

## CHAPTER 1

# Golden Boy

My father used to tell me, as I tell my journalist son about news-work, that lawyers don't know anything, but have to be quick learners in a case in a new field.<sup>1</sup>

Born October 12, 1910, Charles "Charlie" Poor Kindleberger II was the third child but first son born to up-and-coming New York City lawyer Evertson Crosby Kindleberger (1875–1950) and his socially ambitious wife Elizabeth Randall (née McIlvaine) (1879–1959).<sup>2</sup> Elizabeth had been raised to be a "lady," and Crosby had been raised to marry one, and so the marital bargain was struck while both were vacationing in North Hatley, Quebec. Married in June 1906, she, at twenty-seven years the oldest of four sisters, felt herself lucky to have avoided dreaded spinsterhood. He, lame from childhood polio, felt himself lucky to have attracted such a beautiful wife. Episcopalians and "rock-ribbed Republicans" both, they made an attractive couple in local social and political circles, which they were careful to cultivate. Crosby worked long hours at his law practice and Elizabeth kept herself busy with social calls, while the help kept the household running.

After Charlie, two more daughters would follow, but no more sons. Charlie thus grew up sandwiched between pairs of sisters – Katharine Wirt (1907) and Mattie Lindsay (1908), and Elizabeth Randall (1911) and Mary Bolling (1914) – but he was always closest to Elizabeth (Betty), only eleven months younger and so almost a twin. All five children were born at home,

<sup>1</sup> Kindleberger (1991a, 71).

<sup>2</sup> The family history here recounted draws on "A 20th Century Family" (1994), an unpublished collection of essays about the Kindleberger family put together by Charlie's sister Betty Stone. KPMD, Box 40.

which was 11 West 8th Street in New York City, just a block from Washington Square Park. There they lived in an increasingly crowded fourth floor apartment shared with two servants, an Austrian cook who lived in the back room, and a succession of nursemaids who came and went during the day. Child-rearing practice was informed by Mother's Emersonian ideas – “self-reliance, plain living, and high thinking” – plus a strong dose of the newly fashionable and purportedly scientific Watson behaviorism, which warned of the danger of excessive mother-dependence and thumb-sucking.<sup>3</sup> Because of Father's irregular income, family finances operated almost entirely on store credit, repaid in part whenever a big fee came in. As Betty remembers: “Being in debt never seemed to bother her or Daddy in the least.”<sup>4</sup>

In his autobiography, *The Life of an Economist* (1991), Charlie opens the narrative by telling the reader, “Mine is an Eastern seaboard family.”<sup>5</sup> This I take to be characteristic circumlocution. Not to put too fine a point on it, Charlie was a WASP of the generation chronicled by Tad Friend in his memoir *Cheerful Money: Me, My Family, and the Last Days of Wasp Splendor* (2009). In Charlie's case, the ancestral WASP splendor was naval, specifically three admirals, two of them doctors. His grandfather, Admiral David M. Kindleberger (1834–1921), had married Mattie Lindsay Poor, herself the daughter of Admiral Charles Henry Poor (1808–82), and they named their first son Charles Poor Kindleberger (1870–1957) in honor of her father. That first CPK dutifully made his career in the Navy and rose to admiral rank, but without producing progeny.<sup>6</sup> It was left therefore to the second son, Charlie's father, to continue the name with his own first son, Charlie himself. In due course, Charlie would continue the name with his own first son, Charles Poor Kindleberger III. Thus did ancestral splendor live on in memory, even as successive generations turned to other things.

<sup>3</sup> 20th Century Family, 36–37.

<sup>4</sup> 20th Century Family, 6.

<sup>5</sup> Kindleberger (1991a, 4).

<sup>6</sup> Biographies of these admirals, useful for our purposes mainly for the names and dates of their progeny, can be found at MOLLUS, Military Order of the Loyal Legion of the United States, [www.suvcw.org/mollus/mollus.htm](http://www.suvcw.org/mollus/mollus.htm).

Charlie continues his narrative: “It was a middle-class family, comfortable until the depression of the 1930s deepened, but far from rich.”<sup>7</sup> Again, a certain degree of circumlocution. Most important, “comfortable” meant summers at the sea. Only a year after Charlie’s birth, the Kindlebergers bought property at the top of Shoreby Hill in Jamestown on Conanicut Island in Narragansett Bay, Rhode Island, and began construction of “June Cottage” (now 13 Standish Road). Betty remembers: “away from the dark and constricted life of the city into a place of light and freedom, blue sea to swim in, wild flowers you could pick, great bunches of wild strawberries and blackberries and raspberries you could stuff yourself with, half-starved as you were, in that pre-vitamins age, for vitamin C.” For his part, Charlie remembered tennis and golf, crabbing in the tidal marsh, and rocks and surf on overnight camping trips to Beavertail, the southernmost tip of the island and so most exposed to the open ocean.<sup>8</sup>

