

BOOK REVIEW

Ivo Maes, with Ilaria Pasotti, *Robert Triffin: A Life* (New York: Oxford University Press, 2021), pp. 262, \$89 (hardcover). ISBN: 9780190081096.

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Ivo Maes, a senior researcher at the National Bank of Belgium, has been studying the Belgium-born economist Robert Triffin for several years, and, in collaboration with his co-author Ilaria Pasotti, published a series of articles on the different aspect of his lifework. *Robert Triffin, A Life* develops several of them.

The book contains six chapters, plus a brief four-page epilogue that draws a conclusion on Triffin's contributions. The six chapters follow a chronological order and correspond to Triffin's main periods in life. This allows the reader to understand and explain the path taken by Triffin.

The first chapter deals with Triffin's youth and especially his university education, in Belgium and then in the United States. Once he was at Harvard, his choice of courses and the discussions with Wassily Leontief, Joseph Schumpeter, and Edward Chamberlin greatly influenced his thesis. In that chapter, the reader will learn many details related to the making of Triffin the economist—for instance, how his relationship with the Belgian economist Léon Dupriez was crucial in his admission to a PhD program at Harvard as well as with his later difficulties to find an adequate position in Belgium in 1939 after the deterioration of their relationship (p. 21). Maes describes that Triffin will move away from his thesis work (very much focused on theoretical economics) towards policy advising; at the same time, one can already perceive that his doctoral research on monopolistic competition was certainly going to weigh on his later work—including his views on developing countries and international monetary problems.

Chapters 2 and 3 are the most detailed on Triffin's early career, during which he eventually managed to influence, to some extent, several major policy decisions of the time. In the wartime years he was a money doctor in Latin America while working for the Federal Reserve (Chapter 2). There he advised several countries and provided specific recommendations for banking reforms or even the constitution of the central banks, for instance in Paraguay and Dominican Republic. Then he joined the International Monetary Fund (IMF) and became one of the main designers of the European Payments Union in Europe to make the Marshall Plan effective for the reconstruction of Europe (Chapter 3). There, he was clearly a major actor and one of the negotiators who can be held responsible for the success of this innovative experience of monetary integration. Chapter 4 is devoted to the role of Triffin as a "Bretton Woods Cassandra," when, as a professor at Yale (from 1951) with intellectual freedom, he consistently struggled for a reform of the international monetary system, denouncing the US dollar's exorbitant privilege. During that period he published two major books, *Europe and the Money Muddle* (1957) and *Gold and the Dollar Crisis* (1960). The second book "made him famous" (p. 123). It refers to the international liquidity problem that Triffin has clearly

identified in the US dollar-based international monetary system: the contradiction between the role of national currency for the United States and international currency for the world economy. During this period, he also took clear positions for fixed exchange rates arrangements and opposed the proponents of floating regimes who were gaining ground, especially with the growing audience of Milton Friedman (p. 135). Triffin consistently defended his positions on the US dollar as an inappropriate standard, the liquidity issues, and the fixed exchange rates regime in the Bellagio Group, a group of high-profile economists created in 1963 to discuss the international monetary problems alongside the IMF. Chapter 5 traces Triffin's role—again an important one—in European monetary integration, some of his ideas having been partially adopted in the project that actually took shape, while others, such as the European Reserve Fund, were “watered down” (p. 172). This chapter on the theme of construction is the only one that goes backwards in relation to the chronological plan adopted for the book. Chapter 6 eventually provides some interesting insights on the latest of Triffin's activities devoted mainly to the European Monetary System and the development of the European Currency Unit (ECU). The details about ECU history and development are not well known so they are particularly appreciated.

The book is not a mere narrative on Triffin's hectic life without insight into his ideas and publications. Maes and Pasotti unravel some of Triffin's major writings, with the reproduction of some graphs and tables from the original articles. This is particularly true for Triffin's first works in the 1930s, carefully analyzed in Chapter 1, and the wartime works at the Fed in Latin American countries (Chapter 2) as well as the 1946 article “National Central Banking and the International Economy,” one of the most important of Triffin's articles (pp. 64–69).

This book describes Triffin as an endearing person with an exceptionally rich life in these years of “high theory” of international monetary economics. Triffin was “a monk in economist's clothing” (p. 196), committed during his entire life to the development of multilateral cooperation and more generally to peace (the book also recalled that he was engaged in activities against the Vietnam War during his years at Yale, p. 114). Despite this remarkably stable attitude towards the objective of international monetary cooperation, it would have been interesting to explore the reasons why Triffin became more and more marginalized and less and less listened to by officials in international institutions and policy-makers (p. 182). The authors argue that it is due to a global evolution of the international monetary system: the world has gradually adapted to floating exchanges and remained stuck to the paper-dollar standard, but the subject deserves further development. Triffin found nevertheless a new field of activism through a return to Belgium and the reactivation of the process of European monetary integration, of which Triffin was one of the inspirers. The task was not out of reach as Triffin had already made very good contacts in the highest positions, especially during the years of setting up the European Payments Union.

This biographical work does not aim at offering systematically a critical perspective on Triffin. For example, we can wonder if there is a contradiction when Triffin advocates for the clearing house a rule (Chapter 6) with a predefined rhythm of currency issuance “à la Friedman”: one may argue that this is in opposition to the much more flexible principle of overdraft that is characteristic of clearing houses that Triffin himself relentlessly called for at the international level. Another critical perspective that could have been addressed in the book is the work by Charles Kindleberger and his co-authors to

challenge Triffin's dilemma and more generally the anxiety about the ability of the US financial system to supply the world with liquidity (Kindleberger et al. 1966; more recently Bordo and McCauley 2019).

When finished the book, the reader may be struck by two facts. The first is the stature and reputation of the economists and policy-makers who crossed the path of Triffin. I do not have the space here to name the Harvard scholars in the 1930s, the "money doctors," the various people at Yale, and the circles of European officials; the list is long. This environment contributed a lot to the richness of Triffin's lifework. The second is that throughout the book, one notices that Triffin's life has been eventful, guided by the passion that animated this economist within the institutions that employed him. Disagreements or disappointments guided his path, from Louvain to Harvard, from the IMF to the ECA and then Yale, to the point when he returned to Belgium and renounced his American citizenship. Through a meticulous examination of the archives of the institutions where Triffin worked as well as the economist's correspondence, the book reconstructs Triffin's life and work.

This book comes out in a period of increasing interest in international monetary economics, nurtured by the international tensions and the risk of fragmentation of the international monetary system, which is a source of concern even in the IMF (Georgieva 2023). This interest is witnessed by the parallel work of Perry Mehrling on another giant of the twentieth century: Charles Kindleberger. The book has been rightfully acclaimed by several former officials involved in international and European institutions like Jean-Claude Trichet (former president of the ECB) and Jacques de Larosière (former director of the International Monetary Fund), the latter having also written the preface of the book. It is timely and a highly recommended read. More recently (in 2023), the book was deservedly awarded the prize of the best monograph by the European Society for the History of Economic Thought.

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COMPETING INTERESTS

I have no conflicts of interest to declare.

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