NOMINATIONS OF SARAH BLOOM RASKIN, LISA DENELL COOK, AND PHILIP NATHAN JEFFERSON

S. HRG. 117–340

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HEARING

BEFORE THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED SEVENTEENTH CONGRESS

SECOND SESSION

ON

NOMINATIONS OF:

SARAH BLOOM RASKIN, OF MARYLAND, TO BE VICE CHAIRMAN FOR SUPERVISION AND A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

LISA DENELL COOK, OF MICHIGAN, TO BE A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

PHILIP NATHAN JEFFERSON, OF NORTH CAROLINA, TO BE A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

FEBRUARY 3, 2022

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C O N T E N T S

THURSDAY, FEBRUARY 3, 2022

NOMINEES

Additional Material Supplied for the Record

NOMINATIONS OF SARAH BLOOM RASKIN, LISA DENELL COOK, AND PHILIP NATHAN JEFFERSON

THURSDAY, FEBRUARY 3, 2022

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 8:45 a.m., via Webex and in room 106, Dirksen Senate Office Building, Hon. Sherrod Brown, Chairman of the Committee, presiding.

OPENING STATEMENT OF CHAIRMAN SHERROD BROWN

Chairman BROWN. The Senate Committee on Banking, Housing, and Urban Affairs will come to order. Welcome to our three nominees and their family members and guests. The nominees will have an opportunity to introduce anyone they would like to.

Today's hearing is in the hybrid format. Witnesses are in person. Members have, of course, the option to appear either in person or virtually.

The Committee is meeting to consider the nominations of three very, very qualified nominees. In fact, these nominees have the support of people who have contacted this Committee, 1,000 individuals and organizations have weighed in support. I have never seen a number like that. Not so long ago we had 100 people weigh in and we thought that was pretty overwhelming. This is 10 times 100, if my math is correct.

The Honorable Sarah Bloom Raskin is nominated by the President of the United States to be Vice Chair of Supervision, a Member of the Board of Governors of the Federal Reserve System. Dr. Lisa Cook has been nominated by the President to be a Member of the Board of Governors of the Federal Reserve. Dr. Philip Jefferson also to be a member, nominated by the President of the United States, to the Board of Governors of the Federal Reserve.

In the first year of the Biden–Harris administration we have seen tremendous economic progress: record job growth, rising wages, the fastest economic growth in 40 years. Last year—and think about this—last year, for the first time in two decades, our economy grew faster than China's. That is worth saying again, considering what this body did, in listening to corporate interests outsource jobs to China for a generation, especially since 1999 to 2000, that our economy during the first year of the Biden administration grew faster than China's economy.

Because of the action we took with the American Rescue plan and because of this President's commitment to American workers—he puts workers at the center of our economy and our economic policy—we are making historic economic progress, exceeding expectations of anybody, even the most partisan.

We are at a pivotal moment in our recovery. The Omicron variant has caused COVID cases to increase in the last 8 weeks, further straining our supply chains. These pandemic-related problems are causing higher prices that eat away at Americans' paychecks. Your job, as three future members of the Fed—and I do think you will be confirmed—your jobs as three future members of the Fed is to deal with that inflation.

The Black unemployment rate is more than twice that of White workers. Women are slowly reentering the paid labor force, after too many were forced to leave at the height of the pandemic.

As Fed Chair Powell said, "Getting past the pandemic is the single most important thing we can do." Chair Powell is right.

The actions we take over the next several months will determine whether we have a truly robust recovery, with lower prices, higher wages and plentiful job opportunities distributed so everyone has opportunities, whether we have that kind of truly robust recovery, or whether our economy falters, and Americans are denied the opportunity to emerge from this pandemic stronger than before.

That is the fork in the road, and that brings us to today.

We must have a fully functioning Federal Reserve Board—all seven members—ready to meet these challenges, ready to ensure our economy continues to prosper.

It has been almost a decade since the Federal Reserve Board, the seven members, that we have had seven Board members. That is what makes this hearing urgent. That is what makes the importance of a vote on February 15th so important.

Governor Bloom Raskin, Dr. Cook, and Dr. Jefferson are the proven leaders we need at this critical moment. These three experienced public servants understand the importance of empowering workers through full employment and the need to combat inflation so paychecks go farther.

They are dedicated to Fed independence. I know that. They will uphold the Fed's dual mandate—I know that—a mandate to ensure that all Americans have job opportunities at good wages, and to ensure that wage gains are not eroded away by exorbitant prices. They know that when we keep our financial system safe, and when we support working families and Main Street businesses by putting workers at the center of economy, then our entire economy grows. When we all do better, we all do better.

Sarah Bloom Raskin is the President's nominee to serve as the Federal Reserve's Vice Chair for Supervision. I have not seen a nominee for a job like this close to being as qualified as Dr. Raskin. She was the Maryland State Bank Commissioner, she was a Federal Reserve Governor, and she was Deputy Treasury Secretary, the number two position at perhaps the most important agency in the Federal Government.

No one is better equipped than Ms. Raskin to protect Americans from risks that could bring down financial markets and institutions and wreck people's savings, from cybersecurity threats to climate financial risk.

Throughout her distinguished career, Ms. Raskin has worked with the smallest community banks and the largest multinational financial institutions. She has worked with consumers, community groups, and businesses small and large to keep our financial system safe.

Unfortunately, regrettably, we have seen a coordinated effort by some to paint her as some sort of radical. That characterization requires a suspension of common sense. For her past confirmations she has had the support of every Republican on this Committee, every Republican on the Finance Committee. In fact, the entire Senate twice confirmed her—twice unanimously.

Think about that. Sarah Bloom Raskin has been nominated to key economic posts twice before. Both times, every single Senator, Republican and Democrat, supported her nomination. Now they are accusing her of some radical kinds of thoughts that do not have weight.

As Deputy Secretary of Treasury, Ms. Bloom Raskin led the Obama administration's effort on cybersecurity resilience for the financial sector, a critical issue that requires vigilance to protect our economy and national security.

She understands that we need to think about all the financial risks our economy faces, including the possible economic impact of severe weather and climate change. As we heard from Chair Powell about the issues of climate, this is a priority for him and for the Fed.

Looking at all the risks posed to our financial system is not a partisan issue; just ask Chair Powell. It is not some radical idea; just ask Citi and Morgan Stanley.

We saw in 2008 what happens to people's job opportunities and to their livelihoods, their home, their retirement accounts, their college saving, when we ignore big risks, and we know that people that pay the highest price for that risk are people of color and women. Sarah Bloom Raskin will work to make sure our country does not repeat that same mistake.

Dr. Lisa Cook and Dr. Philip Jefferson are the President's nominees to serve as Governors. They are highly respected and they are experienced economists with sterling credentials. They understand how monetary policy can contribute to our economic growth and strengthen our economy for everyone.

Dr. Cook currently serves as Professor of Economics and International Relations at Michigan State University. She brings a wealth of research and international experience on monetary policy, banking, and financial crises. That includes serving on the Council of Economic Advisers during the Eurozone crisis and past work with several Federal Reserve banks.

She has done groundbreaking research on how disparities in our economy inhibit technological innovation and limit our overall economic growth. She knows the important role that workers and local communities play in our overall economic growth, from the rural South, where she was raised, to the industrial Midwest, where she now works. She has led the American Economic Association Summer Training Program, which builds the pipeline for diverse young economists to ascend to institutions like the Fed.

A graduate of Spelman, a school in Oxford, and Berkeley Ph.D., she is very qualified for this job.

To give you a sense of her impact, a mayor from my home State, Mayor Babcock of Oak Harbor, in northern Ohio, wrote to me about her. He got to know Dr. Cook at one of those training programs, and he wrote, "I know her to be kind, qualified, and to understand the struggles and opportunities faced by Midwest communities like mine, where we are burying the term 'Rust Belt' in pursuit of a bright future."

Burying the term "Rust Belt."

We need a whole lot more people in institutions like the Fed who understand how ignorant that term is, and misleading, and who understand that economic growth only matters if it reaches people like in Oak Harbor, Ohio. Dr. Lisa Cook will be that public servant.

Dr. Jefferson is the Vice President for Academic Affairs, Dean of Faculty, and Paul B. Freeland Professor of Economics at Davidson College. He began his career as a Fed economist. He grew up in the shadow, as he told me on the phone, of RFK Stadium in Washington. He served as chair of the Economics Department at Swarthmore College in Swarthmore, Pennsylvania.

Dr. Jefferson literally wrote the book on poverty and economics. His research on poverty will bring a perspective to the Fed that we need as we emerge from the coronavirus crisis.

Will you look at the diversity, not just who is sitting at this table, and we have never had a table of people sitting at the Fed like you. But think of the difference in perspective and attitude and upbringing and beliefs and emphasis and how that is going to serve all of us in this country.

Listen to what the *Washington Post* Editorial Board wrote. Sometimes the board leans conservative. Think privatization of Medicare—the *Washington Post* thought that was a great idea—the Iraq War—the *Washington Post* really thought that was a great idea—trade deals that outsource jobs—the *Washington Post* always thought that was a good idea. So sometimes the *Washington Post* board leans conservative, and sometimes they lean more progressive. But we all agree it is hardly a bastion of radical left-wing thought.

Listen to what they wrote about these nominees: President Biden's latest nominees to the Federal Reserve, quote, "are ready to help lead the Fed and bolster its credibility. The Senate should move quickly to put them in place." And early in my remarks I mentioned the 1,000 individuals and organizations that support the three of you for the Fed.

For the first time in almost a decade we will have a full Board of Governors at the Fed, one that reflects the country. We will have public servants who will not only steer us back on to the road to normalcy, but who will reach for a stronger economy than before.

The American people deserve a Fed that works for them. Our country codified the Fed's dual mandate of price stability and full employment with the 1978 Full Employment and Balanced Growth Act—we know it as the Humphrey Hawkins bill—and borne out of the Civil Rights Movement. For a decade, civil rights advocates worked for something like Humphrey Hawkins. The law makes it clear that, quote, "Increasing job opportunities and full employment would greatly contribute to the elimination of discrimination based upon sex, age, race, color, religion, national origin, handicap, or other improper factors."

This is part of the Fed's job.

President Biden's Fed nominees will ensure all workers that their families reap the benefits of the economic growth they create. These nominees will fight for the communities that have been left on their own far too often in this country, women and Black and Brown workers, to rural towns, to all the places derisively called the "Rust Belt."

I look forward to supporting these three nominees, and I and encourage all of my colleagues to do so as well.

Ranking Member Toomey.

OPENING STATEMENT OF SENATOR PATRICK J. TOOMEY

Senator TOOMEY. Thank you, Mr. Chairman. Ms. Raskin, Professor Cook, and Professor Jefferson, welcome and thank you for your willingness to serve.

We are here today, obviously, to consider three Fed nominees. But today's hearing is not just about vetting them. It is really a referendum on the Fed's independence and whether or not we are going to abandon a core part of our democracy.

There are people on the left, including in the Biden administration, who are advocating that the Fed use its supervisory powers to resolve complex political issues, like what to do about global warming, social justice, and even education policy. These are certainly important issues, but they are wholly unrelated to the Fed's limited statutory mandates and expertise.

More importantly, addressing those kinds of issues necessarily requires political decisions involving tradeoffs. In a democratic society, those tradeoffs must be made by elected representatives who are accountable to the American people, not unelected central bankers. The question is not about the merits of specific policies, but rather who should decide if they should be put into place.

Let us take global warming. If we further limit domestic oil and gas production, energy prices will rise. Americans will pay even more at the pump to accomplish the stated goal of decreasing emissions. How much more should they have to pay?

If we move aggressively to limit energy production but other countries do not, global warming probably will not significantly slow. Should we do it anyway? How much reduction in global warming should we get for the pain we would put the American people through?

Let me be clear. This is not about whether one believes that addressing global warming is important, or how you would answer either of those or any other questions that are related. The point is these are difficult choices which must be made by accountable representatives through a transparent and deliberative legislative process. That is how a democratic republic works.

My concern about Fed overreach is not hypothetical. The Fed is already exceeding its mandates and engaging in political advocacy. For example, the Minneapolis Fed is actively lobbying to change

Minnesota's constitution on the issue of K–12 education policy. Now does anyone truly think such activity is within the Fed's mandate? If activism by a supposedly independent central bank is accepted, then potentials for abuse, by both parties, is limitless.

And do not just take my word about the politicization of the Fed. Let us consider what Ms. Raskin has said the Fed should do. She has repeatedly, publicly, and forcefully advocated for using financial regulation, including the Fed, to allocate capital and to debank energy companies. Now most other like-minded regulators have been careful to say their goal is simply to assess risk, but Ms. Raskin has said the quiet part out loud.

In a 2020 report from a progressive organization, Ms. Raskin urged financial regulators to adopt policies that will, and I quote, "allocate capital," end quote, away from energy companies. In a 2021 speech at the "Green Swan" conference, she proposed, and I quote, "portfolio limits or concentration limits," end quote, on banks' lending to energy companies.

And, in May 2020, at the height of the pandemic, she specifically called, in a *New York Times* op-ed that she wrote, for excluding a single industry, the fossil energy sector, which she called, and I quote, "a dying industry," end quote, excluding them from the Fed's emergency lending facilities.

Ms. Raskin's proposals would have devastating consequences not just for energy workers, of which we have millions, but also consumers, who would have to pay much more for energy.

Now on what basis could she justify this idea that the Fed exercise should these extraordinary powers? Well, I think Ms. Raskin sees two categories of climate-related financial risks. The first is physical and the second is transition.

Now the actual data is very clear. It shows that "physical risks," that is, the result of severe weather events, do not threaten financial stability. Economic damage from weather-related events in America, as a percentage of GDP, has actually trended down over the last 30 years—that is just a fact—and we still have not found a single bank failure caused by any weather event. So it is pretty clear that banks are perfectly capable of managing the physical risk.

But we are also told that banks need regulation that quantifies the "transition risk" from changing consumer preferences. Well, let me tell you, bankers know how to manage changing consumer preferences better than regulators do. Let us be honest. The real risk here is political, as Fed Chair Powell acknowledged last month. The real risk is unelected officials like Ms. Raskin who want to misuse banking regulatory powers to impose environmental policies that Congress has refused to enact. Ms. Raskin has repeatedly and specifically advocated that the Fed allocate capital away from the fossil fuel industry as a way to combat climate change. She says the quiet part out loud.

Now turning to Professor Cook, the Administration cites her role as a director of the Chicago Fed as a main qualification. That is a position she has held for 2 weeks prior to being nominated. She has a Ph.D., but no academic work in monetary economics. And the few times that she has said anything about monetary policy, it has been a cause for concern.

Despite unemployment below 4 percent and inflation above 7 percent and real wages for workers declining, in my conversation on Tuesday with Professor Cook she refused to endorse the path that the Fed has decided to take finally to pull back somewhat on its easy money policy. The fact is, keeping monetary policy loose is going to continue to accelerate inflation that is rising faster than wages already. High inflation is a tax that makes everyone poorer, but especially low-income workers.

I think it is also important to note Professor Cook's extreme left-wing political advocacy. She has publicly supported race-based reparations, promoted conspiracies about Georgia voter laws, and sought to cancel those who disagree with her views, including publicly calling for the firing of an economist who dared to tweet that he opposed defunding the Chicago police.

And after we highlighted these tweets for the public's attention, yesterday Professor Cook blocked the Banking Committee Republican Twitter account. Apparently Professor Cook realizes how inflammatory her partisan tweets have been.

See, the Fed is already suffering from a credibility problem because of its involvement in politics and its departure from its statutorily limited and proscribed role. I am concerned that Professor Cook will further politicize an institution that has to remain apolitical.

Finally, Professor Jefferson, thank you for coming to my office and for the conversation that we had on Tuesday. I enjoyed and appreciated our discussion, and I admire your decades of work on macroeconomic issues, very much including monetary policies and issues that are central to the Fed's important work. Based on Professor Jefferson's academic credentials, his written work, and my meeting with him, I think Professor Jefferson is well-suited to the position for which he has been nominated.

Let me conclude by addressing my Democratic colleagues. You folks have spent the last several months talking about how passionately dedicated you are to democratic principles and values, and I do not doubt that you have been sincere about that. But certainly one of those principles is that the unelected Governors of America's central bank should not be responsible for dealing with difficult issues like global warming, social justice, and education policy.

This is not about the importance of those issues. It is about keeping the Fed apolitical and independent and ensuring that elected, accountable representatives make difficult the decisions. If that does not convince you, I would urge you to remember that one day the shoe will be on the other foot. Thank you.

Chairman BROWN. Thank you, Senator Toomey.

Would the three witnesses rise, please, and raise your right hand.

Do you swear or affirm that the testimony you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Ms. RASKIN. I do.

Ms. COOK. I do.

Mr. JEFFERSON. I do.

Chairman BROWN. Do you agree to appear and testify in front of any duly constituted committee of the Senate?

Ms. RASKIN. I do.

Ms. COOK. I do.

Mr. JEFFERSON. I do.

Chairman BROWN. Thank you. Please be seated.

Again, we welcome the three of you to the Committee. If you would like to introduce family members or friends with you today I invite you to do that at the beginning or during your testimony.

Ms. Bloom Raskin, please begin your testimony. Thank you for joining us.

STATEMENT OF SARAH BLOOM RASKIN, OF MARYLAND, TO BE VICE CHAIRMAN FOR SUPERVISION AND A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Ms. RASKIN. Well thank you, Chairman Brown, Ranking Member Toomey, and Members of the Committee for the opportunity to appear before you today. Thank you also to your exemplary staff, who provide essential support, something I know from serving this Committee as Banking Counsel.

With me today is our daughter, Hannah Grace Raskin. There she is. Hannah is a real live banker, and we have animated conversations about banker-like topics such as what goes into the numerator for the Allowances for Loan Loss Reserves and what gets subtracted out of Net Interest Margins. Our other daughter, Tabitha, teaches middle school algebra. She would have been here but for the fact that today is the review day before the exam for slope and intercept equations.

Our son Tommy, who we lost in 2020, is with me always. He came into the world when I worked for this Committee. I remember where I was standing, actually, in these very offices in 1995, when he started kicking as I went into labor, and I remember returning to these halls to show my friends here my sparkling little boy. Boundless gratitude too to my beloved husband, Jamie, who provides bedrock strength and love to our family.

As a child growing up in Illinois, my family made a weekly Saturday morning pilgrimage to the Bank of Homewood, where my mother would withdraw money for the week. From this experience, the importance of banks to the economic well-being of a community was never lost on me. As my brother and I eyed donuts in the lobby, my mom would direct us to get in line for the right bank teller: “This line,” she would say, “We want Shirley.” We would get weekly updates on Shirley’s children, their Little League games, bowling scores, and family camping trips.

In 2007, I was honored to become Maryland’s State banking commissioner, which enabled me to demonstrate my lifelong appreciation for community banking. Later, I was confirmed by the Senate to be a Governor on the Federal Reserve Board from 2010 to 2014, and Deputy Treasury Secretary from 2014 to 2017. I also worked in the private sector as a banking lawyer and general counsel.

I am proud of my work at the Federal and State levels to champion the interests of consumers and community banks, while ensuring the resilience of our financial system, particularly in the areas of cybersecurity and appropriately tailored rules. These experiences helped me understand the importance of bank supervision to the ability of our financial system to work for all Americans.

I also learned from the subprime mortgage crisis, which cost us tens of millions of jobs and homes, and trillions of dollars lost to our families, businesses, and communities in equity and savings. Like the crises before it, the subprime mortgage crisis showed how weak regulatory oversight and unattended problems can reverberate, rattle, and ravage our entire economy.

I learned that to be effective for all Americans bank supervisors must make sure that the safety of banks and the resilience of our financial system are never compromised in favor of short-term political agendas or special interest groups. They must stay attentive to risks no matter where they come from: inside or outside the financial sector, well-identified asset bubbles or speculation, a set of threat actors that launch cyberattacks, or from nature and cataclysmic weather-related events.

As created by Congress, the role of Vice Chair of Supervision requires consultation with other Governors of the Federal Reserve, the Fed's expert staff, the banks themselves, and other experts about the extent to which financial institutions are identifying, analyzing, and managing their risks. The role does not involve directing banks to make loans only to specific sectors, or to avoid making loans to particular sectors. And the role exists within the laws passed by Congress that govern the Federal Reserve and its responsibilities.

I understand that anyone confirmed to this position must act not only with as much knowledge as possible but also with humility. Knowledge, especially about the future, can be imperfect.

Finally, I also want to recognize the toll inflation exacts on working people who are concerned about how far their paychecks will go for essentials like food, housing, and transportation. It is an important task of the Federal Reserve to reduce inflation and one that must be a top priority while we continue to sustain our economic growth.

If confirmed, I commit to pursue this work with the highest ethical standards. I look forward to meeting the considerable challenges and opportunities before us: the indispensable work of defending and safeguarding the financial sector, the Federal Reserve's dual mandate, and the economic future of all Americans.

Thank you.

Chairman BROWN. Thank you, Ms. Raskin.

Dr. Cook, you are recognized to begin your testimony. Thank you.

STATEMENT OF LISA DENELL COOK, OF MICHIGAN, TO BE A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Ms. COOK. Senator Brown, Ranking Member Toomey, and other Members of the Committee, thank you very much for the opportunity to appear before you today. I am humbled and honored to have been nominated by President Biden to be a member of the Board of Governors of the Federal Reserve System.

I earned my Ph.D. at Berkeley, served on the President's Council of Economic Advisers, and have spent decades teaching, studying, and researching economic growth and monetary policies. The depth and breadth of my experience in both the public and private sectors qualify me to serve as a Federal Reserve Governor, and should I be confirmed I would be honored to work with my colleagues to help navigate this critical moment for our nation's economy and the global economy.

In terms of priorities, I agree with Chair Powell that our most important task is tackling inflation. High inflation is a grave threat to a long, sustained expansion, which we know raises the standard of living for all Americans and leads to broad-based, shared prosperity. That is why I am committed to keeping inflation expectations well anchored.