Father had himself spent summers in Jamestown as a boy, in the big house “Beachhaven” that Grandfather had built in 1886 right on the shore at 141 Conanicut Avenue.<sup>9</sup> The naval base on the mainland in Newport had made it a natural choice for the Admiral, and in his retirement Grandfather had shifted with his third wife to a smaller house up the hill at 45 Calvert Place, where he devoted himself to painting. But the record makes clear that the driving force for the Kindlebergers’ purchase was not Father or Grandfather, but rather Mother and Grandmother. The very day of the purchase, the Kindlebergers subdivided the land and sold the part with an existing house (now 3 Standish Road) to Fannie McIlvaine, Elizabeth’s mother, who would spend summers there for the next two decades, along with the growing families of her other daughters.<sup>10</sup>

Grandma Fannie’s husband, Henry Clay McIlvaine, a naval engineer who then became owner of a wholesale drug company, had died young of diabetes and Fannie never remarried, preferring instead to remain in

<sup>7</sup> Kindleberger (1991a, 4).

<sup>8</sup> 20th Century Family, 9, 15–18.

<sup>9</sup> Rhode Island Historical Preservation and Heritage Commission. 1995. *Historic and Architectural Resources of Jamestown, Rhode Island*. Available at [https://preservation.ri.gov/sites/g/files/xkgbur406/files/pdfs\\_zips\\_downloads/survey\\_pdfs/jamestown.pdf](https://preservation.ri.gov/sites/g/files/xkgbur406/files/pdfs_zips_downloads/survey_pdfs/jamestown.pdf).

<sup>10</sup> In 1912, the Kindlebergers bought an additional 15 feet of abutting land, and in 1915 transferred an additional 15 feet to Grandma Fannie.

mourning clothes, attended in summer by her four beautiful daughters and in winter by her sole surviving son, Henry Clay Jr., the youngest.<sup>11</sup> At peak capacity, Grandma Fannie's house held twenty-two beds, including space on the third floor for nursemaids and cribs. Suffice it to say that Charlie grew up with his mother's family, and lots of cousins, absorbing Grandma Fannie's tales of her Grand Tour of Europe in 1869, as well as the tragic loss not only of her husband but also of her brother in childhood, and of her first-born son Randall at only 18 – lots to mourn. The hopes of both sides of the family thus rested on Charlie's shoulders, but his mother's side was the more influential. Charlie might have been talking about himself (notoriously a difficult thing for WASPs) when he wrote, "A man with a strong mother and weak father tends to have a stronger need for achievement than one with parents in the converse situation."<sup>12</sup>

Today Jamestown is linked to the mainland by a bridge, but that is a modern perversion.<sup>13</sup> Until 1922 when they acquired a car (a Dodge, *not* a Ford or Chevrolet), the Kindlebergers got to Jamestown by boat, starting with an overnight ferry that traveled from New York City up the East River and Long Island Sound to Fall River, then a train to Newport, and another short ferry to Jamestown. Once there, Mother and children stayed for the entire summer, May to September, joined by Father on occasional weekends and for an extended two-week vacation when Charlie would earn pocket money by "caddying for Daddy" at the local golf course. Social life revolved around the nearby casino, a kind of beach club with daily swimming and dances on Monday, Wednesday, and Saturday nights. After Prohibition in 1920, there was no more alcohol, but there were still lots of boisterous tea parties. Moral instruction was Sunday School at St. Matthew's Episcopal Church, where Charlie and his siblings were confirmed.

It was during those long summers that Charlie became a sailor, racing without distinction with family friend Bill Hodges at the Yacht Club in the

<sup>11</sup> Biographical details again usefully available at MOLLUS, [www.suvcw.org/mollus/mollus.htm](http://www.suvcw.org/mollus/mollus.htm).

<sup>12</sup> Kindleberger (2000a, 183).

<sup>13</sup> The books of Rosemary Enright and Sue Maden (2010, 2014, 2016) provide a vivid picture of Jamestown life in the early days, sources usefully supplemented by material on the website of the Jamestown Historical Society.

Kindlebergers' boat *Spider* (a gift from Morton Otis, the elevator tycoon), and cruising in *Wham* with Bill Wetherill (who would eventually marry Charlie's oldest sister, Katharine). Essentially unsupervised, the boys sailed all around Narragansett Bay to "Fall River, Bristol, Hope Island, Prudence, West Greenwich, Warwick and Point Judith," and once even to Block Island. It was also during those long summers that Charlie became a reader, raiding the cottage bookshelves for "E. Phillips Oppenheim, Gertrude Atherton, A. S. M Hutchison (*If Winter Comes*), Henry Sydnor Harrison (*V. V. 's Eyes and Queed*), *Beau Geste*, *The Prisoner of Zenda*, *Rupert of Hentzau*."<sup>14</sup> Left to their own devices by adults on extended vacation, Charlie, along with his siblings and cousins, learned to make their own fun.

