The Bank of Lisbon was established as a private capital bank devoted to the mission of redeeming the state of the emission of securities that very defectively circulated as paper money. As a side compensation for its public tasks, the bank was granted exemptions from certain taxes. Conversely, the state would accept its banknotes in the payment of obligations. It is no coincidence that during the debates that led to the foundation of the Bank of Lisbon, Portuguese economists mobilized a substantial set of well-known European economists to support their proposals or analyses of the national monetary problems. Cardoso refers to many debaters, with one of them, Ferreira Borges, invoking the names of Heinrich von Storch, Thomas Joplin, David Buchanan, John McCulloch, and David Ricardo, among others, in his arguments. The contrasts with the Bank of England were also at hand, showing that the successful trajectory of the Bank of England in stabilizing the British financial system and the British public debt was a vivid example. Furthermore, one may say that the more than one-century-old debates concerning the adequate quantity of money in circulation were reignited along the banks of the Tagus River, albeit within new settings and constraints.

In the concluding remarks, Cardoso insists on the specificity of the Portuguese case, drawing attention to "the relationship between the banking organisation, the political process and the formation of the public sphere" (p. 99). Beyond merely chronicling the particular financial episode of erecting a bank with a public mission under the impulse of a Constitutional Assembly, Cardoso's book underscores the importance of contextualizing localized episodes or histories of monetary institutions within their historical and political ambiences. The book also illustrates how the arguments put forth by the fathers of political economy became widely influential, transcending various settings, including a smaller European state like Portugal and its major colony, Brazil. For all these reasons, *Money, Debt and Politics* can be seen as a valuable exemplar of the possibilities opened by the combination of monetary and political history, coupled with a focus on the dissemination of economic ideas in different national contexts.

Mauricio C. Coutinho
University of Campinas (UNICAMP)

George S. Tavlas, *The Monetarists: The Making of the Chicago Monetary Tradition, 1927–1960* (Chicago: University of Chicago Press, 2023), pp. 656, $65 (hardcover). ISBN: 9780226823188.

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In this superb book, George Tavlas provides a detailed chronological history of the Chicago school of monetary economics from its start in the late 1920s through the work of Milton Friedman in the 1950s and '60s.

There were eight members of "the Group," as they referred to themselves—there are agreeable pictures on the dust cover—Garfield Cox, Aaron Director, Paul Douglas, Milton Friedman, Frank Knight, Lloyd Mints, Henry Simons, and Jacob Viner. Many of these names will be familiar even to the casual student of the history of economic thought. All economists, of course, know the name Milton Friedman. The name Paul

Douglas immediately brings to mind the Cobb-Douglas production; Frank Knight, his famous distinction between risk and uncertainty; Henry Simons, his well-known essay on "Rules vs. Authorities"; and Jacob Viner, his many contributions to the field of international economics. Lloyd Mints is less well known, although some of his work is highly regarded, in particular his 1945 *A History of Banking Theory in Great Britain and the United States.* Aaron Director is also less well known. However, Tavlas shows that he was an important contributor to the evolution of monetary doctrines at Chicago, especially through his role of confidant and advisor to Milton Friedman, who became his brother-in-law in 1938. Garfield Cox, whom I was not previously aware of, seems to have played a minor role, at least when it came to formulating and championing ideas, although perhaps was more important in an administrative role.

Telling the story of such a large and argumentative group is a daunting challenge. However, Tavlas proves to be the right person for the job. He has published widely both on current economic problems and methodology and on the history of monetary doctrines, including previous work on the Chicago school. In addition to his academic work, he has a great deal of real-world experience including administrative and advisory stints at the Bank of Greece, where he was active during the process of Greece's entry into the Eurozone and during the resolution of Greece's sovereign debt and banking crises, and stints at other international agencies.

There were two general ideas that animated the group. One was that money matters. The other was that getting money right is important for preserving a free market economy—the best way to maximize personal well-being. There were, however, many sharp disagreements and changes of opinion on particular issues. For example, given that it was best, as argued by Simons, to subject the monetary authority to rules rather than allowing it to use its discretion, which rule was best? Keep the money supply growing at a low and stable rate or stabilize the price level? The issue was debated vigorously.

To analyze the effects of money, the Chicago monetarists, like much of the rest of the profession in the late 1920s and early '30s, relied on the quantity theory of money. The leading quantity theorist was Yale's Irving Fisher, and the group looked to Fisher for both the most up-to-date mathematical formalization of the quantity theory and the empirical evidence to support it. For the rest of the profession, of course, that began to change with the publication of John Maynard Keynes's *General Theory* in 1936. Then World War II seemed to provide the evidence that Keynes was right. Massive increases in government spending, financed to a considerable extent by borrowing, finally ended the Great Depression. Alvin Hansen's influential *A Guide to Keynes* in 1953 sealed the triumph of Keynesian macroeconomics.

According to the Keynesian view, monetary policy was a weak instrument that had little to do with causing the Great Depression in the early 1930s or curing it in World War II. Increasing the stock of money could lower interest rates but not by very much because the demand for money was very interest-elastic. That small decrease in interest rates, moreover, would have very little impact on investment spending because the demand for investment, as shown by the empirical evidence including surveys of business opinion, was very interest-inelastic. If the economy needed to be sped up or slowed down, it was a job for fiscal policy.

