Book Reviews

Money and Empire: Charles P. Kindleberger and the Dollar System,
By Perry Mehrling.
Cambridge: Cambridge University Press, 2022. 310 pages, *£29.99* (hardcover)

Since its conception, the dollar was declared dead many times. In Money and Empire, Perry Mehrling tells us, through the writings of Charles Kindleberger, that the dollar -as global money- is alive and well. Based on financial history and the history of economic thought, the book rediscovers a monetary theory of global money as an international public good in a world of national governments. This is not only to celebrate the life and ideas of a man, but to rethink history, analyse the present, and imagine possible futures for the International Monetary System. Money and Empire is about the dialectic between "the economic logic of the payment system (that) pushes towards hierarchy and centralization, and the political logic of subglobal and subnational groupings (that) pushes towards autarky and pluralism" (p.118). As a compelling analysis of the work, history, and views of Kindleberger, and a (re) reading of the economic events that shaped his life (as well as the global dollar system's), this book, is very relevant to the current debates.

Money and Empire continues a saga of Mehrling's books that connects history of economic thought with financial history, using them to find intellectual ancestors of his own economic framework, "the money view". According to Mehrling, many of the concepts of his framework are present throughout Kindleberger's work. But he also uses these writings to extend the money view, incorporating the international political economy dimension of the hierarchy of credit and money, a key currency as global money, and the need for an international lender of last resort behind it.

Readable as a novel, the book chronologically narrates two life stories, introducing dense theoretical concepts in a simple way. As a biography of the man, it highlights his systematic way of thinking. Mehrling finds a common perspective throughout Kindleberger's work: the view of a central banker who understood the hierarchical nature of the global economic system, the balance of payments as a matter of settlement in the international payment system, and money as the counterpart of (unstable) credit. As a witness and protagonist of the effects of many financial crises, his lifetime project was the unification of the global banking and financial systems. But several disruptions pushed him towards constant transformation: he lost his connections to the government; the rise of mathematical modelling challenged his literary style of economics, and his case for one global money was defeated in the public debate. But in different academic positions and in dialogue with other disciplines, he found new places to keep pushing for his life project. Mehrling sees that, posthumously, this project has, in many aspects, become a reality with the consolidation of the dollar system, central bank liquidity swaps, and the expansion of the global dollar capital market to the periphery.

As a biography of the dollar, it tracks its troubling path to becoming global money, discussing policy making at a global level. For Kindleberger, the hierarchical structure of the international system was an outcome of a market-driven cyclical and evolutionary process. But this hierarchy requires leadership, endorsement from emerging structures, and willingness to act and stabilise the world economy when markets fail. The recipe for stabilisation includes liquidity provision under turbulent times, international macroeconomic coordination, exchange rates stability, and countercyclical or stable long-term lending, especially for the periphery. However, leadership is not enough. Followership is required. Kindleberger's final interpretation about Nixon's abdication of leadership and unilateral devaluation in 1971, is of a world that did not want to follow the United States. And this is where political science stands out, in the discussion of the conflicts between a "unique" monetary area and multiple political ones. However, this subject is underexplored to some extent, as is the unstable and cyclical nature of leadership itself.

As Mehrling acknowledges, many of Kindleberger's ideas might not be easily accepted by the critics of financial globalisation. Nevertheless, Mehrling interpret those ideas as a reflection of his cosmopolitanism. In this sense, Mehrling shares Kindleberger's optimism, highlighting positive aspects of the evolution of the global dollar system. The book presents an intendedly deep but partial analysis of the geopolitical role of the United States in the 20th century. For those readers looking for a more holistic reading of economic history, an exploration of other material will become necessary. In summary, Money and Empire is an important contribution to current debates and monetary theories, as well as financial history, that provides valuable and provocative insights to think about policy-making. All that is delivered within the celebration of life and ideas of Charles P. Kindleberger, who thanks to this book, is likely to be rediscovered once more.

Iván Weigandi
University of Leeds