My approach to complex problems is to be guided by facts, data, and analysis and to work collaboratively. I have served in the Administrations of Presidents from both parties, and when I make decisions, I do so based on the facts and not politics. In this respect, I will follow the example of Paul Volcker, whom I greatly admire for his unwavering dedication to a nonpolitical and independent Federal Reserve.

My convictions are shaped by my upbringing in Milledgeville, Georgia. It was the desegregating South, and both sides of my family were promoting nonviolent change alongside our family friend, the Rev. Dr. Martin Luther King, Jr. While my sisters, Pamela and Melanie, and I were integrating our schools and pools, my parents were integrating their places of work. My mother, Professor Mary Murray Cook, and my aunt, Professor Loretta Murray Braxton, integrated their universities and STEM departments by gender and by race, preparing students for a desegregating South that promised greater opportunity for all.

My cousin Floyd McKissick, Sr., spoke at the March on Washington and integrated the University of North Carolina law school. My uncle, Dr. Samuel DuBois Cook, studied with Dr. King at Morehouse College, was the first African-American tenured professor at a southern university, and later was president of Dillard University. I want to thank Senators Warren, Kennedy, and Tillis, as well as the many other Senators who honored my uncle in a Senate resolution upon his death in 2017.

The sense of discipline, hope, and mission instilled in me by my family has taken me from Spelman College to Oxford University, the Hoover Institution, and Harvard, but I have never forgotten where I came from and the dedicated teachers who supported me. I chose to seek my current tenured position as a macroeconomist in the industrial Midwest in this same spirit of being close to how our economic decisions affect working families. Living in a manufacturing hub during the financial crisis has underscored the effect that deep recessions have on everyday lives, and that is one reason I have dedicated much of my career to preventing the next financial crisis. A strong and resilient financial system supports American families, businesses, and our economy.

My research on economic growth has been informed by my interactions with families, businesses, policymakers, and financial institutions. I have extensive experience working for many types of banks, including serving on the board of a CDFI in Grand Rapids, Michigan. I am particularly proud that community banks were among those who elected me to serve on the board of the Federal

Home Loan Bank of Indianapolis. I have also worked closely with the Federal Reserve over the course of my career, conducting research at Reserve Banks before and after receiving my doctorate, attending policy conferences, and serving on advisory panels and as a director of the Federal Reserve Bank of Chicago.

There is still much to learn to make sure the Fed does its job even better. Our economy is constantly evolving. Learning to do better will require humility, perseverance, and diverse perspectives.

Again, it is an honor to be considered for this position, and I look forward to working with Members of this Committee. If confirmed, I will faithfully support the congressionally mandated goals of stable prices and maximum employment, which Congress has entrusted to the Federal Reserve.

Thank you. And I would like to thank my aunt, Wivona Ward from Virginia Beach, Virginia, and my sisters, Pamela Cook and Melanie Cook McCant, for escorting me here today.

Chairman BROWN. Thank you, Dr. Cook.

Dr. Jefferson, you are now recognized to begin your testimony.

STATEMENT OF PHILIP NATHAN JEFFERSON, OF NORTH CAROLINA, TO BE A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Mr. JEFFERSON. Chairman Brown, Ranking Member Toomey, and Members of the Committee, thank you for the opportunity to appear before you today. I am honored to have been nominated by President Biden to serve as a member of the Board of Governors of the Federal Reserve System. If confirmed, I would draw upon my background and skill set to contribute positively to the well-being of the American people by helping the Federal Reserve to adhere to the dual mandate set for it by Congress—promotion of maximum employment and stable prices.

As some of you may know, I was born and raised here in

Washington, DC, in the Northeast section, just blocks away from Robert F. Kennedy stadium. The neighborhood is called Kingman Park, and in my youth it was a place where the line between a future of success and struggle was thin. The Capitol is a mere 25 blocks from the row house where I grew up.

My first job after graduating from college was here in

Washington, DC, as a research assistant for the Board of Governors. Since that time, I have been fortunate to pursue a career that spanned a valuable combination of experiences both within and outside academia. I have served as a professor of economics, department chair, college dean, college vice president, president and director of various professional organizations focused on economics, a college trustee, a borough council member, and have held additional professional roles within the Federal Reserve System.

In the leadership positions I have held, the essential qualities for success have included a spirit of collaboration, the capacity to compromise, and the ability to achieve consensus. Further, I am a Ph.D. economist with an unusual combination of specializations: macroeconomics and monetary economics, poverty and economic inequality, and applied econometrics. If confirmed, these specializations would enable me to analyze from multiple perspectives the complex issues that come before the Board.

Today, the economy is facing two major challenges: the COVID–19 pandemic and inflation. The pandemic has disrupted the supply side of the economy and changed the composition of aggregate demand. The spike in inflation we are seeing today threatens heightened expectations of future inflation. The Federal Reserve must remain attentive to this risk and ensure that inflation declines to levels consistent with its goals.

The mandates set by Congress for the Federal Reserve have served the American people well. As we know from experience, the pursuit of maximum employment and stable prices fosters an economic environment characterized by a dynamic labor market, entrepreneurship, private saving and investment, and sustainable growth in consumption and production over the longer run.

Importantly, the dual mandate provides a critical foundation for monetary policy amid our current challenges and those that lie ahead. The tools of monetary policy can be deployed with clear goals in mind. Adherence to these goals will ground inflation expectations appropriately so that policy itself does not encumber private economic decision making. Further, long-run inclusive prosperity requires that the Federal Reserve pay careful attention to the safety and soundness of banks and the stability of the financial system.

Before closing, I wish to acknowledge the love and support of friends and family, especially my sons, Nathan, who is watching remotely, and Miles, who happens to be right here with me. Also, I wish to mention my late parents, Wade Jefferson, and Joan and Walter Coates, who worked so hard and gave so much, so that this improbable day might even be possible. Regardless of the outcome, they would have been so very proud of these proceedings.

Thank you for the opportunity to appear before you today. It is a real honor. I look forward to and welcome your questions.

Chairman BROWN. Thank you, Dr. Jefferson.

Governor Raskin, I will start with you. Many of us are familiar with your work at Treasury on cybersecurity, applauded by the financial industry to keep the Government agencies and industry connected with up-to-date information on cyberthreats to the financial sector. You know first-hand how important it is to protect working Americans from risks in our financial sector, financial system, and that is the job of the Vice Chair for Supervision.

If confirmed, how would you approach evaluating all the risks to our financial system?

Ms. RASKIN. Well, Chairman Brown, thank you for that question. Banking regulators are centrally concerned with the management of risk in the banking system, which we know, over the course of American history, has been subject to numerous shocks and crises. So whatever the risk, whether we are talking about the risks of cyberattacks, whether we are talking about the risks that come from climate-related extreme weather events, the job of the banking regulators is to make sure that the banking system has appropriately accounted for these risks and is prepared to mitigate them.

Now, the watch word here is resiliency, resiliency in the face of potential risk. So I know there has been a lot of speculation about this. I want everyone to understand three basic principles that define my approach to the Federal Reserve's regulatory and supervision of risk.

OK. So first, it is inappropriate for the Fed to make credit decisions and allocations. Banks choose their borrowers, not the Fed. It is inappropriate for the Fed to choose winners and losers. Doing so is not the proper institutional role of the Fed. That is a cardinal principle of Fed supervision.

Second, regulation is best achieved when it is collaborative. My practice is to bring all interested parties and experts to the table and to listen carefully before making consequential regulatory decisions. This approach has been my hallmark since my time as the Maryland Commissioner of Financial Regulation and it has been the crux of my effectiveness as a regulator.

Third, supervisory and regulatory actions must always stay within the bounds of the law. They must stay within the bounds of the Fed's authority as Congress has set forth. All actions have to stay within the Fed's statutory mandates. I understand Congress' strictures and authorities and have always acted within them.

So in my 4 years as a Fed Governor, as my years as a Maryland Commissioner of Financial Regulation, as my years as Deputy Secretary of the Treasury, I have never deviated from these three principles guiding our regulatory and supervisory processes, and I cannot think, really, of a single moment when anyone would accuse me of having deviated from them. Again, I know them. I understand them. I understand the role. I understand the law.

Chairman BROWN. Thank you. Thank you, Governor.

Dr. Cook, you grew up in a small town in Georgia, not far from where my mom grew up. You teach in the industrial Midwest, not far from really where I live. You have served as an economist in administrations, Democrat and Republican alike. How has that shaped your view of monetary policy, and as you answer that, tell us how the Fed can create conditions for investment in good local jobs?

Ms. COOK. Thank you for that question, Senator. Growing up in rural Georgia and being an economist in the industrial Midwest have both shaped the way I think about the dual mandate, maximum employment and stable prices. One of the most shocking events of my career has been to teach macro in fall 2008, and sit in my office and look outside and see a long line. Where is that long line from? I had no idea.

I asked a colleague, and the colleague told me that there was a food pantry, and this long line that looked like it was straight out of the Great Depression, straight out of the Dorothea Lange portfolio, was our students. Their parents had lost their jobs. They had lost their jobs. They should be studying.

At that time I decided that all of the skills that I have, the ones that I have acquired, the ones that I have acquired through experience, through research, would be devoted to addressing eliminating risk associated with financial and economic crises.

So that is what shapes my view with respect to monetary policy. Where does that experience come from? That experience comes from sitting on the board of a CDFI. It comes from sitting on the board of directors of the Federal Reserve Bank of Chicago. It comes from interacting with firms and businesses and everyday people throughout the Midwest.

So I am keenly aware of the challenges that everyday Americans face, and I am keenly aware of the types of capital, for example, that do not flow to those places easily. So my work on the Federal Home Loan Bank of Indianapolis, has been really important in trying to get capital to capital-scarce places and to capital-scarce sectors. So that is what shapes my views on monetary policy.

Chairman BROWN. Thank you. Thank you, Dr. Cook.

Dr. Jefferson, we all know the pandemic's devastating impact on our country, especially on low-income workers and families who are already struggling. As a former Fed economist who has written extensively on the economics of poverty and inequality, discuss how the Fed can minimize the pandemic's lasting impact on low-wage workers.

Mr. JEFFERSON. Thank you. Thank you for that question, Senator. The way in which the Fed, within its authorities, can best improve the recovery from the pandemic for low-wage workers is to stick to its dual mandate, which is to keep a focus on maximum employment and stable prices.

Because, Senator, what we learned from the long expansion that we were enjoying before the pandemic is that over the long run noninflationary growth is itself very inclusive. It allows people from all parts of the wage distribution to participate in our economy. So what the Fed can do is create the macroeconomic conditions for long-run noninflationary growth.

Chairman BROWN. Thank you.

Senator Toomey, you are recognized.

Senator TOOMEY. Thank you, Mr. Chairman. Let me start with Professor Jefferson. Thanks for coming by my office and for our discussion recently. During the course of our conversation you said to me, I think this is pretty close to a verbatim quote, that "the Fed Board has no role in the allocation of capital," period, end quote.

So just for the record here this morning, is that a fair characterization of your view?

Mr. JEFFERSON. I stand by that quote, Senator.

Senator TOOMEY. OK. Thank you.

Ms. Raskin, I have heard what you have said this morning. I saw your testimony. But from your repeated speeches, op-eds, podcasts, all kinds of sources, right up to very recent times, it seems very clear to me that you believe that climate change is a very, very dire, imminent threat, that it will be catastrophic, I think you have used the word "existential," and that for those reasons it is necessary and appropriate for financial regulators, including the Fed, to allocate capital away from those companies that are contributing the most to the carbon in the atmosphere. Isn't that true?

Ms. RASKIN. Thank you, Senator Toomey. It is inappropriate for the Fed to make credit decisions and allocations based on choosing winners and losers. Banks choose their borrowers. The Fed does not. It is inappropriate for the Fed to choose winners and losers, and to do so is not the proper institutional role of the Fed. That is, as I said, a cardinal principle of Fed supervision.

Senator TOOMEY. OK. I hear you say this, but the problem is the huge, documented weight where you have said something very,

very different. In the *Financial Times*, in January of 2021, you wrote an op-ed. In that you said, and I quote, “Next, the financial supervisors will need to know how to act on this information. Supervisory adjustments will have to take climate disclosures into account, and the Fed will need to use climate risk data to make decisions on asset purchases,” end quote.

At UC Berkeley, at a forum speech that you gave in April of 2021, you said, and I quote, “I have come to a singular recognition and it is this: In order to maximize the speed and safety of a move into a sustainable, durable, net-zero economy and away from climate change disaster, we need to use the financial regulatory apparatus to engage financial markets and financial institution in effecting both direction and pace,” end quote.

In June of 2020, the Ceres report came out, and you wrote, and I quote, “At the very least we must rebuild with an economy where the values of sustainability are explicitly embedded in market valuation. This transformation will come, in part, from urging the leaders of our financial regulatory bodies to do all they can, which turns out to be a lot, to bring about the adoption of practices and policies that will allocate capital and align portfolios toward sustainable investments that do not depend on carbon and fossil fuels,” end quote.

How is that not advocating that regulators pressure the financial institutions to allocate capital the way the regulators want?

Ms. RASKIN. Well, it is, of course, not the role of the Fed to be directing credit allocation. They do not choose winners and losers. The way supervision works is by looking at risk, and by looking at risk wherever it may arise. You look at that risk, and you have to do it in a very honest way, and ask yourself whether there is any correlation between that risk and the ability to hurt a financial institution.

Senator TOOMEY. Are you saying you no longer hold these views that you stated about allocating capital as a result of your perception of this risk?

Ms. RASKIN. My views have been consistent, Senator. The Fed should not pick winners and losers. They should not be exposing taxpayers to undue risk.

Senator TOOMEY. Well, OK—I am sorry. There is no reasonable reading of these articles and speeches that can come to a conclusion other than that you want to be allocating capital away from those industries that are generating large amounts of CO2. I am sorry. I know you are saying something different here this morning, but that is not what you have been saying in writing for several years now.

Let me move over to Professor Cook. I have heard you talk about the importance of getting inflation under control, but we had a phone conversation a couple of days ago. In that conversation I specifically asked you whether you agreed with and supported the Fed’s recent decision to gradually begin the process of removing the ultra-easy money policy or whether you thought they were acting prematurely. And what you said was, well, somewhere in between.

So I am wondering if you can clarify that. Well, let me ask a simple question. Do you now support the Fed’s current path of accelerating the tapering and moving on to a series of interest rate increases over the course of this year?

Ms. COOK. Senator, thank you for that question. I am certainly. When I think about these issues, I would like to look at the data and evidence that would be at one's disposal, if confirmed, to be able to make a decision about this. So I did say it was somewhere in between before, and I agree with the Fed's path right now, as we are speaking. But when we get to a decision point I would look to the data, the evidence that would be made available at that time.

Senator TOOMEY. OK. Well, there is a tremendous amount of data that is out there. I mean, there are no secrets or mystery about what the Fed's monetary policy is at any point in time. There is no secret or mystery about economic data generally. There are thousands of people across the country that are constantly analyzing it.

It seems you have shifted from the in-between answer to now saying you support what the Fed is doing. It is confusing to me, and so could you give us some sense of how you view the policies that are available to the Fed, how you think about what we should be doing at this moment, have your thoughts on the Phillips Curve changed given the developments in recent years? Are you concerned about the change in what is happening with the shape of the yield curve? Do you think exchange rates are an important mechanism? How do we get inflation under control?

Ms. COOK. Thank you for that question, Senator. I understand that everyday Americans are suffering from high inflation. This is something that I learned a lesson about more recently, probably than most people—I have lived in countries and advised countries—in a situation of hyperinflation. So I am motivated by seeing the suffering of workers, of businesses in just trying to plan their everyday lives and facing an inflationary environment.

The way I would think about it would be, along with, if confirmed, along with the deliberations. So you are right. There are a lot of data available, a lot of data available. We do not have access to all the data the Federal Reserve has but we have a lot. And what we do not have access to is the deliberations at the time that they are being made. And I work collaboratively. I like to hear arguments as they are being made.

And with respect to the shape of the Phillips Curve, what we know in economics is that this is an open research question. We know that there is a tradeoff between unemployment and inflation, but we do not necessarily know what that relationship is. And in times of uncertainty—and this is sort of my specialty—and places of uncertainty in emerging markets and developing countries, what we know is that we have to be patient with the data. We have to ask about the data, whether the data have changed, if they are reliable, still reliable, and still valid.

So I would make sure that I pose questions of the data we were receiving and engage with the deliberations with my colleagues with an open mind, if confirmed.

Senator TOOMEY. Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Senator Toomey.

Senator Reed, from Rhode Island, is recognized.

Senator REED. Thank you very much. Ms. Raskin, in your opinion is the banking community more and more aware of the impacts economically on climate change and taking steps to alter their behavior?

Ms. RASKIN. Well thank you, Senator Reed, for that question. In conversations with bankers, you know, over the course of my years, I open conversations with discussions of risk. What are they seeing as emerging risks? What are they concerned about?

I would say the number one issue that they talk to me about has been in the realm of cybersecurity. When I ask bankers, you know, what keeps you up at night it is usually the sense of being under constant threat of cyberattacks. Why is it the financial sector that seems to have a target on its back when it comes to cyberattacks. That is where the money is, right?

So you would be really amazed to learn how much money banks have spent actually trying to defend themselves against these cyberattacks. They have set up war rooms where they are constantly trying to fend off the constant threat of a cyberattack. And why does it matter? It matters because it can actually destabilize a financial institution.

In the early days of cyberattacks, you saw banks shut down in very brief moments. As the cyberattacks have become more voluminous and more varied in their methods and in their vectors, you start to see now a pattern by which the cyberintrusion has moved into the deep recesses of the bank's plumbing, and this actually has presented great risk.

So cybersecurity. And this, by the way, has been one of the hallmarks of the work I did at Treasury, where we attempted to put together sort of a five-pronged approach to work with the financial sector, help the financial sector defend itself against cyberattacks. And we did this through various approaches having to do with enhancing baseline protection, information sharing, response and recovery, deterrence, figuring out how to prioritize and coordinate. This was work that also brought into play law enforcement and the national security apparatus.

So to do cybersecurity, to deal with this risk effectively I think requires a multisector approach. And we also know we have in our American system a somewhat fragmented set of regulators, and one thing that was important from the financial sector's perspective is to have one voice here. So one critical piece of work in the area of cybersecurity was to make sure that the regulators were speaking consistently so that the financial sector was not getting confused here regarding who is saying what.

After we were able to bring together the work of the different agencies within the U.S. Federal Government, you know, it occurred to us that, hey, cyberthreats really do not have borders here. So we needed to move this work internationally, and there was quite a bit of work amongst the G7 countries to build defensiveness in their own financial sectors. And this resulted in a very strong document called "Fundamental Elements of Cybersecurity for the Financial Sectors of the G7." So this was a prominent piece of cybersecurity risk management that was adopted.

So cybersecurity, in short, that is the number one risk that I hear about. I hear about other risks too, and I certainly am hearing quite a bit of focus on the effects of climate. Climate also is something that banks have been raising, certainly in my conversations. But thank you for your question.

Senator REED. Thank you very much. My time is about to expire so Dr. Cook and Dr. Jefferson, I was very impressed in our meetings. I look forward to supporting you, and I will have some questions for the record which I will forward to you.

Thank you very much. Thank you, Mr. Chairman.

Chairman BROWN. Senator Scott, from South Carolina, is recognized.

Senator SCOTT. Thank you, Mr. Chairman. I would like to associate myself with Senator Toomey's comments about the harmful views of Ms. Raskin. I think Senator Toomey asked a very honest, simple question. Do you mean what you say today or did you mean what you have been saying for years, is really the basic question he is asking. Because it is indeed dangerous to use one's power as a regulator to pick winners and losers, and you have advocated for that.

And to discriminate against industries that you find distasteful would be a harmful precedent for the Fed. Ms. Raskin's public comments of politicizing the Fed and using this extraordinary power in ways that would harm millions of Americans is more than just a little concerning.

A worker's hard-earned dollars does not go as far in today's economy as it used to. This inflation-fueled economy is eroding the spending power of everyday Americans working paycheck to paycheck. The Democrats' tax-and-spend approach to fiscal policy has driven up prices to a 40-year high since taking office just a little over a year ago.

Folks at home in South Carolina keep telling me that they have too much month left at the end of the money. Why is that? Well, gas is almost 50 percent higher. Utilities nearly 25 percent higher. Used cars nearly 40 percent higher. Food, clothes, and shoes, higher, higher, higher.

Now I am concerned that this Administration and their chosen regulatory nominees want to make life even more difficult for those hard-working Americans working paycheck to paycheck to bridge these inflation-driven income shortfalls. In 2020, the Federal Reserve Board published a study on the cost of making a small-dollar loan. Ms. Bloom Raskin, are you familiar with that economic research from the Fed?

Ms. RASKIN. No, I am not but I would like to learn more.

Senator SCOTT. Yes, ma'am. Well, one of the findings of that research was—and I found it to be particularly alarming—was that the report found that APR rate caps, even at 36 percent, would effectively eliminate lenders' ability to extend consumer loans under $3,000. I am not sure if you realize the powerful impact on eliminating loans at $3,000, because that means that those Americans living in marginalized communities like the one I grew up in would have to turn to pawn shops or to a market that does not exist, a market that is not regulated, that is not safe, and certainly a market that would not be reliable.

That same year, you broadly characterized a spectrum of existing small-dollar consumer credit options as a serious threat to low-income communities before endorsing legislation to establish a 36 percent interest rate cap on all consumer loans. You further justified your support of a Federal cap by stating opposition to such a cap is based either on a misunderstanding of the needs of low-income communities or an out-and-out support of predatory lending.

Ms. Raskin, I am opposed to a national APR rate cap, even at 36 percent, because it simply eliminates an entire market of small-dollar loans for people who need access, and according to the Fed's report—I hope you have an opportunity to study that report—it suggests that if you cap it at 36 percent you fully eliminate a market for people like the one I was, and my mother working as a single parent 16 hours a day, looking for access to loans, eliminating that market simply means that you lose the opportunity to fix your tire if it blows, or you lose the opportunity to deal with the transmission, as we had to back in those days.

