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

Prompt for Discussion

Contributors: John Crawford, Morgan Ricks, Lev Menand, Robert Hockett, Abbye Atkinson, Simon Potter, Julia Coronado, Sheila Bair, Jamie McAndrews, Yesha Yadav, Sarah Bloom Raskin, Mehrsa Baradaran, and Christopher Giancarlo

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

August 10, 2020

[FedAccounts: Digital Dollars](#)
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John Crawford, University of California Hastings College of the Law
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M. Ricks, J. Crawford, L. Menand, FedAccounts: Digital Dollars

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In 1989 the Board of Governors of the Federal Reserve System came out against the "basic banking" legislation that Congress was then considering, which would have required U.S. banks to offer no-frills transaction accounts at cost to all Americans.[1] While the Board "share[d] the belief that banking services should be widely available to all," it doubted that there was really a problem to begin with. Low-income households might just have difficulties managing bank accounts and might distrust banks and prefer dealing with alternative payment service providers, it noted. "The Board does not believe that enough of a problem has been demonstrated to justify sweeping legislation."[2]

But even granting that there was a problem, the Fed said, the proposed solution was wrongheaded. "[A]s a general matter, we question whether it is wise for the government to mandate the services that financial institutions must provide."[3] A mandate to serve low-income households with basic banking services might "stifle innovation and experimentation," it warned. "The Board believes that voluntary efforts by financial institutions will continue to be successful in meeting many of the concerns that have been expressed without the burden and cost that rules and regulations inevitably impose."[4]

Thirty years later, those voluntary efforts have not borne much fruit. Today, 6.5 percent of U.S. households are unbanked, meaning that no individual in the household has a bank account.[5] Another 18.7 percent of U.S. households are underbanked, meaning that, despite having a bank account, they rely to some degree on expensive nonbank services—such as nonbank money orders, check cashing, and payday loans—for payments and other financial needs.[6] These un- and under-banked households are primarily low-income and disproportionately minority.

In contrast to the United States, bank account penetration in other advanced economies like Canada, France, Germany, Japan, and the United Kingdom exceeds ninety-nine percent. At least some of those other jurisdictions achieve universal service through just the sort of mandate that the Fed opposed back in 1989.[7]

If universal service mandates are off the table, another possibility is direct public provisioning: a public option for bank accounts. The United States already has a big public bank, the Federal Reserve, and it already offers bank accounts (with trillions of dollars in total balances) and processes payments between them. These accounts consist of digital dollars—they are dollar balances maintained as ledger entries on the Fed's electronic books. The Fed's digital dollar accounts are highly attractive, offering instant payments, higher interest than ordinary bank accounts, and full government backing no matter how large the balance, with no need for deposit insurance. These accounts, however, are restricted to an exclusive clientele, consisting of banks, certain other large financial institutions, and certain governmental entities. Privileged access to these accounts creates a striking asymmetry at the core of our monetary framework: government-issued physical currency is an open-access resource, available to all, but government-issued digital currency (in the form of central bank accounts) is not.

This asymmetry is a policy choice—one that appears increasingly anomalous in the modern digital world. Other policy choices are available. In particular, Congress could direct the Fed to make its digital dollar accounts—call them FedAccounts—available to anyone who wants one. Digital dollars would be an open-access resource, available to all, just like the physical dollars that the Fed issues. Why should the central bank make its physical dollars available to the general public but restrict its digital dollars to banks?

FedAccounts might offer all the functionality of ordinary bank transaction accounts—debit cards, ATM access, direct deposit, online bill payments, online and mobile phone access, and so forth—but without any fees or minimum-balance requirements. Moreover, the Fed could partner with the U.S. Postal Service to serve as a ubiquitous physical branch network to service these accounts. Thus, FedAccounts could be merged with postal banking proposals[8] to create a robust public system for money and payments. The U.S. money-and-payments system would, in effect, become fully public infrastructure akin to roads, sidewalks, public libraries and the judicial system.

