

BOOK REVIEW

A GUIDE TO GOOD MONEY: BEYOND
THE ILLUSIONS OF ASSET INFLATION

BRENDAN BROWN AND ROBERT PRINGLE

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Given the clear importance of public education to the authors, Brown and Pringle first and foremost deserve credit for delivering a work that is simultaneously timely, informative, and eminently accessible. *A Guide to Good Money* is exactly that. Even more, as the authors take it upon themselves to provide an accounting of the existing monetary framework before introducing the reader to their prescriptions, it is an excellent primer for those who wish simply to understand the opacities of modern money. On one level, therefore, *A Guide to Good Money: Beyond the Illusions of Asset Inflation* succeeds as both an easily digestible guide for the confused and a hopeful theoretical framework for the avid policy wonk. But further, and more broadly speaking, *A Guide to Good Money* triumphs too as a work of revisionist history in the best sense. That is, to paraphrase Ralph Raico, because it throws into

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doubt the glorifying statist myths that uphold so many institutions. Exposing such technocratic pretenses as “full employment” and “inflation targeting,” Brown and Pringle show good money would go some way toward mitigating the negative externalities increasingly unsound monopoly money and its underlying, legitimating policies have created.

In introducing what, for all its importance, is an admittedly academic subject, the authors are sure to include amidst their technical descriptions of the mechanics of the global fiat system ample and perspicacious commentary as to how and why such increasingly (purposefully?) arcane monetary policy decisions immediately impact on the everyday lives of individuals, as well as on their broader societies. Helping remind the reader what precisely is at stake in the fight for good money over bad, Brown and Pringle point to several “observed faults” for which the present “moderately bad” monetary regimes, led by the global inflationist-in-chief, the Federal Reserve, are ultimately responsible. These include growing wealth and income inequality, declining ethical standards, and the loss of freedom and personal responsibility. Further, as they write, “Asset inflation has increased financial and wider economic fragility, from a long-run perspective,” and has, “Critically strengthened the destructive forces of monopoly capitalism which both Adam Smith and Karl Marx warned in their own ways would imperil the liberal capitalist order.” It is hard to argue with their analysis. Discrimination against small and medium-sized firms has become *de facto*, imperiling the broad, property-owning anchor of competitive capitalist societies, as they face higher costs complying with regulations and face higher borrowing costs within the broader financial system. At the same time, central banks’ exceedingly loose monetary policies naturally fostered the speculative mania that took hold during the fixed-income famine of the post-Financial Crisis decade (TINA: There Is No Alternative). Apart from helping Big Tech concentrate its power, some of the negative consequences of which the authors note, Brown and Pringle point out that the bad money system’s incentive structure has led generally to a systematic focus on optimizing or capturing short-term returns, a corresponding lack of capital investment, and high levels of indebtedness broadly. Prone to destabilizing shocks that often quickly transmit globally, Brown and Pringle note sadly

that the sarcastic remark of a former Bank of England governor neatly encapsulates the dead-end the inflationists' macroeconomic policy has reached: "Monetary stimulus is [apparently] an appropriate response to all economic problems."

Apart from their clear-sighted history clearly vindicating the much wrongly maligned Robert Murphy, Brown and Pringle's analysis of the present state of things leaves the reader feeling beset by the challenges to altering such a clearly misguided order. For not only is our money, in their own words a necessary though not sufficient condition for the good society, a mess, but there are powerful vested interests who benefit from it remaining so. Here Brown and Pringle display an especial awareness of the political dynamics at play; for unlike consumer price inflation, an obvious and despised tax, asset price inflation is broadly popular, and has particular defenders among the extremely wealthy and connected who benefit most. Furthermore, they recognize that whatever its delusionally popular political trappings, hefty new regulations do nothing but expand the already bloated bureaucracy and increase regulatory costs, to say nothing of the easy, gradual capture of the regulatory establishment itself via the perfectly legal revolving door that exists between government regulators and the biggest corporate players in the sectors they are supposed to be policing. This is all perfectly obvious to even the average person, and Brown and Pringle's alternative is one that puts a straitjacket on government, preventing it from manipulating money for its own ends. In the case of a hypothetical 21st century gold standard, like George Gilder (2015), Brown and Pringle find such a system would be self-regulating and self-balancing between the accounts of participating members. Further, while only one of many possible alternatives, such a system would fulfill Brown and Pringle's desire to revive the debate in favor of a gradually falling price level. Such an appreciation in the value of money, which George Selgin and Milton Friedman both argued in favor of, would be better money at the level of the individual and therefore better money at the level of society. Such a reform would eliminate the massive ongoing costs, both seen and unseen, of a seemingly ever-growing regulatory apparatus. So, too, would it eliminate the gross moral hazard created by the Federal Reserve's backstopping of its unstable creation, which has been predictably defined by nothing so much

as excessive risk-taking and periodic crises. And, as Brown and Pringle point out, the growth of shadow banking and its interconnectedness to the broader financial system mean future bailouts will likely make prior “rescues” look tame by comparison. All the more reason to push aggressively for reforms to curb the power of the Federal Reserve to intervene; and, if it cannot be destroyed entirely, to push for the adoption of a fiat regime consistent with the “super money” qualities insightfully laid out by Brown and Pringle.

Regretfully, this otherwise recommendable work is marred by a note of the eager neo-imperialist rhetoric that has been a defining discursive feature of American politics since the onset of the Progressive Era, and the United States’ forced transformation from regional republic into (attempted) global hegemon. For example, in the introduction is contained the following rationale for better money:

At the level of geopolitics, money is and will be an important front in how the US/the West deals with the menace of the expansionist Communist regime in China or more broadly of the Moscow-Beijing-Tehran-Pyongyang axis to global peace and a global order based on ideals of economic and political freedom.

While it is tempting to spend the rest of this short review deconstructing everything wrong with the propositions asserted above, this is hardly the place. Opposition noted, the remainder of this otherwise glowing review will conclude instead with a few observations on the subject of money and power politics more generally. Assuming a normatively classically liberal view, it can be asserted that, whatever its attractions, our present (bad) money is political money; further, that whatever its attractions, good money would not be. And as history, theory, and simple mathematics can conclusively show, it would be entirely incompatible with the military Keynesianism the aforementioned libertarian historian and critic of so-called “great power” politics Ralph Raico (2010) so rightly derided, but which has been the de facto and necessary extension of the highly militarized foreign policy pursued by Washington since the First World War. The truth is that the time has long passed when the Pentagon and its network of corporate welfare cronies could get what they wanted at a price the taxpayer was willing to pay. This will be especially true going forward if, as the recent

posturing by both Republicans and Democrats over raising the debt ceiling suggests, Social Security and Medicare continue to be the untouchable third rails of American politics. Barring horrifying levels of wealth-destroying, growth-strangling taxation, therefore, the kind of great power conflict advocated by the Hudson Institute and its likeminded collaborators will require the money printer remaining on. Proponents of good money must therefore be ready to argue what, at present, still constitutes opinion outside the Overton Window's limits of acceptability. This does not make them wrong. And so a *cheer!* for any effort towards good money, and congratulations to those whose efforts to enlighten the public and further the public discussion so succeed as do Brown and Pringle's.

REFERENCES

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