And so what I am talking about is a real concern, not a philosophical one, about what we do for Americans who lose access to the market because we decide for them what the market should look like. And I think that is a dangerous place to be. But your characterization that either you are someone who does not understand low-income Americans or you are someone who supports the predatory industry. And as that kid, I have got to say, I am not sure which one you would call me. Am I the person who simply does not understand the needs and challenges of low-income Americans, or do you put me in the category of someone who is just a cheerleader for predatory lenders?

Ms. RASKIN. Thank you for that question, and you are, you know, exactly right. Small-dollar loans, I think, are a very important source of credit, really to all Americans but particularly those that need access to credit in a timely way.

The report that you are talking about, I look forward to looking at it and understanding its methodology and how it came to the conclusions that it did. But you are exactly right and put your finger on an important challenge, which, of course, is the availability of safe credit for people when they need it.

I think that there is more that can be done in terms of providing access to safe, affordable, small-dollar loans. I am aware that there is work underway to be looking at this, and I think from that perspective it is an important issue that you have put your finger on.

Senator SCOTT. Thank you, ma'am. I am out of time. Let me just simply say this, sir. Thank you for your response, and I will say that we led the efforts to have an interagency framework developed around small-dollar lending, and the Fed participated in that process. And I do look forward to your response after seeing the report. Thank you.

Chairman BROWN. Thank you.

Senator Menendez, of New Jersey, is recognized.

Senator MENENDEZ. Thank you, Mr. Chairman. Just to follow up on this conversation, you know, I have made it my mission to try to not figure out how high interest payments low-income borrowers should be able to pay but actually how do we end the payday lender, the check-cashing place, the pawn brokers, the portal of entry for this universe of Americans into our financial system. Because while we want them to get access to the ability to have such a loan, I do not know why specifically, because of the nature of the status of what their income is, they have to be, you know, committed to such high interest rates. It seems to me that we should be putting our collective will and effort together to creating portals of entry for them.

Having said that, let me congratulate all the nominations. I am glad to see the Biden administration is finally taking steps to bring greater diversity to the leadership of the Fed, but there is a lot more work to be done. Latinos are this country's largest minority. They make up nearly 20 percent of the United States population and yet they have no—underline no—representation in Fed leadership.

So my question to all of you, if you are confirmed will you commit to working with my office to increase the Latino representation at all levels of the Federal Reserve? A simply yes or no would work.

Mr. JEFFERSON. Yes.

Ms. COOK. Yes.

Ms. RASKIN. Yes.

Senator MENENDEZ. If confirmed, you will have an important role to play in the selection process for presidents and members of the board of directors at the 12 Federal Reserve banks. Would you commit to working to ensure that diverse candidates are considered for these positions? Ms. Raskin.

Ms. RASKIN. Yes I will, Senator.

Senator MENENDEZ. OK.

Ms. COOK. Yes.

Mr. JEFFERSON. Yes.

Senator MENENDEZ. Thank you. So Ms. Raskin, one of the lessons of the 2007 global financial crisis was that excessive incentive-based compensation plans encouraged Wall Street executives to take ever greater risks that ultimately pushed our economy into a devastating recessing. When we passed Dodd–Frank, one of the provisions I was able to include, that Congress ultimately passed, instructed the financial regulators, including the Fed, to jointly issue rules to rein in these practices.

But in the nearly 12 years since Dodd–Frank was enacted we have seen the CEO-to-typical-pay ratio balloon to over 351-to-1, as well as a number of scandals, including the London Whale, Wells Fargo fake account scandal, Archegos, and all of which seem to be tied to executive pay incentives.

What we have not seen, however, is a strong incentive-based compensation rule finalized by our regulators. So if confirmed, will you commit to working with the other financial regulators to develop a strong, incentive-based compensation rule?

Ms. RASKIN. Thank you, Senator, for that question, and that was—you are correct—a requirement in the Dodd–Frank Act. It was a requirement with a deadline, and as far as I know that deadline has happened and still there is no rule. There is guidance but there is no rule, and yes, the answer, in short, is yes, I would work to implement the law.

Senator MENENDEZ. Thank you. That is a correct observation. It is well past the time that Congress intended.

Also finally in that regard, would you make it a priority to finalize the rule by the end of this year, if you were confirmed?

Ms. RASKIN. Well, if confirmed and I were there I would certainly look into the issue as to the reason for the delay. I believe there are a number of agencies involved in this, so I would certainly commit to look at this issue.

Senator MENENDEZ. There are, but we need leadership to move the process forward, so I look forward to you having that leadership.

Dr. Jefferson, if confirmed, you will have some difficult decisions to make in the coming months and years with regard to monetary policy. Inflation is running above desired levels, but if we do not critically examine why that is the case, the Fed's response could be counterproductive. Maybe it could even harm the recovery.

Do you agree that the inflation levels we are currently seeing are mainly being driven by supply chain bottlenecks?

Mr. JEFFERSON. Thank you for that question, Senator. I believe that the inflation we are experiencing now has multiple components to it. Certainly the pandemic is a very important impact with regards to the supply side. We know that the supply chain effects caused bottlenecks, and for the given level of demand, supply is not able to meet it, and that puts upward pressure on prices.

Senator MENENDEZ. And finally, how does the supply side nature of the current inflation inform the Fed's response?

Mr. JEFFERSON. Well, Senator, the tools of monetary policy really cannot address these developments that occur on the supply side in terms of resolving them. But the mandate given to the Fed by the Congress is very clear, that the Fed has to be mindful of maximum employment, and equally it has to be aware of price stability and undertaking policy to preserve price stability.

So in this moment, Senator, the inflation rate is high relative to the Fed's target, and so the directive is clear. The Fed must take steps to bring inflation back in line with its targets.

Senator MENENDEZ. Thank you, Mr. Chairman. I have some other questions for the record. I have not had a chance to meet these nominees but I look forward to your responses.

Chairman BROWN. Thank you, Senator Menendez.

Senator Kennedy, from Louisiana, is recognized.

Senator KENNEDY. Thank you, Mr. Chairman. Dr. Jefferson and Dr. Cook, I may not get to ask you many questions today because I want to concentrate on Ms. Raskin's proposal to change the mission of the Federal Reserve. But I have read about both of you. It is clear to me we disagree on some things in terms of our politics, but in America you can believe what you want. That is why it is such a great country.

Dr. Jefferson, I believe you are at Davidson. You are a professor there?

Mr. JEFFERSON. Yes.

Senator KENNEDY. There is no better place in America to get a liberal arts education.

Dr. Cook, you are a Truman scholar?

Ms. COOK. Yes.

Senator KENNEDY. And you are a Marshall scholar. You were at St. Hilda's?

Ms. COOK. Yes.

Senator KENNEDY. OK. Have you ever met a Marshall scholar that was a dummy?

Ms. COOK. No, Senator.

Senator KENNEDY. Me neither. The only advice, for what it is worth, that I have for each of you is, number one, please do not change the mission of the Federal Reserve. Please do not let it be politicized. And number two, do not get caught up in the group think over there. Only dead fish go with the flow. Do not get caught up in the group think.

Now, Ms. Raskin, in May of 2020, the world economy is melting down because the Government shut it down. We are trying to hold it together with baling wire, duct tape, spit, and happy thoughts. And you say that is great, but we ought to let oil and gas companies go broke. Did you really mean that?

Ms. RASKIN. Well, thank you, Senator Kennedy——

Senator KENNEDY. You are welcome.

Ms. RASKIN. ——for that question. And the Federal Reserve has particular mandates——

Senator KENNEDY. I know about all that, but did you—I mean, did you mean it? You said it. Here it is, big as Davos. I read the op-ed. You said save everybody but the oil and gas industry and let them go broke. Did you really mean that?

Ms. RASKIN. So I have been clear on my views. The whole point of the op-ed was that the Fed should not pick winners and losers.

Senator KENNEDY. Except for oil and gas. You said they ought to be allowed to go broke.

Ms. RASKIN. The Fed should not pick or favor any sector at all.

Senator KENNEDY. Then why did you say it?

Ms. RASKIN. The Fed is not in the business of choosing winners and losers.

Senator KENNEDY. Then why did you recommend to them that they let oil and gas go broke?

Ms. RASKIN. I did not recommend——

Senator KENNEDY. Yes, ma'am. I read the op-ed. There it is. I am not going to quote it to you, but Senator Toomey pointed it out. Did you mean it?

Ms. RASKIN. Senator Kennedy, I want you to understand the proper role of the Federal Reserve. The Federal Reserve should not be choosing winners and losers.

Senator KENNEDY. Yes, ma'am. So you disagree with the editorial?

Ms. RASKIN. The editorial was one that I wrote, and I wrote it in the context of the Federal Reserve's emergency lending facilities. This was a special program set up by the CARES Act, by the Congress, that appropriated taxpayer money. This was an issue quite unlike the issue of supervision and——

Senator KENNEDY. And you said do not give the money to oil and gas. Let them go broke, because in my opinion they are bad for the environment, didn't you?

Ms. RASKIN. I want you to understand the context for that article. That article did not have to do with supervision and regulation.

Senator KENNEDY. Dr. Raskin, you said it. You ought to own it, OK? You ought to own it.

Ms. RASKIN. I am sorry?

Senator KENNEDY. You said it. You ought to own what you said. I would respect you more if you did.

Let me move on to this business of allocating capital, and look, this is America. You can believe what you want, and I mean that. But I do not agree with your mission to politicize the Federal Reserve.

Ms. RASKIN. I do not think the Federal Reserve should be politicized either.

Senator KENNEDY. Well then why did you say it? Why did you say, in this June 2020, piece, quote, "Federal regulatory bodies should allocate capital"?

Ms. RASKIN. It is not the role of the Federal Reserve in supervisory or regulatory matters in its functioning as——

Senator KENNEDY. Then why did you write it?

Ms. RASKIN. It was written in a context, Senator, that had to do with emergency lending. It did not have to do with the context of supervision and regulation.

Senator KENNEDY. I feel strongly about charter schools, OK, if some President or some Chairman of the Federal Reserve said, "Let's all get together and allocate capital away, and lean in on all the banks so they do not fund charter schools." Do you support that? I mean, you support driving oil and gas industry into bankruptcy. Do you think that would be a proper role for the Federal Reserve?

Ms. RASKIN. No. Obviously not. The Federal Reserve is not to get involved in allocating credit to any particular sector.

Senator KENNEDY. So you changed your mind.

Ms. RASKIN. I have made myself completely clear. The whole point of the op-ed was that the Fed should not pick winners and losers or expose taxpayers to undue risk.

Chairman BROWN. Senator Kennedy, your time has expired.

Senator KENNEDY. Well, now you went 3 minutes over, Mr. Chairman.

Chairman BROWN. I did, and so did Senator Toomey, but we need this hearing done by 11.

Senator KENNEDY. Well, can I ask one more?

Chairman BROWN. No. You have already gone 2 minutes over.

Senator Warner, you are recognized, from Virginia.

Senator WARNER. Well thank you, Mr. Chairman. I would say to my friend from Louisiana I think your appropriate admonition about only dead fish go with the flow, maybe that could be applied to both sides on our partisan basis too.

Senator KENNEDY. Well, I agree with that. I do not even know what parties they are in.

Senator WARNER. I understand. I appreciate that.

Ms. Raskin, it is good to see you. I do want to note, we all know you have got progressive views but I have been actually very surprised and pleasantly surprised by the number of Virginia bankers who have had experience with you and believe very much that you are a fair and balanced regulator. And I hope that is reflected in the record as well. Former heads of the Independent Community Bankers and others have come forward on supporting you, and again, I think that bodes well for you.

I am also a little surprised. My understanding of the Fed's role and responsibility is also to look at systemic risk. And I tell you, in my State, when we call, it, you know, Hampton Roads, our tidal regions, Norfolk, Virginia Beach, and others, they have huge, huge risks to those economies because of sea level rise.

Now they do not call it climate change because that may not be the politically appropriate terminology, but I sure as heck know that the banks, financial institutions, political leadership, Democrat and Republican, on both sides in Hampton Roads view sea level rise as an incredibly, incredibly significant systemic risk, and I believe that risk is amplified around. I think my friend, the colleague from Louisiana, they have that same challenge around New Orleans and elsewhere.

So I do think, as we think about both questions of full employment, systemic risk, these issues are extraordinarily relevant.

I also have to tell you that one of the things I was hoping to raise with you, Senator Reed raised and you kind of took the answer and ran with it, and that was cyber, because I find when I talk to bankers, when I sit in my role as Intelligence Committee Chair, cyber is an omnipresent risk, and we should all be alert now. God willing we are not going to see military action coming out of Russia with Ukraine, but should there be, a component part of that will be cyber. And as we saw from the Russian attack against Ukraine in NotPetya, you cannot limit a cyberattack to a geographic area. There were literally tens of billions of dollars of losses in America due to the NotPetya attack in 2015.

So my hope would be that cyber will continue to be a focus, and you have addressed it pretty well. But I want to know if there was anything else. You have had experience in cyber. Was there anything else? You had a pretty comprehensive answer. And I do want to get one other question in for you and Ms. Cook, if possible, but I want to give you another chance.

Ms. RASKIN. Yes. I appreciate your underscoring what certainly has been my experience in talking to the financial sector regarding cybersecurity. The threats are actually evolving at a very quick pace. This is a type of warfare, you know, as you might imagine, and the defensiveness of the financial sector I think is really at stake here. Obviously, you know, it is not the role of the Fed, certainly, to stop cyberattacks, but I do think it is important from a supervisory and risk perspective to make sure that the financial sector feels that it has the defensiveness.

Senator WARNER. Would not a massive cyberattack that could potentially bring down part of our financial system, while there are reporting requirements in the financial system there is not for the balance of the economy. We have got a bipartisan bill that was going to get into the defense authorization that would at least require some level of mandatory reporting. But a catastrophic cyberattack against our financial sector, would that not be a systemic risk?

Ms. RASKIN. Yes, I think it could.

Senator WARNER. I agree with you.

Let me move quickly, because again, I want to honor the Chairman's request to get all the questions in, and I would like you to address, and I know Dr. Jefferson and I talked a little bit about this. But I would like to get at least you and Dr. Cook on this, and I will come back to Dr. Jefferson in subsequent questions.

CDFIs, MDIs, critically important role. I think you both have experience with them. How do we make sure that the Fed can do more to shore up that critical component of our financial sector, because clearly lending to low- and moderate-income individuals has got to be a role if we are going to have financial stability, economic stability, and close to full employment.

Either one of you, please. Dr. Cook, do you want to take that?

Ms. COOK. Thank you for the question, Senator. I sit on the board of a CDFI and I have learned a lot about it, and I think the Federal Reserve is beginning to engage in discussions about CRA reform. And I think part of that is shoring up the funding for CDFIs. They are critical in terms of getting funding to where capital does not go, whether we are talking about urban areas or rural areas. But certainly this is important for entrepreneurship, for the dual mandate, the carrying out of the dual mandate, especially maximum employment. So thank you for your support of CDFIs, Senator.

Senator WARNER. And I think huge opportunities with CRA reform. Thank you, Mr. Chairman.

Chairman BROWN. Thanks, Senator Warner.

Senator Hagerty, of Tennessee, is recognized.

Senator HAGERTY. Thank you, Mr. Chairman. First I would like to direct my first questions to each of the nominees, and congratulations to you on your nomination. First I would like to ask each of you, have you currently or have you ever embellished any part of your resume, your background, or your publications.

I will start with you, Dr. Jefferson.

Mr. JEFFERSON. No, Senator.

Senator HAGERTY. Ms. Bloom Raskin.

Ms. RASKIN. No, sir.

Senator HAGERTY. Dr. Cook.

Ms. COOK. No, sir.

Senator HAGERTY. Dr. Cook, whether intentional or unintentional, it appears that you made a number of omissions in the paperwork that you submitted to this Committee, and you have made several mischaracterizations of your background. But even more concerning to me, with respect to your nomination, is that your background, although very impressive—that you covered with Senator Kennedy—does not seem related to the mission of the Federal Reserve. As I look at your list of publications and your speeches, it seems more like social science than it does economics and monetary policy.

Can you describe for me in more detail what your economic specialty is?

Ms. COOK. Senator, thank you so much for that question. I certainly am proud of my academic background. I know that I have been the target of anonymous and untrue attacks on my academic record.

But I would like to tell you about my academic record, and that is relevant. I have a Ph.D. in economics from the University of California at Berkeley. I specialized in macroeconomics and international economics.

Senator HAGERTY. I am aware of that. I would like to get to that in the questions for the record. There are a number of issues about claiming that articles were peer reviewed when they were not, the characterization of your academic affiliations, but we will get to that in the questions for the record.

My question for you now is if you would underscore what your academic specialty is and how it is related to monetary policy.

Ms. COOK. Sure. I would answer that in several ways. First, I specialize in managing financial crises, and I have done that in several instances. At the Treasury Department I was at the financial crisis think tank and worked closely with John Taylor, with Secretary Summers, and others in managing financial crises. At CEA I was the person who was in charge of managing the eurozone crisis at CEA, and I worked collaboratively with NSC to do that.

So I have publications that are related to banking reform and recognizing systemic risk. So I take the research that I do and I turn it into something in the field, and that is what I do at a land grant institution.

Senator HAGERTY. Thank you. Well, monetary policy is a very blunt and a very potent tool, and I would have expected someone with deeper experience in the monetary policy realm. But I appreciate you being here and thank you for your answer.

Ms. Raskin, I would like to turn to you. I want to talk to you about the actions last December that took place at the FDIC. There, CFPB Director Rohit Chopra and Interim Director Martin Gruenberg took actions to basically eviscerate the Chairman's role there at the FDIC before her term expired, and it was deeply troubling to me and a number of Members of this Committee. It broke historical precedent, it was a remarkable undermining of the independence and the integrity of our financial regulators, and I want to ensure that a situation like this does not happen at the Fed.

In her nomination hearing in front of this Committee, Governor Brainard committing, committed to deferring to the Fed Chairman to set the agenda at the Federal Reserve Board. So Ms. Raskin, if you are confirmed, do you commit to doing the same?

Ms. RASKIN. Yes I do, Senator.

Senator HAGERTY. Thank you. The last thing I want to see is another coup d'etat like we saw at the FDIC, and this Committee is here to backstop and ensure that that does not happen.

Ms. Raskin, another questions for you. Are higher gas prices good or bad for America?

Ms. RASKIN. Thank you, Senator. I have to say, higher gas prices really do hit. In my neighborhood they are up to $3.33 a gallon. You know, you go into a gas station now to fill your tank and you say, you know, should I actually really fill it? I mean, maybe you——

Senator HAGERTY. We are running tight on time. Is that good or is it bad for America?

Ms. RASKIN. Well it certainly hurts your pocketbook.

Senator HAGERTY. It absolutely does that. And I am very concerned, given the level of inflation that we are experiencing right now and the Fed's role with respect to inflation, the policies that you have supported, as my colleague, Senator Kennedy, discussed with you, I am very concerned about weaponizing the Fed and using it to attack industries like the oil and gas industry, particularly right now when we see energy prices through the roof. This sort of move would not only make inflation worse in America when it is already running rampant, but it would also make us more dependent on others, for them to supply oil and gas to us because you want to choke off oil and gas here in America and make us less secure as a Nation.

So it is very concerning to me, and again, I realize we are out of time but I would like to underscore the fact that I think it is highly inappropriate to begin to weaponize the regulatory construct of the Federal Reserve in any manner that might be pursuing issues outside the mandate of price stability and full employment.

Thank you, Mr. Chairman.

Chairman BROWN. Thank you. Senator Cortez Masto, from Nevada, is recognized.

Senator CORTEZ MASTO. Thank you. Let me ask, right off the bat, thank you, first of all, all three of you for the opportunity to meet with you and have a conversation with you. But let me ask you this. The board that you are looking to be nominated to, there are seven members. Can any single one member weaponize the mission of the board? Yes or no.

I will start with Ms. Raskin.

Ms. RASKIN. No.

Ms. COOK. No.

Mr. JEFFERSON. No.

Senator CORTEZ MASTO. Thank you. That makes me feel much better.

Dr. Cook, you have held many high-profile leadership posts. Let me ask you about your previous leadership positions with other regional Federal Reserve banks. I know you serve on the Advisory Council for the Opportunity and Inclusive Growth Institute, led by the Federal Reserve Bank of Minneapolis, and you also are a board member for the Federal Home Loan Bank of Indianapolis.

How have these positions prepared you to serve on the Federal Reserve Bank?

Ms. COOK. Thank you for that question, Senator. I have come to know the needs and opportunities associated with rural communities through my service through the Federal Home Loan Bank of Indianapolis. Certainly community banks are struggling. There has been a secular decline in them over the last 30 years. But they provide absolutely critical capital to small communities and places where capital does not show up.

My membership on the board of directors of CDFI, same thing. CDFIs provide capital. They are pillars of their communities, where capital does not typically flow. And what we know about the United States is that entrepreneurship is a tried-and-true path to the middle class, and both those institutions, whether through affordable housing through the Federal Home Loan Bank of Indianapolis or through supporting entrepreneurs would help to support this American dream of entrepreneurship.

So I have been grateful for those opportunities and they would inform, if confirmed, my deliberations on the Federal Reserve.

Senator CORTEZ MASTO. Thank you. I appreciate that. I also really appreciate the opportunity that I see before me. I think that diversity is important for this particular board because it is important that the members really mirror, represent the rest of the country. How are we going to understand the needs of so many individuals across the country if we do not have that representation at all levels? So I appreciate all of you appearing before me today.

Let me ask you, Ms. Raskin, we worked so hard during this last pandemic to appropriate the CARES bill, the American Rescue Plan, the Infrastructure Investment and Jobs Act, and they provided important relief to families while also looking to do long-term investments in health and housing and infrastructure.

I also know, coming from Nevada, that the last financial crisis, it took us 7 years to come out of that financial crisis. So my question for you is, what were the lessons that we learned from that last financial crisis and how did they help us as we look to this financial crisis to avoid that extensive economic pain for Americans during this pandemic? If you would reflect on that.