The taste for the sea formed at Jamestown stayed with Charlie for the rest of his life, even as he eventually settled into academic life as an economist. In retirement, he wrote a small book, *Mariners and Markets* (1992), that in effect joined his two lifetime interests – the sea and economics – including on the back cover a picture of himself in 1930 as deckboy on the SS *Bird City*, about which episode there is more later.<sup>15</sup> For present purposes, the important point to emphasize is how the "halcyon days" of Jamestown remained always a place of security and comfort, an unshakably solid emotional foundation to which Charlie could repair in times of need simply by taking the helm of a small boat. That's what lies underneath the surface when Charlie writes, "I prefer for vacations above all else, to go sailing in Maine."<sup>16</sup>

Having acquired a summer house, the Kindlebergers' next logical move was for more space during the winter, but that move was delayed first by the birth of Mary and then by World War I. Thus, it was not until September 1919 when, flush with "superpatriot" wartime savings in the form of Liberty bonds and just in time to avoid capital loss from the interest rate rise later that year, the family was finally able to move to 81 Maple Avenue (now 134–28) in Flushing, Queens, a Long Island suburb,

<sup>14</sup> 20th Century Family, 17. I have corrected minor misspellings and misrememberings.

<sup>15</sup> Charlie dedicated the book to "W. H. S.," which refers to William H. Sands, his best friend in his college fraternity and a lifelong sailing enthusiast.

<sup>16</sup> Kindleberger (1991a, 4).

on a block inhabited by “nice people” whose children became Charlie’s playmates and schoolmates at PS 20. Charlie remembers:

I sang in the choir at St. George’s for 5 years. There is a picture of me in my working regalia, at some point in this career. I worked up from 15 cents per service to 45 cents, and 75 cents for funerals and weddings. In my last years I sang solos.

During these years I belonged to scouts, built the usual number of cabins, huts, tree houses, etc., proved very inept at the telegraphy schemes of my friends; got my last spanking when I chose to absent myself from dancing class on Washington’s Birthday – it was a holiday, wasn’t it – which happened to be the day that my father chose to see what he was getting for his money.<sup>17</sup>

A central institution of family life in Flushing was Sunday lunch, the only meal of the week when the children joined the adults. It was a dress-up affair, the four girls in identical dresses each in their own designated color – blue, pink, yellow, lavender – and Charlie in knickers. Regular male guests, Dr. Charles Camac and Colonel Crosby, livened on occasion by a visiting Episcopalian dignitary, made adult conversation while the cook passed the roast leg of lamb, candied sweet potatoes, and spinach with slices of hard-boiled egg – a culinary treat for children more accustomed to the bland and frugal weekday children’s fare.<sup>18</sup> As Father was an avid reader of multiple daily newspapers, the content of these adult conversations can readily be imagined in those years right after World War I: the Paris Peace Conference of 1919, the controversy over Woodrow Wilson’s proposed League of Nations, the Washington Naval

<sup>17</sup> This passage is taken from “Security Report – An Interim Biography,” which Kindleberger wrote in 1956 in an attempt to get cleared for government service. This unpublished document, though referenced in the published autobiography (1991a, 127) and clearly a source close at hand in the writing of that book, provides considerably greater personal detail as well as subtly different accounts of several key life episodes. Writing for an imagined inquisitor seems to have loosened Charlie’s tongue, which was noticeably more circumspect for an imagined public audience: “Because of its limited purpose, the document will be long on opinions and on relations with ‘controversial persons,’ brief on other aspects of my life” (1). KPTL, Box 8.

<sup>18</sup> 20th Century Family, 27.

Conference of 1921–2 that settled the global balance of naval forces, and maybe even the Genoa Economic and Financial Conference of 1922 that agreed the postwar gold-exchange standard. All seeds planted in the developing young Charlie, just beginning to be aware of the larger world outside.

But these seeds would have to grow to fruition elsewhere, as “it was decided after one and a half years at the Flushing High School that I be sent away.”<sup>19</sup> Roger Williams Jr., the son of Mother’s younger sister Frances, attended the Kent School, and so it was decided Charlie should too. He passed the entrance exam, but began at Kent in the third form, receiving no credit for the years he had skipped in public school. At age 13, Charlie left home for boarding school and did not return for any extended period until after college.

Today the town of Kent, Connecticut, lies at the end of the Harlem line of the Metro-North Railroad and is commutable to New York City in about two hours. Back then, in the age of the steam locomotive, it took twice that long and there were only two trains a day. Kent School was thus an isolated community, not unlike a ship on a transatlantic crossing, self-contained and untouched by either the comforts or the stresses of life on land. Founded in 1906, the School was in 1924 still very much a work in progress: a collection of drafty repurposed wooden farmhouse structures and not at all the well-endowed brick campus of modern day.