The Chicago monetarists, however, unlike most of the rest of the profession, were unconvinced. Moreover, in 1946 they brought Milton Friedman on board. He became a full professor in 1948 when he also devoted himself full time to monetary research. He would lead the successful counter-revolution. Macro economists to this day have not given up on government spending and taxes as means of influencing aggregate economic activity. However, the attention paid by economists and by the press to every pronouncement made by the chair of the Federal Reserve shows that we have not returned to a world where economists think that monetary policy has little impact.

This summary of the main themes does not do justice to what Tavlas has accomplished. The book is old-school scholarship at its best. Tavlas seems to have read and thought carefully about everything: published articles, books, book reviews, and congressional testimony; and unpublished manuscripts and letters. He even analyzes some course exams given by members of the group. The result is a densely packed volume of over 600 pages. Historians of thought whose field is the evolution of monetary doctrines will want to read it all. For many others, however, it will be a reference tool. A scholar exploring the evolution of the debate over fixed versus flexible exchange rates will want to consult it to learn how this issue was debated between Viner, who favored fixed rates, and Simons and Mints and later Friedman, who favored flexible rates. A political historian studying the career of Douglas, who became an influential Democratic senator, would want to consult Tavlas to better understand the evolution of Douglas's views on money and the role he played brokering the Treasury-Federal Reserve Accord of 1951, which freed the Federal Reserve from its commitment to maintain fixed prices for government bonds.

A question that seems to hang over the book is how much Friedman took from his monetarist predecessors at Chicago. The answer is a great deal. Many of Friedman's influential proposals concerned issues debated by the group and coincided with the positions taken by some of the members, especially the positions on key issues reached by Simons and Mints shortly before and soon after Friedman's arrival in Chicago. Friedman's famous paper "The Case for Flexible Exchange Rates," in 1953, is a good example. However, there were many areas of disagreement between Friedman and some members of the group. Perhaps the most important was on the issue of the inherent stability of the economic system. Simons and Mints believed that, left to its own devices, the economy was subject to substantial swings produced by fluctuations in velocity as the term was defined by Fisher's quantity equation. Friedman, however, came to believe that in the absence of mistaken monetary policies, Federal Deposit Insurance and the development of automatic fiscal stabilizers such as unemployment insurance had made the system relatively stable.

It was Friedman's theoretical reformulation of the quantity theory as a demand equation and his empirical work supporting it, especially *A Monetary History of the United States,* published in 1963, that had the most impact on the group and the profession as a whole. For the group, Friedman replaced Fisher as the crucial theorist and empiricist of the quantity theory.

Friedman's empirical work, however, owed more to his own superb mathematical and statistical talents and to his work with Anna Schwartz for the National Bureau of Economic Research (NBER) than to the monetarists at Chicago. As a professor of economics at Rutgers, I must point out that Friedman was an undergraduate at Rutgers where he studied with and became a friend of Arthur Burns, although their friendship was strained by policy differences when Burns became the chair of the Federal Reserve in 1970. Burns had done and would complete work on the business cycle for the NBER and would later become its president. The work that Friedman would do on money, moreover, was part of the plan at the NBER of investigating variables thought to influence the business cycle. Indeed, Anna Schwartz—who deserves more credit for her work on monetary economics than she has been given—had already published a paper for the NBER on annual estimates of currency and demand deposits, although those estimates were later superseded by the still-standard Friedman–Schwartz series.

The book is not concerned with drawing attention to older and neglected ideas that could be used to address current problems. That is left to the reader. The one clear reference to current events that I recall is a reference to the 2008–09 financial crisis. Tavlas points out that Simons's concern about the danger of allowing investment banks to issue unregulated near monies obviously has current relevance.

In short, George Tavlas has written the definitive history of the Chicago monetarists. He deserves a round of applause from historians of economic thought.

Hugh Rockoff
Rutgers University

COMPETING INTERESTS

The author declares no competing interests exist.

Jennifer Burns, *Milton Friedman: The Last Conservative* (New York: Farrar, Straus and Giroux, 2023), pp. 590, $35 (hardcover). ISBN: 9780374601140.

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Writing the biography of an economist of Milton Friedman's stature, someone who invented so many important theories, theories that have (permanently) influenced public policy, someone who earned the recognition of his peers, someone whose once deemed "crazy" ideas have become "commonplace," someone who, well "into the twenty-first century, … remained a favorite target of political attacks" (p. 474), is clearly a huge, impressive task. Only a scholar who has the kind of distance that comes with long and assiduous contact with his ideas can meet it. Such is the case of Jennifer Burns. A professor of history at Stanford and a research fellow at the Hoover Institution (where Friedman held a position at the end of his career), she has spent years—in fact, "nearly a decade" (p. 11)—in Friedman's "voluminous archive" (p. 11), studying his life, analyzing his work, tracing its origins, establishing connections with the work of other economists, and contextualizing it (in particular around key moments) to give it a historical dimension. The result is undoubtedly a success. In nearly 500 pages and fifteen chapters, obviously well documented, perfectly written, without too many technicalities, Jennifer Burns takes us through Friedman's life and academic career, and gives a clear idea of the man, the economist, the thinker, of his qualities, of his ambiguities and hesitations.

The book starts with the years Friedman spent at Rahway High (NJ) and finishes with the memorial service organized by the University of Chicago in early 2007 (Friedman