

SPRING 2020

Special Edition: Money in the Time of Coronavirus

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Prompt for Discussion

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The financial strains brought by the coronavirus outbreak feel strangely reminiscent of 2008, and yet, markedly different. In the United States, at the writing of this prompt, the S&P 500 has crashed 25%, and the federal funds target rate is once again moving towards the zero bound. The treasury securities market is in disarray, and the Federal Reserve is set to increase its repo lending by over one trillion. In Washington, the administration's insistence that concerns were overblown is now replaced with negotiations over the size and shape of a stimulus package. "I don't want to use the b-word", said a senior administration official about plans to support distressed industries, like airlines. The b-word is, of course, bailout.

So far, so 2008. But the monetary dynamics we are witnessing in the time of corona also take us into new territory. The proximate cause of the crisis past came from within the financial system itself: the housing credit bubble and abuses in subprime lending. The corona crisis, on the other hand, emerges from a material threat to human health. Where the 2008 crisis revealed the vulnerabilities of *financial*

globalization, the corona crisis is disrupting the global *production* system, upending supply chains, and threatening shortages in essential inventories.

We wonder about the extent to which the policy arsenal of 2008 can contain the dislocations currently occurring, and what, exactly, stimulating consumer demand means when the consumer herself is in quarantine. Moreover, the crisis response to the corona crisis is taking place within an institutional setting that was itself reshaped by the 2008 crisis reforms. As corona strains unfold, it remains to be seen whether the promise of financial resilience will be borne out, or whether fundamental design flaws left in place will frustrate reformers' efforts.

In this Special Edition Roundtable, JM invites contributors to provide live analysis of money in the time of corona, here in the U.S., and around the world.

Contributions

June 29, 2020

Roundtable Wrap-up

Sannoy Das, Harvard Law School

May 21, 2020

Human Capital Bonds and Federal Reserve Support for Public Education: The Public Education Emergency Finance Facility (PEEFF)

Gerald Epstein, University of Massachusetts Amherst

May 12, 2020

The Fed Should Bail Out Low-Income Tenants and Not Just Banks and Landlords

Duncan Kennedy, Harvard Law School

April 29, 2020

Getting to Know a Brave New Fed

Oscar Perry Abello, Next City

April 10, 2020

The Problem with Shareholder Bailouts isn't Moral Hazard, but Undermining State Capacity

Carolyn Sissoko, University of the West of England

April 2, 2020

Crises, Bailouts, and the Case for a National Investment Authority

Saule Omarova, Cornell Law School

March 31, 2020

Why the US Congress Gives Dollars to the Fed

Jens van 't Klooster, KU Leuven and University of Amsterdam

March 26, 2020

A Fire Sale in the US Treasury Market: What the Coronavirus Crisis Teaches us About the Fundamental Instability of our Current Financial Structure

Carolyn Sissoko, University of the West of England

March 25, 2020

The Democratic Digital Dollar: A 'Treasury Direct' Option

Robert Hockett, Cornell Law School

March 22, 2020

Derivative Failures

James McAndrews, TNB USA Inc. and Wharton Financial Institutions Center

March 20, 2020

The Case for Free Money (a real Libra)

Katharina Pistor, Columbia Law School

March 19, 2020

The Monetary/Fiscal Divide is Still Getting in Our Way

Leah Downey, Edmond J. Safra Center for Ethics at Harvard University

March 18, 2020

Is Monetary System as Systemic and International as Coronavirus?

Elham Saeidinezad, UCLA Department of Economics

March 17, 2020

Here We Go Again? Not Really

Dan Awrey, Cornell Law School

March 16, 2020

Repo in the Time of Corona

Nadav Orian Peer, Colorado Law

March 16, 2020

Beyond Pathogenic Politics

Jamee K. Moudud, Sarah Lawrence College

March 15, 2020

Economic and Financial Responses to the Coronavirus

James McAndrews, TNB USA Inc. and Wharton Financial Institutions Center