

Bank on It?

February 2, 2018

It took me a moment. And I assure you, I wasn't high.

When I read that California State Treasurer John Chiang was considering a "marijuana bank," my first thought was that he was talking about warehousing bud and leaf.

Well, no. That would be stupid.

So, maybe reporters and bloggers shouldn't call it a "marijuana bank." What these government officials are doing is trying to determine "the potential of a public bank to service the cannabis industry in California."

A state bank, in other words. Not unheard of.

But would it be stupid?

So of course a Californian politician wants to solve a government-induced problem by creating more government.

Not according to Treasurer Chiang.* But his notion is not just about serving an industry that the federal government still tries to suppress — and continues to use its regulatory powers over banks to monkey-wrench.



Chiang defends his move in part on anti-capitalist grounds: "We see deepening public dissatisfaction and cynicism over the private banking system — a dissatisfaction that can be traced to the financial excesses of Wall Street, which triggered the worst recession since the Great Depression."

Was the financial crisis the result of "bad actors" in the industry alone? No. The American banking industry is heavily regulated, the government-created Federal Reserve is very hands-on in its control of money and banking, and federal regulatory and financial bodies have exerted similar influence over housing industry financing for scores of years.

So of course a Californian politician wants to solve a government-induced problem by creating more government.

That's what's stupid, if you ask me.

This is Common Sense. I'm Paul Jacob.

** He's going forward with a big study to "answer questions about costs, benefits, risks, and legal and regulatory issues, including the needs for capitalization, deposit insurance, and access to interbank transfers of funds."*