Ms. RASKIN. Yes. Thank you for that really interesting question, Senator. And, you know, I think the lessons are still to be learned, because we have not completely emerged, certainly, from the effects of the pandemic. But I think you are right to point to differences in approaches both from the perspective of monetary policy and fiscal policy that were taken and the extent to which, different mix of policies had an effect.

I mean, in one dimension I think what we saw was that the financial sector seems to have done quite fine during what was a massive blow that came from the pandemic. That was good to see and suggests certainly something about the resilience that the financial sector had going in and the mix of policies that were available to respond.

So I think this is an evolving question, but it is one we should always, as policymakers, and if I were confirmed I would urge us to always be trying to think back. I mean, it is pretty amazing that for many of us now there have been two crises in our lifetimes. So there are things to learn, and I think that trying to understand those learnings will certainly help as we continue to build economic resiliency going forward.

Senator CORTEZ MASTO. Thank you. I know I have gone over my time. Dr. Jefferson, thank you again for meeting with me. I will submit the remainder of my questions for the record. Congratulations to all three of you.

Chairman BROWN. Thank you. Senator Lummis, of Wyoming, is recognized.

Senator LUMMIS. Thank you, Mr. Chairman, and welcome, nominees. My questions are for Ms. Raskin. I would like to ask you about Federal Reserve master account access. This is an issue of great interest to Wyoming and my constituents. I asked Chairman Powell about it. I asked Governor Brainard about it at their nomination hearings. I have been stonewalled at the Fed. And so I wrote an op-ed in the *Wall Street Journal*.

Master accounts are the way banks access the payment system. Many nonbanks, including trust companies have applied and failed to receive a Fed master account. To my knowledge, there is one, and only one State-charted trust company that has a Fed master account. It is a startup based in Colorado, formed in 2016, called Reserve Trust.

Reserve Trust has repeatedly touted the value of the company's Fed master account. Their homepage says, in 2021, one of the company's investors underscored that Reserve Trust is armed with a master account at the Federal Reserve and direct access to the payment rails, the only company in the country that has that, the only fintech company.

Now a Fed master account gives Reserve Trust an enormous advantage over everybody else, since it appears they are the only one who has it. And you are very familiar with Reserve Trust because you joined their board in May 2017, just 4 months after leaving Treasury. Right?

Ms. RASKIN. Well, thank you for your question. I joined the board of Reserve Trust in 2017——

Senator CORTEZ MASTO. And your Treasury came after 4 years as a Federal Reserve Governor. Right?

Ms. RASKIN. Four years? Well, after I left as a Federal Reserve Governor I went to Treasury as Deputy Secretary of Treasury.

Senator CORTEZ MASTO. Right. You went from the Federal Reserve Governor to Treasury, and then to Reserve Trust's board, and then Reserve Trust had its master account application denied in June 2017. But 1 year later, the Fed granted it a master account, in 2018.

It is a mystery to me how dozens of fintech companies have tried unsuccessfully, and how Wyoming's SPDI charter has been under review for well over a year, two-and-a-half years at the Fed, consulting with them about how to make this qualify.

How did Reserve Trust get there so quickly? After Reserve Trust had their application denied, did you communicate with the Federal Reserve about Reserve Trust's application?

Ms. RASKIN. So, Senator, I was on the board of Reserve Trust, on the board of directors, from 2017 until 2019.

Senator CORTEZ MASTO. And they got their master account in 2018. So did you call or communicate with the Federal Reserve about Reserve Trust's application?

Ms. RASKIN. Well, certainly if you are suggesting anything improper I want to make very clear that I have, first of all, had the honor to serve in various public capacities, and each time I left I have been very mindful of the rules regarding departure.

Senator CORTEZ MASTO. Well, it is my understanding you did call the Kansas City Fed in August of 2017 regarding Reserve Trust's master account application. So I have significant questions about your involvement in Reserve Trust efforts to obtain a master account.

So Reserve Trust is denied. You go on their board. Then they get a master account. Did you communicate with the Board of Governors about Reserve Trust's application?

Ms. RASKIN. So I can assure you that I have been very focused——

Senator CORTEZ MASTO. Well, who did you communicate with?

Ms. RASKIN. First of all, I want to be very clear here. The Federal Reserve has approved plenty of master accounts——

Senator CORTEZ MASTO. But not in fintech. You resigned from Reserve Trust in August of 2019. Correct?

Ms. RASKIN. August 2019 I left the board of Reserve Trust.

Senator CORTEZ MASTO. Correct. Now do you know Amias Gerety?

Ms. RASKIN. Yes, I do know Amias Gerety.

Senator CORTEZ MASTO. OK. So while you were number two at Treasury, Mr. Gerety was the Acting Assistant Secretary for Financial Institutions, and he reported to you. Right?

Ms. RASKIN. He did not report directly to me but yes, he was at Treasury when I was there.

Senator CORTEZ MASTO. And he is also a partner at QED Investor, which is now the controlling owner of Reserve Trust. So in 2020, QED Investor purchased the 195,000 Reserve Trust shares you received when you joined the board in 2017, and they purchased your shares for almost $1.5 million. Even in this town that is a lot of money for being on a company's board of directors for 2 years.

So let me recap. You leave Treasury, you serve on the board of Reserve Trust for 2 years, their first application for a master account is denied, but after the denial you call the Federal Reserve, and Reserve Trust receives a Fed master account, the only State-charted trust company in the country to get one, and you walk away with $1.5 million.

Something does not smell right with the way this played out. My State's companies, my constituents have been stonewalled, have been slow-walked, and have not been able to get approval, even though they have been working with the Fed for 2.5 years on our very specific guidelines for getting master accounts.

Now, Mr. Chairman, I do not know the details here, because the Fed has not provided us with any documents we have asked about Reserve Trust's master accounts. But I think this requires additional scrutiny by the Committee, and I look forward to receiving it.

Thank you, Mr. Chairman. I yield back.

Chairman BROWN. Senator Warnock, from Georgia, is recognized.

Senator WARNOCK. Thank you so much, Chairman Brown, and congratulations to Ms. Raskin, Dr. Cook, and Dr. Jefferson, for your nominations to leadership at the Federal Reserve Board. Congratulations to all of you.

But I would like to take a moment to especially congratulate Georgia's own Dr. Cook. As a child, Dr. Cook was one of the first Black children to integrate her public school, and has since spent a lifetime breaking racial and gender barriers. Since graduating from Spelman College, in HBCU I know a little bit about, across the street from my Morehouse College, located in the heart of Atlanta, Dr. Lisa Cook, you have committed decades of your life to pushing the field of economics forward and sharing your knowledge with the world.

And based on your clear qualifications and readily apparent expertise, it is clear—it is clear—that your nomination to the Federal Reserve Board will continue our important work to have an economy that works for all Americans.

And we cannot ignore that your historic nomination to the Federal Reserve Board will serve as an inspiration for generations of young Black women, who would like to study economics and dedicate themselves to work in the highest levels of public service. If we are to have an economy that works for all Americans, the Federal Reserve Board needs to look more like all Americans.

And so I am proud of your nomination, and Georgia is proud of your nomination, and I look forward to voting for you both in this Committee and on the Senate floor for your confirmation.

Georgians are feeling the rise and the crunch of rising costs on their everyday lives, and as Chairman Powell said before this Committee during his own nomination hearing a few weeks ago, some companies may be raising prices simply because they can.

We are seeing this in corporate earnings. Follow the money. The evidence is there. These costs are being borne most acutely by everyday Georgians and small businesses, having an adverse impact on our economy. For example, the average price for a gallon of gas in Georgia has gone up by 4 percent in just the past month. In Brunswick, that increase is almost 6 percent, down in old Brunswick, Georgia, all while profits among the largest oil and gas companies soar. So they are doing more than passing on the costs.

Dr. Jefferson, when considering systemic risks to our economy such as inflation and increasing costs, what considerations do you give to corporations and wealthy executives choosing profits over the stability of our economy?

Mr. JEFFERSON. Thank you, Senator, very much for your question. And the concern that American families have with inflation is real because they feel it in their pocketbooks, impacts what they are able to do from a week-to-week basis. It impacts their outlook for the future.

And so what the Fed can do is think about the full menu of prices that American families have to contend with and conduct monetary policy in such a way that, on average, those prices are consistent with its target.

With respect to the issues of concentration that you are indicating, there are other regulatory bodies that are more geared and prepared and skilled at looking at the concentration of industry. What the Congress has mandated that the Fed do is think about inflation overall, and if I were confirmed, I would keep the Fed's focus on that and trust that other agencies of the regulatory structure would look closely at issues of concentration.

Senator WARNOCK. So what kinds of tools might you use to address this issue?

Mr. JEFFERSON. Well, Senator, the tools that are the Fed's would not be able to meet the issues of industry concentration. On that side of the economy, that is not something that Federal Reserve instruments—I am thinking about concentration outside of the financial sector—that is not something that Fed policy can address directly.

Senator WARNOCK. Well, it is something I am concerned about and it is why I asked the White House Supply Chain Disruptions Task Force to investigate these practices by international cargo carriers, for example, out in the port in Savannah where we were dealing with this issue and we were able to loosen $8 million to help with the congestion there. But we are seeing these rising prices.

Dr. Cook, how would you respond to these issues?

Ms. COOK. Thank you for that question because I have seen those gas prices going up as I was vacationing in Georgia with my family over the holidays. I think that this issue, as Dr. Jefferson was saying, is largely outside the purview of the Federal Reserve. However, I think that it deserves more study, and we have, especially if there is any threat to financial stability, for example, or relates to the Fed's supervisory role, that would deserve more study.

Senator WARNOCK. Thank you so much. Dr. Raskin.

Chairman BROWN. Senator Warnock, you——

Senator WARNOCK. I am out of time.

Chairman BROWN. ——your time has expired. If you would, because Members want to go to the 11 briefing.

Senator WARNOCK. Absolutely.

Chairman BROWN. Senator Cramer, from North Dakota, is remote from North Dakota, I believe. Senator Cramer.

Senator CRAMER. Thank you, Mr. Chairman. Thank you for accommodating this format. And thanks to all of our witnesses and congratulations to all of you on being nominated.

I have been watching intently and taking some notes, and I want to explore a little deep, Ms. Bloom Raskin, on the context, your exchange with Senator Kennedy, where you were trying to explain the context of your editorial, your op-ed relating to risk and the oil and gas industry in particular, the fossil fuel industry, in particular.

I went back and read that same piece after that exchange, to familiarize myself both with the content and the context. And you are right in that you were writing in response to the expansion of the Main Street Lending Program that we worked hard to get, because oil and gas industry, huge jobs industry and huge national security industry in our country, was being sort of set aside, ignored if you will, by the Main Street Lending Program. And yet we were building bridges for all kinds of other industries, not more important certainly than the oil and gas industry.

So you are right that that was the context which you wrote in your piece, but as I read the piece you did not confine your advice or your opinions to simply the Main Street Lending Program. There was no strategic ambiguity whatsoever in your statements. And I am very concerned going forward, not just because there is a single nominee that shares these views that you share so vehemently and so rigorously, but rather that there have been lots of them in lots of areas, lots of agencies, and more than one or two with the Federal Reserve, various positions in the Federal Reserve.

I am very concerned about that. I have appreciated your reiterating the script that the Fed's job is not to pick winners and losers, but once you are in a regulatory role it is not just the regulations that matter but it is, as much as anything, the regulators themselves. So I have great concerns about your position and the increased power that you want to give to the Federal Reserve as it relates to allocating capital away from legal commerce.

You used an interesting word in describing the parameters as you see them. You used the word "resiliency." That is an important word. It means something very important. But it also reads a lot into our economy as it relates to energy. And so I wanted to sort of flip the script a little bit on you and ask if you think that it is a risk that banks ought to consider if the market that they support has a less than reliable or resilient supply of energy.

You know, if you are a Texas or other parts of the South or the Southwest, Midwest, that has failed resiliency tests in recent times, or the Northeast, or California, where they have gone away from baseload electricity, for example, and replaced it with more intermittent forms of electricity, that people actually die when that electricity does not work during certain times, or that manufacturing has to be curtailed during certain times because they are very energy dependent, is that a risk that you think that banks ought to consider and that the Fed ought to keep an eye on?

Ms. RASKIN. So thank you, and thank you for attempting here to understand context. And I do want to underscore that the Federal Reserve, as far as I know, is not looking to expand its powers. The Federal Reserve has mandates, very clear mandates, that Congress has provided, and the Federal Reserve, I hope, and certainly if I were confirmed, needs to always act within those parameters. It is absolutely critical to independence. It is critical because it is the law. And it is necessary to not get into positions of regulatory overreach or regulatory matters that are way beyond the purview.

And what is way beyond the purview? Well, one thing that is way beyond the purview is that it is banks, bankers, who are making the decision about who to lend to. That is not a Fed decision, and it never should be. I do not have any evidence to suggest that it is or that it would be, but it is not a regulator and supervisory function for a regulator to take over the basic business decision that the bank is making.

And why is that? Because banks exist—first of all, they are private entities, right, and they are in the best position to know what kind of loans should be made. They are in the best position to know what kinds of terms need to be structured around any kind of credit extension. That is their expertise, and that is an expertise that I would argue needs to be maintained.

So I certainly appreciate the cardinal principle that the Federal Reserve does not exist to be favoring any particular sectors, and the regulatory approach should not be in any way choosing certain sectors over others.

Senator CRAMER. I know I am well over, Mr. Chairman. Thank you for indulging me. I will provide some more comments on the record.

Chairman BROWN. Thank you, Senator Cramer.

Senator Tester, of Montana, is recognized.

Senator TESTER. Yeah. Thank you, Mr. Chairman and Ranking Member Toomey. I appreciate it. And Governor Bloom Raskin and Drs. Cook and Jefferson, thank you for being here.

Look, I think it is critically important that the Fed gets all the information that they can when they are dealing with risk to our financial system, and I think that it is rather obvious that climate change has to be part of the information that you gather. And why

I say that is because I have been 44 years plus on our farm. It has been in the family for over 110 years, and things have changed. And the proof of that is that, I believe it was in 2020, 40 percent of the farmers' income came from the Federal Government, because of consolidation in the industry and climate change. Last year we spent $140 billion of hard-earned taxpayer dollars on climate change issues.

Banks are important. As somebody involved in agriculture, we need to have access to dollars. That is where it is at, is in the banks. We do not want these banks to go under, and I know that there are many on this Committee that say, "Give me one example." I can tell you one of the reasons they have not gone under is because we have put out $140 billion last year and we have got crop insurance. Without those, those banks would be in serious trouble.

But the truth is this. There has been a lot of discussion around what the Fed should be doing or should not be doing. This is question for you, Governor Raskin. In your role as the Federal Reserve or any other Federal or financial regulator, in your opinion do you believe that we should be discouraging banks, or you should be discouraging banks in the Federal Reserve or any other Federal regulator from lending to carbon-based fuels like coal, oil, or gas?

Ms. RASKIN. No, I do not.

Senator TESTER. Drs. Cook and Jefferson, do you agree with that opinion?

Ms. COOK. I agree.

Mr. JEFFERSON. I agree.

Senator TESTER. OK. When Chairman Powell and Governor Brainard were before this Committee I asked them about the Fed's independence, as I did each one of you when we met on Zoom a few days ago. I think it is absolutely—absolutely—critically important that the Fed remains independent. I saw former President Trump try to influence the Fed and take actions for his own political gain, not for the well-being of this economy, and I am grateful that Chairman Powell—and that is one of the reasons I supported him in the position as Chair—and the Board's commitment to maintain that Fed independence under intense pressure. And I might add, political pressure from the right or the left is inappropriate on the Fed.

So I want to know, because you guys answered this question correct and I thank you—you believe the Fed should be independent—could you tell me why it would be a mistake to allow politics to influence our Nation's monetary policy? And be as brief as you can. I will start with you, Governor Raskin.

Ms. RASKIN. Well thank you, Senator Tester. The Fed's independence is absolutely sacrosanct. You are exactly right that it cannot be compromised in any way from political forces on any side. The supervision and regulation of the Fed, as well as the conduct of monetary policy has to be beyond reproach, and that is critical to our functioning as an economy and as a society. So I cannot state more emphatically the importance of independence.

Senator TESTER. Dr. Cook.

Ms. COOK. Senator, I have advised in a number of emerging markets and developing countries where the central bank was not independent, and everyday citizens of those countries suffered tremendously as a result, typically with respect to hyperinflation or at least high inflation environments. And I would say that I would be committed to Federal Reserve independence, and I would make sure that everyday Americans did not suffer what I saw abroad.

Senator TESTER. Dr. Jefferson.

Mr. JEFFERSON. Senator, one of the assets on the Fed's balance sheet is the trust of the American people, and that has built up over time because of the Fed's adherence to the mandates given to it by the Congress. So that cornerstone of independence underlies all that the Fed could hope to achieve for the well-being of the American people.

Senator TESTER. Thank you all for your testimony. Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Senator Tester.

Senator Moran, of Kansas, is recognized.

Senator MORAN. Mr. Chairman, thank you, and thank you to our nominees for being with us today. I congratulate you on the position you are in today.

I have been very interested in the responses I have head both on television and in the Committee room, to Senator Tester and Senator Cramer in particular. I come here troubled. You seem to all say, particularly you, Ms. Raskin, the thing I want to hear: I want a Federal Reserve that is not going to pick winners and losers. You commit to that. You indicated in response to the question that you should not be regulating in a way that discourages banks from making independent decisions about whether or not they should loan to energy and oil and gas companies. That is the right answer from my perspective.

What troubles me is that we all, in our politics, in our views, we want a result, and we seem less interested in the process by which we get that result. The Federal Reserve is not the entity to make the decision about whether this country moves forward or in a different direction with oil and gas, with energy production.

It is certainly the free-market system but it is perhaps Congress, Congress or the President. It is not an Executive order. It is not a decision by the Federal Reserve. The decisions we make here, in too many instances, Republicans will set aside the process to get the result, the Democrats set aside the process to get the result, and it is not always about the result because the process is what makes us a free Nation.

So I need greater assurance than what you are attempting to give me that you will not use the Fed to diminish the role of the energy sector, or any other private sector. I do not look at this any differently than if you came here to tell me you were going to use the Fed to promote an industry. You are neutral in what is a legal business in this country, and in my view you have no opportunity, none, to try to discourage the oil and gas industry from existing or prospering, just like you have no authority to decide that when we want solar energy or wind energy and we are going to promote it by regulations of our financial institutions.

I am troubled by what Chairman Powell said in response to the Chairman in his questioning, that the Chairman is going to defer to you, Ms. Raskin, on this topic. And you said, in response to the question of the Senator from Nevada, you responded that it takes all of you to make a decision. No one can do it.

And so I am troubled by any of the nominees who have the belief that there is a path by which you can regulate a legally authorized, existing business. That is an issue for the political process. And we talk about transition. You all talk about transition. You know, the transition is societal shifts. It is gambles. It is predictions. It is not economics for the Fed to be engaged in trying to figure out the societal changes of our Nation. What am I missing?

Ms. RASKIN. Well, thank you. The record for me is the record that I have had as a bank commissioner in the State of Maryland, already as a Fed Governor, and as Deputy Secretary of the Treasury, and I cannot state more emphatically than I already have that it is not the role of the Federal Reserve to get engaged in favoring one sector.

Senator MORAN. So Ms. Raskin, if it is not the role——

Ms. RASKIN. Yeah.

Senator MORAN. ——then are you saying you cannot do it and will not do it?

Ms. RASKIN. I am saying I view it as outside the bounds of the law. The Federal Reserve was set up by Congress, and with particular mandates, and as a lawyer I live within those mandates.

Senator MORAN. So let me ask you, as a lawyer, is there a path that you see, in any fashion, in which, if it is your view that the oil and gas industry, fossil fuels, need to be diminished in the role of this Nation, in our economy, is there any path for you to accomplish that as a member of the Federal Reserve?

Ms. RASKIN. I certainly have not explored that and would imagine there is no such path.

Senator MORAN. I wish you could say that more firmly, that there is not a path and there is nothing you can pursue.

Ms. RASKIN. Do you have an idea for me? I mean, I am not sure I see any attempt in any supervisory context or within the existing mandates of the Federal Reserve that have been set up by Congress to do anything that would favor a specific industry. That is not how regulation and supervision is done.

Senator MORAN. You are telling me I have nothing to worry about.

Ms. RASKIN. I would be curious as to whether you are thinking of something in particular, but I certainly do not see——

Senator MORAN. No trick question. I just wanting to know if you have any plan, any path, any desire——

Ms. RASKIN. No. None.

Senator MORAN. And if you had the desire, you cannot accomplish it.

Ms. RASKIN. Correct. I have no desire, and if I had the desire I could not accomplish it.

Senator MORAN. Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Senator Moran.

Senator Warren, from Massachusetts, is recognized.

Senator WARREN. Thank you, Mr. Chairman, and congratulations to all three of our nominees. It is good to see you here today.

So let's jump right in on climate change, and let's focus on the Chairman of the Federal Reserve, who is supported by many of the

Republicans who have spoken out today and who are so alarmed about the conversations about climate.

I would like to read a series of statements by Fed Chair Powell, who has been renominated by President Biden to serve another term as Chair. In response to a question I asked during his confirmation hearing last month, Chair Powell said, and I quote, "Our role"—meaning the Fed's role—"on climate change is a limited one but an important one, and it is to assure that the banking institutions that we regulate understand their risks and can manage them. It is also to look after financial stability, and with financial stability the issue really is can something from climate change arise to the level that would threaten the stability of the entire financial system," end quote.

So I just want to go down the line here. This should be an easy question. Does Chair Powell's statement on the Fed's responsibility for ensuring that banks are managing their climate risks and addressing climate risk threats to the financial stability correctly describe your views as well?

Professor Bloom Raskin, let's start with you.

Ms. RASKIN. Yes. That statement sounds correct to me.

Senator WARREN. Thank you. Dr. Cook.

Ms. COOK. Yes.

Senator WARREN. Dr. Jefferson.

Mr. JEFFERSON. Yes, Senator.

Senator WARREN. Thank you. So we have four people— the Chairman of the Federal Reserve and these three nominees—who are aligned on the role of the Fed in dealing with climate change.

