Extended Abstract of

The Conspicuous Absence of a Popular Politics of Money, 1945–1980

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Many sociologists, historians, and scholars in adjacent fields working on money today cast their research as part of an attempt to make money the topic part of democratic debate (Bandelj, Wherry, and Zelizer 2017; Eich 2022; Feinig 2022; Ricks 2016). This effort is often phrased as an attempt of recovery, reaching back to previous periods when money was a central issue of U.S. politics. Most famously, the presidential election of 1896 pivoted on the question of gold versus silver money; William Jennings Bryan's "Cross of Gold" speech at the Democratic National Convention was for several decades one of the most famous pieces of political oratory (Bensel 2008). From the 1930s on, however, money ceased to inspire intense public debate. Christopher Shaw (2019) ends his book *Money, Power, and the People* with World War II, and his concluding thoughts make clear that he would have called a successor volume *Money, Power, and no People.*

When, in the postwar period, public debate about money took place in the U.S.—and this only happened intermittently, typically in moments of inflation—, the debate was about the narrow question of raising or lowering interest rates. Almost never did public debate tackle broader questions that had animated earlier politics: What counts as money? Who can expand or restrict its supply? Who takes control in a monetary crisis? The suppression of such questions led the public to overlook the emergence of the money market during those 25 years. These new forms of privately created money had profound distributive consequences and made the financial system and the entire economy more crisis-prone (Konings 2011; Ricks 2016; Tooze 2018).

Yet for much of that period, a politician committed to politicizing money occupied the most promising strategic positions to change the laws on money. Wright Patman, a Democrat from Texas who had called for monetary reform since being first elected to Congress in 1929, was chairman of the Joint Economic Committee from 1957 until 1975 and chairman of the Banking Committee in the House of Representatives from 1963 until 1975. At a time before Congressional reform, chairmen reigned supreme (Zelizer 2004), and Patman used that power to challenge the monetary status quo. The saying went that the carpet in his office was red to hide the blood after his attacks on Fed chairman William McChesney Martin.

Why, then, did Patman fail to politicize money? The literature on Patman—vanishingly small relative to the bookshelves dedicated to his opponents in bank skyscrapers and at the Fed (e.g., Bremner 2004; Conti-Brown 2016; Meltzer 2009)—usually casts him as the last Progressive (Owens 1985; Weintraub 1977; Young 2000). His ideas, these authors claim, changed little after the 1920s and no longer resonated with citizens of the New Deal regime, which brought stability to large parts of the population, particularly white men. These authors also trace how the former allies of Progressive monetary reformers—labor unions, farmers, and veterans—lost interest in money after World War II. Patman is said to have reacted by creating a style of extreme issue advocacy that ignored the need to build up grassroots support for his policy (Owens 1985).

Yet this account of an anachronistic Patman misrepresents key empirical patterns. Far from being stuck in the monetary thought of yesteryear, Patman responded to changes in the financial system.

In 1966, for example, he held 15 days of hearings on a new money-market product, the negotiable certificate of deposit. Bankers and brokers had found a workaround to turn a time deposit into a product that worked almost like a demand deposit. Patman pinpointed the monetary implications, calling the new product a form of currency. Nor was Patman a lone wolf. His old allies could no longer be mobilized, but potential new allies were at least aware of him. When Patman was forced to give up his chairmanships in the Congressional reform of 1975, Ralph Nader—easily the most prominent and influential activist at the time (Sabin 2021)—called this a mistake.

To explain Patman's failure to democratize money, I draw on research on negative cases in policy domains that change over time (Cohen 2015; Emigh 1997; Haydu 1998). I identify four abstract dimensions of monetary politicization based on successful and thwarted attempts before (e.g., Carruthers and Babb 1996) and after Patman (e.g., Kelton 2020): the everyday experience of money; the availability (or not) of intellectual alternatives to the status quo; potential grassroots allies; and elite politics that can translate grassroots pressure into legal change. I then draw on scholarship on the specific forms that successful politicization took after World War II to fill those dimensions for Patman's period.

Data. The key data are the files of Wright Patman at the Lyndon B. Johnson Presidential Library in Austin, Texas, and the files of his close ally in the Joint Economic Committee and House Banking Committee, Henry Reuss, at the Wisconsin Historical Society in Madison. Other important sources for Patman's monetary thinking and his attempts to communicate this thinking to potential allies are the publications that he issued as so-called committee prints and the transcripts of the committee hearings. To explain why his attempts to enroll allies failed so often, I use recent scholarly literature on those allies (e.g., Marchiel 2020).

