



DATA FOR *PROGRESS*



# VOTERS APPROVE ACTIVE FISCAL AND MONETARY POLICY, OPPOSE TRUMP'S FED CHAIR-IN- WAITING

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Ethan Winter  
Sam Bell

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The coronavirus pandemic has plunged the economy into recession. Unemployment has spiked and growth has stalled.

In the meantime, nominees Judy Shelton and Chris Waller are being considered for positions on the Federal Reserve's Board of Governors.

Shelton spent the worst years of the Great Recession advocating for the gold standard and deriding low interest rates. Rather than monetary flexibility, she advocates a global common currency fixed to a tangible asset. She [told Politico in 2017](#), "I would be in favor of a very future-oriented, neutral reference point that is universally accepted... It doesn't have to be gold but I don't know what would be better." Her proposals would put monetary policy in the hands of speculators in gold, oil or foreign currencies.

Her criticisms of expansionary monetary policy and fiscal stimulus are also misplaced. As Fed Chair Jay Powell [said recently](#), "This is the time to use the great fiscal power of the United States to do what we can to support the economy and try to get through this with as little damage to the longer run productive capacity of the economy as possible."

According to [Bloomberg](#), "Shelton would, if confirmed, represent a potential chair-in-waiting. One administration official familiar with the matter told Bloomberg in July that's an option once Powell's term expires, or even before." Given the possibility that she may replace Chair Powell, we asked voters about two of her past positions that were raised in her February nomination hearing: support for a global currency and skepticism of deposit insurance.

The Fed, unlike fiscal authorities, is all but prohibited from helping households directly. Therefore, two key questions we test in this poll are: how much support there is for a more active

fiscal policy? And how much support is there for new Federal Reserve powers that would allow direct support to households?

To test voters' attitudes towards the Fed, Data for Progress conducted two surveys. The first was of 2,427 likely voters and conducted from February 17 through February 18, 2020. The second ran from April 25, 2020 to April 26, 2020 and consisted of 1,741 likely voters. Questions ranged from specific policies the Fed could adopt, perceptions of the economy more generally, and opinions about proposals that Judy Shelton, a President Trump appointee to the Fed, has historically supported.

First, we asked voters about whether the Fed should have the power to provide money directly to households. Specifically, we asked voters:

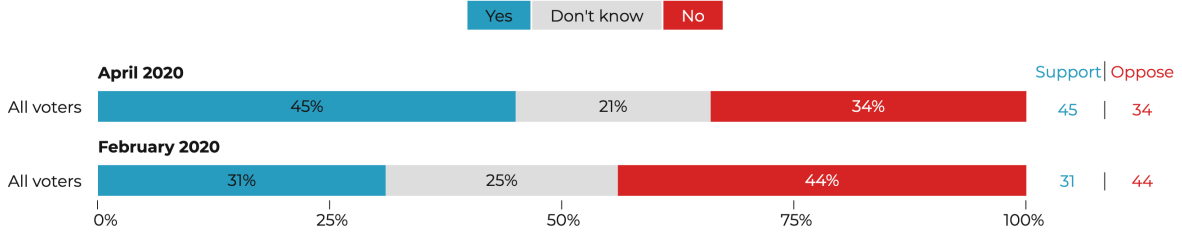
*The Federal Reserve usually influences the economy by raising or lowering interest rates, which affects whether people can afford, for example, cars and houses. But with interest rates already low, some experts have talked about giving the Federal Reserve the power to give money directly to households when the economy is in trouble. Should it have that power?*

This proposal takes some inspiration from Julia Coronado and Simon Potter's [proposal](#) to provide quantitative easing directly to households through universal, digital Fed accounts.

When we tested support for this proposal in February, we found that voters opposed it by a 13-percentage-point margin (31 percent support, 44 percent oppose). When we posed voters the same question in April, however, voters supported the proposal by an 11-percentage-point margin, marking a 24-percentage-point swing in the positive direction.

## Voters Now Think The Federal Reserve Should Have The Power To Give Money Directly To Households

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Next we asked voters, specifically:

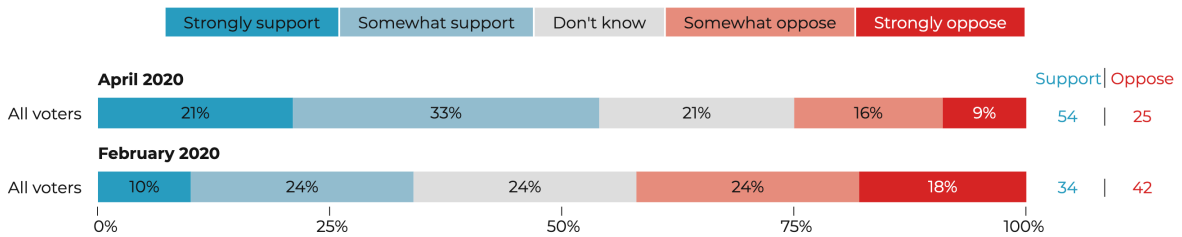
*Some policymakers have proposed the government spending a trillion dollars the next time the country is in a recession in order to stimulate the economy. Opponents of the idea say that the private sector can bring the economy back to health without the government, and that this proposal will increase the national debt and lead to government waste. Proponents of the idea say that this will make sure everyone has a job opportunity, and that allowing*

*the economy to fall deep into a recession will increase the national debt. Would you support or oppose this proposal?*

In our April survey, voters supported \$1 trillion in stimulus spending by a 29-percentage-point margin (54 percent support, 25 percent oppose). In our February survey, meanwhile, voters opposed it by an 8-percentage-point margin (34 percent support, 42 percent oppose). This means that, in the span of roughly two months, we observed a 37-percentage-point swing in favor of large-scale stimulus spending.