Now when my colleague, Senator Ossoff, asked Chair Powell last year whether climate change had implications for the Fed's dual mandate and its responsibility for financial stability, Chair Powell said, and I want to quote here, "I think it has implications for all of those things," close quote, because, quote, "We know that the transition to a lower-carbon economy may lead to a sudden repricing of assets or entire industries, and we need to think about that carefully in advance and be in a position to deal with all of that," end quote.

Professor Bloom Raskin, starting with you, does this statement by Chair Powell also describe your views?

Ms. RASKIN. Yes, it does.

Senator WARREN. And Dr. Cook.

Ms. COOK. Yes, it does, Senator.

Senator WARREN. And Dr. Jefferson.

Mr. JEFFERSON. Yes.

Senator WARREN. OK. And when Chairman Brown asked Chair Powell about what the Fed would do to address the risks from climate change, Chair Powell said, and I want to quote, that "climate stress scenarios will be a key tool going forward." Does everyone agree? Professor Bloom Raskin.

Ms. RASKIN. Yes.

Senator WARREN. Dr. Cook.

Ms. COOK. Yes.

Senator WARREN. Dr. Jefferson.

Mr. JEFFERSON. Yes.

Senator WARREN. All right. I am going to do one more. These climate stress scenarios that the Fed are planning are, in Powell's words, quote, "about assuring that the large financial institutions understand all the risks they are taking, including the risks that may be inherent in their business models regarding climate change over time."

Once again, going down the line, do you agree, Professor Bloom Raskin?

Ms. RASKIN. Yes.

Senator WARREN. Dr. Cook.

Ms. COOK. Yes.

Senator WARREN. Dr. Jefferson.

Mr. JEFFERSON. Yes.

Senator WARREN. Thank you. I will support Chair Powell's nomination for another term running the Fed, but even he thinks that it is just common sense that the Fed should work to mitigate the risk of significant economic loss triggered by climate change. Central bankers around the world agree with him.

Heck, this position is so noncontroversial that the previous Vice Chair for Supervision, Randy Quarles, who was appointed by President Trump and never met a rule he did not want to weaken, requested the Fed's membership in the Network for Greening the Financial System, which is an international coalition of financial institutions that is working to meet the goals of the Paris Climate Agreement.

So we really have to ask, what is going on here? Why are the Republicans so stirred up by a mainstream position? Why is it OK when Jerome Powell says that climate issues are part of the Fed's mandate but it is not OK when Professor Bloom Raskin and other nominees say the same thing? Why is the Chamber of Commerce funding a multimillion-dollar campaign to kill any action by policymakers to address the climate crisis, and who is really footing the bill here?

Perhaps the real problem here is that Professor Bloom Raskin is not willing to let big oil stand in the way of the Fed doing its job. The fossil fuel industry and their lobbyists and friends in Congress may not like that. But asking the Fed to ignore climate risk is to ask the Fed to defy its congressional mandate. An institution responsible for the security of our financial system and the growth of our economy cannot blind itself to climate issues. We are in a climate crisis, and we need regulators with backbone.

I just want to mention one other thing before I quit here. I have long advocated for rewriting our ethics rules to prevent conflicts of interest, to close the revolving door, and to restore Americans' trust in our political system. I believe that we must examine a nominee's total balance of qualifications, but I have asked nominees from both the Republican and Democratic administrations to abide by higher ethical standards. I am discussing these standards with every Fed nominee and I look forward to their responses, including from those who are not at the hearing today.

So again, congratulations to our nominees. I look forward to your confirmation. Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Senator Warren.

Senator Tillis from his office is recognized, from North Carolina.

Senator TILLIS. Thank you, Mr. Chairman, and congratulations to all of the nominees before us today. You know, if you are confirmed you are going to have to vote on how things are supervised and regulated. This part of your job goes outside of the view of the public, sometimes by necessity, but some of it needs to be transparent.

In one case, the Fed has issued or used an asset cap to restrict growth of a bank and its ability to compete. So I want to ask this of each of the nominees. In the instance the asset cap has been used, it has been for a number of years now, since the financial crisis, and it was a drastic penalty that I believe we now need to question whether or not it should be in place or whether we should provide clarity or a roadmap for growth going forward.

So maybe starting with Mr. Jefferson and then Ms. Cook and then Ms. Raskin, I have got three questions for you. Number one, what are the conditions that you think would be reasonable to lift the asset cap? Another one, when will it be used again? And the third one, does a bank need to be perfect to get it lifted?

Mr. JEFFERSON. Senator, thank you very much for your question. It sounds like it is very specific and in an area where I do not have expertise. And so what I would like to say in response to your specific questions is that if I were confirmed I would look forward to learning more about this particular set of issues, and I would welcome the opportunity to invest my time to work with you and your staff to become better educated about it.

Senator TILLIS. OK. Just first off I should have thanked you for the time that we spent on the phone. I enjoyed the conversation. And you and I do not live too far apart, down in North Carolina. But we did talk about the need for a healthy ecosystem, and I think that these caps at the top end of the ecosystem, over time, might be damaging to the overall health and hygiene of the entire ecosystem, which includes small banks.

Ms. Cook.

Ms. COOK. Thank you for your question, Senator. The way I would look at it would be to assess the risk to the system and make sure that the financial system remains resilient. That is within the purview of the Federal Reserve's role and bank supervision.

Senator TILLIS. So would you—with that response I have got limited time. I am sorry to interrupt. I do not like doing that. But does that mean that we could look at rules of the road and get rid of this arbitrary cap, and that that is something that you would be open to discussing?

Ms. COOK. It is something that, because, like Professor Jefferson, I am not as familiar with this particular issue, I would look forward to studying it with an open mind and having deliberations with my colleagues, if confirmed, with an open mind.

Senator TILLIS. Thank you. Ms. Raskin.

Ms. RASKIN. So, Senator Tillis, you point to a very important feature of regulation which is clarity, and I think that if there are ways to improve a regulation, by making it more clear I think is a huge plus, it is a huge service, and yes, I would commit to look at any rule or regulation that requires more clarity.

Senator TILLIS. Thank you. Professor Cook, you previously stated you agree with the statement "the Black unemployment rate is a better indicator of the health of the overall economy than a lot more standard metrics that many people use today." Do you still stand by that statement?

Ms. COOK. Senator, when I think about the unemployment rate in general it is not just one unemployment rate. There are many different unemployment rates. There are unemployment rates for——

Senator TILLIS. I am sorry. I am glad you have gone in that direction. I am about to run out of time, so what specific standard metrics do you believe should be discarded in favor of this or other metrics?

Ms. COOK. Oh, I do not believe any should be discarded. I think we should, if confirmed, use as many different metrics as possible. The data are imperfect, so we should look at as many different indicators, from many different sources, from businesses, from consumers, from everyone in the economy. So I do not believe in primacy of one indicator over another.

Senator TILLIS. Thank you. My time has expired, and we will submit other questions for the record.

Thank you, Mr. Chair.

Chairman BROWN. Thank you, Senator Tillis.

Senator Smith, from Minnesota, is recognized.

Senator SMITH. Thank you, Mr. Chair and Ranking Member Toomey, and welcome to our three highly qualified and experienced nominees, and congratulations, and thank you for your willingness to serve on the Fed Board, especially and particularly in this moment. And I look forward to supporting all three of your nominations.

You know, the three nominees here today are highly qualified and dedicated public servants. Your experience and expertise and perspectives are much needed on the Federal Reserve, as our Nation navigates some really complicated economic times.

And I want to say that I appreciated the excellent conversations I have had with all three of you, and have found you to be informed and reasonable and qualified and fully committed, I might say also, to following carefully the mandates and the authorities and the independent role of the Fed.

Professor Bloom Raskin, I really appreciated our conversation and your commitment to the value of community banks and small banks. I shared the story of my grandmother, I think, who was the president of a small community bank, and your deep understanding of the value of small banks in a fair and resilient and stable financial system.

And I must say you have been absolutely clear, both in public and in our private conversations, that you emphatically believe that the Fed has no role in picking winners and losers in our economy, including in the oil and gas sector. And maybe this is why, as Chair Brown noted, you have been confirmed with bipartisan support before.

Dr. Cook, your experience and perspective on how all sectors of the U.S. economy need to work for everyone, and the role and the responsibilities of the Fed I think are authoritative, and I really appreciated the chance to speak with you. And Dr. Jefferson, your extensive work on poverty and inequality will be invaluable as the Fed pursues its dual mandate of maximum employment and stable prices.

And I also just want to note, as several have, that we all know that the Fed has traditionally been very short of diverse voices, and it is important, it is vitally important, that the Fed include diverse perspectives so that decisions that it makes are going to consider not just whether Wall Street is thriving but whether Main Street and small businesses and families everywhere in our country are getting ahead. I appreciate that I believe you will be, all three of you, in the perspective, in the position to bring that perspective forward.

I just want to home in a little bit on a few things, Dr. Cook and Dr. Jefferson, to understand how your research and experience will inform your work on the Fed, in just the little bit of time I have. Dr. Jefferson, much of your academic research has focused on the labor market, which fits so well, and income inequality and poverty, which all of us on this Committee, I believe, are concerned about. How will your research inform your work on the Fed, do you think?

Mr. JEFFERSON. Thank you so much for that question, Senator. And one thing that I think is important for us to do is look at the history of expansions here in the United States. And one thing that we see when we look at our history is that long, noninflationary expansions are highly inclusive. That is, the longer the expansion, the wider they tend to be, and the more people are brought into employment and prosperity across social and economic groups.

So if I were confirmed, I would very much want to advocate for policies on the part of the Fed that would lead to long expansions that are noninflationary.

Senator SMITH. You are observing also that fairness in our economy is good for our competitiveness. It is good for our productivity. It is good for opportunity, and it gets exactly to—I mean, Paul Wellstone was not, as far as I know, an economist, but when he said we all do better when we all do better I think he was hitting exactly on what you were talking about from an economic perspective.

Dr. Cook, I appreciated, in your testimony, you said, “My approach to complex problems is to be guided by facts and data and analysis and to work collaboratively.” You say, “I will do my work based on the facts and not politics,” and you pointed to Paul Volcker as a person who you admired for his unwavering commitment to a nonpolitical and independent Fed. Could you just say a bit, in the 10 seconds I have left, on how you will bring your experience to bear on the Fed?

Ms. COOK. I will just say, in a word, that my experiences abroad have really opened my eyes and informed me about the dual mandate of the Federal Reserve, both full employment and stable prices. Because not all central banks have that dual mandate. They typically focused on stable prices. And my research also has informed this view through the avenue of innovation, which undergirds economic growth. And what I find is that broadening participation, through STEM, for example, in the innovation economy certainly helps us all, not just those individuals who participate. So that is what I would bring to the deliberations on the Fed, if confirmed.

Senator SMITH. Thank you so much, Mr. Chair.

Chairman BROWN. Thank you, Senator Smith.

Senator Van Hollen is recognized, from Maryland, for 5 minutes.

Senator VAN HOLLEN. Thank you, Mr. Chairman, Ranking Member Toomey, and welcome all of you. And Dr. Cook, Dr. Jefferson, Governor Bloom Raskin, congratulations on your nominations. I think all of you would serve the country very well, and our economy well, on the Federal Reserve, and I look forward to supporting your nominations.

Mr. Chairman, I think you indicated I get just a little bit of leeway in sort of introducing again——

Chairman BROWN. You do, for sure.

Senator VAN HOLLEN. ——Governor Raskin as a Marylander, and I want to thank her for her leadership and focus for a moment about her leadership as Maryland's Commissioner for Financial Regulation during a very difficult time for our State and our country. That was the 2007–2010 period.

And during that time she earned the respect of Maryland financial institutions, our community banks, and I have heard from a host of Maryland's community banks about your preparation for the job that you have been nominated for and how well they believe you will serve our country in that capacity.

We also have the statement from Camden Fine, who served as the head of the Independent Community Bankers Association, ICBA, during the time that Governor Raskin was the chief bank regulator in the State of Maryland. And I am quoting Camden Fine saying, "She is outstanding and she understands the role of the Fed Governors. She is a tough regulator—do not get me wrong—but she is very fair."

It seems that that is exactly the kind of person that we would want in this position, and that sentiment has been endorsed by others who have worked with Governor Raskin. The Conference of State Bank Supervisors noted that she understands first-hand how decisions made in Congress and within the Beltway have significant implications for the financial industry, local communities, and consumers.

And 24 State and local treasurers and comptrollers said, "Sarah Bloom Raskin is a life-long public servant with an exceptional track record as a champion for consumer protection, prudent regulation, and financial risk mitigation."

And I have been listening to the testimony, Mr. Chairman, and I think Governor Bloom's answers reflect that she clearly understands that her role is to focus on risk, across the board. And we would be doing a great disservice to our country if we asked her to ignore any particular risks in the system or to overly focus on any particular set of risks. She wants to look at all the risks, which is what she did as the Maryland chief bank regulators.

And Governor Raskin, if you could just take a moment to talk about how that experience, during that very difficult time—we had a meltdown in the subprime mortgage industry in the United States which created catastrophic economic consequences for American families—can you talk about how your experience there informs your view of your current job?

Ms. RASKIN. Certainly, and Senator Van Hollen, thank you for you remarks and your question, of course.

So the role of the Commissioner of Financial Regulation in the State of Maryland, in the years that I served, which were the years of the successive waves of foreclosures, the weakening of some nonbank entities, and a general sense of hopelessness, which many of you may remember from the days of the financial crisis, really required an approach that was very collaborative. It was an approach that, for me, became, I think, the hallmark of how you go about regulation and supervision, which is to do it very collaboratively.

Supervision and regulation cannot be done with one voice alone. You need the voices of many, and the many include not just experts who understand the theory of regulation and supervision, but the people who experience it, who live it day to day. The bankers in Maryland were my indispensable partners in moving through those hard months, and it was the bankers there that strengthened my sense, not just in the value of collaboration and in the value of working together to achieve good ends, but the importance of community banks.

And I just want to say—and I just cannot say it enough—community banks are one of the finest features that we have in our financial sector. They provide safe and sound financial intermediation. They understand the community, the economies that they lend into, in a way that keeps them very sensitive and very attuned to what communities need.

So I learned a lot from those experiences as the commissioner during those years, and many of those approaches became, for me, a way of thinking about how you move forward.

Senator VAN HOLLEN. Thank you, Governor Raskin. I just, to my fellow Committee members, I can attest to Sarah Bloom Raskin's very good judgment, good temperament, and somebody who looks at all the facts before making a decision. And I really encourage all the Members of the Committee to support her nomination, and I also, as I said, support the other two nominees who have been presented to the Committee as well.

Thank you all very much. Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Senator Van Hollen.

I believe Senator Ossoff is remote, in his office, but I am not sure.

No, he is not.

Senator Toomey, and then I will close.

Senator TOOMEY. Thank you, Mr. Chairman. Let me just briefly wrap up my thoughts on this. First of all, I think Professor Jefferson confirmed what I have learned thus far. I think he is eminently qualified, knowledgeable, has the temperament and the experience to be a constructive contributor, and I look forward to supporting his confirmation.

With regard to Professor Cook, I am very disappointed that yet again today I have been unable to elicit any kind of clear response as to how she views the challenges that we face specifically with regard to the inflation that we have, what kind of tools she would be willing to use, her thoughts on the changes in our economy. There are just no clear answers, and that is disturbing.

With respect to Ms. Raskin, I have to say this is one of the most remarkable cases of confirmation conversion I have ever seen, although she does not acknowledge the contradiction of what she has said today compared to the things that she has been saying and writing for years.

Let me be very, very clear about where this is all heading. If Ms. Raskin is confirmed, there is going to be an effort at the Fed to start with a climate scenario analysis—that is what it is called—and you can be sure that that had better show all kinds of risks. And then the Fed will respond to that analysis. I do not know exactly how. Maybe it will be increased capital weightings. Maybe it will be exposure limits. But the idea will be to allocate capital away from the heavily carbon-emitting parts of our economy.

How do I know that? Because Ms. Raskin has told us this, repeatedly, in writing, in videos. We just found a new campaign video she made, criticizing the Fed for including energy bonds when they were buying corporate debt. In her message it was clear that she would have preferred that they exclude that one category. That itself is another example of her advocacy for an allocation of credit.

But rather than responding to that we just kept hearing this scripted mantra that the Fed should not pick winners and losers. But, of course, what she has advocated for in speech after speech and other venues is that the Fed should do exactly that.

So, Mr. Chairman, it is hard to believe the strength of the conviction that the Fed should not do that which she has advocated the Fed to do for a very long time.

And with that I will ask unanimous consent to enter into the record letters of opposition in concern to Ms. Raskin's nomination from more than 60 union, energy, business, manufacturing, taxpayer advocates, and women's organizations, 24 State treasurers and auditors, and Senator John Barrasso. I also ask unanimous consent to enter into the record letters of opposition to Professor Cook's nomination from 11 taxpayer advocates and women's organizations.

Chairman BROWN. Without objection, so ordered.

Thank you, Senator Toomey. That compares to my sterling comparison to the 1,000 letters and calls of support from such a wide cross-section of so many people, including, as Senator Van Hollen says, the Maryland community bankers.

There has been a lot of hyperventilating about today's nominees that is based on hyperbole and misrepresentation rather than their actual records and experience. I will note a couple of things.

Senator Bloom Raskin has a long and distinguished record of public service, making consequential decisions about our economy. She brings a steady hand. She brings a clear-eyed focus—we saw that—to serving the American taxpayer. That is why this body has confirmed her unanimously—unanimously—twice, including this Committee and the Finance Committee.

Her approach and character have not changed one iota since she was last time nominated to serve our country. Nowhere in her record can you find her making policy decisions that fit the character we have heard today, of someone who is extreme. She has served on the Fed as a Governor before, and as a Governor she never advocated for the Fed to allocate private capital. If that is not evidence and proof, what could be?

As we heard today, in her own words, Ms. Bloom Raskin is not in the business of telling banks whom to lend to. She did not do it before, and she said that is not how she views this job. To pretend otherwise is nothing more than a political tactic.

What said in the *New York Times* editorial—and I have read it a number of times—has nothing to do with allocation of private capital. The mainstream view is that regulators need to consider how all risks could affect banks. Senator Tester's discussion about $140 billion in climate costs just last year alone speaks to that. It is one of those risks.

Look at President Trump's Vice Chair for Supervision, the only person that has actually held this job prior to, I hope, a month from now when Governor Raskin is confirmed. Look at Randal Quarles. He developed the strategy for regulators around the world to understand and monitor climate risk while Chair of the Financial Stability Board. Ms. Bloom Raskin will simply continue the work begun by Chair Powell.

The attacks on Dr. Cook are abhorrent. They were ginned up on the far-right blogosphere to discredit a highly respected economist with substantial monetary policy experience. She has a Ph.D. in economics. Plenty of other Board Governors never had that, including prominent ones today.

I am disappointed my Republican colleagues repeat these ugly and baseless lies and spreading fake news. A wide range of organizations, as I have said, have written to the Committee in support of her nomination.

Instead of these attacks I hope we can bring the focus back to American workers, putting American workers at the center of our economic policy, something the Fed, frankly, has not done through much of its history, workers finally starting to gain some power and higher wages and real job options in our economy. They are worried these wage gains are not going to mean much if prices continue to go up.

All three of you clearly—Dr. Jefferson, Dr. Cook, Governor Raskin—have talked about the importance of combating inflation, putting it at the top. These costs have been going up for decades, like childcare and prescription drugs and housing. Balancing that dual mandate is always a tough job, and as we emerge from the pandemic that is unprecedented in our lifetimes there has never been more uncertainty in the economy, making these jobs even tougher.

It makes it all more important that we have seven fully confirmed, seated, members of the Federal Reserve, thoughtful, experienced nominees. You could not sit here today and not be impressed by the thoughtfulness and the experience and the gravitas and the serious-mindedness of these nominees. We need a full Fed Board. Hopefully my colleagues will join me in supporting the President's nominees.

Thank you again to the three of you. I look forward to supporting all three nominations and leading this effort on the Senate floor.

I would like to enter into the record letters of support from 1,000 organizations and individuals, without objection.

For Senators who wish to submit questions, these questions are due on Saturday, February 5th, at noon. To the nominees, we would like to have your responses by Wednesday, February 9th, at noon. Those are real dates, February 5th, February 9th. We want to do this vote on February 15th, so we need your cooperation.

The Committee is adjourned. Thank you.

[Whereupon, at 11:30 a.m., the hearing was adjourned.]

[Prepared statements, biographical sketches of nominees, responses to written questions, and additional material supplied for the record follow:]

PREPARED STATEMENT OF CHAIRMAN SHERROD BROWN

In the first year of the Biden–Harris administration, we've seen tremendous economic progress:

Record job creation. Rising wages. The fastest economic growth in almost 40 years.

Last year, for the first time in two decades, our economy grew faster than China's. Think of that—our economy is growing faster than China's, for the first time in 20 years.

Because of the action we took with the American Rescue plan and because of this President's commitment to American workers, we are making historic economic progress—exceeding expectations.

We are now at a pivotal moment in our recovery.

The Omicron variant has caused COVID cases to increase in the last eight weeks, further straining our supply chains. These pandemic-related problems are causing higher prices that eat away at Americans' paychecks.

The Black unemployment rate is more than twice that of White workers. Women are slowly reentering the paid labor force, after too many were forced to leave at the height of the pandemic.

As Fed Chair Powell said, "getting past the pandemic is the single most important thing we can do."

Chair Powell is right.

The actions we take over the next several months will determine whether we have a truly robust recovery—with lower prices and higher wages and plentiful job opportunities, for everyone.

Whether we have that kind of truly robust recovery, or whether our economy falters, and Americans are denied the opportunity to emerge from this pandemic stronger than before.

And that brings us together today.

We must have a fully functioning Federal Reserve Board—with all seven members—ready to meet these challenges. Ready to ensure our economy continues to prosper.

It's been almost a decade since we've had all seven board members. That's what makes this so urgent.

