

# Money as a Democratic Medium

**December 14-15, 2018**  
**Harvard Law School**

Sponsored by:

Harvard Program on the Study of Capitalism, Institute for Global Law and Policy,  
The Murphy Institute - Tulane University, the Harvard Law Forum,  
and Harvard Law School

## **A. Overview**

“Those who create and issue money and credit direct the policies of government and hold in the hollow of their hands the destiny of the people.” The words, attributed to a 20<sup>th</sup> century British banker, capture an emerging consensus. Money, governance, and public welfare are intimately connected in the modern world. More particularly, the way political communities make money and allocate credit is an essential element of governance. It critically shapes economic processes – channeling liquidity, fueling productivity, and influencing distribution. At the same time, those decisions about money and credit define key political structures, locating in particular hands the authority to mobilize resources, determining access to funds, and delegating power and privileges to private actors and organizations.

Recognizing money and credit as public projects exposes issues of democratic purpose and possibility. In a novel focus, this conference makes those issues central. Scholars, policy makers, and students have often assumed that money and credit emerge from private exchange and entrepreneurial activity. Recent work, by contrast, emphasizes that modern currencies depend on collective orchestration. That approach resets the frame.

First, examining money as a public project opens monetary institutions to our view. Comparative and historical work suggests that societies have experimented constantly with different monetary structures and methods of allocating credit. Everyday experience reiterates that lesson. The Financial Crisis, the European Monetary Union, recurring sovereign debt crises among emerging countries – all have catalyzed intense debates over institutional reform. Expanding our vision enables us to identify and explore more effectively the complex engineering that produces modern money and credit. Given the broader view, we can better evaluate the way our monetary orders have changed and the capacities at stake when they do. We can see causal connections previously obscured, including the relationships between governmental structures and market processes. Likewise, we can ask new questions about the way disciplinary premises, such as the private genesis of money and credit or the classical dichotomy between real and nominal value, have shaped substantive inquiry. Looking forward, we can consider institutional alternatives, the political and normative premises that shape them, and their impact on shaping the modern political economy.

Second, the new approach directs attention to a different register of claims and responsibilities. If money is a public resource, if public obligation and enforcement anchor demand for the medium, if the government in essential ways supports the payments system – then we face profound legal and political obligations to evaluate the design of the monetary and financial system and the dynamics it

produces, including how money circulates, whether participants in a monetary community have equal access to the medium, and how the current structures engender growth, mobility and opportunity, or dearth and exclusion. Today's challenge is to revise the monetary architecture we have inherited so that it operates to reinforce democratic aspirations rather than undermine them.

The goal of the conference is to bring individuals working in different areas with diverse methods into a common conversation. Their projects are likely to inform each other and may suggest unanticipated synergies at the academic and policy-making level. For example, one trend in recent work reinterprets the monetary system as a public utility. That insight throws the regulatory regime crafted for banks and analogous institutions into a new light, suggesting that we have miscategorized those entities. Another strand in scholarship and policy-making focuses on the long-standing failure by commercial banks to reach low-income individuals. That work explores the motives that drive bankers' decisions and considers efforts to re-align those incentives. The projects on infrastructure and "banking the unbanked" each revise scholarly approaches to banks as intermediaries and innovate ways to expand access to credit.

Similar potential synergies abound elsewhere. Thus scholars from a variety of methodological angles are exploring the way societies anchor money's value. Their work considers the critical role played by public demand, including the determination by political authorities to take a particular unit in payment for taxes and other communal obligations. That theoretic claim informs full employment/job guarantee programs, proposals for "complementary currencies" that could circulate as a more flexible local money within monetary unions, and models of sustainable credit that advocate loans tailored to increasing taxpaying capacity. As the scholarship in these areas proliferates, its authors should vet their approaches to public demand against each other, looking for the differences and shared aspects that could stimulate new insights and stronger work.

The Conference is organized to invite sustained exchange among participants over the course of the two-day conference. It is open to all students of money, the monetary system, and the modern economy, including the public. Please register (no charge) at the following link: [MDM Registration](#). Scheduled sessions are listed below.

