

JFI and Berggruen Institute Report: People's Assemblies Should Govern Public Banks

Global trend toward deliberative democracy could be used to resolve debates over public finance and investment

Press Release

New York, NY and Los Angeles, CA — May 11, 2023 — JFI and the [Berggruen Institute](https://www.berggruen.org) have released their third publication on [public banking in Los Angeles](#), focused on democratic governance. The [new briefing](#) explores how a municipally-owned financial institution could directly incorporate citizens' input into investment decisions.

Noting Los Angeles's historical inequalities, [the briefing](#) highlights the need for a direct public voice in the day-to-day governance of a public financial institution. In describing the shortcomings of elections, public comment, and other well-established modes of democratic practice, the briefing makes the case for the use of deliberative democracy or decisions taken by randomly-selected groups of citizens to fill this need.

Using contemporary and historical examples of deliberative democracy from Paris, East Belgium, Bogotá, and Ancient Rome, the briefing goes on to propose a new governing architecture for a bank in which key governance functions are performed by these citizens' panels. The proposed structure would rely on input from five kinds of citizens' panels, each of whose members would be chosen by lot at pre-set time intervals and presented with high-quality, objective information:

- An assembly as the highest decision-making body, responsible for setting the bank's overall mandate;
- a series of research juries responsible for identifying and gathering information on poorly-understood areas of possible investment;
- investment panels to oversee specific parts of the bank's mandate;
- a review board to oversee the bank's operations and its compliance with its mandate; and

- commissions comprised of and representing the interests of specific communities such as workers, environmental experts, and indigenous people to ensure historically underrepresented viewpoints and social factions are represented in bank policy.

[This briefing](#) is the third publication in JFI and the Berggruen Institute’s joint series on public banking in Los Angeles initially [announced on April 20, 2023](#). Past publications introduced the series and explored the impact of public banking on affordable housing. Forthcoming publications will explore how a public bank in Los Angeles could empower worker ownership of small businesses and accelerate the green energy transition.

“A truly democratic society needs input from ordinary people in investment decisions,” said Michael McCarthy, Berggruen Fellow, associate professor at Marquette University, and author of the briefing. **“This framework is based on principles that can be applied across the economy.”**

“Mike McCarthy’s brief exemplifies the kind of expansive thinking around the design of public institutions we need in order to envision and achieve a more democratic financial system,” said Paul Katz, VP in JFI’s Social Wealth initiative and co-coordinator of the joint series.

About the Jain Family Institute:

JFI is a 501(c)(3) nonprofit applied research organization founded in 2014 by Bob Jain. Our mission is to address pressing social problems by identifying and building high-impact interventions that translate to real world progress. A platform for research and social entrepreneurship, JFI brings global policy from theory to practice.

About the Berggruen Institute:

The Berggruen Institute’s mission is to develop foundational ideas and shape political, economic, and social institutions for the 21st century. Providing critical analysis using an outwardly expansive and purposeful network, we bring together

some of the best minds and most authoritative voices from across cultural and political boundaries to explore fundamental questions of our time. Our objective is enduring impact on the progress and direction of societies around the world. To date, projects inaugurated at the Berggruen Institute have helped develop a youth jobs plan for Europe, fostered a more open and constructive dialogue between Chinese leadership and the West, strengthened the ballot initiative process in California, and launched Noema, a new publication that brings thought leaders from around the world together to share ideas. In addition, the Berggruen Prize, a \$1 million award, is conferred annually by an independent jury to a thinker whose ideas are shaping human self-understanding to advance humankind.

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