The Everyday Experience of Money. Recent research has established that money is more likely to be politicized if citizens' everyday experiences show money to be not a natural fact but a social construction (Desan 2017; Feinig 2022). Colonial-era settlers in North America, for example, decided through assemblies about the issuance, printing, circulation, and destruction of money. In the postwar period, the opposite was the case (Freund 2019). Money was created by two institutions that were far removed and not directly answerable to citizens: the Federal Reserve and commercial banks. The common-sense understanding of money, moreover, obscured even the role of commercial banks. Patman's insistence that commercial banks, too, created money through demand deposits—today shared in publications by central banks (e.g., McLeay, Amar, and Thomas 2014) fell on deaf ears. It was virtually impossible, then, to convince the public that the commercial banks (and some other financial firms such as bond brokerage firms) created new types of money that resembled but were different from a demand deposit. To interest the public in these new forms of money, Patman tried to emphasize their dangerous impact on the U.S. economy. Yet the term he predominantly used to warn of the change that would be kicked off by the growth of the money market—inflation—was, for the vast majority of the population, a concept monopolized by Patman's opponents. Fed chairman Martin said that it was his job to take the punch bowl away just when the party was getting exciting. It was this responsibility—to protect ordinary citizens from the siren call of easy money—that, the influential columnist Walter Lippman wrote, required the Fed to be as removed from democratic control as the Supreme Court. That Patman, the arch critic of the Fed, warned of inflation, was simply nonsensical for most people.

Intellectual Alternatives. Even if political actors become aware of the malleability of money, effective change requires access to intellectual programs that envision alternative arrangements. After Great Britain went off the gold standard in 1931, a Labor minister said: “Nobody told us we could do this” (Eich 2022, 141). Patman has been criticized for failing to develop a sophisticated monetary alternative (Weintraub 1977). Yet seen in the context of the postwar period, his failure was rather to have tried at all. While there had been a long tradition of self-taught monetary theorists whose day job as a merchant, doctor, or politician (Sklansky 2017), the postwar system afforded epistemic privilege to academic economists. Whereas they had been accorded little attention in the press earlier (Feinig 2022, 116), journalists of the 1950s and 1960s routinely canvassed academic economists on monetary policy. These economists, in turn, took to discrediting monetary thought from outside their ranks—the standard reference work *New Palgrave Dictionary of Economics* contained an article on “monetary cranks.” Whatever elaborate ideas politicians had on a topic such as money, they were now being taken more seriously by the public if they kept those ideas to themselves or cloaked them in the respectable garb of a quotation from economists. The politicians who deregulated the airline industry, for example, put little emphasis on developing their own theory of market power but instead excelled in using a scandal to push through those ideas from economists they favored (Schiller 2019). While potential allies for Patman were a minority in the economics discipline, they existed.

Grassroots Allies. For much of the 19th century and into the 1930s, the democratic contestation of money had vocal constituencies in organized farmers and labor unions (Sanders 1999). Under the New Deal regime, both groups gained footholds in the state structure but paid for this increased stability by narrowing their focus from broad economic questions to interest-group politics. During the Great Depression, Patman had collaborated with veterans of World War I, who marched on Washington, DC to have their remaining compensation paid out early (Ortiz 2009). Association with this movement gave Patman a prominent platform for monetary reform, as he demanded that the state should create a new type of money to pay the veterans. After World War II, the generous G.I. bill meant that Patman had no similar constituency of veterans. However, a number of activist groups mobilized around issues that were immediately adjacent to and could plausibly have been transformed into a popular politics of money. These groups demanded more housing, fair access to credit, and economic empowerment of African Americans (Baradaran 2017; Hyman 2011; Krippner 2017; Marchiel 2020). Yet the approaches used by these groups, often modeled on Saul Alinsky and Ralph Nader, focused on the direct point of contact between consumer and company, leaving the broader financial structure and in particular the monetary order just beyond reach. Even the World War I activists, often described as Patman’s allies, had given up on his monetary reform plans when the government promised them to pay them in regular currency (Ortiz 2009). Similarly, the interwar movement for pensions had jettisoned the monetary-reform aspect of its initial plan (Amenta 1998). In light of such negative experiences with activist groups, Patman’s choice to reach citizens directly with his publications and hearings on money seems like a highly risky but not entirely baseless gamble.

Elite Politics. Under the U.S. political system, an obligatory passage point for monetary reform are the Banking Committees of Congress, with the one in the House of Representatives traditionally the one more open to a democratic politics of money. As the chairman of that committee, Patman was in the best possible position for the period when money markets grew. Yet the absence of allied social movements and the virtual disappearance of money from electoral politics meant that the House Banking Committee could not serve as a conduit for forces generated outside of it; instead, Patman tried to turn the committee into a generator of public debate. This attempt ran head-long into the institutional structure of modern Congress. Patman's committee hearings were the opposite of the tightly choreographed January 6 hearings in 2022 that provided the public with a clear storyline. Patman's attempts to translate witness statements into the language of a popular politics of money were regularly interrupted by other committee members, who could each take their turn under Congressional rules. Many members of his committee questioned the urgency of the monetary issues raised by Patman as long as there was no financial crisis. During a financial crisis, however, they narrowed Patman's hearings and draft bills from broad monetary reform to the reallocation of credit within the existing monetary system. In this way, Patman's 1966 attempt to outlaw a new money market product—the negotiable certificate of deposit—ended up circumscribed as a bill that marginally eased credit provision for mortgages.

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