## B. Schedule

### Friday, December 14

8:00-8:45 BREAKFAST

8:45-9:00 **Welcoming Remarks: Christine Desan**

9:00-10:30 **Monetary Sovereignty, Democracy, and Economic Development**

Recognizing the character of money as a sovereign project throws the complexity of economic development, especially in a globalized monetary system, into high relief. The hegemony of certain moneys as reserve currencies, the dense growth of financial markets, and the role of international financial institutions all now configure the landscape. How have efforts to democratize money, an initiative that depends on domestic participation, fared in the past and how might they relate to public welfare and economic development in an era when monetary sovereignty is challenged?

Presentations and Discussion – Papers pre-circulated

Katharina Pistor - Columbia Law School

"From Territorial to Monetary Sovereignty - Lessons for the Periphery"

Jamee Moudud - Sarah Lawrence College

"A Critical Legal History of French Banking and Industrialization"

Anush Kapadia - Indian Institute of Technology

"Democratic Sovereignty Makes Money"

Commentator: Roy Kreitner, University of Tel Aviv Law School

10:30-11:00 BREAK

11:00-12:30 **Financialization and Inequality**

Over the past few decades, the advanced capitalist countries have become increasingly financialized against a backdrop of deepening wealth and income inequality. How do we conceptualize and analyze the distributive consequences of the rise of finance? What do recent political upheavals, including the Trump presidency and Brexit, mean for the status quo of financialized capitalism? And what role, if any, can public policy play in tackling the un-equalizing effects of the contemporary system of money and credit?

Roundtable – Discussion material may be pre-circulated

Mark Blyth – Brown University

Gerald Epstein – University of Massachusetts, Amherst

Rana Foroohar - Financial Times

Natascha van der Zwan – Leiden University

Rebecca Spang – Indiana University

Commentator: Sandy Brian Hager – City, University of London

12:30-1:30 LUNCH

1:30-3:00 **Session A: Complementary Currencies**

Communities for centuries have deployed tax anticipation credit enhanced with cash properties as money; arguably the practice defines what creates a viable unit of account. The contemporary issue is how communities may choose to facilitate economic development or improve societal well-being by creating and deploying moneys that are complementary to currencies issued by a monetary union or by a central bank against financial assets.

Roundtable – Discussion material may be pre-circulated

Helmut Siekmann – Institute for Monetary and Financial Stability, Goethe Univ.

Farley Grubb - University of Delaware

Isabel Feichtner – University of Würzburg

Moderator: Philippine Cour-Thimann, European Central Bank, and Sciences Po

**Session B: Monies and the State in an Age of Empire**

Is money a democratic medium in an age of empire? This panel explores the roles of conflicting and complementary forms of finance in the British and French empires during the Age of Revolution. Participant papers show how even within seemingly monolithic imperial states, multiple monetary regimes could and did coexist. This multiplicity suggests that, historically, people creating monetary alternatives need not control all levers of power in order to effect significant – even revolutionary – change.

Presentations and Discussion -- Papers pre-circulated

James Livesay - University of Dundee

“Local Debt for Local People: Debt and the Languedoc 1750-1789”

Andrew David Edwards - University of Oxford

“Money to Burn; Money to Spend: A Tale of Two Monies at the Beginning of the American Revolution”

Elizabeth Cross - Georgetown University

“The French East India Company and the Monetary Politics of the French Revolution”

E. George Gallwey – Harvard University

“From Distribution to the Protection of Private Property: The Politics of Money and Credit in the Early United States”

Chair: Stefan Eich – Princeton University

### **Session C: Money, Democracy, and Morality**

The way we approach money shapes the moral implications that attach to its design and use. If money is a commodity or private trade credit that emanates from decentralized exchange, it might claim democratic legitimacy from its very genealogy. But if money is a matter engineered out of public debt and issued into circulation selectively, it has a very different relationship to democracy, one that raises the moral stakes for its creation and deployment within a community.

#### Presentations and Discussion

Peter Dietsch – Université de Montréal

“Money Creation, Debt, and Justice”

Ann Davis – Marist College

“Money as a Social Institution: Its Historical Emergence and Implications for Politics”

Jonathan Crock – College of William and Mary

“The Human Right to Democratic Control of Money”

Maxximilian Seijo – University of South Florida

“The Unnatural State: Money & Propaganda after New Deal Liberalism”

Commentator: Scott Ferguson - University of South Florida

3:30-4:45

### **Keynote: Payments Systems Accountability: The Case of Assault Gun Sales**

The payments system, once routinely overlooked, is a critical and centralizing locus given its essential role in everyday transactions. Given that role, the issue arises how both public and private actors should take responsibility for its character, selectivities, and results.

