

***Fractals of Governance: Governing the Economy at the Limits of Systemic Risk***

Upon becoming the Federal Reserve Chairman in 1970, one of the first order of business Arthur Burns undertook was to create a Financial Emergency Lending Program to manage bank failures that posed systemic risk to the financial system. Ever since the idea of systemic risk and the Fed's "bailout" of the American economy's largest banks have remained controversial and yet understudied issues. I am applying to the History of Economics Society's Early-Career Scholars Research Fund to conduct research on this momentous topic in the history of macroeconomic ideas. The research will focus on the papers of Fed Governors George Mitchell and Andrew Brimmer who played key roles in the creation and deployment of the Emergency Lending Program between 1966 and 1973. The research will take place at the Harvard Business School Archives and the John F. Kennedy Presidential Library in Boston and Cambridge, Massachusetts.

The research will be conducted for a book manuscript I am currently working on, entitled *Fractals of Governance: Governing the Economy at the Limits of Systemic Risk, 1922–2012* (contract under external review at MIT University Press Infrastructures Series and the series editors, Paul Edwards and Geoffrey Bowker believe the work will be an important book). In this book, I examine the emergence of systemic risk as a governmental problem. I argue that systemic risk is neither merely real nor simply constructed; instead, it is a policy idea that has been gradually problematized within a conception of the economy as composed of vital economic systems that need to be made resilient.

Systemic risk, thus, is at once an old and a novel contemporary problem. It is old, because it is the problem—also known as the business cycle—around which the macroeconomic state was built in the interwar years as a set of aggregative knowledge infrastructures for measuring, evaluating, and mitigating the economy's propensity to collapse in terms of intersectoral imbalances. Yet, systemic risk is also novel, because in the 1970s it was remapped onto finance as the Federal Reserve took over macroeconomic management and turned the financial system into a critical credit infrastructure for managing growth.

The evidence gathered from Brimmer and Mitchell papers will be invaluable for the key chapter of *Fractals of Governance* on the remapping of systemic risk onto finance by the Fed in the postwar period. In this chapter, I trace the problematization of systemic risk by a small group of macroeconomists within the Fed Board between the 1966 liquidity crunch in money markets and the collapse of Franklin National Bank in 1973. Appointed by Presidents Kennedy and Johnson in 1961 and 1965 respectively, Mitchell and Brimmer were the first governors on the Fed Board that were trained in modern macroeconomics—Brimmer, who was trained by Alvin Hansen and Wassily Leontief at Harvard, was not only the first governor with an economics Ph.D., but also the first African American Fed governor. And more importantly, were they not only instrumental in reframing Milton Friedman's idea of "general liquidity crisis" vis-à-vis business cycle depressions into our contemporary conception of systemic risk around the concept of "limited liquidity crisis." But they were also the ones who were in charge of the creation of the Fed's Emergency Lending Program to manage such crises in money markets in the name of mitigating systemic risks that the collapse of a bank in interbank markets would trigger.

In Brimmer and Mitchell papers, I will seek answers to a series of key questions on the relationship between the rise of the Fed as the primary locus of macroeconomic governance in this period and the problematization of systemic risk as a central governmental problem for the Fed as a macroeconomic institution: How did Fed economists come to see the Fed as a macroeconomic institution and how did their view of finance change as a result of this? What role academic economists played in this transformation? Furthermore, how did they come to think of liquidity crunches in money markets in terms of systemic risk? And even more importantly, why did they decide to address this problem by creating an emergency lending program, as opposed to introducing regulations that would reduce such risks?

I expect the research to take place in July, 2019; I will spend two weeks in Brimmer papers and one week in Mitchell papers. Mitchell and Brimmer papers—the latter opened for research only in January 2018—contain a total of 720 folders in 188 boxes (571 folders in 162 boxes and 149 folders in 26 boxes respectively) that are directly relevant to my research. For the research trip I am budgeting a total of \$1500—\$300 for airfare and \$1200 for accommodation for 14 days—and neither institutions are offering research grants.

## Onur Özgöde

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### ACADEMIC POSITIONS

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- 2017– Postdoctoral Fellow, Department of Sociology, Northwestern University  
2016–17 Research Fellow, Center for the History of Political Economy, Duke University  
2015–16 Postdoctoral Residential Fellow, Institute for Global Law and Policy, Harvard Law School

### EDUCATION

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- 2015 Ph.D., Sociology, Columbia University, New York, NY  
2007 M.A., Sociology, Columbia University, New York, NY  
2005 B.S., Engineering and Management Systems, Columbia University, New York, NY  
Minor in Economics

### PUBLICATIONS

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#### Published Articles

Onur Ozgode. 2011. “The Emergence of Systemic Financial Risk: From Structural Adjustment (Back) to Vulnerability Reduction,” *LIMN*. (2): 27–29.

#### Book Manuscript

Onur Ozgode, “Fractals of Governance: Governing Systemic Risk at the Limits of Neoliberalism, 1913–2010.”

Under External Review for Book Contract for the MIT University Press’s Infrastructures Series.