Opening up access to FedAccounts would have an astonishing range of benefits, which we describe in detail in a paper outlining the proposal. It would foster financial inclusion, bringing millions of households into the mainstream system of money and payments and lessening their reliance on expensive and subpar alternatives. It would reduce the likelihood of future financial crises by "crowding out" unstable deposit substitutes, which are a major source of financial instability. It would make the U.S. payment system faster and more efficient, because all payments between the accounts would clear in real time. It would improve the transmission of monetary policy, because the Fed's interest-rate adjustments would be transmitted directly to a wide swath of the public rather than just to banks. The Fed could also conduct direct "helicopter drops" of money into FedAccounts for emergency stimulus if necessary.[9] And it would reduce payment system tolls, because the Fed would not charge interchange fees to merchants accepting its debit cards.

Over the past few years, central bankers around the world have become increasingly worried that privately controlled digital currencies, like Facebook's Libra, will relegate them to the sidelines of monetary affairs. To avoid this fate, central banks have been studying, and in some cases actively pursuing, issuing digital currencies of their own: so-called central bank digital currency (CBDC).

The FedAccount system *is* a CBDC—it is a digital dollar—and it would be far superior to the CBDC approaches that dominate current discussions. Most existing proposals portray CBDC as a sort of disembodied physical currency—a digital "token" that retains physical currency's properties of anonymity and direct peer-to-peer transfer.[10] These proposals typically envision a closed system of digital "wallets" that is segregated from the existing system of money and payments and that is based on distributed ledger technology, like the blockchain technology that undergirds Bitcoin and (prospectively) Libra.[11] We question these design features. We do not think that the

Federal Reserve and other central banks should be eager to facilitate anonymous transfers, which can be used for terrorist financing, money laundering, tax evasion, and other illicit activities. Nor is it apparent to us why central banks should wish to create a segregated, closed system that is walled off from the mainstream payment system. When it comes to money and payments, integration and interoperability are demonstrably better than fragmentation and balkanization. On top of that, distributed ledger technology, however ingenious its conception, remains extremely slow and inefficient compared to centralized ledger systems. For central banks, these cryptocurrency design features are a needless distraction.[12] The FedAccount system would be seamlessly interoperable with the existing system of money and payments and would rely on low-cost, reliable systems and technologies that the Federal Reserve has used successfully for decades.

The Federal Reserve should keep it simple. CBDC does not require new technologies, it merely requires expanding access to a desirable, proven product that the Federal Reserve already offers: bank accounts at the central bank. Physical currency is already an open-access resource; digital dollars should be as well.

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[1] Martha R. Seger, Member, Board of Governors of the Federal Reserve System, Statement before the Subcommittee on Consumer and Regulatory Affairs of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, June 7, 1989, 75 Fed. Reserve Bulletin 550 (1989).

[2] *Id.* at 555.

[3] *Id.*

[4] *Id.* at 557.

[5] *See* 2017 FDIC National Survey of Unbanked and Underbanked

Households 1 ("Approximately 8.4 million U.S. households, made up of 14.1 million adults and 6.4 million children, were unbanked in 2017.").

[6] *See id.* ("Approximately 24.2 million U.S. households, composed of 48.9 million adults and 15.4 million children, were underbanked in 2017.").

[7] For example, Canadian banks are required to open accounts for applicants unless an enumerated exception applies (generally relating to fraud prevention). See Access to Basic Banking Services Regulations (SOR/2003-184), § 3 (issued pursuant to §§ 448.1(3), 458.1(2), and 459.4 of the Bank Act (2001)).

[8] *See, e.g.,* Mehrsa Baradaran, *Postal Banking's Public Benefits*, American Affairs (Fall 2018); Mehrsa Baradaran, *It's Time for Postal Banking*, 127 Harv. L. Rev. F. 165 (2014).

