

## 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 interprets 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.

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*'A Modern Guide to Post-Keynesian Institutional Economics'*

Edited by Charles J. Whalen

Cheltenham, UK and Northampton, MA, USA: Edward Elgar, 2022. 424 pages, £130 (hardcover)

Whalen used the term 'post-Keynesian institutionalism' to capture the essence of his 2011 edited collection on the causes of, and possible responses to, the Great Recession. The questions posed then were urgent, and the agenda of the collection was notably practical: to put forward policy options going forward.

Here again we see a collective attempt not just to explore the conceptual and methodological contours of the PKI approach, but to put it to use, this time focusing on the experiences of the global pandemic. Contributors have sought to demonstrate the explanatory significance of trends captured by the money manager capitalism (MMC) concept for understanding the vulnerabilities exposed by the crisis. A range of new evidence is put forward across the chapters: Baranes shows balance sheet positions of corporations and distribution out of profits towards dividends and share buybacks; Levin-Waldman highlights household sector inequality and the related political entrenchment occurring across the US; Weller and Karakilic point to the build-up of debt among households, including measures of informal borrowing from friends and family during the crisis; Zachorowska-Mazurkiewicz focuses on gendered pay gaps and other forms of structural inequality. Taken together the evidence exposes the core conflicts regarding the distribution of risk that have characterised the MMC era, and make clear why the US economy in particular is structurally ill-equipped to cope with any form of stress, given the pushing-out of risk towards the periphery – the individual – that has occurred.

Overall the general argument across the volume is convincingly made. There is a little repetition across the papers looking back at the influence of Galbraith, for example, and Minsky, and in setting out the parameters of MMC. There are notable achievements however, one being the inclusion of chapters that extend the scope of PKI beyond the US, such as Klimina's insight into the former Soviet Union. There is in fact considerable geographical awareness and comparison across the pieces. There are attempts to reach out and show where there is sympathy with other literatures. The read-across to the now large financialisation literature is made clear for example, and there is a particularly powerful chapter on links with the Latin American literature on the monetary circuit and development (Girón). This could be extended quite naturally to critical macro finance, another branch out of Minsky with a balance-sheet perspective, with concepts of the de-risking state and the significance of evolutions in market finance. Steps to include and reference more research traditions begs the question about key contributions aligning with institutionalist and post-Keynesian interests that are left out of the name e.g. regulationists and neo-Marxists.

Nomenclature in heterodox economics is not without its controversies, but there are clear positives to draw from the PKI proposal. Post-Keynesians (in the UK especially) can benefit from a stronger recognition of family ties with institutionalism. For one thing it allows more meaningful theoretical incorporation of the state and of political agency into economic theory and aligns with recent ventures across a number of theorists to combine post-Keynesian analysis with comparative political economy. In the other direction institutional economics can benefit from the growing confidence with empirical methods emerging from strands of post-Keynesianism. It is notable that Lavoie has a contribution on stock-flow consistent modelling, and throughout the pieces there is a general focus on the importance of flow-of-funds and balance sheet analysis more generally.

In ‘Stabilising an Unstable Economy’ Minsky argued that “[t]he actual path an economy traverses depends upon institutions, usages, and policies. In the final analysis, history remains history, although the range of what can happen is limited by basic economic relations” (Minsky 2008 p194). A post-Keynesian Institutional perspective feels like a coherent means for capturing this vision.

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#### REFERENCE

Minsky, H. (2008) *Stabilizing an Unstable Economy*. McGraw-Hill Professional, New York.