Governor Bloom Raskin, Dr. Cook, and Dr. Jefferson are the proven leaders we need at this critical moment.

These three experienced public servants understand the importance of empowering workers through full employment, and the need to combat inflation so paychecks go farther.

They are dedicated to Fed independence. They will uphold the Fed's dual mandate—a mandate to ensure that all Americans have plentiful job opportunities at good wages, and to ensure that wage gains aren't eroded away by exorbitant prices.

And they know that when we keep our financial system safe, and when we support working families and Main Street businesses by putting workers at the center of economy, then our entire economy grows.

Sarah Bloom Raskin is the President's nominee to serve as the Federal Reserve's Vice Chair for Supervision. She was the Maryland State Bank Commissioner, a Federal Reserve Governor, and Deputy Treasury Secretary—the number two position at Treasury.

No one is better equipped than Ms. Raskin to protect Americans from risks that could bring down financial markets and institutions and wreck people's savings—from cybersecurity threats to climate financial risk.

Throughout her distinguished career, Sarah Bloom Raskin has worked with the smallest community banks and the largest multinational financial institutions. She's worked with consumers, community groups, and businesses small and large to keep our financial system safe.

Unfortunately, we've seen a coordinated effort by some to paint her as some sort of radical.

That characterization requires a suspension of common sense. Look at her work—including on the Board of Directors at Vanguard, which prides itself on its low fees and making the market accessible to all Americans.

And remember, she has received the support of every Republican on this Committee, and every Republican on the Finance Committee. In fact, the entire Senate twice confirmed her unanimously.

Think about that—Sarah Bloom Raskin has been nominated to key economic posts twice before. And both times, every single senator—Republicans and Democrats—supported her nomination.

As Deputy Secretary of Treasury, Ms. Bloom Raskin led the Obama administration's effort on cybersecurity resilience for the financial sector, a critical issue that requires vigilance to protect our economy and national security.

She understands that we need to think about all the financial risks our economy faces—including the possible economic impact of severe weather and climate change.

As we heard from Chair Powell, this is a priority for the Fed.

Looking at all the risks posed to our financial system is not a partisan issue—just ask Chair Powell. It's not some radical idea—just ask Citi and Morgan Stanley.

We saw in 2008 what happens to people's job opportunities and to their lifesavings—their home, their retirement accounts, their college saving—when we ignore big risks. Sarah Bloom Raskin will work to make sure our country doesn't make the same mistake again.

Dr. Lisa Cook and Dr. Philip Jefferson are the President's nominees to serve as governors of the Federal Reserve Board. They are highly respected and experienced economists with sterling credentials. They understand how monetary policy can contribute to our economic growth and strengthen our economy for everyone.

Dr. Cook currently serves as professor of economics and international relations at Michigan State University. She brings a wealth of research and international experience on monetary policy, banking, and financial crises. That includes serving on the Council of Economic Advisers during the Eurozone crisis and past work with several Federal Reserve Banks.

She has done groundbreaking research on how disparities in our economy inhibit technological innovation and limit our overall economic growth. She knows the important role that workers and local communities play in our overall economic growth—from the rural South to the industrial Midwest.

Dr. Cook has also led the American Economics Association Summer Training Program, which builds the pipeline for diverse young economists to ascend to institutions like the Fed.

To give you a sense of her impact, a mayor from my home State, Mayor Babcock of Oak Harbor, wrote to me about her. He got to know Dr. Cook at one of those training programs, and he wrote, quote, "I know her to be kind, qualified, and to understand the struggles and opportunities faced by Midwest communities like mine, where we are burying the term 'Rust Belt' in pursuit of a bright future."

"Burying the term 'Rust Belt.'"

We need a whole lot more people in institutions like the Fed who understand how ignorant that term is, and who understand that economic growth only matters if it reaches places like Oak Harbor, Ohio. Dr. Lisa Cook will be that public servant.

Dr. Jefferson is the Vice President for Academic Affairs, Dean of Faculty, and Paul B. Freeland Professor of Economics at Davidson College. He began his career as a Fed economist, and served as chair of the Economics Department at Swarthmore College.

Dr. Jefferson literally wrote the book on poverty and economics. His research on poverty will bring a perspective to the Fed that we need as we emerge from the coronavirus crisis.

Listen to what the *Washington Post* Editorial Board wrote. Sometimes the board leans conservative—think privatization of Medicare, the Iraq War, trade deals that outsource jobs—and sometimes they lean more progressive. But I think we all agree, hardly a bastion of radical left wing thought.

Listen to what they wrote:

President Biden's latest nominees to the Federal Reserve, quote, "are ready to help lead the Fed and bolster its credibility. The Senate should move quickly to put them in place."

For the first time in almost a decade, we will have a full Board of Governors at the Federal Reserve, and one that reflects the country. We'll have public servants who will not only steer us back on to the road to normalcy, but who reach for a stronger economy than before.

The American people deserve a Fed that works for them.

Our country codified the Fed's dual mandate of price stability and full employment with the 1978 Full Employment and Balanced Growth Act—better known as the Humphrey Hawkins Act, and borne out of the civil rights movement. The law makes it clear that, quote, "Increasing job opportunities and full employment would greatly contribute to the elimination of discrimination based upon sex, age, race, color, religion, national origin, handicap, or other improper factors."

That is part of the Fed's job.

President Biden's Fed nominees will ensure workers—all workers—and their families reap the benefits of the economic growth they create. And these nominees will fight for all the communities that have been left on their own, from women and

Black and Brown workers, to rural towns, to all the places too long derided as the "Rust Belt."

I look forward to supporting Governor Bloom Raskin and Dr. Cook and Dr. Jefferson—along with Chair Powell and Governor Brainard—and encourage all of my colleagues to do so as well.

PREPARED STATEMENT OF SENATOR PATRICK J. TOOMEY

Thank you, Mr. Chairman.

Ms. Raskin, Professor Cook, and Professor Jefferson, welcome.

We're here today to consider three Fed nominees. But today's hearing is not just about vetting them. It's a referendum on the Fed's independence.

There are people on the left, including in the Biden administration, advocating that the Fed use its supervisory powers to resolve complex political issues, like what to do about global warming, social justice, and even education policy. These are important issues, but they're wholly unrelated to the Fed's limited statutory mandates and expertise.

Addressing those kind of issues requires political decisions involving tradeoffs. In a democratic society, those tradeoffs must be made by elected representatives, who are accountable to the American people, not unelected central bankers. The question is not about the merits of specific policies, but rather who should decide if they should be put into place.

Let's take global warming. If we limit domestic oil and gas production, energy prices will rise. Americans will pay more at the pump to accomplish the stated goal of decreasing emissions. How much more is appropriate?

If we move aggressively to limit energy production but other countries don't, global warming won't significantly slow. Should we do it anyway? How much reduction in global warming should we seek?

Let me be clear: this isn't about whether one believes addressing global warming is important, or any one person's answer to these questions. The point is these are difficult choices, which must be made by accountable representatives through a transparent and deliberative legislative process.

My concern about Fed overreach is not hypothetical. The Fed is already exceeding its mandates and engaging in political advocacy. For example, the Minneapolis Fed is actively lobbying to change Minnesota's constitution—on the issue of K–12 education policy.

Does anyone truly think such activity is within the Fed's mandate? If activism by a supposedly independent central bank is accepted, the potential for abuse—by both parties—is limitless.

Don't accept my word about the politicization of the Fed. Ms. Raskin and Prof. Cook's many past statements tell us exactly what they think the Fed should do.

Let's start with Ms. Raskin. She's repeatedly, publicly, and forcefully advocated for using financial regulation—including the Fed—to allocate capital and debank energy companies. While other like-minded regulators have been careful to say their goal is simply to assess risk, Ms. Raskin has said the quiet part out loud.

In a 2020 report from a progressive organization, Ms. Raskin urged financial regulators to adopt policies that will "allocate capital" away from energy companies. In a 2021 speech at the "Green Swan" conference, she proposed "portfolio limits or concentration limits" on banks' lending to energy companies. And, in May 2020, at the height of the pandemic, she specifically called in a *New York Times* op-ed for excluding a single industry—the fossil energy sector, which she called a "dying industry"—from the Fed's emergency lending facilities.

Ms. Raskin's proposals would have devastating consequences not just for energy workers, but also consumers, who'd pay much more for energy. On what basis could she justify this idea that the Fed exercise these extraordinary powers? Ms. Raskin sees two categories of climate-related financial risks: physical and transition.

Now the actual data shows that "physical risks"—that is, severe weather events—don't threaten financial stability. Economic damage from weather-related events as a percentage of GDP has actually trended down over the past 30 years, and we still haven't found a single bank failure caused by any weather event, thus proving banks are perfectly capable of managing physical risk.

We're also told that banks need regulation that quantifies "transition risk" from changing consumer preferences. Bankers know how to manage changing consumer preferences better than regulators do. The real risk here is political, as Fed Chair Powell acknowledged last month.

Unelected officials like Ms. Raskin want to misuse bank regulation to impose environmental policies that Congress has refused to enact. Ms. Raskin has repeatedly and specifically advocated that the Fed allocate capital away from the fossil fuel industry as a way to combat climate change. She says the quiet part out loud.

Now turning to Prof. Cook. The Administration cites her role as a director of the Chicago Fed as a main qualification—a position she held for only 2 weeks before being nominated.

She has a Ph.D., but no academic work in monetary economics. And the few times she's said anything about monetary policy, its cause for major concern.

Despite unemployment below 4 percent and inflation above 7 percent, in our conversation on Tuesday Prof. Cook refused to endorse the Fed's pulling back its easy money policy. But, keeping monetary policy loose is accelerating inflation that is rising faster than wage growth. High inflation is a tax that makes everyone poorer—but especially low-income workers.

Also important is Prof. Cook's extreme left-wing political advocacy. She has supported race-based reparations, promoted conspiracies about Georgia voter laws, and sought to cancel those who disagree with her views, such as publicly calling for the firing of an economist who dared to tweet that he opposed defunding the Chicago police.

And after we highlighted these tweets for the public's attention, yesterday, Prof. Cook blocked the Banking Committee Republican Twitter account. Apparently Prof. Cook realizes how inflammatory her partisan tweets are.

The Fed is already suffering from a credibility problem because of its involvement in politics and departure from its statutorily proscribed role. I'm concerned that Prof. Cook will further politicize an institution that must remain apolitical.

Prof. Jefferson, thank you for coming to my office on Tuesday. I appreciated our discussion and your decades of work on macroeconomic issues central to the Fed's important work. Based on Prof. Jefferson's academic credentials, written work, and our conversation, I believe Prof. Jefferson is well-suited to the position for which he has been nominated.

My Democratic colleagues—you've spent the past several months talking about how passionately dedicated you are to democratic principles and values. Certainly one of those principles is that the unelected governors of America's central bank shouldn't be responsible for dealing with difficult issues like global warming, social justice, and education policy.

This isn't about the importance of those issues. It's about keeping the Fed apolitical and independent and ensuring that elected, accountable representatives make difficult decisions. And if that doesn't convince you, remember that one day the shoe will be on the other foot.

PREPARED STATEMENT OF SARAH BLOOM RASKIN

TO BE VICE CHAIRMAN FOR SUPERVISION AND A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

FEBRUARY 3, 2022

Thank you, Chairman Brown, Ranking Member Toomey, and Members of the Committee for the opportunity to appear before you today. Thanks also to your exemplary staff, who provide essential support, something I know from serving this Committee as Banking Counsel.

With me today is our daughter, Hannah Grace Raskin. Hannah is a real live banker, and we have animated conversations about banker-like topics such as what goes into the numerator for the Allowances for Loan Loss Reserves and what gets subtracted out of Net Interest Margins. Our other daughter, Tabitha, teaches middle school algebra; she would have been here but for the fact that today is the review day before the exam for slope and intercept equations. Our son Tommy, whom we lost in 2020, is with me always. He came into the world when I worked for this Committee. I remember where I was standing in these very offices in 1995 when he started kicking as I went into labor, and I remember returning to these halls to show my friends here my sparkling little boy. Boundless gratitude too to my beloved husband, Jamie, who provides bedrock strength and love to our family.

As a child growing up in Illinois, my family made a weekly Saturday morning pilgrimage to the Bank of Homewood, where my mother would withdraw money for the week. From this experience, the importance of banks to the economic well-being of a community was never lost on me. As my brother and I eyed donuts in the lobby, my mom would direct us to get in line for the right bank teller: "This line," she would say, "We want Shirley." We would get weekly updates on Shirley's children, their Little League games, bowling scores, and family camping trips.

In 2007, I was honored to become Maryland's State bank commissioner, which enabled me to demonstrate my lifelong appreciation for community banking. Later, I was confirmed by the Senate to be a Governor on the Federal Reserve Board from 2010 to 2014 and Deputy Treasury Secretary from 2014 to 2017. I also worked in the private sector as a banking lawyer and general counsel. I am proud of my work at the Federal and State levels to champion the interests of consumers and community banks, while ensuring the resilience of our financial system, particularly in the areas of cybersecurity and appropriately tailored rules. These experiences helped me understand the importance of bank supervision to the ability of our financial system to work for all Americans.

I also learned from the subprime mortgage crisis, which cost us tens of millions of jobs and homes, and trillions of dollars lost to our families, businesses, and communities in equity and savings. Like the crises before it, the subprime mortgage crisis showed how weak regulatory oversight and unattended problems can reverberate, rattle, and ravage our entire economy. I learned that—to be effective for all Americans—bank supervisors must make sure that the safety of banks and the resilience of our financial system are never compromised in favor of short-term political agendas or special interest groups. They must stay attentive to risks no matter where they come from: inside or outside the financial sector; well-identified asset bubbles or speculation; a set of threat actors that launch cyberattacks; or from nature and cataclysmic weather-related events.

As created by Congress, the role of Vice Chair of Supervision requires consultation with other Governors of the Federal Reserve, the Fed's expert staff, the banks themselves, and other experts about the extent to which financial institutions are identifying, analyzing and managing their risks. The role does not involve directing banks to make loans only to specific sectors, or to avoid making loans to particular sectors. And the role exists within the laws passed by Congress that govern the Federal Reserve and its responsibilities.

I understand that anyone confirmed to this position must act not only with as much knowledge as possible but also with humility. Knowledge, especially about the future, can be imperfect.

Finally, I also want to recognize the toll inflation exacts on working people who are concerned about how far their paychecks will go for essentials like food, housing, and transportation. It is an important task of the Federal Reserve to reduce inflation and one that must be a top priority while we continue to sustain our economic recovery.

If confirmed, I look forward to meeting the considerable challenges and opportunities before us: the indispensable work of defending and safeguarding the financial sector, the Federal Reserve's dual mandate, and the economic future of all Americans.

Thank you. I welcome your questions.

Name:
Sarah Bloom Raskin

Position to which nominated: Vice Chair of Supervision and Governor of the Federal Reserve Board

Date of nomination: January 13, 2022

City of Residence: Takoma Park, MD

Education*:

Institution	Dates Attended	Degrees Received	Dates of Degree
Harvard Law School	1983-1986	J.D.	1986
Amherst College	1979-1983	B.A. (Economics)	1983
Homewood-Flossmoor HS	1975-1979	Diploma	1979

*Nominees should provide information for all institutions attended, whether or not the nominee was granted a degree by the institution

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.

Rubenstein Fellow, Duke University, 2018 – 2020
Honorary Bachelor of the Arts, Muhlenberg College, 2019
Alexander Hamilton Award, United States Treasury Department, 2017
Maryland Consumer Rights Coalition Consumer Advocate of the Year Award, 2009
Magna Cum Laude in Economics, Amherst College, 1983
Phi Beta Kappa, Amherst College, 1983
James R. Nelson Prize in Economics, Amherst College, 1983
John Woodruff Simpson Fellow in Law, Harvard Law School, 1983

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, social, charitable and other organizations.

<u>Organization</u> <u>Office Held (if any)</u> <u>Dates of Membership</u>

Council of Foreign Relations
Member, 2021 – present

Regenerative Crisis Response Committee
Member, August 2020 – December 2021

Folger Shakespeare Library
Member, Board of Trustees, 2018 – 2020

Amherst College
Member, Board of Trustees, 2017 – present

Neighborworks America, Inc.
Member, January 2011 – 2014
Chairman, Board of Directors, November 2012 – 2014

Amherst College
Member, Board of Trustees, 2009 – 2010

Federal Financial Institutions Examination Council
Member, State Liaison Committee, 2009 – 2010

Conference of State Bank Supervisors
Member, Board of Directors, 2007 – 2010
Chair, Federal Legislative Committee
Chair, Regulatory Restructuring Task Force
Chair, Consumer Financial Products Agency Task Force

Maryland Coalition on Financial Literacy
Member, Advisory Board, 2007 – 2010

Federal Bar Association Banking Law Committee
Member, 2004 – 2007

Consumer Advisory Council to the Attorney General for the State of Maryland
Member, 2002 – 2003

Employment record: List below all positions held since graduation from college including the title or description of job, name of employer, location of work, and inclusive dates of employment.

Duke Law School
Colin W. Brown Distinguished Professor of the Practice of Law; Distinguished Fellow, Global Financial Markets Center; Senior Fellow, Duke Center on Risk
Durham, NC
October 2021 – present

Duke Law School
Visiting Professor of the Practice of Law
Durham, NC
2020 – 2021

Duke University
Rubenstein Fellow
Durham, NC
2018 – 2020

i(x) investments, LLC
Member, Board of Directors, 2017 – 2020

Chair, Board of Directors, 2018 – 2020

Promontory, an IBM Company
Advisory Board, 2017 – present

Vanguard Group, Inc. and the Vanguard Funds
Director, 2017 – present

University of Maryland Francis King Carey School of Law
Distinguished Visiting Professor
Baltimore, MD
2017 – 2018

Stanford Graduate School of Business
Visitor
Stanford, CA
February 2017

U.S. Department of the Treasury
Deputy Secretary of the Treasury
Washington, DC
March 2014 - January 2017

Board of Governors of the Federal Reserve System
Governor
Washington, DC
October 2010 – March 2014

Commissioner of Financial Regulation for the State of Maryland
Baltimore, Maryland
August 2007 – October 2010

Promontory Financial Group
Managing Director
Washington, DC
September 2003 – May 2007

American University Washington College of Law
Adjunct Professor of Law
Washington, DC (Summer courses taught in London, England and Paris, France)
June 2003 – August 2003; June 2004 – August 2004

Worldwide Retail Exchange, LLC
General Counsel
Alexandria, VA
February 2001 – May 2003

Columbia Energy Services Corporation
General Counsel
Herndon, VA

May 1998 – December 2000

U.S. Senate Committee on Banking, Housing, and Urban Affairs
Banking Counsel
Washington, DC
October 1993 – May 1998

Arnold & Porter
Associate
Washington, DC
September 1990 – September 1993

Arnold & Porter
Associate
New York, NY
1989 – 1990

Mayer, Brown & Platt
Associate
New York, NY
1986 – 1989

Federal Reserve Bank of New York
Legal Intern
New York, NY
Summer 1985

Harvard University Economics Department
Teaching Fellow
Cambridge, MA
1984 – 1986

Hopkins & Sutter
Summer Associate
Chicago, IL
Summer 1984

Government Experience: List any experience in or direct association with Federal, State, or local governments including any advisory, consultative, honorary or other (including part-time) service or positions.

Name of Government Entity	Position	Dates of Service

U.S. Department of the Treasury
Deputy Secretary of the Treasury, March 2014 – January 2017

Board of Governors of the Federal Reserve System
Governor, October 2010 – March 2014

Commissioner of Financial Regulation for the State of Maryland
August 2007 – October 2010

U.S. Senate Committee on Banking, Housing, and Urban Affairs
Banking Counsel, October 1993 – May 1998

Federal Financial Institutions Examination Council
Member, State Liaison Committee, 2009 – 2010

Consumer Advisory Council for the Attorney General of Maryland
Member, 2002 – 2003

U.S. Joint Economic Committee of Congress
Intern, January 1982, June – August 1982

Published writings: List the titles, publishers and dates of books, articles, reports and other published materials you have written. The list should include any publicly accessible publications on the internet in the past ten years, including appropriate URLs for any posts on blogs you maintained or contributed to, and URLs for any other significant internet-based postings during that same period. If available, provide the Committee with **one digital copy** of each of the writings you list.

I have done my best to identify all books, articles, reports or other published materials, including a thorough review of personal files and searches of publicly available electronic databases. Despite my searches, there may be other materials I have been unable to identify, find or remember. I have located the following:

Date	Title	URL
1/26/2016	New Way for Americans to Save	https://www.treasury.gov/press-center/press-releases/Pages/jl0329.aspx
3/11/2019	As Feds ignore student debt crisis, states like Md. step in (Co-Authored)	https://www.baltimoresun.com/opinion/op-ed/bs-ed-op-0312-student-loans-20190311-story.html
2/3/2020	Thoughts on Self-Sustaining Repo Markets	https://www.bouncebackeconomy.org/bounceback-ideas/thoughts-on-self-sustaining-repo-markets
2/3/2020	The Post-Climate Revival of Ocracoke Island	https://www.bouncebackeconomy.org/bounceback-ideas/revival-of-ocracoke-island
2/3/2020	Resiliency as Cybersecurity Strategy: The Case for Preparing to Defend Against Iranian Cyberattacks	https://www.bouncebackeconomy.org/bounceback-ideas/resiliency-as-cybersecurity-strategy
2/3/2020	A Window into the American Economy at Jennifer's Texas Garage Sale	https://www.bouncebackeconomy.org/bounceback-ideas/jennifers-garage-sale
3/25/2020	Fast-Forward the People	https://www.bouncebackeconomy.org/bounceback-ideas/fast-forward-the-people

5/28/2020	How the Fed's Rescue Program Is Worsening Inequality (Co-Authored)	https://www.politico.com/news/agenda/2020/05/28/how-the-feds-rescue-program-is-worsening-inequality-287379
5/28/2020	Why Is the Fed Spending So Much Money on a Dying Industry?	https://www.nytimes.com/2020/05/28/opinion/fed-fossil-fuels.html
June 2020	Addressing Climate as a Systemic Risk (Forward)	https://www.ceres.org/sites/default/files/reports/2020-06/Financial%20Regulators%20FULL%20FINAL.pdf
8/27/2020	What to Do While Waiting for Fed Accounts	https://justmoney.org/s-raskin-what-to-do-while-waiting-for-fed-accounts/
1/11/2021	US climate finance is approaching a leapfrog moment	https://www.ft.com/content/ffa4f748-9f4e-406e-9cd1-8200cc40047f
September 2021	Financing a Net Zero Economy: The Consequences of Physical Climate Risk for Banks (Forward)	https://www.ceres.org/sites/default/files/reports/2021-09/Ceres%20Financing%20a%20Net%20Zero%20Economy%20FINAL.pdf
9/10/2021	Changing the Climate of Financial Regulation	https://www.project-syndicate.org/onpoint/us-financial-regulators-climate-change-by-sarah-bloom-raskin-2021-09

Speeches and presentations: List all of the formal speeches and presentations (e.g., PowerPoint) you have delivered during the past ten years which are on topics relevant to the position for which you have been nominated, including dates. If available, provide the Committee with **one digital copy** of each formal speech and presentation. If text is no longer available, list the date, place, and organization or group to whom you made the speech or presentation.