[9] *See, e.g.,* Julia Coronado & Simon Potter, *Securing Macroeconomic and Monetary Stability with a Federal Reserve-backed Digital Currency*, PIIE Policy Brief 20-4 (2020).

[10] *See Central Bank Digital Currencies*, Bank for Int'l Settlements Committee on Payments and Market Infrastructures and Markets Committee, March 2018, at 6.

[11] *See, e.g.,* Tommaso Mancini-Griffoli et al., *Casting Light on Central Bank Digital Currency,* IMF Staff Discussion Note, Nov. 2018, at 29 (describing a CBDC design involving "preloading tokens onto a wallet"); Benoit Cœuré, *The Future of Central Bank Money*, speech at the International Center for Monetary and Banking Studies, Geneva, May 14, 2018 ("[C]entral banks today could make use of new technologies that would enable the introduction of what is widely referred to as a 'token-based' currency—one based on a distributed ledger technology (DLT) or comparable cryptographic technology.").

[12] *Cf.* Aleksander Berentsen & Fabian Schär, *The Case for*

Central Bank Electronic Money and the Non-case for Central Bank Cryptocurrencies, 100 FRBSL Rev. 97 (2018).

Lacewell v. OCC

Author: Lev Menand & Morgan Ricks

When it comes to U.S. monetary policy, the Federal Reserve looms large. But a lesser-known agency also plays an important role: The Office of the Comptroller of the Currency ("OCC"). Congress created the OCC in 1863 – fifty years before it set up the Fed.[1] Congress charged the OCC with chartering, regulating, and supervising a system of "national banks." Today there are 1,200 of these privately-owned federal instrumentalities. They issue and maintain $15 trillion of deposit balances, and these balances – not the paper notes issued by the Fed – make up the vast majority of the U.S. money supply.

Exactly two years ago, the OCC announced that it would begin granting new "special purpose" national bank charters to financial technology ("fintech") companies that do not issue or maintain deposit balances. These new national banks would be exempt from federal regulations governing depository institutions, while still benefitting from the federal status national banks enjoy. Thus, they would be entitled to ignore many state business regulations as well as large portions of the federal securities laws (from which banks are explicitly exempt).

In September 2018, the Superintendent of the New York State

Department of Financial Services ("DFS") challenged the OCC's proposed charter in federal court.[2] It argued that a nondepository national bank was an oxymoron. In October 2019, the Honorable Victor Marrero agreed, entering judgment in favor of New York and enjoining the OCC from issuing its proposed charter. In December, the OCC appealed. The substantive question presented in the appeal is whether the OCC has the authority under the National Bank Act ("NBA") to charter nondepository national banks.

This week, thirty-three banking law scholars[3] filed a brief in support of the DFS.[4] The brief – available below – argues that the OCC has no such authority. It explains that the OCC's position is based on a fallacy: that "banking" is just another word for "lending." As the amici put it:

> *Banking involves lending, but mere lending does not constitute banking. When a bank makes a loan, it posts a credit in the amount of the loan to the borrower's deposit account. It need not have any cash on hand. By contrast, before a nonbank lender can lend, it must procure cash or its equivalent. Thus, while nonbank lenders "deal" in money, "banks do not merely deal in[,] but are actually a source of, money." United States v. Philadelphia Nat'l Bank, 374 U.S. 321, 326 (1963) . . . [I]t is for this reason that banks are subject to strict federal oversight.*

A ruling in favor of the OCC would conflate banks' *permissible* activities with their *essential* activities. While, under prevailing doctrine, national banks are permitted to engage in a wide range of financial commerce, the OCC does not have the power to charter entities that do not augment the money supply. The OCC's contrary position contravenes not just the text and purpose of the NBA, but also the Federal Deposit Insurance Act, the Bank Holding Company Act, and the Federal Reserve Act, the last of which it would undermine by giving nondepository companies that play no role in monetary policy the ability to participate in selecting six of the nine members of the Boards of the regional Federal Reserve Banks. The consequences of a judgment in favor of the OCC would also extend far beyond money and banking – opening up the possibility of general business incorporation at the federal level for much of the financial sector and perhaps large portions of the nonfinancial sector.