From its founding, Headmaster Frederick H. Sill, a celibate monk in the Episcopalian Order of the Holy Cross, made virtue of what we might today consider deficiencies, promoting “Simplicity of Life, Self-Reliance and Directness of Purpose” as the guiding trinity of the school: “The standard of life I had in mind was that to be found in the average country rectory.”<sup>20</sup> Self-reliance meant that students, not teachers or employees, took charge of supervising study halls and dormitories, serving food, filling the coal bin and even serving on work gangs for the neighboring farms that supplied the school. “Directness of Purpose” references

<sup>19</sup> Kindleberger (1991a, 6).

<sup>20</sup> Frederick H. Sill. “Address on the Subject of Simplicity of Life, Self-Reliance and Directness of Purpose,” Feb. 27, 1926. Kent School Archives.

preparation for college: students were to come out of Kent with a clear sense of direction toward a future vocation.

Sill himself made sure that the daily life of the school reflected its founding values, enforcing strict discipline, including compulsory daily chapel. Remembers Maitland Edey, a classmate of Charlie's and also a neighbor from Queens: "Father Sill had a mesmerizing personality and appearance, unique in the secondary-school world. Short, stout and with a big head, he nevertheless cut a commanding figure in his long white robe with its knotted cord girdling his stomach and a large black cross dangling from his neck."<sup>21</sup> Charlie recalls: "Sill would rant and rave when something went wrong, and send a form, or the whole school, out to do penance, sometimes running around the big pond several times, occasionally working on a job such as cleaning up a construction site."<sup>22</sup>

Having himself rowed crew (actually coxswain) at Columbia and perhaps having in mind the pitiful state of the school library, Sill put great emphasis on sports and less on intellectual achievement. His crowning glory was the crew team in the class ahead of Charlie, which competed in the Henley Royal Regatta in 1927. Charlie's own class, however, was "more intellectual than sporting," as was Charlie himself: "I played second-team football, class hockey – unable to make either the first or second team – and became manager of the tennis team," but became "number two on the Kent School News and number one on the chess team," as well as the winner of two essay contests and the Latin Prize. "Some of my classmates hated school. I happened to love it, whether from lack of imagination or merely a good digestive tract that predisposes one to like whatever happens along."<sup>23</sup>

What did he like about it? Simplicity of life and self-reliance, certainly – these could have been the motto for Jamestown summers as well – but also directness of purpose. It is perhaps telling that, after graduation, Charlie chose to spend the summer of 1928 at Kent rather than Jamestown, undertaking "a job surveying Kent School, learning to use the tape, stadia rod, transit, and triangulation."<sup>24</sup> But his autobiographical chapter on Kent

<sup>21</sup> Edey (1983).

<sup>22</sup> Kindleberger (1991a, 7).

<sup>23</sup> Kindleberger (1991a, 6–7).

<sup>24</sup> Kindleberger (1991a, 18).



reveals an additional dimension: the appeal of being part of a team of men organized around a common purpose; if one is not good enough to play, one can always manage. Kent was above all about building character. Charlie thought enough of the experience that he would send both of his own sons, though only the oldest would stick it out to graduation.

Some flavor of life at Kent can be gleaned from Charlie's letter to his father, dated January 10, 1926, a Sunday:

To-day I learned what the life of an assistant manager is really like. As it had snowed after chapel the IV form needed my services in helping clean off a place on the pond for the form team and I worked on that from 11–12:30. Then on the way to my room I was accosted by Snyder the hockey manager who asked me to eat early and wait on the New Haven Boy's Club whom we played against. By eating early I got lots of food but waiting is a tedious job especially if you have just waited the meal before. Then I set 7 tables for supper and hasted down to the rink to work some more after the game which we won 7–0, Ding Palmer scoring 6 goals and being partly responsible for the other. We swept the rink and proceeded to flood it. Then we flooded a small adjoining rink which we had built betimes and piled snow up to prop the side board. Then there was still a piece of bad ice on the big rink we had to fix and to do this we mixed snow and water and sort of cemented it. Meanwhile it was after supper and cold and wet. Then we wandered up to the school and went to the kitchen and cooked 3 eggs apiece with fried onions and potatoes and had the best meal Kent has ever furnished me with . . . Please send a check for about \$30 to my account soon as I only have \$4 left and I haven't gotten the crew pants yet. Give my love to mother and the family please. Yours filially, Chas.<sup>25</sup>

“My account” in this passage refers to the school's internal payment system. Students paid for incidentals, including chapel offering, by writing checks, and there was no cash allowed on campus. Students ran the bank, as they ran everything else, clearing

<sup>25</sup> KPMD, Box 20.

checks and reconciling balances. Edey tells the story of one remarkable transaction:

One Easter morning [Ernie] Jacoby went from chapel to the athletic store where he worked. A few minutes later the Sacristan, DeWolf Perry of the Class of 1927, came in to count up the receipts. Among the checks was one: "Pay to Jesus Christ for Easter Offering (signed) Herbert Barnum Seeley." "What do I do about this?" asked Perry in some agitation. "Just endorse it Jesus Christ," replied Ernie calmly, "and then sign your own name underneath."<sup>26</sup>

