Magically transforming a valueless substance into precious silver or gold—that’s alchemy, the kind of sorcery one expects to encounter in a Disney movie or a J.K. Rowling novel. It’s not a theme that’s typically mentioned in the realm of economics, yet it features prominently in The Alchemists: Three Central Bankers and a World on Fire by Neil Irwin.

Irwin, a Washington Post columnist who has profiled some of the world’s leading economists, presents an engaging, fast-paced account of recent experiments in financial crisis management. In true journalistic style, he poses plenty of questions but offers relatively few answers and he takes care not to identify too strongly as either a central bank supporter or a skeptic, though we do see moments where he clearly sympathizes with his characters: Ben Bernanke, Federal Reserve chairman; Mervyn King, governor of the Bank of England; and Jean-Claude Trichet, president of the European Central Bank. Irwin introduces this trio as “a brotherhood of uncommon intimacy...doing a job that most people don’t quite understand and more than a few regard as sinister.” He weaves together elements of their individual stories until they are deeply intertwined—not unlike the complex economies they serve.

In the opening pages, readers revisit the morning of August 9, 2007, a seemingly ordinary Thursday that would prove to be the epicenter of the implosion. Irwin shadows his trio through the rapid-fire disruptions of that day, bearing witness to Bernanke’s frenzied conference calls with his Fed colleagues, and King’s and Trichet’s abandonment of vacation plans as they rush to address the turbulence. Irwin’s approach is intentionally voyeuristic, and it’s successful in revealing the human side of a job that is often portrayed as anything but.
The author then backtracks a few centuries, serving up pivotal moments in financial history that bring context to the increasingly complicated roles that central banks play in modern times. Among other milestones, we revisit seventeenth-century Swedish currency, the British banking crisis of the mid-1800s, and the formation of the euro zone in the latter part of the twentieth century. Irwin’s backstory culminates in 2005, in Jackson Hole, Wyoming, where his protagonists toast the Great Moderation, blissfully unaware that something nefarious was beginning to crumble the foundation of an enormously intricate house of cards.

Irwin’s backstory primes readers to notice striking parallels between the past and present—for example, his depiction of then-New York Fed President Tim Geithner’s after-hours brainstorming sessions deliberately mimics an earlier description of J.P. Morgan’s late-night coalition of banking executives during the Panic of 1907. The point is evident: Finding success in modern monetary policy is as much about history as it is about economics.

Irwin expertly rounds out his subjects, showing them as heroes and villains—some much more pointedly than others. Take former Fed Chairman Paul Volcker, for example: He’s described as “a giant of a man…responsible for the premeditated and cold-blooded murder of millions of small businesses.” Jean-Claude Trichet is the “wily strategist of European unity,” with the innate ability to persuade reluctant colleagues. Irwin presents Bernanke as a different type of hero. Clearly the book’s central figure, Bernanke is framed as a thoughtful, consensus-seeking scholar, a quietly contemplative man with the extraordinary ability to be in the right place at the right time—the Clark Kent of macroeconomics. Irwin acknowledges Bernanke’s extensive academic background and deep-rooted connection with history as instrumental in his decision making during the crisis: “It was sheer luck that the Federal Reserve had a chairman so well prepared for the moment.”

Throughout the book, the author poses tough questions to challenge our perceptions of the modern financial system and the increasingly complex roles of central bankers in it. Is money an abstract idea and not a physical object? What gives the public confidence in money, and why do we assign particular people seemingly unlimited control over it? How should central banks balance secrecy with transparency, independence with accountability, bold action with careful deliberation? Irwin notes that these institutions may appear to be secretive syndicates but they generally aspire to do what’s best for their nations’ economies, regardless of external influences.

In years to come, the unconventional policy actions taken during and after the recent crisis may prove to be nothing more than a philosopher’s stone—an attempt to create money from nothing. Irwin devotes a chapter to the potential ramifications of this monetary sleight-of-hand. “You don’t need a crazy potion to create value where there was none,” he explained in an interview with NPR. “If you have a central banker and a printing press, and the authority of the state imbued in both, you can create money from thin air.”

Above all else, The Alchemists is a book about power—who has it, and what they choose to do with it. In this account, three central bankers use their collective powers to avert a potentially catastrophic global meltdown. By working in tandem and reinterpreting their respective authorities as lenders of last resort, these seasoned crisis-fighters arguably prevented a bad situation from turning much worse. And, as Irwin puts it, “a catastrophe averted is no small thing.”

Medieval alchemists never did figure out how to create gold from everyday materials, and that may be the true moral of Irwin’s story: Sometimes an outcome is best defined by what doesn’t happen.