For those who are interested in the case, we have included links below to other public documents, including an amicus brief filed by Wharton Professor David Zaring in support of the OCC's position and several amicus briefs filed in support of DFS.

Documents Related to Spotlight:

District Court Opinion

Brief of 33 Banking Law Scholars

Brief of the OCC

Brief of the DFS

Brief of David Zaring

Brief of ICBA

Brief of Consumer Groups

Brief of State Credit Regulators

Brief of State Conference of Banking Supervisors

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[1] And twenty-five years before it created the Interstate Commerce Commission, what is often erroneously considered to be the country's first regulatory agency.

[2] DFS is the oldest banking agency – and oldest independent

regulatory agency in the country – predating the OCC by twelve years. *See* Lev Menand, *Why Supervise Banks? The Forgotten Past and Uncertain Future of a Distinctive Form of Governance*, 71 Vand. L. Rev. __ (forthcoming).

[3] Hilary J. Allen, Dan Awrey, Mehrsa Baradaran, Lawrence G. Baxter, Prentiss Cox, John Crawford, Nakita Cuttino, Christine Desan, Adam Feibelman, Gina-Gail S. Fletcher, Anna Gelpern, Erik F. Gerding, Jeffrey N. Gordon, Robert Hockett, Kristin N. Johnson, Jeremy Kress, Adam J. Levitin, Da Lin, Jamie McAndrews, Patricia A. McCoy, Lev Menand, Saule Omarova, Christopher K. Odinet, Nadav Orian Peer, Christopher L. Peterson, Katharina Pistor, Sarah Bloom Raskin, Morgan Ricks, Heidi Mandanis Schooner, Graham Steele, Joseph Sommer, Jennifer Taub & Arthur Wilmarth.

[4] Brief of Thirty-Three Banking Law Scholars as Amici Curiae in Support of Appellee in *Lacewell v. OCC*, No. 19 Civ. 4271 (2d Cir. July 29, 2020).

S. Das, Roundtable Wrap-up

August 3, 2020

Sannoy Das, Harvard Law School

In this brief post, I attempt to summarize the main themes that emerged from the *Just Money* roundtable on banking. In ten blog posts between January and March 2020, before the coronavirus pandemic turned the world upside down, our contributors set out to answer the question of what it is that banks do; and more importantly, why understanding what they do is so important. The prompt for the roundtable asked our contributors to discuss the two known paradigms about how banks work: on the one hand, the view that banks intermediate funds between savers and borrowers (often the 'orthodox' view), and, on the other, that banks create money through lending (the 'heterodox' view). Most of our contributions also address, some more directly than others, what is at stake in choosing between these views about banking. Our contributors, as we will see, disagree on how and whether the choice of paradigm dictates normative choices about the regulation of financial market entities, and, perhaps more fundamentally, whether the debate over views about banking is enmeshed in a broader ideological struggle about the relationship between public power and economic activity.

Marc Lavoie, in the first contribution to the Roundtable, answers the prompt most directly, offering a clear statement of the heterodox 'money-creation' view and its venerable historical antecedents. For Lavoie, this view puts the difference between the banking system and the 'shadow-banking' system in sharp relief – and thus offers a path ahead for regulators in handling crises in financial markets. Howell Jackson on the other hand, argues that policy makers ought not to abandon the orthodox intermediation theory, because crises such as bank runs are, in his view, events of dis-intermediation. For Jackson, the intermediation theory persuasively describes the behavior of practical bankers, always interested as they are, in acquiring their deposits. And this, in my view, opens up an interesting question: in picking between these two theories, should we look for one that best approximates the experience of bankers or one that best captures some fundamental dynamic about the banking system? The case that Jackson and Charles Kahn make is that intermediation view describes the constraint that bankers face in lending. Others, as we will see below, believe that this constraint is a tangential consideration in picking the better theory.

