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A Fed Up Campaign 10-Point Checklist for Fed Chair and Governor Appointments

How Will We Measure if President Biden is Appointing Federal Reserve Leaders Who Will Work for Working People?

President Biden's decisions about who leads the Federal Reserve will determine whether or not the Fed will lean towards a pro-employment, pro-wage-growth, pro-worker economy. And those decisions will determine whether the Fed's policy choices will finally confront the brutal racial employment gap, address the climate change crisis, and fix weakened bank regulations.

Much more is still needed, but Biden's fiscal policy has taken some steps to create a pro-working-people agenda that can have a historic impact for Black and Brown communities. We can accept nothing less for the essential area of monetary policy. Even if the Fed often avoids public accountability, the intent signaled by Biden's leadership choices will not.

The Fed must make up for a lot of damage it has caused; the Fed has a decades-long record of mis-applying its "dual mandate" by leaning away from maximum employment. The result? Decades of unnecessarily high unemployment, stagnant wages, and the high racial employment gap.

The Fed has recently improved its monetary policy framework, but that can only be a start; the Fed must make institutional changes to ensure that it keeps the dual mandate in better balance and embrace new policy tools to pursue its maximum employment mandate. And, current Fed leadership has been correctly criticized for weakening key bank regulations and ignoring the risk of climate change, leaving consumers and the economy as a whole at greater risk.

The grassroots leaders of the Fed Up Campaign challenge Biden to make appointments for the Chair and vacant seats on the Board of Governors that demonstrate an ambitious commitment to a Fed that is diverse and pro-working people. Here's how we will measure and rank any nominee's commitment:

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1. **Will the nominee continue policies to achieve a true maximum employment economy**, including low interest rates, asset purchases and forward guidance? And will the nominee recognize the Fed should lean towards accommodative policy because **recessions and unemployment are currently more likely and**

more costly than overheating and sustained high inflation, making macroeconomic risks asymmetrical?

Yes/No ☐

2. **Will the nominee** explicitly recognize that the Fed has historically underestimated employment potential and caused wages to stagnate, and that **the pre-pandemic unemployment rate is not a sufficient goal for the recovery?**

Yes/No ☐

3. **Will the nominee** fix the Fed's monetary framework by **adding a public benchmark for maximum employment** to stand alongside the public inflation benchmark?

Yes/No ☐

4. **Will the nominee address the brutally high racial unemployment gap** by making it a specific objective of the Fed's policies and part of the Fed's biannual report to Congress?

Yes/No ☐

5. **Will the nominee** take specific, immediate steps to **make the Fed's leadership more diverse and accountable**, including implementing a more transparent and publicly engaged process for naming regional bank directors and presidents in order **to address the outsized influence that private banks derive from their power to name two-thirds of regional Fed bank directors?**

Yes/No ☐

6. **Will the nominee** acknowledge that **monetary policy alone is not enough to stabilize the economy** by publicly communicating that higher federal deficits can be appropriate when the economy is below full employment?

Yes/No ☐

7. **Will the nominee embrace FedAccounts** as a mechanism for more effective fiscal stabilizer programs and more equitable access to safe and affordable financial services? And will the nominee agree that a **public financial infrastructure** could ensure that relief during emergencies such as the

pandemic can more directly and effectively reach households, workers, and small business employers?

Yes/No

8. **Will the nominee strengthen prudential regulation of the financial sector** to protect against irresponsible risk-taking that can exacerbate the risks of financial crises and recessions, as well as the risk of speculative asset bubbles and the specter of inflation they can bring? And will the nominee **take regulatory steps to ensure that financial and corporate credit markets** do not leave financial markets and large companies fragile and susceptible to economic shocks, a fragility that came at the expense of workers and communities when the pandemic struck?

Yes/No

9. **Will the nominee make the climate change crisis a legitimate focus of Fed policy**, starting by making full and prompt use of existing regulatory and supervisory tools to assess the risks to banks and the financial system of climate change, and act to mitigate those risks, including the risk of overly weighted exposure to fossil fuel assets?

Yes/No

10. **Will the nominee back a role for the Federal Reserve in credit policies that can support the real economy**, such as balance sheet expansion or market making for the important new national infrastructure and green investment authority proposals currently before Congress, which can allow the Fed to better pursue the goal of full employment? And will the nominee **ensure that the Fed uses its statutory authorities during economic crises** to support credit markets that support small business employers and state and municipal governments on an equal footing with interventions to support financial markets?

Yes/No