Introduction: Jean Grosdidier – Sciences Po

Speaker:

Andrew Ross Sorkin – New York Times/ “DealBook”

5:00-6:30

### **Session A: Behind the Green Curtain: Information Insensitivity, Information Encapsulation, and the Democratic Project of Money**

Money as a democratic project must engage with received economic thinking that underpins money creation and central banking design and practice. This thinking supports limiting the overt politics of the governance of money in the interest of reducing the information content of money instruments. Although mapping the political nature of money may be disruptive, the alternative of hiding the political nature of money and monetary policy to preserve the information insensitivity of money instruments is unsustainable. If financial crises cause money instruments to lose information insensitivity, they also strip the technocratic veil.

Roundtable – Discussion material may be precirculated.

Anna Gelpert - Georgetown University Law Center  
 Erik Gerding - University of Colorado Law School  
 Pierre Schlag - University of Colorado Law School  
 Saule T. Omarova – Cornell Law School

**Session B: Democratizing Money's Power & Protection**

This panel explores the problems and possibilities for developing money as a vehicle that transforms existing pervasive inequality and insecurity. How can a democratic vision reimagine credit and liquidity as more than a means for measuring and distributing the costs of entrenched social and economic risks? How can financial services be designed to focus on the goal of building power and protection for ordinary citizens and communities?

Discussion on pre-circulated papers

Thomas Herndon - Loyola Marymount University

“A Public Banking Option As a Mode of Operation for Financial Services” (co-authored with Mark Paul)

Pamela Foohey - Indiana University Maurer School of Law

“Graying of U.S. Bankruptcy: Fallout from Life in a Risk Society” (co-authored with Deborah Thorne, Robert Lawless, Katherine Porter)

Kristin Johnson – Tulane Law School

“Digital Debt: Regulating Automated Decision-Making in Consumer Credit Markets”

Jennifer Taub - Vermont Law School

“Saving the Canaries: Protecting Consumer Borrowers to Prevent Systemic Risk”

Commentator: Martha T. McCluskey - University at Buffalo Law, SUNY

**Session C: Economic Democracy through Monetary Design**

Recognizing money as a public project necessarily leads to a re-examination of the types of economic institutions promoted by our monetary system. Throughout American history, both social movements and the US government have seen the potential to create, through the monetary system, an economy dominated by more democratic forms of economic organization. This panel will examine both historical and modern attempts to create more widespread and democratic ownership of the productive economy through the monetary system.

Presentations and Discussion - Discussion material may be pre-circulated

Robert Hockett – Cornell Law School

“A Monied Yeomanry”

Joseph R. Blasi – Rutgers School of Management and Labor Relations

"The Citizen's Share: Reducing Inequality in the 21st Century"

Lenore Palladino – Roosevelt Institute

“Economic Democracy through Corporate Governance.”

Jeffrey Sklansky - University of Illinois at Chicago  
 "The Currency of Agrarian Cooperation in the Gilded Age"

Moderator: Martin Drake – Harvard Law School

7:30 DINNER  
 Speakers and invited participants.

**Saturday, December 15**

8:00-9:30 BREAKFAST

9:30-10:45 **History and Theory**

If money is a complex collective enterprise, protean in design possibilities both in practice and conception, then it has a history of change, carries profound moral significance, and lays a rightful claim to the concern of citizens and political theorists, lawyers and economists alike. How should an approach to money as a public medium re-orient fields that have ignored it? And how might the ideal of democracy matter in revised approaches?

Roundtable

Jeffrey Sklansky – University of Illinois at Chicago  
 Stefan Eich – Princeton, Society of Fellows  
 Stephen Marglin – Harvard University  
 Scott Ferguson – University of South Florida  
 Christine Desan – Harvard Law School

Moderator: Roy Kreitner, Tel Aviv University School of Law

11:00-12:30 **Plenary Session: The Public Option and The Narrow Bank (TNB)**

Recent work identifies money as a utility or infrastructural service, suggesting the government's obligation to provide access and to equalize compensation paid to those holding deposits. Innovative proposals for redesign argue that the central bank should provide transactional services directly to individuals or, alternatively, to large depositors.

