

Coalition Priorities



Create a Strong & Fair Economy

- 1. Good Jobs for All:** The Federal Reserve should publicly commit to building an economy with genuine full employment, instead of being satisfied with the current levels of un- and underemployment. This means promising to keep interest rates low until the economy has reached full speed and is producing millions of new jobs and higher wages for workers across the economic spectrum. The Fed should target real wage growth that is higher than economy-wide productivity growth, in order to combat inequality and boost workers' share of income, which has eroded over recent decades. Full employment is also necessary to increase the cost of destructive discrimination that raises the unemployment rates for communities of color, particularly black workers, and lowers the labor force participation for women. The Fed should target a significant reduction of the unemployment gap for blacks and a rise in labor force participation of women as signs that the labor market is approaching full employment.
- 2. Investment in the Real Economy:** The Fed should use all available legal powers to invest in the real economy and create good jobs in our communities. Under its quantitative easing program, the Fed supported the economy by purchasing bonds and financial securities, which had the side effect of inflating asset prices. Now that that program is over, it should explore the possibility of using its legal authority to purchase state and municipal bonds. Zero interest rate lending to cities and states would help them reduce their debts and invest in public works projects – like renewable energy generation, public transit, climate change adaptation, and affordable housing – that will create good jobs and strengthen our communities.
- 3. Research for the Public Good:** The Fed's central staff should work with community groups to conduct research and produce reports about the effects of local, state, and federal laws and proposals to raise the minimum and tipped minimum wage, enact paid sick days, guarantee fair workweeks, and implement other policies to strengthen the economy by expanding the middle class. It should study the costs and risks of persistent and growing income and wealth disparity within the economy. And it should explore whether the 2 percent inflation target is still appropriate, or whether the Fed's dual mandate would be better served by setting a higher target that facilitates lower unemployment, tighter labor markets, and a better ability to combat liquidity traps.

Create a More Transparent & Democratic Federal Reserve

- 4. Ensure That Working Families' Voices Are Heard:** Fed officials should be hearing from working families and the public, not just business executives. Regional presidents should regularly meet with community-based groups, labor unions, faith leaders, and other representatives of the public in advance of the Federal Open Market Committee meetings, in order to gain a more complete perspective on the economy. Representatives of the public should be invited to come address the FOMC during a portion of its meetings (which would not conflict with the FOMC's need for candid deliberation during other portions of its meetings).

- 5. Fed Officials Should Actually Represent the Public:** The Federal Reserve Act mandates that the Class B and Class C Directors of the 12 Regional Federal Reserve Banks around the country should "represent the public," with due consideration to the interests of labor and consumers, among other groups. Yet only 2 of the 108 current directors represent labor organizations and only 15 represent non-profit organizations. The other 91 come from financial institutions and corporations. This year, the Fed's Board of Governors should appoint genuine representatives of the public interest, including labor and consumer advocates, to the Class C seats on all 12 regional boards of directors.

- 6. Create a Legitimate Process for Selecting Fed Presidents:** In early 2016, the five-year terms of office of all 12 regional presidents will end. (The Philadelphia and Dallas presidents have already announced that they will resign before then, in spring 2015). Decisions about the governance of the Federal Reserve are too important to happen in secret: democratic legitimacy requires that the Fed establish a transparent, inclusive process for deciding whether to reappoint any of the 12 presidents and choosing their replacements. It should include:
 - A public schedule for the process, including for interim steps in the process;
 - The opportunity for members of the public to serve on the search committees;
 - A public set of criteria that will guide the decision-making;
 - Publication of the names of candidates under consideration;
 - Mechanisms for members of the public to submit questions and receive answers from potential candidates; and
 - The use of public forums where the public can discuss issues of monetary policy and Federal Reserve governance with the search committee, candidates, and other officials.