A Federal Reserve Reform Agenda: Eight Recommendations

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September 2020

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Acknowledgments

The author thanks Bharat Ramamurti, Matt Hughes, Michelle Sternthal, and J.W. Mason for their thoughtful comments and insight. This research was made possible with generous support from the Democracy Alliance.

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INTRODUCTION

The Federal Reserve will play a central role in determining the extent of the recovery from the current COVID-19 recession, as well as where the economy ends up afterwards. Though it is so important, it is rarely a focus of policymaking and reform. This must change in order to address our needs and build the kind of robust economy that works for everyone. There are also many lessons to be learned from recent experience, and numerous objectives to prioritize in order to accomplish this.

As the country's central banker, the Federal Reserve determines the conduct of monetary policy. This is different from the spending associated with fiscal policy. Fiscal policy remains the most important lever for determining how robust the recovery is, and monetary policy cannot replace immediate cash to boost families, the unemployed, struggling businesses, and state and local governments. The Federal Reserve itself is clear on this, as are leading economic commentators. Yet monetary policy plays an important role in all of these and, as we will see, begins to blur into fiscal policy given the low interest rates we've faced in the past decade.

The Federal Reserve has been and will be vital in addressing multiple economic crises. Next year, the immediate crisis of the COVID-19 pandemic will continue, with unemployment still high and insufficient private demand and investment to get us to full employment. Worse, there looks likely to be a "k-shaped" recovery, in which stockholders, professionals, and wealthy individuals recover quickly, while workers in service and essential industries struggle under dangerous conditions. The long-standing crisis of structural racism, which has created systemic wealth, income, and opportunity gaps for people of color (Flynn et al. 2018), has only amplified that dynamic. Meanwhile, the climate crisis threatens our entire planet and has impacted our daily lives more and more each year—from tropical storms to wildfires.

The Federal Reserve must play a major role in addressing each of these crises. Yet the Fed also stands at a crossroads. It has essentially admitted that its previous policy of focusing too tightly on inflation, and not sufficiently on full employment, has caused unemployment to be higher late in recoveries

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than it should have been otherwise. It has also been given tools by Congress to help bolster the states, backstop small businesses, and lend directly to the corporate sector during this pandemic. This should have forced it to modernize its toolkit, as other central banks have done in our time of low interest rates. But it has instead largely hesitated, with too-strict terms and conditions on potential loans, and with its programs not sufficiently scaled to do what they need to do. It also isn't in a position to directly administer money to individuals, through checks or unemployment insurance. Any successful recovery will need the Fed to step up in precisely this direction, directly providing funding to essential programs and goals.

To address these concerns successfully, the Federal Reserve must do the following:

1. Expand a policy and research agenda prioritizing racial equity.
2. Make institutional fixes to the Federal Reserve itself.
3. Provide postal banking services with FedAccount backing.
4. Offer clear and direct support for public lending.
5. Lend directly and aggressively to businesses.
6. Lend more aggressively to states and municipalities.
7. Fix corporate governance and the financial sector to discourage short-termism.
8. Helicopter money toward recovery and climate change.

The first three represent structural changes that must be made to the Federal Reserve itself, shifting its mission, structure, and services to better align with the country as a whole. Most of this requires congressional action, but the Fed can take important steps. Recommendations four through six are what the Fed must do in order for the country to get out of the immediate crisis. These can largely be carried out through its already existing powers and resources. The final two recommendations are long-term solutions that will ultimately determine the ability of the Fed to secure lasting prosperity.

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PROGRESS MADE TO DATE

To understand where we need to go next, it's helpful to understand the past decade of macroeconomic stabilization. From the Great Recession until recent policy shifts, the Fed faced two serious criticisms: 1) The Fed's fear of unemployment getting too low caused it to back away from expansion far too early, and 2) the focus on a narrow toolkit for monetary policy limited its ability to directly impact the recovery.

Unemployment

Those low-unemployment fears had major detrimental effects. The Fed started raising rates too early, with worries that inflation would come as unemployment approached the 5 percent mark. Yet unemployment reached 4 percent and below from March 2018 until the crisis, six months of which were at the 3.5 percent level, without any increase in inflation. The Fed itself was downgrading its estimates of the natural rate of unemployment in real time, to no avail, as the reality always ended up with both lower unemployment and inflation than they had expected. This should substantially change how we view the trade-off between inflation and unemployment, and leads us to believe that unemployment can remain far lower than previously thought—to the benefit of both workers and the economy as a whole.