Sir Paul Tucker, formerly of the Bank of England, argues that there is nothing heterodox about the view that bank deposits, which are money, are created by banks in their act of lending. But for reasons of mathematical simplicity, the idea that banks intermediate funds according to rules of fractional reserve banking and the related idea of the 'money multiplier' are embedded in economics textbooks. These concepts may have made better sense in a context where central banks regulated a bank's ability to create money by controlling the supply of reserves, not in the (more current) context where the primary policy tool for central banks is regulating interest rates. Tucker's bigger takeaway, however, is that debating theories of banking is to put the cart before the horse. What matters more is to craft policy measures that keep the monetary system stable, given our agreement that banks affect the money supply and are volatile institutions. In a stable monetary system, where bank deposits are safe assets, banks will be able to drive money supply by extending credit.

But others take the flip side of Tucker's cart-and-horse. They argue that the view that we adopt about the nature of bank activity shapes our approaches to bank regulation. For Morgan Ricks, the distinction between the two views of bank operations influences the question of how to regulate financial entities at a normative level. In his view, the 'intermediation' approach primarily serves to blur the distinction between banks and other financial institutions in service of two conservative policy outcomes. First, the intermediation paradigm suggests a deregulatory bias for banking, since it appears similar to other financial entities and second, the paradigm invites other financial market participants, such as hedge funds, to stake claims for support from the central bank. Stephen Marglin echoes Ricks by noting the mediation orthodoxy is ultimately an "ideological tool in the fight for deregulation." This is why it remains in textbooks, despite the flawed underlying assumption that banks play a passive role in the economy. For Marglin, the difference between the two views on banking does not turn on the question of how constrained bankers are in making loans (indeed, he admits that reserves can be constraining). Instead, it turns on understanding whether reserves or the money multiplier are exogenous to banking activities – a premise he rejects. Reserves and the money supply are determined by the actions of bankers, which explains the frequent situation of excess reserves in the banking system.

One broad takeaway from Marglin's contribution is that how we pick between the two ideal-type accounts depends on some broader conceptions of the field of macroeconomics. This much is evident in the disagreement between [Charles Kahn] on the one hand and [Kumhof and Jakab] on the other. Kahn's argument is that while it is true that banks create 'money', this is predicated on defining money to include bank deposits and to exclude many other forms of credit. Conceptually, for Kahn, the important consideration is not whether an asset (debt) is money, but whether it is liquid – for if it is liquid, it can function like money. If the more relevant macroeconomic variable is liquidity, then banks are similar to many institutions that issue, or are capable of issuing, liquid debt. Without the backing of deposit insurance, or implied too-big-to-fail protections, banks would be constrained in issuing debt, just like other financial institutions. Thus, Kahn argues that without reference to the macroeconomic context in which particular banks operate, it would be misleading to state that bankers can simply issue debt with the 'stroke of a pen.' To Kahn, given that there is nothing fundamentally exceptional about banks, the intermediation paradigm is a good fit.

Michael Kumhof and Zoltan Jakab disagree pointedly. For them, focusing on liquidity as the appropriate marker for differentiating (or obliterating the difference) between banks and other financial institutions is a mis-step, one that will undermine our understanding of crisis and regulation. Instead, the fact that a banker *can* create debt *ex nihilo* and a non-banking financial institution cannot (all conditions being equal), is critical. It explains why bank balance sheets are more fragile and why the increase or contraction of money flow is much faster in response to slight perceived changes in macroeconomic conditions. Their point, of course, is not to deny that bankers are constrained in how they make out loans, but that the constraint is ultimately based on the banker's view of profitability, which is theoretically (yet significantly) distinct from the need to first have attracted deposits.

