

- *Price Stability.* Rajan's 2021 lecture analyzed the Fed's newly adopted framework of average inflation targeting, noting that "a key element of the Fed's new framework was that it would no longer be preemptive in heading off inflation ... Since the period over which the average was taken was undefined, the Fed could allow higher inflation for a while and not be criticized for falling behind the curve" (p. 80). Rajan's concerns were validated soon thereafter: The Fed's policy stance remained extraordinarily accommodative throughout 2021, even as inflation surged far above the Fed's target.
- *Financial Stability.* After noting that QE boosts commercial banks' reserves held at the central bank, Rajan's 2021 lecture stated: "Specifically, commercial banks finance reserve holdings with wholesale deposits, which can turn into claims on liquidity in periods of stress" (p. 89). That diagnosis also proved prescient: two regional US banks failed in early 2023, and the Fed and the Treasury were forced to take unprecedented action to forestall massive runs on uninsured deposits.
- *Fiscal Costs.* Rajan's analysis underscores how QE shortens the maturity of government debt held by the public, because the central bank uses short-term liabilities to fund its purchases of longer-term securities. Thus, his 2021 lecture predicted that "when rates move up, the Fed itself will have to start paying higher rates, reducing the dividend it pays the government and increasing the size of the fiscal deficit" (p. 85). That risk materialized a year later when the Fed's net interest income turned negative and it halted dividend payments to the US Treasury; indeed, balance sheet projections indicate that the Fed's latest QE program is likely to cost US taxpayers more than \$1 trillion over coming years.²

Another recurring theme in Rajan's lectures is the rationale for systematic and transparent

monetary policy frameworks. Rajan's 2013 lecture flagged this issue in the context of analyzing cross-border spillovers of unconventional policies, while his 2018 lecture focused on "rules of the monetary game" that could strengthen the international monetary system.³ Rajan's most recent lecture highlighted the risk that opaque and discretionary policies could open the door to political interference: "Put differently, one of the benefits of a clear inflation-targeting framework is that the central bank has political cover to react quickly to rising inflation. With the changed framework, that is no longer true" (p. 84).

The bottom line is that Rajan's book is insightful, engaging, and highly relevant in considering key developments over the past decade as well as ongoing debates about the design of monetary policy frameworks. Moreover, its contents are nontechnical and accessible to nonspecialists, and hence this volume could easily be used in an undergraduate course to give students a better grasp of the practical challenges of monetary policymaking.

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The Golden Passport: Global Mobility for Millionaires. By Kristin Surak. Cambridge: Harvard University Press, 2023. Pp. 325. \$35.00. ISBN 978-0-674-24864-9, cloth. (JEL F53, J18, K37)

²See Levin, Lu, and Nelson (2022) and Levin and Skinner (2023).

³John B. Taylor's lectures on this topic were published in the preceding volume in the Karl Brunner Distinguished Lecture Series; see Taylor (2019).

Citizenship is a strange good. At its root, it is a legal status, connecting individuals to a state. Usually, it is conferred at birth. Citizenship gives individuals some rights; to live in a country or to travel to others with relative ease. The value of these rights differs, creating demand among the well-off for “better” citizenships. Some countries—usually microstates with few other sources of revenue—cater to this demand and sell their citizenship. Around 50,000 individuals take advantage of these programs and acquire new citizenship—a market with about \$4 billion in turnover a year.

Research has largely ignored this fascinating market. *The Golden Passport*, by Kristin Surak, fills this gap. Based on interviews and years of fieldwork, she explores the supply side (the microstates offering their citizenship for sale), the demand side (the rich from different countries buying citizenship for various motives), and the intermediaries (the firms that created and maintain the market).

The Golden Passport is at its strongest describing the supply side. In the first half, the book provides a fascinating history of how the first formalized program came into being in Saint Kitts and how the idea spread to other countries (among others, Dominica, Antigua, Vanuatu, Cyprus, and Malta), each implementing it in its own way. The reader learns how the different programs work, all illustrated by personal stories so that the book is not only fascinating but also fun to read. Surak has lots of sympathy for the microstates she studies, repeatedly pointing out the few economic alternatives these countries have. However, she also does not shy away from pointing out problems, in particular with corruption.

Her rapport with the countries offering citizenship by investment (CBI) also becomes clear when she describes the conflict between the European Union and Malta as well as other EU member states or accession candidates. A large part of the value of a Maltese or Cypriot passport stems from it being an EU passport: it gives full freedom of movement. Any revenue from selling the passport, as well as the associated investment, goes to the individual country. As Konrad and Rees (2020) argue, if a country sells its citizenship, it imposes an externality on other EU members, leading to economic inefficiency. While

some legal scholars (see, e.g., Carrera 2014) support the EU's pressure on CBI programs, Surak is here clearly in favor of the CBI countries.

