# Federal Reserve forgetting the its mandate to create jobs not just stop inflation, argue ex-White House spokesman Robert Weiner and senior policy analyst Ben Lasky in a Michigan Chronicle op-ed

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**WASHINGTON, DC - 13 Apr, 2017 -** In raising the interest rate in March, the Federal Reserve once again showed that it supports big business while neglecting the second part of its mandate: creating jobs, write Robert Weiner and Ben Lasky in an op-ed in *The Michigan Chronicle*, just released.

Weiner and Lasky began, "The critical Federal Reserve Board is going on a tear -- raising interest rates. Last month the Fed raised interest rates by a quarter of a point and announced it will continually do so this year -- but stopping inflation is only part of the Fed's job. The Federal Reserve's website states, 'The Congress established… objectives for maximum employment, stable prices, and moderate long-term interest rates in the Federal Reserve Act.'"

They continued, "The Fed seems to forget the 'maximum employment' piece of its mandate, instead deciding to focus all of its energy on interest rates to assure big business profits. Rep. John Conyers (D-Detroit) states on his website, 'In the last thirty five years, the Federal Reserve has not paid sufficient attention to the full employment part of its mandate, resulting in the American economy consistently facing unnecessarily high unemployment.' Conyers is right but he could go further."

Weiner and Lasky explained, "The U.S. General Accounting Office found that during the height of the financial crisis, the Fed secretly spent $16 trillion to bail out the financial industry during the 2008 collapse. Inflation didn't rise. Corporate profits did — the stock market is now three times higher – the Dow was under 7000 and now is floating over and under 21,000. The Fed can clearly afford to spend just a fraction of what they spent on the bailout and use it towards jobs programs."

The wrote, "The Congressional Budget Office and the Congressional Research Service both said that President Obama's bill, the American Jobs Act, would have created a million jobs and a one point reduction of the unemployment rate. The U.S. unemployment rate would be at 3.7 instead of 4.7 per cent. The unemployment rate has not been under four percent since 1969. The Fed's job is to help make that happen."

They said, "One of President Trump's campaign promises was a $1 trillion infrastructure deal. At a March 7 event at the National Press Club, former Director of the New York City Department of City Planning, Carl Weisbrod said, 'I doubt, personally, that we'll see a trillion dollars.' The Fed has the power to lend money to banks, 'to address temporary problems they may have in obtaining funding,' the Fed's own website says. How about loans that would create jobs? If Congress can't come up with $1 trillion, the Fed can, with strings attached. Nancy Pelosi said that it was a mistake in the 2008 bailout not to include conditions to help consumers and workers instead of just businesses. Industry should not have been 'left to their own devices'."

They continued, "In January, the Trump administration gave the National Governors Association its top 50 infrastructure priorities in the country. Two happen to be in Detroit: the completion of the M-1 Rail streetcar transit system, and the construction of the Gordie Howe Bridge. Also on the list is the reconstruction of the Soo Locks in Sault Ste. Marie. The three projects would create over 14,000 jobs and would cost $5.5 billion. Imagine how many jobs could be created with substantially more money coming to Michigan with $1 trillion nationally from the Fed."

Weiner and Lasky concluded, "The unemployment rate is down but the bar is set at complacency. If the Fed remembers its mandate of maximum employment, it can help the country see unemployment rates it hasn't seen since the 1960s."

*Robert Weiner, is a former White House spokesman, national columnist, former spokesman for the House Government Operations Committee and Congressman John Conyers, and senior staff for several leading congressmen. Ben Lasky is senior policy analyst at Solutions for Change.*


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