

**SPRING/SUMMER 2020**

**Race and Money**

## **Race and Money**

### **Prompt for Discussion**

*Contributors: Mehrsa Baradaran, Michael O'Malley, Michael Ralph, David M. P. Freund, Destin Jenkins, Peter Hudson, K-Sue Park*

In several historic moments of banking or monetary reform, issues of race were inextricably tied to issues of money. The legacy of institutional segregation continues today. More crucially, the history of money, credit, and banking is implicated in ongoing exclusion and exploitation of vulnerable communities.

Scholars in several fields have explored how the institution of enslavement has shaped American capitalism, monetary debates, credit markets, and banking. Enslavement and its long shadow caused stark and ongoing wealth distortion. The Constitution marked slaves as "articles of commerce" and financial ledgers tracked "property in man" as assets, credit, debt, and monetary value. Between 1820 and the Civil War, banks across the south issued notes with images of slaves printed on the money. The Union won the bloody ground battle thanks to war generals Grant and Sherman, but it also, and perhaps more importantly won the currency war thanks to President Lincoln, Treasury Secretary Salmon P. Chase, and the Supreme Court of the United States. Lincoln's "greenbacks," backed by the full faith and credit of the US Treasury (but not backed by gold) enabled the Union victory. In turn, the success of the Union army fortified the new currency. The success of the new fiat currency and the Union soldiers were inextricably linked.

The war over slavery was also a war over the future of the economy, the nature of property rights, and the essentiality of value. By issuing fiat currency, Lincoln opened up a debate about how elastic the money supply might be. Fiat money transparently based money's worth on the federal government's determination to take it for value. As Keynes said of legal tender—"the state claimed the right not only to enforce the dictionary but to write it!" Scholars in this roundtable will discuss how those crucial debates affected modern theories about money and value.

The scholars in this roundtable will also discuss the ongoing effects of slavery, Jim Crow, housing segregation, and employment discrimination on the modern economy. In America, each rung on the ladder toward prosperity consisted of bank credit—even more so in the 20<sup>th</sup> century when homeownership became synonymous with both mortgage credit and prosperity. For Blacks and others, the path toward wealth was closed. It was closed by segregation, government policies, and by realities of finance. In this roundtable, we have invited pre-eminent scholars whose work illuminates core issues at the intersection of money and race. We have asked them to respond to a few questions: How did slavery shape the US monetary, credit, and banking system? How did the economic system and monetary forms shape racial dynamics? What aspects of the modern economic system are influenced by America's racial history? How has America's racial history affected theories of capital, money, or debt? What do you think current debates about the history of capitalism reveal about the future of the field?

## **Contributions**

*September 25, 2020*

***How Did Redlining Make Money?***

*K-Sue Park, Georgetown Law*

*July 28, 2020*

***Currency, Colonialism, and Monetary History from Below***

*Peter James Hudson, University of California, Los Angeles*

*July 17, 2020*

***Finance and Violence***

*Michael Ralph, New York University*

*June 15, 2020*

***Debt and the Underdevelopment of Black America***

*Destin Jenkins, University of Chicago*

*June 8, 2020*

***Money is productive, and racist institutions create money***

*David M. P. Freund, University of Maryland*

*May 28, 2020*

***Money and the Limits to Self Making***

*Michael O'Malley, George Mason University*

*May 19, 2020*

***How the Right Used Free Market Capitalism against the Civil Rights Movement***

*Mehrsa Baradaran, University of California Irvine*