Federal Reserve Chair Jay Powell argued as such, noting in a much-anticipated August 2020 speech that the Fed's "persistent undershoot of inflation from our 2 percent longer-run objective is a cause for concern." Noting the impact this has on communities of color and workers in general, he added, "With regard to the employment side of our mandate, our revised statement emphasizes that maximum employment is a broad-based and inclusive goal. This change reflects our appreciation for the benefits of a strong labor market, particularly for many in low- and moderate-income communities" (Powell 2020).

Credit Policy

Meanwhile, the tools the Fed uses expanded significantly during this crisis—a return to the scope of previous regimes at the Fed. Historically, macroeconomic-demand management by central banks has involved a much broader range of both goals and tools compared to what is used today (Epstein 2006). Yet this has narrowed in recent decades. The ideas that dominated monetary policy in the decades before the Great Recession and through much of the 2010s were as follows: Monetary policy consisted of the manipulation of a single instrument—an overnight interbank interest rate instrument. This instrument was meant to manage one or, at most, two targets: a single inflation rate and perhaps also an unemployment rate. In the consensus view, setting a single overnight interest rate at the appropriate level would be sufficient to stabilize inflation, output, and unemployment at socially desirable levels, and this would be consistent with stable trajectories for debt and asset prices as well. Macroeconomists believed that the economy was characterized by something close to the "divine coincidence"—that full employment, maximum sustainable growth, and stable inflation go together with no trade-offs between them (Blanchard 2016). In theory, if the policy interest rate was set at the right level, the central bank would achieve all that could be asked from it as far as the macroeconomy was concerned.

This has changed dramatically in the past decade. First, the Fed could no longer do the work necessary to create full employment by manipulating a single rate, as it was locked by the zero-lower bound on short rates. There were four options to turn to given this lower bound. The first, negative rates, proved unpopular and perhaps unlikely to work, and they were never seriously tried. The second, intervening on the long-term interest rates through the purchase of long-term bonds, described as "quantitative easing" (QE), was put into place early in the crisis. The record here was quite successful. A range of studies looking both at the United States and abroad have found that purchases equal to 10 percent of GDP have a median effect of reducing long rates by 50 basis points (Gagnon 2016). Next was the third option, setting long-term expectations by committing to certain metrics and targets, using guidance

about potential future rates to try and impact the current situation. The record is mixed as to how well these worked to boost the economy.

Yet the fourth option, direct credit policy, was never really attempted outside the crisis, even as peer countries like Japan and England moved in this direction. In response to the market turmoil following the surprise Brexit vote, the Bank of England announced a purchase of up to £10 billion of corporate bonds. Subsequent research found that eligible bonds had a reduction of up to 13—14 basis points (Boneva, de Roure, and Morley 2018).

There's a good reason that the Federal Reserve should play a role when it comes to credit policy and climate change. The mix of assets purchased by the central bank inevitably affects the kind of credit created, as well as its volume. This was most visible during the previous financial crisis in the Great Recession. During 2007 and 2008, it was the decisions of the Fed that determined which troubled financial institutions would survive, and, when the commercial paper market that provides short-term financing to the nation's largest corporations had essentially ceased to function, the Fed stepped in to replace private lenders. By making loans directly to nonfinancial, as well as financial, businesses that had previously borrowed in the commercial paper market, the Fed effectively replaced private banks as the source of short-term loans for corporate America. During the slow recovery that followed, the Fed continued purchasing large volumes of mortgage-backed securities, as well as longer-dated treasuries through the QE programs. The explicit logic of these policies was to induce private financial institutions to hold a different mix of assets than they would have chosen on their own—ultimately, in the hopes of financing activities that would eventually boost aggregate demand.

For many—both inside and outside the Fed—these kinds of large-scale asset purchases represent undesirable "distortions" of financial markets. But, as Bernanke's *Monetary Policy in a New Era* (2017) notes, these criticisms are incoherent. Since the goal of all monetary policy is to "set financial conditions consistent with full employment and stable prices," it is always going to produce a different pattern of asset prices and yields than it would have obtained otherwise.