At that time, Charlie's interest in banking had yet to emerge. Instead, the prize essays that he wrote testify to Charlie's interest in mastering the essay form, a skill that would stand him in good stead later in life. ("Essays by Charlie Kindleberger! They are a treat for all who read them," writes Peter Temin in the foreword to Charlie's last book.<sup>27</sup>) The subject matter of the school essays is also relevant, testifying to Charlie's developing intellectual interests, "stimulated first by Cuthbert Wright, unhappy at school but incapable through various weaknesses of finishing his advanced degree in history; Gordon Haight who stayed only a short time and then left to end up in the English department at Yale; and Everett Gleason, also in English, who was too high powered for such a school and left."<sup>28</sup> Essays on Cardinal Wolsey and Oliver Cromwell evince a schoolboy's fascination with men of action and power. Essays on world disarmament and the future of relations between the United States and Britain identify the field of action open to such men today. In the latter essay, young Charlie enthuses about the results of the 1921 Washington Naval Conference, but presses for more: "Toward a warless world, of disarmament, free trade, a strong League of Nations, and a strong World Court."<sup>29</sup> So much for Directness of Purpose, but we may well imagine that Father was not fully pleased with what he was getting for his money.

<sup>26</sup> Edey (1983, 7).

<sup>27</sup> Kindleberger (1999, ix).

<sup>28</sup> Interim Biography, 8.

<sup>29</sup> Kent School Archives, "Kindleberger Term Papers."

Charlie recalls: “When I was born it was decided I would be named after my uncle, that I would go to Penn, and that I would be a lawyer.”<sup>30</sup> Charlie’s classmates went to Harvard, Yale, and Princeton, and likely he could have as well. But Father insisted, and so Charlie went to the University of Pennsylvania, where Father and also Uncle Charlie had gone as undergraduates, and also for graduate study in law and medicine, respectively. One good thing about Penn: it had a 150-pound crew for lightweights like Charlie, which Kent had not. He seized the chance, working himself up to alternate for second seat in the eight-man boat; Father Sill would have approved. On the other hand, encouraged by Father Kindleberger, Charlie joined the fraternity Delta Psi (St. Anthony’s Hall) and began to travel in Philadelphia society circles, turning his back for a while on simplicity and acquiring a taste instead for the good life: “For a while I got in this social circuit, and stayed down in Philadelphia, rather than go home at Thanksgiving, to attend debutante parties. For a while, I was sleeping all day and dancing all night, and it took some time to get straightened out again.”<sup>31</sup>

Having thus outwardly satisfied both of his fathers, Charlie apparently felt free to pursue his own developing intellectual interests independently. In his freshman year, he joined the Philomathean Society, a literary society and the oldest student group at the university, and also the school newspaper, *The Daily Pennsylvanian*. Most important, however, was a friendship he struck up with Andrew J. Biemiller, a graduate student and “convinced Socialist” who happened to live across the hall.

Biemiller represented intellectual sophistication to a boy from the backwoods of Kent. I do not want to suggest that he converted me to Socialism. Primarily, he built on the foundations laid at Kent . . . to make me intensely interested in intellectuality. The seed was already there . . . but I then became intensely involved in the world about me. One aspect of this was that when every Sunday evening I went to take supper with my grandmother [Fannie], we used to argue violently about Woodrow Wilson, she against, I for. She belonged to that group of unreconstructed

<sup>30</sup> Kindleberger (1991a, 12).

<sup>31</sup> Interim Biography, 14.

Republicans who thought Wilson represented the devil. I differed. She was in her 80s. I was 18.<sup>32</sup>

Having excelled at Greek and Latin at Kent, Charlie entered Penn as a classics major but, after the brush with Biemiller, switched to economics and never looked back: “My real interest in economics was of a kind that matures only after about twenty years of age . . . Children grow up in homogeneous environments, and are unaware of the complexity of the typical social situation until they have been exposed to a series of them in the city, the university, or both.”<sup>33</sup>

Though Charlie turned away from classics in favor of economics, his classical training left a permanent mark. Not only did it leave him with a lifelong facility for languages, it also gifted him with a distinctive appreciation for the human condition. In later life, when he spoke of the “human condition” as “a world full of ambiguity, paradox, uncertainty and problems,”<sup>34</sup> we hear him approaching economics as a classicist. The rational maximizing agent of whom economists are so fond is nowhere to be found in Kindleberger’s own economics. Instead, there are real people:

Man in his elemental state is a peasant with a possessive love of his own turf; a mercantilist who favors exports over imports; a Populist who distrusts banks, especially foreign banks; a monopolist, who abhors competition; a xenophobe, who feels threatened by strangers and foreigners, and above all, a child who wants to have his cake and eat it too.<sup>35</sup>

Such is the poor stuff of which we are made, but which our better nature may aspire to overcome.