I noted above that Morgan Ricks approached the debate between the two views of bank operations as a proxy for the fight for deregulation. For Daniel Tarullo, this overestimates the significance of differentiating between the two views. Deregulation created a financial system with a shrinking role for traditional deposit-creating (or deposit-taking) banks and increased prominence of 'shadow banking' institutions, paving a path to the 2008 crisis. Given that the financial crisis arose out of risks that had little to do with traditional banking, for Tarullo, the importance of picking the right view of how traditional banks work is exaggerated. Instead, for Tarullo, managing risks in the financial system requires a stronger regulatory framework for non-banking financial entities, even if that does not exactly mimic traditional banking regulation.

We might differ with Tarullo however, if we believe that views about banking are embedded within larger frameworks about the relationship between finance and economic activity. As Christine Desan argues, the intermediation view about banks bears an emphatic connection with the idea that economic activity is the outcome of individual initiative: saving and borrowing. Taken as truth, this casts a shadow over our understanding of the history of economic development and the role of state institutions. Thus, Desan places the debate about banking operations within a set of discourses that constitute the neoclassical *veridiction* for the State’s role in the economy. We are led to mistakenly believe what the drivers of economic development were, and thus to forget that it was creation of novel forms of credit, not the accumulation of existing funds, that prompted capitalist growth.

Like Desan, Hockett and Omarova take to task assumptions about the essentially ‘private’ nature of banking activity. Flipping the intermediation account on its head, they argue that banks intermediate between us (as the sovereign people) and our ‘selves’ (as private actors). In their account, when a bank creates money by issuing credit, this is a way of transforming our private credit-worthiness into a public form, backed ultimately by the ‘full faith and credit’ of the polity. It is this ‘full faith and credit’ that banks are capable of putting into circulation – making them franchisees of the ultimate asset of the sovereign state.

As I noted at the start, at the heart of this Roundtable prompt was the question of what is at stake when we investigate what is it that banks do? Here, I might simply paraphrase from Christine Desan’s contribution addressing what her colleagues understood the stakes to be – matters of disciplinary accuracy, normative questions of regulation and macroeconomic policy, the relationship of public power to private economic action, or of “expositional fit.” To this mix, she adds her own – our understanding of the process of economic development, and thus she concludes that “the stakes could not be… bigger.” I am tempted to agree with her. How we interpret the world of banking appears linked to how we understand some fundamental aspects of production and distribution in society. The distributional stakes remained somewhat hidden from view in this Roundtable, but they lurk under the surface. If banks are the “means of money creation,"[1] then the better account of banking will offer the better account of inequality. We will still have to answer whether a firmer understanding of banking fulfills the great task of philosophy – which is to change the world (for the better)!

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[1] I owe this phrase to Christine Desan – it emerged during our conversations over the last two years.

Race and Money

Race and Money

Prompt for Discussion

Contributors: Mehrsa Baradaran, Michael O'Malley, Michael Ralph, Stephanie Jones-Rogers, David M. P. Freund, Destin Jenkins, Devin Fergus, Peter Hudson, Camille Walsh, Tanay Tatum-Edwards,

Shennette Garrett-Scott, K-Sue Park, and Sarah Quinn.

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 20th 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

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

The Money Doctors of Seventeenth Century Naples

Author: Francois R. Velde

A collection of texts printed in early seventeenth-century Naples exemplifies the intersection between economic history and the history of thought. A slowly worsening monetary situation led authorities, unsure of what they could and should do, to solicit diagnostics and cures. The unfolding debate is challenging to analyze: participants viewed events through the lenses of their background, training, and interest. Merchant experts competed with university graduates and technical officials. These texts offer us a rich but contradictory set of observations and interpretations in what constitutes an early attempt at applied economic analysis and policy advice.

Capitalism: A Journal of History and Economics, Vol. 1(2): 405-455