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Stanley Fischer

### Charlie Kindleberger<sup>1</sup>

I think of Charlie with a mixture of awe, respect, and affection – especially affection.

Awe at the volume and enormous interest of his scholarly output, and his ability to follow the beat of his own drummer at a time when the rest of the profession and the MIT Department were moving in another direction. And awe at the life force that kept him so productive, so lively, so interesting and so cheerful to the end of his days.

Respect for an upright man of exemplary decency, whose love of life and family shines through his sparkling autobiography, *The Life of an Economist*. His relationship with Sarah (whom he delighted in describing as “my present wife” or “my first wife”) was a pleasure to observe. Respect for his belief in public service, in scholarship, and in teaching, which led him to take a sabbatical year 1967-68 teaching at several black colleges in the south. And respect for the mind and spirit that enabled him to take clear stands on key issues in economics, with enough of an edge to his writing to keep most readers engaged, and some perhaps – but not many – enraged. And respect for a scholar whose work – above all, *Manias, Panics, and Crashes* – will surely live on long after him.

Affection for a man of such charm and warmth as to be loved by nearly all who knew him and nearly all who read him, and who seemed to become more loved as he aged.

Charlie lived an extraordinarily rich life, a richness that is not open to those of us who have had the good fortune to avoid great depressions and wars. He started work in 1936, at the U.S. Treasury, moving soon thereafter to the New York Fed. When World War II began, in 1939, Charlie and Sarah were living in Basel, where he was working at the BIS. They came back to the United States in 1940, and he joined the Washington Fed. In 1942 he signed up with the OSS in Washington, being sent to London in 1943. In 1944-45 he was in the US Army in Europe, serving on the staff of General Bradley, whom he greatly admired. On occasion he sat in on meetings with Eisenhower. In class he once said “People criticized Eisenhower for reading Zane Gray novels or watching westerns in the evening. During the day he had a meeting every half-hour, at the end of which he made life and death decisions. Was he supposed to study Greek philosophy at night?”

During the period 1942-48 he took part in many of the great experiences of that time, in London as the bombing of German industry and the invasion were planned, in Europe as the allies achieved victory, in Washington as the post-War world was shaped, in Moscow for negotiations with the Russians, and in playing a leading role in the technical work on the Marshall Plan. Over the years we heard many stories from that period. Most of them can be found in Charlie’s books, particularly his autobiography, in *Marshall Plan Days*,

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and also in the published volume of letters to Sarah. He said of Marshall, “I don’t know if you have the sense that I do of what a great, great man Marshall was. A very funny, odd man, but a great man; a man who was Olympian in his moral quality ...” (MPD, p.109)

Charlie must have loved a story that appears in several places about a conversation he had in the corridors of the State Department with a colleague, Phil Claxton, a few weeks after the Marshall speech at Harvard in June 1947:

“CPK: .. I now work on the European recovery program.

Claxton: Oh, that’s the program which developed out of the Secretary’s speech at Princeton.

CPK: Phil, where did you go to college?

Claxton: Princeton, why?”

At the end of an interview about his Marshall Plan days, Charlie quotes Oliver Wendell Holmes as saying “Any man who misses a war has lost out on a great experience”, and then remarks of that period “Any challenge of this sort in which you work like a dog is something to fill your life. ... I had some great times.”

In 1948, Charlie moved to the MIT Department of Economics, and he stayed here, retiring as Ford International Professor of Economics in 1976, but never retiring as a member of the MIT economics community.

I met Charlie on my first day at MIT in 1966, when he welcomed the incoming graduate student class and told us what was expected of us. He said that on average we should expect to take four years to obtain our Ph.Ds, but then launched into a story about a porter who was asked what the average tip was, said \$5, and on being questioned, replied “There’s not a lot of people that gives the average”. At that time the Kindlebergers invited the graduate students to their Lincoln home for a fall afternoon party, which was much appreciated and much enjoyed – and during which we were shown Charlie’s study in a toolshed in the garden.

Charlie’s classes were full of interest and enjoyment, even if the lectures were not strictly linear – but his *International Economics* textbook could always be consulted afterwards to clarify the main points. He was of the school that viewed labeling the axes as spoon-feeding the students. But as a later student, David Modest, wrote me recently about Charlie’s classes: “He was wonderful. CPK was totally fun in the classroom.”

I remember most from his course the discussion of the transfer problem, as applied to French reparations in 1870, German reparations following World War I, and the Keynes-Ohlin controversy. At that time I found the introduction of the economic history a distraction from the purity of the theoretical argument; now I regard it as the most interesting part of what we learned. And of course this analysis is fully relevant to many modern policy issues, including the Dutch disease, the macroeconomic impact of foreign aid, and a country’s capacity to service its debts. On reparations, Charlie concluded his

study of Finnish reparations to Russia after World War II with: "... Whether reparations can be paid or not will depend, within fairly large limits of their size, and apart from the application of brute force, on whether the country concerned mounts a cohesive and determined effort to do so. That is not a conclusion that an economist embraces easily" (MPD, pp 225-6)

Charlie made few apologies for not being at the frontier of technique. One student who had not written the economic history paper had an idea for a heavily cliometric paper, and went to Charlie to discuss it. He came back later and said Charlie had told him "Why don't you forget about that econometric horsefeathers, and go read ten great books in economics." Which the student did, no doubt to his benefit.

Charlie was amazingly productive. He described himself as having "an acute case of hypergraphia that has produced twenty-five books, more or less, since 1937, the first drafts in all cases typed with two index fingers, one on each hand" (*Life*, p1). What made him so productive? Charlie answered that question in several places: it was curiosity. But of course curiosity is not enough – it took in addition talent, skill, an exceptional work ethic, and a superb capacity to write.

Charlie's writing is unmistakable, not far from his conversational style, with its *joie de vivre*, its humor, its staccato delivery, the illustrative vignettes, and his tendency to pursue interesting and piquant byways as they appear. Amazingly, his economic history books are enjoyable and even entertaining, especially the footnotes. I could never figure out how he organized all the material he squeezed into a book, though index cards must have played a key role.

Many of his books will continue to be read for many years. *Manias, Panics, and Crashes* is already a classic, and will live at least as long as a book with which it is sometimes associated, Charles Mackay's *Memoirs of Extraordinary Delusions and the Madness of Crowds*, first published in 1841, and still read today. *Manias* is replete with historical background and anecdotes, written with a point of view summarized in the last paragraph "There must be a lender of last resort for emergencies." (p226, 1<sup>st</sup> ed) He notes that policymakers tend to deny they are or should be the lender of last resort, the constructive ambiguity that may be desirable in these matters, but concludes "The danger is that they mean what they say."

Charlie aged with grace. After Rhoda and I left Boston, he and I became correspondents, and we cherish his letters. There is an extensive correspondence over the provenance of a misattributed footnote of his that I used in a paper, about Bank of England lending in the crisis of 1832, when the Bank lent freely against collateral and were "not over-nice" (in the sense of precise) in determining the quality of the collateral. Last year he wrote:

"At age 91 I am rapidly slowing down (an oxymoron), but regret only mildly that I can't or won't write a fifth edition of *Manias, Panics and Crashes* to discuss at greater length Long-Term Capital Management, mentioned in the 4<sup>th</sup>, and embrace both Enron and Argentina. Citigroup is involved, I gather, with each".

This was the first non-letterhead letter received from him. The address was typed on top, and there was a short PS: "I have run out of engraved stationery and may not be able to use up the minimum amount they sell"

As, together with the family, we mourn our friend and much-loved colleague, we also celebrate the extraordinary life of this wonderful man.