“International economics began in 1929,”<sup>36</sup> Charlie tells us, and immediately we think of the stock market crash in October 1929 that ushered in a widening global collapse that did not find its bottom until 1933. Certainly that is part of Charlie’s story, if only because of the consequences for his family’s income. After 1929, the upper-middle or lower-upper class life into

<sup>32</sup> Interim Biography, 10.

<sup>33</sup> Kindleberger (1991a, 15–16).

<sup>34</sup> Kindleberger (1987a, 62).

<sup>35</sup> Kindleberger (1984b, 39).

<sup>36</sup> Kindleberger (1991a, 19).

which Charlie had been born was effectively over, though money was found to keep him in college to completion, and his sister Betty at Bryn Mawr as well. But of course in 1929 no one knew that future. The actual contemporary importance of 1929 for Charlie was not the Depression but rather his summer job as cadet on the SS *California*, a passenger ship traveling between New York and San Francisco with stops in Cuba, Panama, and Los Angeles. His uncle, Roger Williams, arranged the matter. For Charlie, it was about seeing the world and engaging the range of people who choose the seafaring life.

He liked it so much that he did it again the next year, signing on in summer 1930 with a job as ordinary seaman on the oil tanker MV *Australia* and then, again thanks to Uncle Roger, as deck boy on the SS *Bird City*, which traveled to Copenhagen, Gdynia, Helsinki, and Leningrad. His unpublished account of the latter journey, "A Seaman Visits Leningrad," dwells equally on his impressions of Leningrad, then in the throes of its first five-year plan under Joseph Stalin, and his impressions of his shipmates, two of them Russians. For our purposes, special interest attaches to Charlie's account of a four-hour argument with an agitator sent from the Soviet of Seamen while their boat was docked in Leningrad:

[The agitator's argument that] there is no unemployment in Russia, while there is a lot in the United States, ergo Russia had a better government than the United States, was easily disproved. A country under construction obviously has more work to be done, than one already built up. However, when Russia finally is industrialized, she too will be subject to business depressions. – She will not. The people will work less hours. – But for the same amount of money? – That is Socialism (Marxian). – Explain it then. He was unable to. That was my biggest score, and another point on which he was unable to be evasive, was what was the difference between the present depression and all the others from which we had recovered. He replied that this was an international crisis and the others had been local. Well then the nations of the world will recover together, with one or two exceptions, and the depression will be over, I offered. No. Why not? It won't.<sup>37</sup>

<sup>37</sup> Part III, 3–4. KPMD, Box 14.

Here we see Charlie, after only a year of economics, testing what he had learned against the world events unrolling in front of his eyes. For him, international economics was about seafaring adventure, but it was also about expanding the horizon of his own sight to encompass the larger world, even as most everyone else – whether in business, banking, or politics – adopted more limited “decision horizons.”<sup>38</sup>

Returning to school after the Leningrad adventure, Charlie signed up for classes in money and banking. Then, in spring 1931, he took part in a model League of Nations held at Princeton and competed successfully for a place in the two-month summer school operated by the Students International Union in Geneva, Switzerland, along with about twenty other Americans. It was during the crossing to Europe, this time as passenger rather than crew, that Charlie fatefully made the acquaintance of one Francis T. Miles, who was traveling to Munich for a summer school in nuclear chemistry. On the return journey, Francis was met on the dock by his sister Sarah, and that’s how Charlie met the woman who would eventually become his wife.

In a second stroke of fate, Francis’ roommate at Princeton was Robert T. Miller, who had been a class ahead of Charlie at Kent and editor of the *Kent School News*. Continuing connection with Francis thus led to continuing connection with Miller, who was subsequently denounced as a Communist by Elizabeth Bentley in her testimony to the House Un-American Activities Committee. Charlie’s connection to Miller would be one of three counts against him that caused him to lose his security clearance in 1951: guilt by association. In his autobiography, Charlie makes a point of proudly stating his continuing association with Miller. Notwithstanding one relative who turned his back on Miller, “none of the rest of us did, including my brother-in-law Francis T. Miles . . . My wife and I see him from time to time and find him and his wife delightful friends.”<sup>39</sup>

Of course, in summer 1931, both marriage and security trouble lay far ahead in the unknowable future. More immediately important, the

<sup>38</sup> On business, this would be the whole point of his extensive work on multinational corporations (see Chapter 5). On speculators and politicians, see Kindleberger (1966, 119 and 146).