I have done my best to identify all formal speeches and presentations relevant to the position, including a thorough review of personal files and searches of publicly available electronic databases. Despite my searches, there may be other materials I have been unable to identify, find or remember. I have located the following:

Date	Title	URL
1/6/2012	Community Bank Examination and Supervision amid Economic Recovery: Remarks at Maryland Bankers Association First Friday Economic Outlook Forum, Baltimore, Maryland	https://www.federalreserve.gov/newsevents/speech/raskin20120106a.htm
1/7/2012	Creating and Implementing an Enforcement Response to the Foreclosure Crisis: Remarks at Association of American Law Schools, Washington, DC	https://www.federalreserve.gov/newsevents/speech/raskin20120107a.htm
3/1/2012	Accommodative Monetary Policy and its Effect on Savers: Remarks at the Y's Men of Westport, Westport, Connecticut	https://www.federalreserve.gov/newsevents/speech/raskin20120301a.htm
4/12/2012	Downturns and Recoveries: What the Economies in Los Angeles and the	https://www.federalreserve.gov/newsevents/speech/raskin20120411a.htm

	United States Tell Us: Remarks at the Luncheon for Los Angeles Business and Community Leaders, Los Angeles Branch of the Federal Reserve Bank of San Francisco	
7/23/2012	How Well Is Our Financial System Serving Us? Working Together to Find the High Road, At the Graduate School of Banking at Colorado, Boulder, Colorado	https://www.federalreserve.gov/newsevents/speech/raskin20120723a.htm
2/28/2013	Reflections on Reputation and its Consequences: Remarks at the 2013 Banking Outlook Conference, Federal Reserve Bank of Atlanta, Atlanta, Georgia	https://www.federalreserve.gov/newsevents/speech/raskin20130228a.htm
3/2013	Neighborworks 35th Anniversary (Opening Remarks), Washington, DC	
3/22/2013	Focusing on Low- and Moderate-income Working Americans: Remarks at the National Community Reinvestment Coalition Annual Conference, Washington, D.C.	https://www.federalreserve.gov/newsevents/speech/raskin20130322.htm
4/18/2013	Aspects of Inequality in the Recent Business Cycle, 22nd Annual Hyman P. Minsky Conference on the State of the U.S. and World Economies, New York, New York	https://www.federalreserve.gov/newsevents/speech/files/raskin20130418a.pdf
5/16/2013	Prospects for a Stronger Recovery, The Society of Government Economists and the National Economists Club, Washington, D.C.	https://www.federalreserve.gov/newsevents/speech/raskin20130516a.pdf
6/6/2013	Let's Move Forward: The Case for Timely Implementation of Revised Capital Rules: Remarks at Ohio Bankers Day, Columbus, Ohio	https://www.federalreserve.gov/newsevents/speech/raskin20130606a.htm
7/17/2013	Beyond Capital: The Case for a Harmonized Response to Asset Bubbles: Remarks at The Exchequer Club Luncheon, Washington, D.C.	https://www.federalreserve.gov/newsevents/speech/raskin20130717a.htm
4/29/2014	Remarks of Deputy Secretary Raskin at the University of Maryland-Baltimore County	https://www.treasury.gov/press-center/press-releases/Pages/jl2374.aspx
9/19/2014	Opening Remarks of Deputy Secretary Sarah Bloom Raskin at Treasury Event to Screen Documentary, "Spent: Looking For Change"	https://www.treasury.gov/press-center/press-releases/Pages/jl2642.aspx
1/30/2015	Introductory Remarks of Deputy Secretary Sarah Bloom Raskin at the Fourth Annual OFR-FSOC Conference	https://www.treasury.gov/press-center/press-releases/Pages/jl9752.aspx

5/8/2015	Remarks of Deputy Secretary Raskin at the SBA Award Ceremony at the White House	https://www.treasury.gov/press-center/press-releases/Pages/jl10047.aspx
7/14/2015	Remarks by Deputy Secretary Sarah Bloom Raskin at the American Bankers Association Summer Leadership Meeting	https://www.treasury.gov/press-center/press-releases/Pages/jl0112.aspx
9/10/2015	Remarks by Deputy Secretary Sarah Bloom Raskin at The Center For Strategic And International Studies Strategic Technologies Program	https://www.treasury.gov/press-center/press-releases/Pages/jl0158.aspx
9/28/2015	Remarks by Deputy Secretary Sarah Bloom Raskin at the National Foundation for Credit Counseling 50th Annual Leaders' Conference	https://www.treasury.gov/press-center/press-releases/Pages/jl0186.aspx
11/17/2015	Remarks By Deputy Secretary Sarah Bloom Raskin At The Clearing House Annual Conference	https://www.treasury.gov/press-center/press-releases/Pages/jl0276.aspx
11/18/2015	Remarks by Deputy Secretary Sarah Bloom Raskin at the Economists for Peace and Security Symposium	https://www.treasury.gov/press-center/press-releases/Pages/jl0280.aspx
3/18/2016	Remarks by Deputy Secretary Sarah Bloom Raskin At the Rappaport Center For Law and Public Policy Conference On The Student Debt Crisis	https://www.treasury.gov/press-center/press-releases/Pages/jl0389.aspx
3/31/2016	Remarks By Deputy Secretary Sarah Bloom Raskin at the Cybersecurity Docket's Incident Response Forum 2016	https://www.treasury.gov/press-center/press-releases/Pages/jl0399.aspx
4/13/2016	Remarks by Deputy Secretary Raskin at the Committee for Economic Development Spring Policy Conference	https://home.treasury.gov/news/press-releases/jl0420
7/12/2016	Deputy Secretary Sarah Bloom Raskin Remarks at the FINRA National Financial Capability Study Release	https://www.treasury.gov/press-center/press-releases/Pages/jl0511.aspx
12/14/2016	Remarks by Deputy Secretary Sarah Bloom Raskin at the Public Company Accounting Oversight Board International Institute on Audit Regulation	https://home.treasury.gov/news/press-releases/jl0685
1/12/2017	Remarks by Treasury Deputy Secretary Sarah Bloom Raskin At The Unveiling Of the 2017 American Gold Liberty 225th Anniversary Coin	https://www.treasury.gov/press-center/press-releases/Pages/jl0704.aspx
1/24/2017	And Yet it Moves: Challenging Our Assumptions | Sarah Bloom Raskin | TEDxCharlottesville	https://www.youtube.com/watch?v=tVn4YqZoxS4
2/2017	Speech about cyber-attacks and financial security at the Stanford Institute for Economic Policy Research (SIEPR) in Stanford, CA	

10/27/2017	Sarah Bloom Raskin delivers the Norman P. Ramsey Lecture, University of Maryland Cary School of Law	https://www.youtube.com/watch?v=XPtGkhk1kHc
3/5/2020-3/6/2020	Consumer Law Scholars Conference at University of California, Berkeley School of Law in Berkeley, CA	
8/20/2020	After the Virus: Emerging From Economic Catastrophe and Charting a Course Forward, Vail Symposium	https://vailsymposium.org/events/after-the-virus-emerging-from-economic-catastrophe-and-charting-a-course-forward/
6/3/2021	Special guest speech by Sarah Bloom Raskin, Green Swan Conference	https://www.youtube.com/watch?v=NhiWgJdiMSM

Public statements: List all public statements you have made during the past ten years which are on topics relevant to the position for which you have been nominated, including dates. Whenever possible, provide the Committee with finding aids (such as citations, internet URLs, etc.) for each statement.

I have done my best to identify all public statements relevant to the position, including a thorough review of personal files and searches of publicly available electronic databases. Despite my searches, there may be other materials I have been unable to identify, find or remember. I have located the following:

Date	Title	URL
11/20/2013	Testimony of Deputy Secretary Nominee Sarah Bloom Raskin before the Senate Finance Committee	https://www.treasury.gov/press-center/press-releases/Pages/jl2221.aspx
5/22/2014	Statement Of The United States By Treasury Deputy Secretary Sarah Bloom Raskin At The 49th Annual Meeting Of The African Development Bank	https://www.treasury.gov/press-center/press-releases/Pages/jl2409.aspx
10/22/2014	Statement of Treasury Deputy Secretary Sarah Bloom Raskin on the Conclusion of the 2014 APEC Finance Ministers' Meeting	https://www.treasury.gov/press-center/press-releases/Pages/jl2670.aspx
10/1/2015	Statement by Treasury Deputy Secretary Sarah Bloom Raskin Marking National Cybersecurity Awareness Month	https://www.treasury.gov/press-center/press-releases/Pages/jl0195.aspx
3/12/2020	Testimony of the Honorable Sarah Bloom Raskin Before the Senate Democrats' Special Committee on the Climate Crisis	https://www.democrats.senate.gov/climate/hearings/climate-crisis-committee-to-hold-hearing-on-economic-risks-of-climate-change

Social media usernames: Please provide a list of all of your currently active social media usernames (e.g., Facebook, Instagram, Twitter, etc.), and any usernames for any inactive accounts you have used within the previous ten years.

Twitter: @SBloomRaskin

Political affiliations activities: List memberships and offices held in and services rendered to all political parties or election committees during the last ten years.

List all public offices, if any, for which you have been a candidate in the past ten years.

Name of Office	Elected/Appointed Candidate Only	Year(s) Election Held or Appointment Made	Terms of Service (if applicable)

N/A

Political contributions: Itemize all political contributions which exceed $200 or which aggregate to over $200 in a calendar year to any individual, campaign organization, political party, political action committee or similar entity during the last ten years and identify specific amounts, dates, and names of recipients.

Contributor name	Recipient	Amount	Date
Sarah Raskin	Biden Action Fund	$1,000	10/06/2020
Sarah Raskin	Biden for President	$1,000	10/06/2020
Sarah and Jamie Raskin	Biden for President	$2,000	10/06/2020

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet)

I am honored to be nominated as a Member of the Board of Governors of the Federal Reserve System and as Vice Chair for Supervision. If confirmed to this position, I would bring a valuable perspective from my 35-year career spanning a broad range of positions I have held within the fields of banking, law, financial regulation, risk, management, and supervision.

I am currently the Colin W. Brown Distinguished Professor of the Practice at Duke University Law School, where I teach Business Associations and upper-level seminars. At Duke, I am a Distinguished Fellow of the Global Financial Market Center and a Senior Fellow of the Center on Risk.

Prior to this work, I served as a Governor on the Board of Governors of the Federal Reserve System (2010-2014) and then as the Deputy Secretary of the United States Treasury (2014-2017). While a Governor at the Federal Reserve, I co-led the oversight of the policy work related to community banks and mid-size banks. During that time, I also served as a voting member of the Federal Open Market Committee, where my colleagues and I worked to achieve our congressionally-mandated goals of maximum employment and stable prices. As Deputy Secretary, I co-led the work related to cybersecurity in the financial sector, both domestically and abroad. The international effort resulted in the G7 Fundamental Elements of Cybersecurity in the Financial Sector.

Prior to being a Governor, I was the Commissioner of Financial Regulation for the State of Maryland (2007-2010), where I worked to counter the devastating effects on our communities of the national banking and liquidity crisis and the spikes of home foreclosures. During my time as Commissioner, I also worked to revise and replace ineffectual and counterproductive State regulations.

Before serving as Commissioner, I was Managing Director at the Promontory Financial Group (2003-2007). I also served as Banking Counsel for the U.S. Senate Committee on Banking, Housing, and Urban Affairs (1993-1998). I began my career as an associate at the law firms of Arnold & Porter and Mayer, Brown & Platt, where I engaged in corporate finance and bank regulatory work. From 2001 to 2003, I was the General Counsel of the Worldwide Retail Exchange, and from 1998 to 2000, I was the General Counsel of Columbia Energy

Services Corporation. Earlier in my career, I worked at the Federal Reserve Bank of New York and the Joint Economic Committee of Congress.

If confirmed, I will bring the experience, knowledge, and commitment I have gained over the course of my career to the role of Vice Chair for Supervision and Member of the Board of Governors of the Federal Reserve System.

Future Employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

I would intend to take a leave of absence from Duke Law School, and I will sever all other connections if confirmed by the Senate.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization

I would intend to return to academia after completing government service.

3. Has anyone made a commitment to employ you after you leave government service?

No.

4. Do you expect to serve the full term for which you have been appointed?

Yes.

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Federal Reserve Board's Designated Agency Ethics Official (DAEO) to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Board's DAEO and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Board's DAEO to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Board's DAEO and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last ten years with the Federal Government,

whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Board's DAEO to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Board's DAEO and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

I have not engaged in such lobbying activity.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Board's DAEO to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Board's DAEO and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

Tax compliance and bankruptcy:

1. In the past ten years, have you and your spouse (if applicable) filed and paid all taxes (federal, state, and local) as of the date of your nomination? Indicate if you filed as 'married filing separately.'

Yes.

2. In the past ten years, have you been required to make any back tax payments? If so, indicate if you have made any back tax payments and provide full details.

No.

3. Has a tax lien or other collection procedure(s) been instituted against you or your spouse (if applicable) by federal, state, or local authorities? If so, provide full details.

No.

4. In the past ten years, have you or your spouse (if applicable) ever been the subject of any audit, investigation, or inquiry for federal, state, or local taxes? If so, provide full details.

No.

5. Were all your Federal, State, local, and other tax returns and tax liabilities of any kind current (filed and paid when due) as of the date of your nomination? If not, provide details.

Yes.

6. Have you ever filed for bankruptcy? If so, provide details.

No.

Civil, criminal and investigatory actions:

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency (e.g. an Inspector General's office), professional association, disciplinary committee, or other ethics enforcement entity at any time? If so, provide details, regardless of outcome.

No.

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.

No.

3. Have you ever been involved as a party in interest in any administrative agency proceeding, or civil litigation other than a divorce proceeding? If so, provide details.

I am not aware of ever having been involved as a party in interest in any administrative agency proceeding or civil litigation in my personal capacity. I am aware of having been named in one lawsuit in my official capacity as Commissioner of Financial Regulation for the State of Maryland, *H&R Block Eastern Enterprises, Inc. v. Turnbaugh*, no. 07-cv-01822 (D.Md.). That case was dismissed in December 2010. To my knowledge, I have not been named in other lawsuits connected with that position, or as Governor on the Board of the Federal Reserve System or Deputy Treasury Secretary.

4. Have you ever been convicted (including pleas of guilty or nolo contendere) of any criminal violation other than a minor traffic offense? If so, provide details.

No.

Other information: Please advise the Committee of any additional information, favorable or unfavorable, which you believe should be considered in connection with your nomination.

None to my knowledge.

Public records search: Do you consent to allow Committee staff to conduct a public records search on you using appropriate search tools? (including Westlaw, Lexis, etc.)

Yes.

The undersigned certifies that the information contained in the public statement to the Committee is true and correct.

Signed: Sarah Bloom Raskin Date: 1-18-22

Thoughts on Self–Sustaining Repo Markets

FEBRUARY 3, 2020

My husband, who freelances at our house as the on-site plumber, is a savior when it comes to using a plunger on our sensitive pipes. But I tell him he's no match to the Federal Reserve and its massive interventions when it comes to keeping the pipes supporting repo markets flowing smoothly. Since September of last year, the Fed's cash infusions in repo markets have been ongoing and significant—roughly $60B per month via Treasury bill purchases, in addition to cash infusions of so-called reserves—offering more than half a trillion dollars of cash to circulate into the market. At Chairman Powell's press conference this week, we learned that this is going to continue until at least through April, then taper off, at which point the repo market will presumably then bounce back, deemed resilient enough to stand on its own.

Here's how we got here, and why this matters. Repurchase agreements function as short term loans between financial institutions. A repo is structured as a temporary sale of collateral—usually a Treasury bill—with an agreement to purchase it back at a higher price at a later date, usually the next day. The higher repurchase price functions like interest. The repo market is a way for those financial institutions with excess cash to earn a return on the safety of their Treasuries, and those with borrowing needs to obtain funding at relatively low cost. Because repos are highly liquid and secured, we can think of them as functional substitutes for bank deposits.

Repo markets worked well until the financial crisis. But after Lehman Brothers collapsed, repo lenders got spooked and started to worry that the firms that they were lending cash to would be the next ones to fail. Accordingly, they began pulling their money out of different firms, en masse. The sudden loss of liquidity took these firms by surprise, as this source of funding had been considered reliable; post-Lehman, these firms no longer were able to tap into this source of funding.

In order to get liquidity flowing again in repo markets (as well as other short term wholesale funding markets), the Fed had to establish temporary standing facilities—think of these as ATMs for wholesale lenders. The Fed, without public consultation of any kind, created liquidity facilities for all the different wholesale funding functions, the so-called plumbing of the financial sector. There were facilities for asset-backed commercial paper, facilities for mortgage-backed securities, facilities for currency swaps, and, as relevant here, facilities for repo lending.

According to two Fed economists, this was no longer conventional monetary policy in which the Fed manipulates interest rates to affect market behavior. Instead, the "Federal Reserve's balance sheet expansion" was an "emergency replacement of lost private sector balance sheet capacity by the public sector." As Tobias Adrain and H.S. Shin's 2009 explain in their article, "Prices and Quantities in the Monetary Policy Transmission Mechanism" in the International Journal of Central Banking, the Fed was inserting itself into the very mechanism of the mark-based banking model. The Fed became a bankers' bank.

These liquidity facilities stabilized wholesale funding markets. After the financial crisis, even after the Fed had shut them down, repo markets seemed to be on smooth sailing. But then something happened in September 2019. On September 17, repo markets went haywire. Interest rates soared, way outside the usual ranges for interest rates on repo transactions. So on that day, in order to bring interest rates down to the usual ranges, the Fed intervened with both cash reserves, and by buying up short term Treasury bills.

> **The explanation at the time was that the Fed's cash infusion would be a one–day event. Instead, the Fed found that it couldn't step back from making more and more infusions.**

The explanation at the time was that this would be a one-day event, that a lot of extraordinary demand for cash was coalescing around that one day—such as big tax bill due to the IRS—and that after an injection or two of some more cash, repo markets would be restabilized. But instead of being a one-day event, the Fed found that it couldn't step back from making more and more infusions.

Alas, tens of billions of dollars later, through repeated injections of cash, continuing through the end of December 2019 and into January 2020, nobody believes anymore that the problem in the repo market was confined to one day in September. Banks currently hold about $1.5T in cash reserves at the Fed, up from $1.3T in September when funding markets seized up. And not only is the Fed purchasing Treasuries, but it is now seems to be purchasing other short-terms securities to bolster banks' reserves.

> **While few market analysts currently believe that the Fed's support of the repo market means that a financial crisis is looming, many wonder whether the Fed can step back from these injections without catalyzing another spike in the interest rate for these loans.**

Heavy-handed interventions like these by a central bank are not usually confidence-boosting measures; they are usually thought to be life-support measures that signal problems in markets. While few market analysts currently believe that the Fed's support of the repo market means that a financial crisis is looming, many wonder whether the Fed can step back from these injections without catalyzing another spike in the interest rate for these loans.

This all has a whiff of quantitative easing, which had some good effects and some not-good effects. But whether or not it is the same as quantitative easing, the investing public is starting to consider whether these large and near constant purchases are having impacts on asset prices. Buying Treasuries pushes their prices higher, lowering the yields, which potentially encourages investors who want more returns to search for yield. In other words, continued purchases of Treasuries in the repo market might be boosting demand for stocks and corporate bonds in a way that is not reflective of the essential non-interventionist value of these stocks and bonds. And as the Fed increases the maturity of the government debt it buys in repo transactions, the effect on the demand for stocks and corporate bonds could be more pronounced.

Assuming this distortion matters to underlying valuations, it might be tempting to advocate that the Fed get itself out of the role of keeping the interest rate in repo markets from spiking. Indeed, there are people who might be advocating for getting the Fed completely out of the market. My own view of this position is that certainly in the short term such an unmanaged stepping away would be disastrous to the Fed's ability to manage the fed funds rate (which affects a variety of interest rates more generally); managing the fed funds rate is needed by the Fed to meet its dual mandate, namely to maximize employment and assure price stability. And if investors continue to believe that this is in essence quantitative easing for wholesale funding markets, then when the tapering begins, the effects on volatility could be all the more dramatic because they will be perceived as a monetary policy tightening.

A more compelling solution that keeps the Fed involved in stabilizing wholesale funding markets without distorting them could be to establish a standing repo facility. This essentially would be a permanent program that would allow firms to exchange their Treasury holdings for cash at a set interest rate. Such a program would need to have some rules, including who gets access to the cash, what conditions attach to receiving such cash, and what collateral qualifies. And instead of dismissing what is happening in wholesale funding markets as "technical" and keeping the public unable to understand what the Fed is doing and why, such a program's rules should include how the investing public is informed of the facility's usage and how the investing public is informed of the effects that the usage is having on equity and debt markets, so that potential Fed distortion can be determined. A legitimized and accountable Fed requires at least the opportunity for the investing public to understand the role that the Fed is playing in markets.

