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The Geography of Money. Benjamin J. Cohen.
Ithaca, NY Cornell University Press 1998.

In *The Geography of Money*, Benjamin J. Cohen aims to get a better grasp of global monetary governance structures and their underlying power relations by setting up a new model of global monetary relations (3). He does so by taking an interdisciplinary approach, rooted in economics and political science (xii). Cohen argues that current perceptions of currency relations are obsolete as they are aligned along national boundaries and thus favour nation states (3-4). He finds that power in monetary relations is unequally distributed among governments and that states have lost power vis-à-vis market actors in global currency relations (3-4).

Cohen explains that the currently dominant, but outdated territorial representation of international currency relations is based on the concept of the sovereign Westphalian nation state (13-16). The idea of territorial money only emerged in the 19th century; before, moneys were commonly deterritorialised (27-34). Thus, in historical terms territorial moneys are a recent phenomenon. Massive flows of financial capital and currencies across borders, due to deepening globalisation, make evident that this Westphalian notion of monetary relations is no longer grounded in empirical reality (15-17). According to Cohen, the myth of the territoriality of money not least survived because of its inherent sources of power: political symbolism, seigniorage, macroeconomic management and monetary insulation (34-46). These advantage state interests and hence no government gives up monetary sovereignty easily (34). If they do, monetary sovereignty is either subordinated or shared. In the former case, a monetary bloc along a vertical hierarchy emerges, for instance in the form of an exchange rate peg or even a currency board (48-62). In the latter case, countries form a horizontal alliance, e.g. in the form of an exchange or even currency union (68-69). In both arrangements, governments usually give up certain sources of power more or less voluntarily in order to safeguard others. Cohen points out that not only economic but also political reasons play an important role in deciding for either arrangement (6).

In his new representation of monetary geography, Cohen wants to go from this currently dominant physical (territorial) notion of currency spaces to a functional notion of currency spaces (21-24). The functional domains of currencies are defined by their respective transactional networks (12-13). However, Cohen aims to go beyond usage alone and to also take into account hierarchical relationships and competition among currencies; he is interested in the so-called authoritative domains of currencies (23-24). The concept of authoritative domains further includes the influence of both, governments and markets (23). To operationalise the flow-based model depicting authoritative currency domains, Cohen uses quantitative data on currency internationalisation and currency substitution (92-113). However, due to a lack of reliable data, only a rough outline of the current geography of money is possible (97).

As its name – Currency Pyramid – suggests, Cohen's new representation takes the form of a pyramid; it is divided into seven currency categories (113-118). The pyramid shape represents the pronounced hierarchy among currencies; their relative position in the pyramid reflects the size of their authoritative domains: the few currencies which can be found at the top of the currency pyramid are the currencies which are most popularly used internationally and which serve as currency substitutes (116). The respective authoritative domains are increasingly compromised towards the bottom of the pyramid where the plurality of currencies can be found (117-118). Respectively, governments with currencies near the top of the pyramid increase their power and influence at the expense of governments with currencies lower down the pyramid (119-123). However, some private actors gain even more: not only in the form of efficiency gains but also in the form of tremendous leverage over policy making by choosing between transactional networks (129-130).

This new structure of power transforms global monetary governance: the power of governance now resides in market forces (142-146). This evidently raises questions of legitimacy as private actors are neither elected nor accountable (147-149). According to Cohen, governments still are of not negligible importance as they continue to dominate the supply side (134-138). However, they now interact as strategic oligopolists that compete for users' affiliation (138-142). Cohen draws the conclusion that governments need to adapt to this new geography of money: they need to manage their rivalries and cooperate within the given market structure by strategically interacting with private actors (150-152).

Overall, Cohen does an excellent job in setting territorial and deterritorialised currency relations in a historical perspective. For this purpose, he provides numerous historical as well as current examples across all chapters. The same applies for his comprehensive categorisation of the possible limitations of monetary sovereignty. Likewise, throughout his book, Cohen compares his work to and contrasts his arguments with important authors in the field. He impressively includes all relevant indicators and data available in the operationalisation of his new model of monetary relations to ensure the model's empirical validity. However, although Cohen's book is called The Geography of Money and he identifies multiple roles that money plays not only in the economy but also in society, he takes a rather narrow look on money in the reminder of his book and concerns himself mostly with money as currency and money as manifestation of the nation state.

Thus, while Cohen criticises the state centricity of current understandings of monetary relations himself, his book at least partly reproduces this state focus. This becomes particularly apparent in the operationalisation and the inferences he draws. Seen in the context of the so-called transatlantic divide in the subject area of international political economy (IPE), this suggests that Cohen can be considered an adherent to the American school of IPE. While taking into account and repetitively emphasising the importance of non-state actors, his analysis and recommended actions still centre around states. Furthermore, Cohen takes a positivist and empirical approach: he supports his claims by using quantitative methods common among economists. In my opinion, the look beyond states, would benefit his analysis: it would allow to closer examine powerful private actors across and within states. This seems particularly important in the case of money creation in which Cohen over emphasises the state monopoly. Likewise, the application of a broader understanding of money beyond states' currencies, would surely help to draw a more holistic image of the global monetary relations.