<sup>39</sup> Kindleberger (1991a, 10).

summer school lost its planned director at the last minute, and so the undergraduates were enrolled instead in a more advanced summer school operated by the Graduate School of International Studies, a training arm of the League of Nations, along with 200 more advanced students. The SIU students remained a separate unit for meals and housing, but during the day they were essentially treated like graduate students, with lectures in the morning, afternoon, and evening, for seven long weeks. This was Charlie's first exposure to first-rate economists, teachers and students alike, and he realized for the first time the second-rate education he had been receiving at Penn. One fellow undergraduate, F. Tyler Ostrander, "who was writing an honors thesis in economics at Williams . . . knew about such things as the Keynes-Ohlin controversy [concerning war reparations], of which I had never heard."<sup>40</sup>

Summer 1931 also turned out to be a momentous time in international money matters: the failure of Credit Anstalt in May, Hoover's moratorium on war debt payments in June, the British Macmillan report (penned largely by Keynes), and the German banking crisis in July, all leading up to Britain's abandonment of the gold standard in September. All of these were matters that Charlie would treat in detail forty years later in *The World in Depression* (1973), but of which he remained "sublimely unconscious" contemporaneously. In summer 1931 his attention was elsewhere: "The social life – swimming, climbing, partying in the cafes – was delightful." For him, the experience "did perhaps what good teachers can best do, which is to stimulate appetite and create enthusiasm. Students teach themselves (and each other). The role of experience and teachers is to encourage and to motivate. The summer of 1931 did that for me."<sup>41</sup>

The summer of 1931 was also the origin of Charlie's misbegotten infatuation with one Caroline Thompson, a student from Bryn Mawr whom he had met at the model League of Nations and who had introduced him to Francis Miles during the crossing. One thing led to another and "in the fall of 1931 I thought I was in love, despite receiving no encouragement, and decided to graduate from the University of

<sup>40</sup> Interim Biography, p. 18. Charlie's notebook from the summer survives in his papers, but Ostrander (2009) provides a fuller account.

<sup>41</sup> Kindleberger (1991a, 25–26).

Pennsylvania at the earliest opportunity – February 1932 – to get a job, and prepare myself to support a family.”<sup>42</sup> In the event, Miss Thompson had other ideas, and so did the world of work.

At that time, Charlie’s dream job was in foreign exchange at some New York bank, ideally the Federal Reserve Bank of New York. Father’s connections got him an interview with George Harrison, president of the Bank, but not the job: “The Fed had no use for the likes of me, with a simple bachelor’s degree and no experience. And besides, there was a depression.”<sup>43</sup> In fact, though Charlie did not know it at the time, his future friend and colleague Emile Despres had successfully managed to move directly from a bachelor’s degree at Harvard into a position at the New York Fed as a foreign exchange analyst. But Penn was not Harvard, and perhaps it could be said that Charlie was not Emile, a “brilliant, perfectionist, [with] a recorded IQ of 192.”<sup>44</sup>

Rejected by the Fed, Charlie settled instead for lowly office work at the conservative National Economy League until July, when Uncle Roger came through with a job at Johnson and Higgins, a marine insurance brokerage. Maybe this was the answer – a career combining the seafaring life with economics? Charlie started at the bottom as a messenger boy and began to learn the business: “I enrolled in a course on marine insurance in some insurance institute with classes in Wall Street and read a book by a distant cousin of mine, Wharton Poor, an admiralty lawyer, with the enticing title *Charter Parties and Bills of Lading*. I did well in the course, too.”<sup>45</sup>

Summer 1932 thus found Charlie living at home, depressed by the failure of his grand life plans, and picking fights with his parents over politics as the Depression deepened. Come November he would cast his first presidential ballot for Norman Thomas, seeing no essential difference between Hoover and Roosevelt, “balancing the budget, only better. I was not a Socialist in any doctrinaire sense, although the influence of Biemiller et al may still have been there. I did not agree with my father at whose house I lived. His defence of the Republican principle moved me

<sup>42</sup> Kindleberger (1991a, 27). He kept track of her sufficiently to note her marriage to John Farr Simmons, US Ambassador, in *Interim Biography*, p. 19.

<sup>43</sup> *Interim Biography*, p. 27.

<sup>44</sup> Kindleberger (1991a, 48).

<sup>45</sup> Kindleberger (1991a, 28).



not; his detailing law cases in progress or prospect at the dinner table found me unamused.”<sup>46</sup>

Betty followed her big brother in supporting Norman Thomas and more besides as she recollects:

New York City during the thirties was thick with communists as well as socialists. A friend and I attended a meeting of New York City Trotsky communists in the apartment of the attractive young woman who was the group’s leader . . . there were a few communists at Bank Street College and some at the New School for Social Research where Henry and I took a course by the psychiatrist Fritz Wittels . . . A couple of communists worked with Henry and me in the welfare department . . . I felt about communists what I now feel about radical right Christians; these are hostile people who want permission to feel good about themselves while doing violent and hurtful things.<sup>47</sup>

Suffice it to say that in summer 1932, the world was in turmoil, and so was Charlie. For the first time in his life, he faced squarely the prospect of making his own way in the world. In a contemporary fragment titled “Stock-taking,” he reflects:

How am I fitted for existence, for happiness, for social relations, for this economic system, for any other, for the marine insurance world, for marriage, for parenthood? Where have the mistakes been made in my upbringing and by whom? Am I any different from anybody else, from the great mass, from my class, the upper middle class mentally, morally, spiritually? What difference does it make to anyone beside myself? In what measure do I embody the virtues I have been trained to admire – intellectual honesty, integrity, personal, social and commercial, and paradoxically enough courage and moderation?

