

**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.

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## **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*