And in any case, there is no such thing as "undistorted" values of interest rates, term, risk premia, etc.; these are always influenced by the policy choices of both the central bank and the elected government. This paper suggests that the interventions of the crisis should not be seen as anomalous, but rather should lead us to adjust our view of central banking in "normal" times. We should adopt a more expansive—and thus more realistic and more politically productive—view of the central bank's role in directing credit and shaping outcomes in financial markets. The crisis and the response to it are not exceptional. They reflect the need for, and reality of, conscious planning in financial markets. In the words of Bagehot: "Money will not manage itself."

FEDERAL RESERVE REFORM AGENDA

We must maintain and expand the gains made over the past decade. But it's important to go further. Here is a list of essential items to consider.

1. Expand a Policy and Research Agenda Prioritizing Racial Equity.

In recent years, there's been a renewed focus on structural racial inequality, from the effects of mass incarceration to the persistence of the wealth gap. Recent focus has looked to the Federal Reserve as an institution that, by not prioritizing full employment sufficiently, has contributed to this racial inequality. Most notably, since the Black unemployment rate is generally twice the level of the overall unemployment rate, periods of high unemployment disproportionately impact Black people in particular (Bernstein and Jones 2020). The Federal Reserve, on its own but with a push from Congress as necessary, should seek to reduce racial inequality.

There are multiple ways the Fed could do this, but three immediately stand out. The first is to commit to targeting Black unemployment as a key metric in determining the overall health of the labor market, either combined with overall unemployment or as a supplemental measure. The slack in the

economy caused by structural racism is often ignored or otherwise excluded from the conversation, but the ability to collapse unemployment gaps between white people and people of color is something that has never been properly tried.

Second, the Federal Reserve is one of the major data clearinghouses in the country. Its staff of over 400 PhD economists creates definitive data sets on everything from the aggregate financial flows in the country to the distribution of wealth. They should immediately move to create new, definitive data sets to help researchers and academics from across the social sciences study the ways in which systemic racism functions economically. There should be outreach to leading scholars in the field in order to learn what data could best guide research and work from there. Much of the debate—from the racial wealth gap to unequal lending terms—takes place in the context of limited data that many experts and activists can't expand on their own, given limited resources and the difficulty in assembling and cleaning data. Unique among government agencies, the Fed can open up new fields of research and must take a leading role in this.

Third, the Federal Reserve is a major employer of economists and purchases a significant amount of goods and services from the broader community of experts. Fed hiring, directly and indirectly, plays an important role in certifying and building the network of economists who shape debates about the economy—not just here but globally. As such, the Fed should focus on hiring more experts of color and women, and ensure a workplace environment that is encouraging and promoting. The economics profession is currently dealing with racism and misogyny within its ranks. The Fed, as a leading employer and standard setter, can take a role in changing this.

2. Make Institutional Fixes to the Federal Reserve Itself.

Even as all these programs and goals are prioritized, little will change unless the Federal Reserve itself changes. Here, there are a series of reforms that will help democratize the Fed structure itself. The Federal Reserve grew out of a regional banking system that no longer existed, in a period when the execution of macroeconomic policy was still in its infancy. These changes will largely modernize the

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Fed so that it functions like other institutions, while also ensuring it is more responsive and accountable to the people of the United States.

The most comprehensive version of reform is outlined in Haedtler, Levin, and Wilson's *Making the Federal Reserve Fully Public: Why and How* (2016). In it, they propose making the Federal Reserve a fully public institution, with members selected by open and transparent processes. Right now, the process by which members of regional banks are selected is far too opaque and reflects local business interests that often diverge from the interests of the country as a whole. To increase transparency, the Federal Reserve should be subject to reviews by the Government Accountability Office and be subject to the Freedom of Information Act. These pragmatic and nonpartisan reforms will make the institution itself work better, enabling it to better execute this necessary agenda.

3. Provide Postal Banking Services with FedAccount Backing.

Right now, there is a tiered financial system, with access to banking services for those with high and steady incomes, and a patchwork of predatory and inconsistent financial services for everyone else. This not only preys on poor people but impacts our ability to address macroeconomic crises. Fortunately, Congress can fix this immediate problem, while simultaneously addressing structural flaws in our financial system, by creating a system of postal banking accounts implemented through the Federal Reserve (Baradaran 2013; Ricks, Crawford, and Menand 2018). Postal banking, executed with a backend of what are referred to as "FedAccounts," would be a public option for basic banking services. In the short term, these changes would be a seamless and effective way to deliver stabilization funds. In the longer term, they would remedy long-standing systemic problems that have disproportionately burdened low-income communities, ultimately bringing about transformational change to the American monetary-financial system.