The choice confronting him, as he saw it, was between three possible directions: foreign banking, law, or economics. Having tried with no success to get into foreign banking, the very real danger was that he would wind up in law, the direction his father favored but mere “fence walking” as Charlie then saw: “I admired my father, but was turned off law

<sup>46</sup> Interim Biography, p. 21.

<sup>47</sup> 20th Century Family, p. 147.

on the ground that most of it was fighting over spilled milk, so to speak, rather than dealing with current problems.”<sup>48</sup> Economics offered escape from that fate, but also more positively a kind of engagement with the world that he thought might actually suit him: “summation of personal characteristics, economic views world and personal, political.”<sup>49</sup> But how to do it? Here, not for the last time, fortune took a hand.

As it happened, the Columbia College chapter of his fraternity, looking to rebuild its Alpha chapter, “proposed that I be given money to undertake graduate work, provided I would live in the Chapter House, 434 Riverside Drive, and work with the undergraduate chapter. The suggestion was made to me that I might like to study law. I said I would be delighted to accept, but that I wanted to study economics.”<sup>50</sup> In February 1933, all the while continuing to live at home and to work at Johnson and Higgins, Charlie dipped his toe into the water by taking an evening class in banking with Ralph W. Robey, Financial Editor for the *New York Evening Post*, which turned out to be a ringside seat from which to watch the collapse of the US banking system that spring. Charlie’s choice of topic for his term paper, “The Discount Rate in Federal Reserve Policy, 1927–1933,” reveals his continuing interest not just in banking, but more specifically in central banking.<sup>51</sup>

Of course, the ringside seat that Charlie really wanted was at the Fed, where his future colleague Emile Despres spent “perhaps a week, sleeping in the infirmary, as the bank staff tried to solve the problem of reopening the banks, which had been closed in Roosevelt’s bank holiday of March 3, and at the same time to avoid the reporters that were circling the building like piranhas.”<sup>52</sup> That’s the life Charlie had sought, and he still wanted it, even if it meant more school and delayed entry into adult life. Years later, when he was a professor himself, Charlie would sympathize with the plight of his graduate students: “A graduate student is by definition unhappy; he has the appetites of a man and the income of a child.”<sup>53</sup> Starting Fall 1933,

<sup>48</sup> Kindleberger (1991a, 16).

<sup>49</sup> KPMD, Box 40, “Stock-taking” (July 30, 1932).

<sup>50</sup> Interim Biography, p. 23.

<sup>51</sup> KPMD, Box 4.

<sup>52</sup> Kindleberger (1991a, 29).

<sup>53</sup> Charles Staley, in “Reminiscences of Charles P. Kindleberger on his Eightieth Birthday.” KPMD, Box 24. See also Kindleberger (1988a, 144).

that would be his own plight, as he resigned from Johnson and Higgins and hunkered down to full-time graduate study.

But first, a visit to Jamestown for a sailing trip with friends out on the Sound, in a Friendship sloop named the Sea Fox. Capsized when the mainsheet jammed during a sudden squall, Charlie was injured and rescued from “almost certain death,” according to the local newspaper.<sup>54</sup> Returning to New York, he moved out of his parents’ house and into St. Anthony Hall, keeping a personal diary for the first and last time in his life. Herbert Keith Fitzroy (“Fitz”), a friend from Penn days now working on a doctorate in legal history at Columbia, and Eileen O’Daniel, an acquaintance made at the Geneva Summer School now living at home in nearby Englewood, were his best male and female friends in that first year, providing ample social diversion. But Charlie was clearly serious about becoming an economist, recording not only what he was reading for class (Hawtrey, Keynes, Ohlin, and Hayek), but also his thoughts about his eventual dissertation topic.

November 2, 1933:

I have become interested in the possibilities of selecting ‘capital flights’ for a doctorate dissertation, attempting to measure them, fit them in adequately to the gold standard, gold exchange standard and managed currencies, and the evolution of a sound doctrine for their control, whether through the discount rate or foreign exchange . . . by governments.

December 8, 1933:

I still feel strongly that international economic theory, in regard to the balance of payments mechanism . . . comparative cost and gold standard theory, does not fit the facts and wonder concerning the possibility of deducing a new – and probably more complicated theory – from *la situation actuelle*. Given time, this is the field in which I hope to contribute to the so-called science.<sup>55</sup>

<sup>54</sup> Interim Biography, p. 16. The accident happened Sept. 10, 1933, in Fishers Island Sound off Stonington Point. First entry in the Personal Journal is Sept. 16, 1933. KPMD, Box 40.

<sup>55</sup> KPMD, Box 40, “Personal Journal.”