Presentation and Comment – Materials pre-circulated

Morgan Ricks – Vanderbilt University Law School  
 Commentator: Jeremy Stein, Harvard University (formerly Governor, U.S. Federal Reserve)

James McAndrews – TNB Chairman and Chief Executive Officer  
 Commentator: Morgan Ricks

12:30-2:15 LUNCH

1:00-2:15

**Keynote: The Color of Money: Banking and Racial Inequality**

In the American tradition, commercial banking claimed public support in exchange for delivering public services. It has become increasingly clear that those services are both failing the poor and distributing resources, including access, authority, profits, and credit, along lines of race.

Speaker:

Mehrsa Baradaran – University of Georgia School of Law

2:30 -4:00

**Session A: The Monetary Case for a Job Guarantee**

Significant evidence suggests that employment leads rather than trails economic growth. That conclusion supports programmatic initiatives to create jobs directly in the public sector. At issue here are models that identify sovereign money as a public commitment that anticipates -- and enables -- productivity rather than expending a finite resource.

Roundtable – Discussion material pre-circulated

Pavlina Tcherneva -Levy Economics Institute

Philip Harvey – Rutgers Law School

Rohan Grey – Cornell Law School

Darrick Hamilton – The New School for Social Research

Moderator: Daniel Sufanski

**Session B: The Public and its Money Problems**

The title of this panel is a variation on John Dewey's 1927 book "The Public and Its Problems" in order to direct attention to the political turmoil that is connected to the logic of capitalism. As it is less and less tenable for progressive analyses to evade questions of money and finance, the question is increasingly what forms such politicization should or can take. Among the more prominent perspectives to have emerged in recent years is a neo-chartalism that emphasizes the role of public authority in the production of money and that views the most troubling policies of the neoliberal era as resulting from a misunderstanding of the ontology of money (for instance, political anxiety around deficits is seen to derive from the failure to appreciate that money is an accounting convention rather than a metallic substance). This panel will offer a number of sympathetic but critical engagements with the chartalist provocation, following its lead in foregrounding the question of the relationship between money and the public while exploring this connection through a series of different lenses.

Roundtable

Martijn Konings - University of Sydney

Perry Mehrling - Boston University

Eli Cook - University of Haifa

Antara Haldar - University of Cambridge  
 Quinn Slobodian - Wellesley College

**Session C: Monetary Politics in U.S. History**

This interdisciplinary panel examines periods of transformative monetary change in the 19th and 20th century. Participants' research revises conventional portrayals of antebellum banking and its political/legal legacies, financial policy from the Fed's creation until the era of Great Depression reform, and political debates over money from the New Deal to the rise of "neoliberalism." Taken together, these papers treat the character of governmental monetary practices as an integral part of a contested political economy and examine how a range of actors shape monetary institutions, possibilities for political action, and ultimately the nation's economic life.

Presentations and Discussion – Material may be precirculated

Nathan Tankus - Clarke Business Law Institute at Cornell Law School  
 "The Shaky Constitutional Foundations of Antebellum American  
 Money: Bank Charters as Delegations of Power"

David M. P. Freund - University of Maryland  
 "State Building for a Free Market: Financial Reform and the Rise of Monetary  
 Orthodoxy in the United States, 1913-1935"

Jakob Feinig - Binghamton University, SUNY  
 "What is Neoliberal about Neoliberal Money? Forgetting Money's Public  
 Purpose"

Commentator: Andrew David Edwards – University of Oxford

4:00-4:30 BREAK

4:30-5:15 **Wrapping up: Reflections on the Conference**

We conclude with brief comments from participants on a small number of core questions, including (1) what themes emerged most powerfully across the conference sessions, and (2) what steps can we take to ensure that this conversation continues in ways that support future work?

Nadav Orian Peer – Tulane Law School  
 Patricia McCoy – Boston College Law School  
 Saule Omarova – Cornell Law School  
 Iain Frame – Kent Law School

Thank you – Christine Desan