Postal banking with Federal Reserve implementation would entitle all US citizens, residents, and domestically domiciled businesses and institutions to open an account with the Fed. Because of the Federal Reserve, they would have instant clearing and no risk of runs, eliminating the need for

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deposit insurance. They would have no interchange fees, minimum-balance requirements, or other hidden costs, and no one would be denied access for profitability considerations. Payments between these accounts would clear in real time, just like interbank payments processed by the Fed.

Running this system through the United States Postal Service would also ensure that the retail experience is accessible for most people. In every area, there remains a well-maintained post office that has a good working relationship with communities. Postal banks have a long history both in this country and in other countries, and they do significant outreach and relationship-building with immigrants and other communities of color. Having a non-predatory environment to ensure anyone anywhere can walk into a building and get financial services is essential to a healthy and just economy. The effects would be transformative: expanding financial inclusion, supporting small businesses, and creating long-term structural change for our economy.

4. Offer Clear and Direct Support for Public Lending.

The Federal Reserve should be explicit about providing support for public borrowing in order to tackle this recovery, as well as combating climate change and additional challenges we face. It should more forcefully encourage the government to employ countercyclical fiscal policy along with monetary policy. While it has taken steps in this direction, it should go further: commit to purchasing additional debt issued to solve these problems in a formal application of "helicopter money."

"Helicopter money" is one of the most widely discussed alternatives to conventional monetary policy, and the term tends to be used in four different dimensions. There's the quantitative easing and fiscal expansion, which are already being done; direct cash transfers to governments; haircuts on central-bank debt; and direct cash transfers to households. In general effect, the government increases public spending in the usual way, but instead of issuing bonds to the public to pay for it, the government issues the bonds directly to the monetary authority, which purchases them with newly created money.

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As analysts at Deutsche Bank recently argued before the pandemic, "Taking all of this together, we believe that helicopter money could be highly effective if properly deployed, especially in conditions akin to a liquidity trap in many countries. Direct payments to lower- and middle-income consumers would likely have more impact than other forms of spending, though federal spending could be useful if targeted appropriately" (Reid et al. 2019).

This is, in some ways, a continuation of current policy. While the merits of this policy have been extensively debated, the extent to which current US policy already looks like this is much less widely recognized. Between 2010 and 2016, the Fed increased its holdings of Treasury debt by nearly $2 trillion. This represents approximately 30 percent of total federal borrowing during this period. In other words, while economists debate the theoretical merits of helicopter money, it has already been in substantial use.

The reason that this extraordinary shift toward monetary finance of public spending has received so little attention is that the policy has never been described as such. What quantitative easing actually consists of is large central-bank purchases of public debt, or, in other words, central-bank loans to the federal government. It follows that if the federal government faces any kind of financial constraints, QE must have gone a long way to removing them.

This has never been described as the goal of the policy. Rather, it's described as a roundabout way of influencing the willingness of the financial system to hold private liabilities. What's being eased are credit conditions for private borrowers. Whatever reduction QE produces in interest rates on government debt is just a way of reducing rates on private debt.

By clarifying and describing itself as being open to helicopter money, the Fed would change the economic environment. Such a change in language would have major benefits, even if the substantive policy did not change. By clarifying that its policy is, in fact, one of supporting the market for government debt, the Fed would assuage any doubts about the sustainability of public finances. This alone would have a stabilizing effect on bond markets and might well lead to lower long rates—

the ultimate goal of the policy. Perhaps more importantly, it would reassure policymakers in the elected branches and clarify discussions of budget questions. One simple step in this direction would be to exclude federal debt held by the Fed from headline measures of government debt.

5. Lend Directly and Aggressively to Businesses.

The Federal Reserve has an important role to play in providing financing for both ongoing businesses and potential new startups. This will need to go beyond simply lowering interest rates. The Fed will need to provide credit directly or otherwise commit to supporting loans made in this context.

