, which involves both efficiency and income distribution considerations, to assign a central role to "political participation and democratic stability," and "the protection of individual rights and liberties."

This book should be of interest to both a general audience and specialists. Parts of the book discuss estimated regression equations, and some arguments use equations and graphs, such as marginal benefit and marginal cost curves. But a general reader can skip the details and still get a lot out of the book. On the other hand, the book should also interest graduate students and specialists with research interests related to federalism, since it brings together a large body of literature in a way that provides the unique perspectives of two leading economists with research interests that fit well with this interdisciplinary endeavor.

Part I of the book is devoted to comparing the performances of different types of federal systems, distinguished by the institutions for decision making by the central government. As a contributor to the literature on fiscal competition, I like the emphasis that the authors place

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