The two central ideas of the Money View are banking as a payments system (and so the importance of the settlement constraint) and banking as a market-making system (and so the importance of the dealer function). You might think of the former as coming from economics and the latter as coming from finance, but in fact neither is treated as centrally important in their fields of origin. Both economics and finance abstract from money as a strategy for ‘looking through the veil’ to something ‘real’ hiding behind, whereas the Money View treats that veil as the essential substance and organising principle of the modern financially globalised economy. Economics sees a world of commodity production and exchange, and finance sees a world of asset pricing based on projection of future cash flows; the Money View sees a world of interlocking promises to pay, policed by the settlement constraint and with prices determined by the dealer system.

Since 2018, Perry Mehrling has been Professor of International Political Economy at Boston University. Prior to this, he served for three decades as Professor of Economics at Barnard College, Columbia University. His work is now primarily concerned with articulating and finessing the Money View, a compelling approach to monetary economics which synthesises ideas from both economics and finance. In our interview, Mehrling introduces some of the central concerns of the Money View, and sheds light on his current research.

Mehrling is keen to stress the centrality of the classroom to the development of his thought. Teaching students about money at both Columbia and Boston University has enabled him to flesh out his theory, and to develop numerous important concepts and terms to elucidate the machinations of the modern monetary system.

Could you give us a brief introduction to your research background in monetary economics?


Aside from his writing, Mehrling is keen to stress the centrality of the classroom to the development of his thought. Teaching students about money at both Columbia and Boston University has enabled him to flesh out his theory, and to develop numerous important concepts and terms to elucidate the machinations of the modern monetary system.

How does the Money View synthesise the realms of economics and finance, and what are some of the things that this lens, broadly conceived, can tell us about the global monetary system?

The Money View

An Interview with Professor Perry Mehrling

Research Outreach was privileged to speak to Mehrling about the origins of his work. He provides a succinct introduction to the core concepts associated with the Money View, and sheds light on the directions his future research will take.

Could you briefly explain the importance of ‘shadow banking’ to your monetary thinking?

I define ‘shadow banking’ as ‘money market funding of capital market lending’, and as such it represents an idealised form of the institutional frame in which modern monetary and financial phenomena play...
The challenge of teaching money to the undergraduates at Columbia University provided the setting I needed for this intellectual work. Manhattan is, after all, the very heart of the global monetary and financial system.

Good students of economics have learned that there is no such thing as a free lunch, so alchemy bothers them, and that motivates them to understand the mechanisms that police the apparent alchemy.