As part of the CARES Act, the Fed set up several direct lending programs. The Primary Market Corporate Credit Facility and Secondary Market Corporate Credit Facility were both designed to provide liquidity and extend quantitative easing to the corporate bond market. This follows efforts to extend quantitative easing that have been executed by both the Bank of Japan and the Bank of England. Estimates on those programs show that they were successful in lowering the long-term rates faced by corporations, a successful expansion of QE to those countries. Another program is the Main Street Lending Facility (MSLF), designed to address the credit needs of businesses too big to benefit from small business support programs but too small to benefit from the bond market.

Right now, these programs are not working. The MSLF in particular is not operating at the volume necessary to ensure that businesses survive this crisis. The corporate credit facilities operate in a zone where they aren't lending in any sufficient volume to impact prices, and instead act as a mere last-resort financing option against financial market collapse.

The Fed must retool the MSLF to address the needs of small businesses. The minimum-amount limits on the size of the loans should be reduced so the program can better serve businesses. The terms and interest rates should also be reduced in order to facilitate an easing of credit conditions. The fee structure should be adjusted so that it incentivizes a larger number of smaller deals rather than fewer

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deals that are larger. The Fed should also move to include community development financial institutions in the execution.

If these actions are not possible, Congress should restart the program outside the Federal Reserve. In addition, Congress should pass new legislation with financing better targeted to address the needs of startups and small businesses. Housing the overseeing agency at the Federal Reserve should be strongly considered, and the Fed should be in a position to purchase the debt the agency produces.

6. Lend More Aggressively to States and Municipalities.

Recessions are particularly difficult on state and local governments, increasing the need for public support while also reducing tax revenues. These automatically stabilize the economy, but states cannot sustain the gap on their own. Unlike the federal government, state and local governments face meaningful financial constraints in their ability to run deficits to respond to recessions. Institutionally, they are also averse to borrowing or issuing bonds in order to ensure they can meet their needs during a recession. This is even worse during a pandemic, when sales and other taxes decline because of less public gatherings, and medical spending is even more necessary. Estimates find that there will be well over a half-trillion-dollar gap in revenue as a result of the crisis (McNichol and Leachman 2020).

The first and most important way to address this is for the federal government to directly support states and municipalities during this crisis. But the Fed also has an important backup mechanism: purchasing the liabilities of states, cities, and other subnational governments to support aggregate demand and direct credit in socially useful directions. This would greatly reduce the pressure for pro-cyclical cuts in public spending during recessions. The balance sheets of state and local governments are complex; unlike the federal government, most have substantial financial assets, as well as liabilities, and the sector as a whole is a net creditor (Page-Hoongrajok, Mason, and Jayadev 2019). But many individual governments do face acute limits on their access to credit, and concerns over credit are a constraint on spending and revenue decisions, even if their access to bond markets is currently

unimpaired. These concerns become especially serious during downturns—exactly the period when, from a macroeconomic perspective, state and local governments should be increasing spending and avoiding tax increases.

From a social standpoint, public investment is less costly during a downturn, when a larger fraction of labor and other resources is unemployed. It is perverse that borrowing constraints cause many governments to cut back investment spending in recessions. Right now, the lending facilities impose too high a penalty rate; this rate should be reduced and even eliminated, to ensure that increased borrowing needs of states and municipalities are addressed. The repayment period should be longer, ideally 10 years, with a deferral period built into this. Usage requirements should also be expanded. Corporations receive better eligibility terms than public entities in the lending facilities, even as public entities are both necessary to ensuring basic and essential needs and less equipped to survive this crisis without support.

7. Fix Corporate Governance and the Financial Sector to Discourage Short-Termism.

The relationship between corporations and the American public is deeply skewed. The corporate environment is structured such that workers and communities bear the risk while rewards go to executives and shareholders. This is true even as corporations exist as a creation of the government. Over the past two generations, corporations have steadily strayed from behavior that builds shared prosperity toward practices that maximize profit extraction and prioritize short-term profits over long-term stability. American corporations started to shift toward this "shareholder value maximization" approach in the 1980s. Instead of balancing the needs of all their stakeholders, corporations focused narrowly on sending as much money as possible to shareholders. That shift contributed to a variety of economic harms: wage stagnation for workers, declining long-term investments and innovation, and slowing worker productivity (Palladino and Karlsson 2018).

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Most notably, the inability of corporations to turn lower rates into higher investments blunts the ability of low rates and monetary policy to turn into broader investment. While historically there had been a relationship between corporate borrowing and new investment, since the rise of shareholder primacy, that relationship has broken down. Now, borrowing leads to corporate payouts to shareholders in the form of dividends and share repurchases. As the Federal Reserve lowers rates to boost the economy, much of that simply turns into more payouts rather than any kind of new investment (Mason 2015).