## Voters Support Spending \$1 Trillion Dollars In Stimulus Spending

Some policymakers have proposed the government spending a trillion dollars the next time the country is in a recession in order to stimulate the economy. Opponents of the idea say that the private sector can bring the economy back to health without the government, and that this proposal will increase the national debt and lead to government waste. Proponents of the idea say that this will make sure everyone has a job opportunity, and that allowing the economy to fall deep into a recession will increase the national debt. Would you support or oppose this proposal?

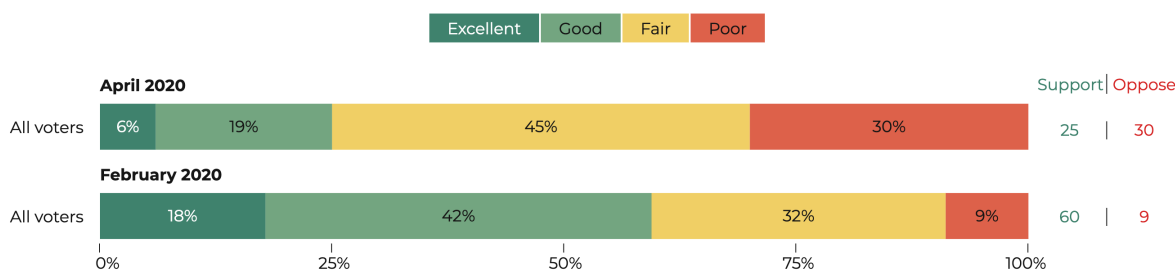


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## Voters Now Have A Mostly Negative View Of The Economy

How would you rate the actual economic conditions in the United States today?



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What likely explains these two findings is a deteriorating economic situation. To gauge voters attitudes about the state of the economy we asked in both our February and April surveys the following question:

*How would you rate the actual economic conditions in the United States today?*

We then provided voters a four-point scale as a response option, one ranging from “excellent” to “poor.” Perhaps unsurprisingly, we can observe a considerable souring of attitudes. In February, 60 percent of voters judged that the economy was in either excellent or good health. In April, however, that number had fallen to 25 percent, a 35-percentage-point drop. One can look at this finding from a different angle as well. In February, only nine percent of voters reported that economic conditions were poor. Two months later that number sat at 30 percent, a 21-percentage-point increase.

Next, we examined attitudes towards two proposals that the economist Judy Shelton, Trump’s nominee for the Fed, has supported.

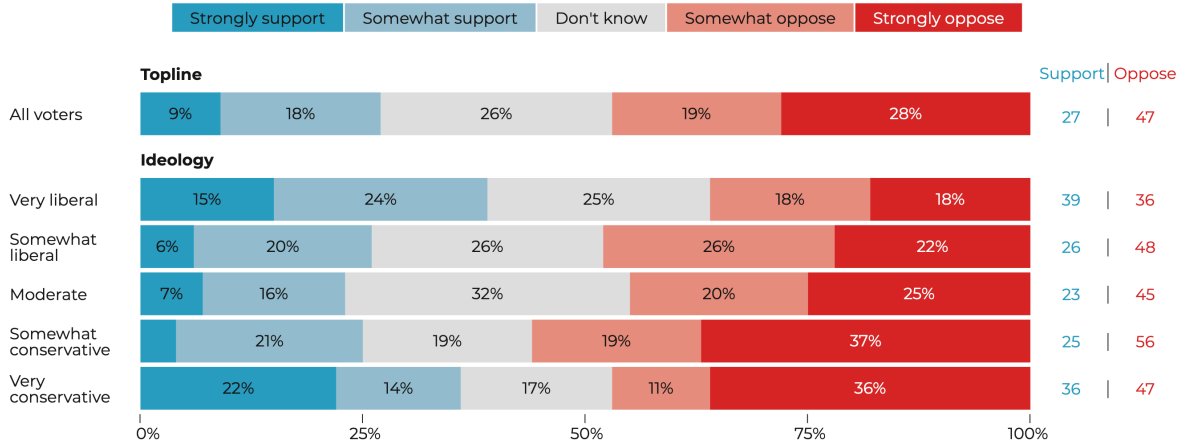
During her confirmation hearing in the Senate, she was hammered over her support for various policy positions and past writings. The president has a history of nominating unconventional choices to the Fed, with both Stephen Moore and Herman Cain withdrawing from consideration last year. Shelton’s nomination extends this saga and several Republicans on the Senate Banking Committee have raised issues with her nomination.