#### Works Under Review

Onur Ozgode, “The Emergence of Systemic Risk: Federal Reserve, Bailouts, and Monetary Government at the Limits (*Socio-Economic Review* – Revise & Resubmit, Passed Second Round Review).

Onur Ozgode, “Nominal (Im)Balances of the National Economy: Birth of the Economy as Balance of Flows” (*History of Political Economy* – Revise & Resubmit).

#### Works in Progress

Onur Ozgode, “Resilience Governmentality: The Genealogical Origins of Systemic Risk Regulation as a Hidden Facet of Liberal Government” (Target Journal: *Economy and Society*).

Onur Ozgode, “Logistics of Survival: Invention of Resilience Approach to Macroeconomic Governance,” (Target Journal: *Theory and Society*).

### INVITED TALKS

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- 2018 “The Emergence of Systemic Risk: Federal Reserve, Bailouts, and Monetary Government at the Limits,” Sociology Department Colloquium, Northwestern University, Evanston, IL.  
2017 “Fractals of Governance: The Emergence of Systemic Risk as the Black Matter of Macroeconomic Governance, 1910–2010,” Klopsteg Lectures, Science in Human Culture, Northwestern, Evanston, IL  
2016 “The Emergence of Systemic Risk as a Limit of the Monetary Government,” Department of Accounting, London School of Economics, London, UK  
2015 “The Emergence of Systemic Risk as a Pathology of Monetary Government,” Program on Science & Technology, Harvard Kennedy School, Cambridge, MA  
2015 “The Emergence of Systemic Risk as a Pathology of Monetary Government,” Institute for Global Law and Policy, Harvard Law School, Cambridge, MA  
2015 “The Emergence of Systemic Risk as a Pathology of Monetary Government,” Center for the History of Political Economy Colloquium, Duke University, Durham, NC

**CONFERENCE PAPERS**

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- 2018 “Logistics of Survival: Invention of Resilience Approach to Macroeconomic Governance,” Social Science History Association, November 9, Phoenix, AZ
- 2018 “Logistics of Survival,” Historical Sociology Section Mini-Conference: The Crisis of History and the History of Crisis, Philadelphia, PA.
- 2017 “Logistics of Survival,” *Annual Meeting of the Society for Social Studies of Science (4S)*, Boston, MA.
- 2017 “The State in the Mirror of the Economy: National Income & Products Accounts System as an Assemblage of Macroeconomic Interface,” *Beyond Positivism Conference*, Montreal, Canada.
- 2017 “Logistics of Survival,” History of Political Economy Colloquium, Center for the History of Political Economy, Duke University, Durham, NC.
- 2016 “Nominal (Im)Balances of the National Economy: Birth of the Economy as Balance of Flows,” Center for the History of Political Economy Colloquium, Duke University, Durham, NC.
- 2016 “The Construction of Systemic Risk as a Pathology of Monetary Government of the Economy,” *Historicizing “the Economy”*, Harvard University, MA.
- 2016 “The Construction of Systemic Risk as a Limit of Neoliberalism,” *Can Historical Sociology Save the World?*, Comparative Historical Sociology Section Pre-ASA Mini-Conference, Seattle, WA.
- 2016 “The Construction of Systemic Risk as a Limit of Neoliberalism,” Economic Sociology Section, ASA Annual Conference, Seattle, WA.
- 2016 “Governing the Economy at the Limits of Neoliberalism,” Workshop on Political Economy, Hoover Institution, Stanford University, Palo Alto, CA.
- 2015 “The Emergence of Systemic Risk,” Economic History Workshop, YSI Economic History Working Group (Adam Tooze), Institute for New Economic Thinking, New York, NY.

**FELLOWSHIPS, GRANTS & AWARDS**

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- 2017–19 Postdoctoral Fellowship, Science in Human Culture, Northwestern University
- 2017 Research Grant, Roosevelt Presidential Institute (\$1,100)
- 2016 Research Grant, Eisenhower Presidential Foundation (\$1,000)
- 2016 Research Grant, Harry S. Truman Presidential Institute (\$2,100)
- 2016–17 Research Fellowship, Center for the History of Political Economy, Duke University
- 2016 Research Grant, Gerald R. Ford Presidential Foundation (\$1,500)
- 2016 Research Grant, Hoover Institution Library & Archives, Stanford University (\$2,500)
- 2016 Event Grant, Institute for New Economic Thinking; Co-PIs: Adam Leeds & Dan Hirschman (\$5,000)
- 2016 New Initiatives Grant, History of Economics Society, Co-PIs: A. Leeds & D. Hirschman (\$5,000)
- 2015–16 Postdoctoral Fellowship, Institute for Global Law & Policy, Harvard Law School
- 2012 National Science Foundation Research Grant Beneficiary, PIs: Stephen Collier, New School University, and Andrew Lakoff, University of Southern California
- 2005–10 Paul Lazarsfeld Distinguished Fellowship, Graduate School of Arts & Sciences, Columbia University

**COMPETITIVE WORKSHOPS & SEMINARS**

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- 2016 Workshop on Political Economy, Hoover Institution Library & Archives, Directed by Jennifer Burns, Stanford University
- 2015 History of Economic Thought Summer Institute Seminar, Center for the History of Political Economy, Duke University