To address these problems at their root, we must reform the way corporations make decisions. Specifically, large American corporations should be required to obtain a federal charter—not just a state charter as required under current law. Building on the successful "benefit corporation" model that many states have adopted, the federal charter would create a legal obligation for the corporation to account for the public effects of its actions. The federal charter would also make clear that the corporation owes duties to its workers and other stakeholders, not just its shareholders. That would create an enforceable legal obligation requiring corporate boards to consider and balance the interests of all of the company's stakeholders, rather than focusing narrowly on the interests of shareholders.

Legislation should mandate that large corporations allow their workers to elect a significant portion of the company's board. This model, which is prevalent in Germany and other parts of Europe, gives workers a say in corporate decisions. Research shows that worker representation on boards (or "codetermination") is linked to higher wages, more long-term investment, and more innovation (Tyler 2019).

Worker representation should be paired with increased ability to organize—and preferably with sectoral bargaining as described above. An organizational mechanism is essential to effectively representing the workforce, because it allows the worker representative to communicate with other workers. Finally, a reform agenda should crack down on the extractive parts of the private equity business model, which favors short-term payouts over long-term investments.

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Though these reforms are beneficial to the economy even at full employment, they will help with the efficiency of monetary policy. Transforming corporate charters and mandating worker representatives on boards confronts several problems at once. For example, the increase in shareholder payments in recent years (Palladino 2019) is driven in part by the shift toward the shareholder value maximization model. The incredible increase in the ratio of CEO-to-worker pay (Mishel and Wolfe 2019) also stems from this shift, which encouraged companies to pay CEOs in company shares as a way of aligning their incentives with the interests of shareholders. Though the Federal Reserve will not be able to do this by itself—Congress will need to pass laws and create enforcement—it can consider options in its lending to nudge away from extractive corporate governance models toward more sustainable ones.

8. Helicopter Money Toward Recovery and Climate Change.

Credit policy will be an important component of addressing climate change, and helicopter money will play a vital role in this. Traditional monetary policy works through a single, economy-wide variable—a single interest rate or perhaps the money supply or growth of credit. Credit policy, by contrast, aims at directing credit in specific forms toward specific groups of borrowers. Though credit policy has been widely used historically, in recent years, it has gone out of fashion in the US and most other countries, replaced by the idea that the central bank can set borrowing terms for the economy as a whole without considering the credit demand or supply facing particular sectors. But today's circumstances call for a return to a more active credit policy; indeed, the pendulum is already swinging back under the pressure of recent events.

Finance is responsible for redirecting economic activity—a role that is especially critical at times when major changes in the direction of activity are necessary. Due to the looming threat of climate change, this is such a time. The terms and availability of finance will be a central factor in determining how carbon-based energy sources are phased out; how vulnerable coastal communities are protected or relocated; how existing structures are refitted to reduce energy use; how land use

patterns are reshaped to reduce reliance on the automobile; and how the scarce resources of water and arable land are developed, allocated, and safeguarded. All of these choices require large, upfront expenditures to generate even larger, but distant and uncertain, returns—in short, what banks and financing are for.

These questions, and other similar choices about our collective productive activities, will determine whether our grandchildren continue enjoying rising living standards and social stability, or whether they face a new age of conflict and scarcity. As the ultimate arbiter of credit and finance, the Fed has a central role to play here. Like it or not, the central bank is an agent determining the nature of the economy, shaping both the character and the level of economic activity. It should embrace this role—and the democratic accountability that goes with it—and exercise its power toward the public good.

Under the direction of Congress, the Federal Reserve should put into place lending facilities to help facilitate action against climate change. As necessary, it can and should redirect unused money from the CARES Act toward such a balance. It should also assess its ability to do this itself, based on the investment needs of the country and the destabilizing role that climate change will have on our economy and financial sector. With guidance from Congress, it can ensure that special climate bonds and other green investments are financed through helicopter money or otherwise have preferential interest rates relative to other societal needs. It can also purchase green bonds that are issued by accredited private actors and aim to decarbonize the economy. Opening the door to this would radically change the nature of financing in a way that ordinary encouragement through tax credits would not. This must be on the table in order to tackle the fundamental threat facing us today.

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