

SUMMER 2020

Public Money: Digital Dollars? Fed Accounts? Postal Banking?

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Prompt for Discussion

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The recently enacted CARES Act has exposed glaring problems in the U.S. system of money and payments. Delayed stimulus payments are costly for struggling families and for the economy as a whole. Unfortunately, the United States has one of the slowest payment systems in the developed world. On top of that, millions of Americans don't have bank accounts. They must receive their stimulus dollars as physical checks, which are slow to arrive and often costly to convert into cash.

Growing awareness of these systemic defects has stimulated renewed interest in public sector solutions. When Democrats in the U.S. House of Representatives released their proposed stimulus legislation in March, they included a provision giving people the option to receive their stimulus as "Digital Dollars" through a new system of "FedAccounts" maintained at the Federal Reserve. While this provision didn't make it into the ultimate legislation, Senator Sherrod Brown, ranking member on the Senate Banking Committee, later introduced separate legislation "to allow everyone to set up a digital dollar wallet, called a FedAccount." Maxine Waters, chair of

the House Financial Services Committee, did the same. And Representatives Rashida Tlaib and Pramila Jayapal included similar language in recently proposed legislation.

These proposals intersect with and complement proposals to implement postal banking as a way of serving un- and underbanked households. As these debates unfold in the United States, other central banks, including the Bank of China, are preparing to release their own central bank digital currencies (CBDCs) in the coming months.

In this roundtable, we invite participants to comment on these public-sector initiatives and what they mean for the future of money. Should the Federal Reserve issue a digital dollar, available to the general public? What problem would it solve or mitigate, and what new problems and risks would it create? Should central bank digital currencies take the form of “accounts” or should they try to emulate digital “tokens”? Can and should a FedAccount program be linked to or even merged with a postal banking initiative? Does maintaining the U.S. dollar’s status as the dominant global currency hinge on launching a digital dollar?

Contributions

November 19, 2020

The Other Half of the FedAccounts Plan: What Happens on the Asset Side of the Fed’s Ledger?

Saule T. Omarova, Cornell Law School

October 16, 2020

Central Bank Digital Currency: the hidden agenda

Leonidas Zelmanovitz, Liberty Fund

Bruno Meyerhof Salama, UC Berkeley Law School

October 7, 2020

On Equity within Public-Sector Banking Initiatives

Abbye Atkinson, Berkeley Law

September 28, 2020

The Inclusive Value Ledger: A Public Platform for Digital Dollars, Digital Payments, and Digital Public Banking

Robert Hockett, Cornell Law School

September 1, 2020

Designing Financial Services for People with Low and Uncertain Income

James McAndrews, TNB USA Inc., and the Wharton Financial Institutions Center

August 27, 2020

What to Do While Waiting for Fed Accounts

Sarah Bloom Raskin, Duke University

August 18, 2020

How to Fix the Covid Stimulus Payment Problem: Accounts, Information, and Infrastructure

Aaron Klein, Brookings Institution

August 10, 2020

FedAccounts: Digital Dollars

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