As part of our April survey, we asked voters’ opinions on two of Shelton’s past policy positions: the adoption of a global currency and skepticism of federally-guaranteed deposits.

In a Wall Street Journal commentary, Shelton asked, “*how can we ignore the parallel need for a common unit of account, a global form of money?*”

## Voters Oppose The Creation Of A Global Currency

Since we live in a global economy, some academics think we should abolish the Federal Reserve and create an integrated, global common currency. Others think this may diminish US influence over the world economy. Would you support a Federal Reserve official who advocated for a global currency?



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In our April survey, we sought to test support for this idea of creating a global currency. We asked voters, specifically:

*Since we live in a global economy, some academics think we should abolish the Federal Reserve and create an integrated, global common currency. Others think this may diminish US influence over the world economy. Would you support a Federal Reserve official who advocated for a global currency?*

Overall, voters oppose the adoption of a global currency by a 20-percentage-point margin (27 percent support, 47 percent oppose). While those who identify as ideologically very liberal support this proposal by a three-percentage-point margin (39 percent support, 36 percent oppose),

opposition from those who identify as either somewhat or very conservative is overwhelming.

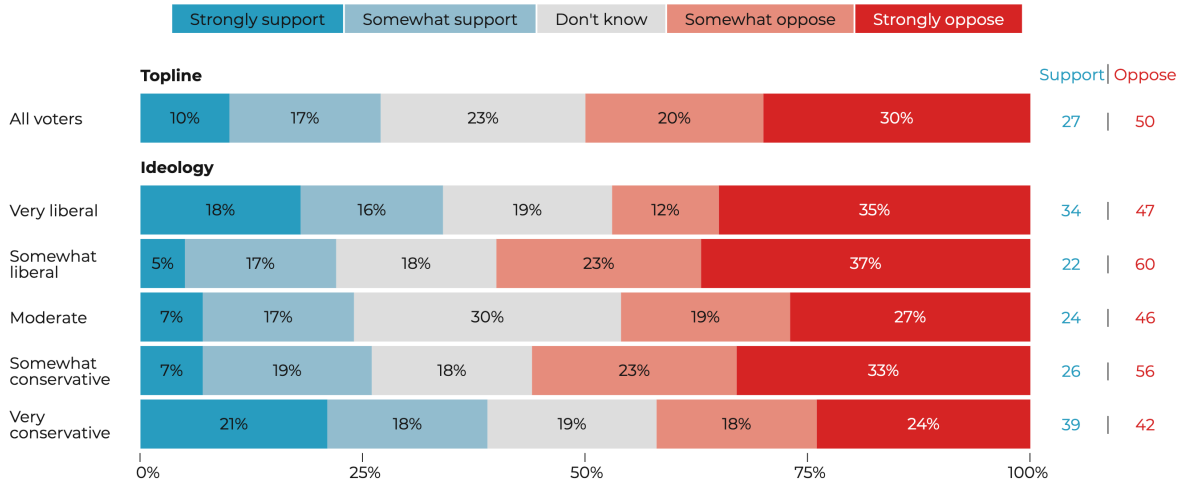
The Federal Deposit Insurance Corporation (FDIC) was created in 1933. It is an independent agency that protects deposits in the event of bank failure. Some critics think deposit insurance promotes risky behavior because depositors whose bank accounts are insured have no incentive to scrutinize the practices of their banks.

We asked voters, specifically:

*Deposit insurance means your money in the bank is protected by the government if your bank fails. Some academics think that this policy means that taxpayers are held overly responsible for banks' risky bets. Would you support a public official who wanted to end government deposit insurance?*

## Voters Oppose Eliminating Deposit Insurance

Deposit insurance means your money in the bank is protected by the government if your bank fails. Some academics think that this policy means that taxpayers are held overly responsible for banks' risky bets. Would you support a public official who wanted to end government deposit insurance?



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We found that voters oppose this proposal, rejecting it by a 23-percentage-point margin (27 percent support, 50 percent oppose). Opposition to this proposal was generally consistent across the ideological continuum—notably, somewhat conservative voters opposed it by 30 points (26 support, 56 oppose).

## CONCLUSION

As America enters a recession, the appetite for dramatic measures such as large-scale stimulus and new tools for the Federal Reserve has grown. In addition, most voters are opposed to the radical positions of Trump's latest nominee for the Fed, Judy Shelton.

## METHODOLOGY

Andrew Mangan, Senior Editor, Data for Progress and Lew Blank, Senior Advisor, Data for Progress, contributed to this report.

*From February 17 to February 18, 2020 Data for Progress conducted a survey of 2,427 likely voters nationally using web panel respondents. The sample was weighted to be representative of likely voters by age, gender, education, race, and voting history. The survey was conducted in English only. The margin of error is  $\pm 1.9$  percent*

*From April 25 to April 26th 2020, Data for Progress conducted a survey of 1741 likely voters nationally using web panel respondents. The sample was weighted to be representative of likely voters by age, gender, education, urbanicity, race, and voting history. The survey was conducted in English. The margin of error is  $\pm 2.4$  percent*

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