The Golden Passport also provides some estimates on whether the programs pay off for the countries offering them, showing that they are a significant source of revenue, accounting for over 20 percent of GDP in Dominica and 10 percent in Saint Kitts. As a sociologist, Surak approaches this chapter differently than an economist would, including fascinating case studies (CBI financed one of the ten best luxury eco-resorts in the world), but shying away from clearly defining a counterfactual on which to base the analysis. Nevertheless, a great starting point for any macroeconomist studying these tiny states!

The interview-based methodology is not suited to giving a full picture of the demand side. It does, however, give valuable insights into some individuals' motives for becoming investor citizens. Based on interviews with eleven investor citizens and nine individuals shopping for options, Surak identifies different motives for acquiring citizenship by investment: The most common motive is mobility, especially for individuals with passports that make it hard to travel internationally, such as Iranians, but also Chinese and Russians. Businesspeople and well-off individuals traveling a lot, especially at short notice, find it easier to do so on a Caribbean passport that offers visa-free access or ten-year multiple-entry visas for many countries. For others, in particular the Bidoon (“without papers”) people in the United Arab Emirates, CBI is the easiest option for obtaining a passport. Others hope for better job prospects or business opportunities with their new passport.

Lowering taxes is cited mostly as a motive for Americans, who are taxed on their worldwide income and thus have to pay taxes in the United States if they exceed certain income thresholds, even if they do not live in the country. Surak is relatively dismissive about tax evasion and money laundering as motives for CBI, although my own research has shown a rather substantive link between CBI programs and funds held in tax havens (Langenmayr and Zyska 2023). Here, her argument follows the official line of the microstates: CBI on its own does not change tax

residency; individuals still have to declare their capital income in the country where they are liable to pay tax. However, in practice, CBI can be used to circumvent tax information exchange, thus facilitating tax evasion. Therefore, while CBI is indeed not necessary to evade taxes, it still provides a means to do so—and one that is used. It is not surprising that such motives do not show up in the interviews. In addition, the interviewees are certainly not representative of the buyers.

The Golden Passport also gives insights into the “citizenship industry,” from the international consultancies to the local agents that submit files. Some of these firms helped to create the market and set up the first CBI programs. This special industry is well-described and surely an interesting read for any industrial organization economist.

In all, the book is great reading for anybody studying the offshore world. It provides valuable insights for those interested in microstates and their economic options. For anybody starting a research project on CBI programs it is a must-read—I wish it had been around when we started on Langenmayr and Zyska (2023)!

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Hope and Healing: Black Colleges and the Future of American Democracy. By John Silvanus Wilson, Jr. Cambridge, MA: Harvard Education Publishing Group, Harvard Education Press, 2023. Pp. xvii, 255. \$38.00. ISBN 978–1–68253–804–3, pbk. (JEL D72, I23, J15, N32)

Hope and Healing is one of several recent books to examine the role that historically Black colleges and universities (HBCUs) have served in

the past and might serve in the future in the landscape of US higher education.¹

John Silvanus Wilson, formerly president of Morehouse College, as well as an administrator of institutional advancement at the Massachusetts Institute of Technology and Executive Director of White House Initiative on HBCUs, proposes to examine the past and future role of HBCUs from several perspectives: (i) the difficult birth of HBCUs, (ii) the human aspiration of HBCUs, (iii) the unfinished business of HBCUs, (iv) the fluttering veil over HBCUs, and (v) The messianic promise of HBCUs.

The nation’s 100-plus HBCUs constitute a diverse group of institutions, including public and private, four-year and two-year schools, coeducational and single-sex institutions, research universities, and professional schools, and vary in size from several hundred students to over 10,000 (Betsey 2008). In the 2020–21 academic year, HBCUs accounted for 13 percent of bachelor’s degrees awarded to African Americans, 5 percent of master’s degrees, and 10 percent of doctorate degrees.²

Wilson briefly outlines the history of HBCUs and their continuing struggles for survival. As the subtitle suggests, Wilson argues that HBCUs have had an important role in bolstering American democracy and will, given the right circumstances and financial support, continue to do so in the future.

The introductory chapter, titled “The Contradictory Thing,” quotes Mordecai Wyatt Johnson (the first African American president of Howard University), who urged in a 1928 report that:

Negroes must do a contradictory thing: they must work with all their might against segregation, and at the same time strengthen their so-called segregated institutions as if they expect them to last forever. They must insist that the doors of Harvard and Yale be kept open to Negroes and at the same time build up Howard and Lincoln as if there were no Harvard and Yale (p. 1).

¹Another recent example is *Vital and Valuable: The Relevance of HBCUs to American Life and Education* (Koch and Swinton 2023).

²See <https://nces.ed.gov/fastfacts/display.asp?id=667>.

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