> **The ability of repo markets to bounce back, durably and with resilience, ultimately will depend on understanding why so much support has been necessary, in a way that the investing public can grasp.**

Alas, unlike our family's reluctance to know what really is happening in this old house's plumbing, perhaps when it comes to the Fed we have to understand more. The investing public should get a clear explanation of why the Fed can't get funding arrangements back to a more normal stance. Is there a canary in the mineshaft here that tells us that something is off kilter? Why has there been no explanation as to what has caused turmoil in repo markets that requires more than sporadic Fed intervention? It seems we need to know what is at the heart of the turmoil—ah, look, it was a chicken bone!—in order to determine whether the Fed will be able to successfully wean itself away from providing support. Otherwise, we continue to not know whether the Fed will be able to let repo markets be repo markets, without extraordinary support and without repo markets tanking again. The ability of repo markets to bounce back, durably and with resilience, ultimately will depend on understanding why so much support has been necessary, in a way that the investing public can grasp.

The Post-Climate Revival of Ocracoke Island

FEBRUARY 3, 2020

David Hallac, the Superintendent of Cape Hatteras National Seashore and the Outer Banks Group for the National Park Service, stands on a portion of NC-12 on Ocracoke Island following Hurricane Dorian.

On North Carolina's southern coast lies a small, thin jewel of an island known as Ocracoke. In centuries past, its sheltered waters and proximity to shipping lanes made it the ideal home base for the notorious pirate Edward Teach, better known as Blackbeard. Like most pirates, Teach's luck was bound to run out and indeed it did in 1718 when the notoriously villainous captain found himself relieved of his ship, loot and finally his head which was hung from the warship HMS Pearl.

In the centuries since, Ocracoke remained a treasured destination, weekend retreat, and fishing town for its inhabitants. But in August 2019, though they did not deserve it, they too saw their luck run out when they lost their means of livelihood and the foundation of their local economy. When Hurricane Dorian hit, Ocracoke lost—in one fell swoop of wind and sea—restaurants, fishing fleets, docks, holiday rental units, ferry slips, roads; in other words, all infrastructure critical for and ancillary to fishing and tourism. The storm surges and 90 mile-per-hour winds of Hurricane Dorian devastated the foundations of this economy, all torn to smithereens.

Ocracoke was closed for business. Jobs vanished along with the tourists and weekenders. The residents who were able to remain struggled with stress as they sought to make sense of what had occurred and tried to adjust to temporary houses and makeshift schools. "Dynamism and Mobility" define the American economic brand. The market will always provide opportunity for those with the savvy, spirit and wherewithal to make the most of it. But what if the market is swept into the sea? Or swallowed by it? Or leveled by earthquakes?

Ocrakoke Island re-opened for visitors in December, giving us a chance to review whether and how a local economy can bounce back from utter ruin. As climate related catastrophes proliferate, this is no longer an exercise for statisticians, but the key for long term economic stability, security and growth for individuals, families communities and our nation at large.

Following Hurricane Dorian, the Coast Guard flew over portions of North Carolina's Outer Banks to survey the damage. (Video from The News & Observer.)

When Ocracoke Island was hit, the federal government used the same tired playbook—the hiring of short-term contractors to provide supplies that were neither abundant enough to meet demand nor adequate enough to meet the particular need of Ocracoke's dispossessed residents. North Carolina's (Democratic) governor's request for Federal Emergency Management Agency assistance for the Island's families was denied (by a Republican federal administration), a decision that was as heartless as it was economically consequential. Playing politics with a substantial component of a regional economy ought to be unthinkable and undoable. The federal response has been so quixotic that what the storms didn't finish off, the absence of an effective policy response sure has.

The federal response to Hurricane Dorian has been so quixotic that what the storms didn't finish off, the absence of an effective policy response sure has.

An effective policy response would look like this: First, identify the resilience factors in the affected area. For example: What is the skill level of the residents? What resources remain that can be used to revive previous livelihoods or to create an altogether new economic base? Second: consider how to use or improve these factors and their promise for economic revitalization. Consider the work of the Data Center, a locally based organization in southeastern Louisiana, and its work after Hurricane Katrina. In "The New Orleans Index at Ten: Measuring Greater New Orleans' Progress Toward Prosperity," Allison Plyer, Nihal Shrinath and Vicki Mark state:

> A number of economic and social factors impact the ability of a metropolitan area to respond to, bounce back from, and adapt positively to any negative shock. These resilience factors include: a strong and diverse economy; a relatively small gap between the incomes of high and low income residents; large shares of skilled and educated workers; wealth (whether government, private, philanthropic, or individual) that can provide adaptive cushions; strong attachment to place; social cohesion between groups; community competence and problem-solving ability; strong leadership; and trust in government.

It's not as if the US has never faced a hurricane before and had not been made aware that storms such as this will be occurring more frequently and more violently. Yet, there's been no attempt to assess resilience factors in the aftermath. Rather, the feds pulled out the same dogeared playbook and delivered the "one size fits all" response that "fits all" in, at best, the way a stopped clock is right two times a day.

American policymaking lacks good analysis of resilience factors such as those examined in Louisiana, that can be applied to each region of the country affected by economic disaster. Such an analysis could show, for example in the case of Ocracoke, whether and if so to what extent, commercial and recreational fishing and tourism could rebound with enough strength to allow affected residents to get a fresh grip on the economic ladder and into refurbished homes and occupations.

If policymakers were to look at resilience as the key measure of the strength of our economies, we would recognize in climate change an accelerating threat to prosperity at all levels.

After the resilience factors are identified and applied, federal policymakers would be able to develop a comprehensive picture of what services they will provide to what regions and the predominant industries and livelihoods within it, and in what time frame, as well as the criteria for receiving support of various kinds. At present federal policy is meant to deliver immediate relief *but does nothing to get the local economies back on their feet*, leaving local economies to languish and residents at the potential mercy of exploitative developers and extortionate retail lenders. If policymakers were to look at resilience as the key measure of the strength of our economies, we would recognize in climate change an accelerating threat to prosperity at all levels, and the need to reorganize our policies for disaster recovery that address the very specific needs of communities and regions all across the country.

As a matter of urgency, economic policymakers should overhaul our disaster relief system to focus on optimal delivery of the kind of aid most *likely to expedite the ability of individuals and communities to bounce back*. Without such an overhaul, we risk the consequences of successive inadequate responses: economic ruin at worst, accelerated growth in disparities in wealth and income among Americans, at best. As explained to me by Kody Kinsley, Deputy Secretary of Health and Human Services in North Carolina, "These families and communities are under siege and the cumulative human toll is massive." He describes how home and food insecurity, the trauma of the event, and the lasting impact of lost jobs all affect family stress, increase adverse childhood experiences, and inevitably increase the likelihood of poor health and poverty—for generations.

Economic policymakers should overhaul our disaster relief system to focus on optimal delivery of the kind of aid most likely to expedite the ability of individuals and communities to bounce back.

An economy affected "for generations" by a single event such as a hurricane is certainly not resilient enough to survive the succession of similar disasters few doubt are coming our way. Resilience should be the key measure of our economic health, and policy should be directed toward ensuring that our families, communities, states and businesses can bounce back when disaster strikes.


BOUNCEBACK
HOME
ABOUT
CLIMATE
IDEAS
PRESS
BIO
Resiliency as Cybersecurity Strategy: The Case for Preparing to Defend Against Iranian Cyberattacks

A Window into the American Economy at Jennifer's Texas Garage Sale

FEBRUARY 3, 2020

At Jennifer's garage sale, we sold everything from a potato peeler to crayons to plastic flowers.

When my Texas friend invited me to come help work her garage sale, I jumped at the chance to sell that extra potato peeler always getting stuck in the drawer. A garage sale in your driveway creates the opportunity to shed your closets and rooms of all the stuff that no longer spark joy! And it creates the opportunity to pick up some bargains, putting to shame the quality and prices at the Dollar Store, Amazon and Walmart.

But after I told Jennifer I would be there, I realized that her garage sale might also serve another purpose: It would give us a window to see how Americans may be managing an economy marked by dizzying financial heights, stress in the middle, and dangerous depths at the bottom. It seemed the place to be after the end of a week when market traders were telling us that when the Dow moves even higher with record highs, all must be well.

The week culminating in that hot and sweaty garage sale had given Americans a sense that all was steady and fine, that prosperity was ours. The trade war with China seemed on again, but the trade war with Brazil, Mexico and the Europeans seemed quiet, and the markets were shrugging their nonhuman shoulders; the unemployment rate was low; and you could buy a house (assuming you could find one, had a bank you trusted, had a decent credit score, had a downpayment, had time in your nonworking hours to figure out how to qualify for a mortgage, had family and friends who could provide some decent and trustworthy advice about what kind of mortgage to take out, could afford your monthly payments). The economic news was good that week, so I didn't expect much to cloud that picture of American well-being from a garage sale in Kerrville, Texas.

But maybe being as far away as possible from financial markets might throw up something interesting.

Jennifer, Alexandra, and I worked into the wee hours of the night.

As you can see, there's work to get a garage sale set up. Jennifer had been saving boxes and bags of things in her mother's double garage, but now we had to get everything out, sorted, priced, laid on tables on the concrete driveway and on strings strung between trees. We tried to have fun (and some cool mojitos arguably would have helped), but it still took hours for the basic preparation. We went way into the wee hours of the night.

The prep time alone – three of us (Jennifer, her daughter Alexandra, and me) at conservatively 8 hours each (not including the hours spent marketing the garage sale) meant that our collective hours of 24 had to bring in over $240 to justify our time at $10 per hour, which is lower than I thought we could make if we went to our paid jobs. Jennifer is the receptionist at the local Chamber of Commerce; Alexandra is a vet technician; and me a fellow at Duke University. As the sweat dripped down my forehead, I became quietly fixated on listing all the other hours to privately prove that we would not be making a profit. And of course this calculation didn't include what Jennifer had spent to buy all the stuff that we were now trying to sell. But maybe profit-making was not the point: Jennifer wanted to use the proceeds to take the family out to dinner and maybe a ballgame—in her words to "make a memory"; Alexandra wanted to see if she could make a little to help with her online divorce.

But even before 6:30 am, a small crowd had gathered in the driveway, waiting quietly in some lawn chairs. These buyers are patient. They are also honest. A person who couldn't stay left a note on the stoop—"For vase with plastic flowers. Thank you."—with 65 cents.

I spoke with the owner of a nearby pawn shop, who stopped by the garage sale with his baby in a stroller.

By 7:00 am, the street is lined with pick-ups and SUVs. Rushing out of their vehicles (to the extent you can rush at all through a heat that is so thick that you wish you could wave something—hey your potato peeler!—to make it go away) come the buyers. Some are people who want to buy in order to resell, either on the internet or in consignment shops. Some are small business owners stocking up. Typical of this latter group are two sisters starting a breakfast taco stand. Yes, they snapped up the potato peeler. I strike up an illuminating conversation with a pawn shop owner who is perusing the garage sale with his baby in the stroller; he doesn't buy a thing, telling me that his pawn shop was thriving, which I think means something but not sure what.

There is the cheerful mom with two small children who is there because they are about to set up a new house after moving from a camper. They had moved to the camper after Hurricane Harvey had blown away their apartment. Now they have a first mortgage, and the mom has given her son and daughter six quarters each to buy things to decorate their new bedrooms. The mom told me that after signing the mortgage, her little boy got sick and needed to be hospitalized, and the mother (a bookkeeper) and the father (a cable technician) decided that they would each cut back on their hours to share in the caregiving. But when the father had cut back his hours, he had inadvertently lost the family's health insurance. But the mom sure is cheerful. In this American garage sale, there's not a whiff of failure, poverty or the absence of opportunity and prospects. It's all good.

Alexandra was our cashier for the day.

In this American garage sale, resourcefulness and verve are alive and well. If there has been a setback, it's not described as such. The fact of financial fragility is rarely admitted, so probably underreported. And it is nothing new in the US. I'm reminded of "Living on the Edge: Financial Fragility in America," which attempts to quantify the fact that despite more than ten years of economic growth since the Great Recession, people of all age bands and income levels are struggling. Financial fragility affects nearly 40 percent of the US working age population. Households living on the edge of financial fragility spend more time and money dealing with income shocks. They restack their bills, attempting to restretch their paychecks to meet their payments in time. (While there's nothing new about that technique, what is new is the emerging recognition that financial fragility at the household level restrains growth at the macro level. According to a study by Rachel Dwyer and Lora Phillipe Lassus called "The Great Risk Shift and Precarity in the U.S. Housing Market," multiple sources of precarity played a role in the depth and duration of the Great Recession. When you can't bounce back, you might think you're alone but it turns out that you're not; other parts of the economy don't bounce back, and the effects on other sectors drag down the economy.)

Whether they knew it or not, the mom and dad were maneuvering a system that makes it inordinately tough to be conscientious parents, responsible mortgage holders, and confident health care consumers.

The American garage sale shows us that Americans adapt and they banish financial fear. But the garage sale's "irrepressible dynamism" alone, in the words of Abhijit Banerjee and Esther Duflo, won't bring about a sustainable bounceback. The mom and her children showed promising financial literacy skills finding bargains (they stretched their six quarters so that it got them string-up lights, a bundle of crayons, a cut glass jar to put them in, Twister (the game, not the hurricane, although they had experienced that too), and a Star Wars thermos). But it struck me that whether they knew it or not, the mom and dad were maneuvering a system that makes it inordinately tough to be conscientious parents, responsible mortgage holders, and confident health care consumers. How do we better understand the reaction function that is set in motion after a loss of a home to a hurricane and after a loss in health care coverage to a two-income family with two children?

We need to know the extent to which resourceful and smart people can be expected to effectively overcome the obstacles in their way that are enabled by existing policies.

Digging into the policy landscape that determines the achievement of bounceback should be a part of promoting prosperity. Unproductively, our policy discussions are littered with a moral focus on characteristics like poor financial literacy, overextended credit and debt, and nontraditional family structure. But here are families with enviable financial literacy, taking on a mortgage that they knew they needed to repay, and both parents were working while taking care of their children. Why should it be in the least bit stressful for resourceful and smart people to effectively overcome obstacles posed by everyday living?

All part of a week that the stock market and the low unemployment rate told us that things couldn't be much better.

Fast-Forward the People

MARCH 25, 2020

Because the economic effects of coronavirus have exposed how vulnerable much of the American population is, we should start by protecting households – whose spending is the only way to sustain the economy. (Photo from Pixabay)

When the entire economy collapses at once, who should be the first to receive funds?

In 2008, it was hardly even up for debate. The Federal Government bailed out the financial sector to, in theory, stimulate the kind of growth that benefits households hit hard by the crash. Instead, it turned out to have been at their expense. Millions of American families saw their jobs, homes, and wealth wiped out. Consumers, in no shape to resume buying, delayed purchases, squeezing businesses who in turn passed on the pain to their workers, reinforcing the cycle of contraction. The failure to rescue families doomed businesses as well.

> **Massive government spending is needed now, given a market downturn that mirrors 1929 and an economic contraction that is likely even sharper.**

The economic impact of the coronavirus pandemic, if it resembles anything that's come before, is far closer in scale and scope to 1929 than to 2008. But even that comparison falls far short of accurately assessing the potential for this crisis to devastate families and small businesses. In 1929, the "[o]nly things we had to fear," albeit terrifying enough, were conditions that were consequences of financial factors such as poor governance and overzealous investors in unregulated markets. But now, the grievous financial anxiety besetting families is compounded by desperate concern for their health and that of their loved ones. If we deprioritize the household again in this crisis, a crisis that is defined by the health of people, we will set back the course of this recovery for years, if not decades.

Should it be the airlines, who are in the habit of spending the majority of their copious free cash on buybacks? Or maybe manufacturers like Boeing, who outsource labor and cut corners? Perhaps the first checks could be written to Big Oil, cruise lines and casinos?

Massive government spending is needed now, given a market downturn that mirrors 1929 and an economic contraction that is likely even sharper. Prioritizing an industry-specific spending plan that contains few if any conditions is doomed to misfire badly, landing as a series of corporate bailouts that will have few if any benefits to the households who are losing jobs, hours, and sources of income.

> **Because the economic effects of coronavirus have exposed how vulnerable much of the American population is, we should start by protecting households — whose spending is the only way to sustain the economy.**

This means that Congress needs to take a deep breath and question the extent to which the different funding pieces, including the massive amounts of funding being provided by the Federal Reserve, are landing where they ultimately must, with the American household. Because the economic effects of coronavirus have exposed how vulnerable much of the American population is, we should start by protecting households – whose spending is the only way to sustain the economy.

We do this by fast-forwarding the piece that has taken a back seat – the piece that provides immediate and continuous cash payments to households. And sorry – a single check might help today but will be woefully insufficient to the challenge at hand. Either the direct cash payments to households continue throughout the course of the national emergency, or they should be immediately supplemented by a meaningful expansion of funding provided by each state's unemployment insurance system. If every state could be backstopped by the Treasury for payments that must be made to individuals who have lost their jobs, or have had their hours cut through no choice of their own, or who are self-employed and have lost their means of income due to the coronavirus, we would be fast-forwarding people.

> **We would be fast-forwarding people if we give cash grants to the small and midsize businesses that are on the verge of laying off workers in order to survive, rather than the largest firms who have access to borrowing.**

We would be fast-forwarding people if we give cash grants to the small and midsize businesses that are on the verge of laying off workers in order to survive, rather than the largest firms who have access to borrowing. Small and midsize businesses constitute 83 percent of US payrolls, and 96 percent of them are saying that they are already feeling the pain of the coronavirus, with over half claiming that they won't be able to stay in business for more than three months in the current situation. As opposed to their giant competitors, these firms actually engage in capital expenditures; they reinvest in their people and processes to boost productive capacity instead of buying back their stock.

Yesterday, I spoke to venture capitalists who were urging entrepreneurs and startups to start shedding costs immediately – "overcut" they said. For a business this may be prudent, but for an economy it is a nightmare. Mass layoffs now will see us on the road to Hoovervilles as workers lose their ability to spend, which in turn costs others their income, and so on. Instead, bounceback requires that these entrepreneurs not "overcut", but keep people on payrolls, providing training opportunities, teach employees new skills, and otherwise enhance the value of their human resources and talent. Then, when the pandemic ends, these employees would be poised to immediately resume, setting the stage for these industries to return to business, not having to wait to hire, or for households to have enough money to spend again. This is what a real recovery would look like.

> **Whether it's the Fed's zero interest rates, its expansion of quantitative easing, the alphabet soup of liquidity facilities, or the Treasury's massive spending program, the government has demonstrated that it has the will to quickly deploy resources at scale. The only question is for whom.**

Of course, this won't happen by itself. Businesses and consumers need the unprecedented support of the federal government to get through this. Whether it's the Fed's zero interest rates, its expansion of quantitative easing, the alphabet soup of liquidity facilities, or the Treasury's massive spending program, the government has demonstrated that it has the will to quickly deploy resources at scale. The only question is for whom. Achieving a bounceback and avoiding a depression now depends on making the right choice.

Addendum to the questionnaire submitted to the Committee on Banking, Housing, and Urban Affairs, United States Senate by Sarah Bloom Raskin

In response to your request, I have identified additional materials relating to published writings, speeches, presentations and public statements which I have made during the past ten years relating to topics relevant to the position for which I have been nominated.

I have done my best to identify all published writings, public statements, speeches and presentations relevant to the position including a thorough review of personal files and searches of publicly available electronic databases. Despite my searches, there may be other materials I have been unable to identify, find or remember.

Additional speeches and presentations:

Date	Title	URL
11/6/2014	Remarks of Deputy Secretary Raskin on Student Loans at the National Consumer Law Center's Annual Consumer Rights Litigation Conference	https://www.treasury.gov/press-center/press-releases/Pages/JL2689.aspx
12/3/2014	Remarks of Deputy Secretary Raskin at The Texas Bankers' Association Executive Leadership Cybersecurity Conference	https://www.treasury.gov/press-center/press-releases/Pages/jl9711.aspx
3/25/2015	Remarks of Deputy Secretary Raskin at the City Week International Financial Services Forum	https://home.treasury.gov/news/press-releases/jl10008
10/18/2016	Keynote Presentation "Enhancing cybersecurity in the financial sector" at the Cambridge Cyber Summit	https://www.cnbc.com/video/2016/10/18/enhancing-cybersecurity-in-the-financial-sector-.html
5/19/2020	Economic Policy & COVID-19, Stanford Graduate School of Business	https://www.youtube.com/watch?v=q8Ugs1FSrL8
4/5/2021	Speaker Address at the Berkeley Forum	https://www.youtube.com/watch?v=CjrgXU7O7l8

Additional public statements:

Date	Title	URL
6/4/2013	Fed's Raskin says U.S. needs a lot more progress on jobs	https://www.reuters.com/article/us-usa-fed-raskin/feds-raskin-says-u-s-needs-a-lot-more-progress-on-jobs-idUSBRE9530YD20130604
9/1/2013	The Case for a More Caring Fed	https://www.proquest.com/docview/1444140433
5/1/2014	Treasury official: College should be cheaper	https://www.cnbc.com/2014/05/01/top-treasury-official-sarah-bloom-raskin-weighs-in-on-student-loan-debt-crisis.html
9/29/2014	U.S. Treasury doesn't see student loans leading to meltdown	https://www.reuters.com/article/us-usa-economy-students/u-s-treasury-doesnt-see-student-loans-leading-to-meltdown-idUSKCN0HO1PN20140929
11/6/2014	Student-Loan Servicers Urged to Offer More Flexibility	https://www.wsj.com/articles/student-loan-servicers-urged-to-offer-more-flexibility-1415300476
11/9/2014	High-level Insider Optimism about U.S. Economy	https://www.tampabay.com/archive/2014/11/09/high-level-insider-optimistic-about-u-s-economy/
12/4/2014	Treasury official promotes cyber risk insurance	https://thehill.com/policy/cybersecurity/225966-treasury-official-promotes-cyber-risk-insurance
1/13/2015	Treasury's Raskin Convenes Top Regulators on Cybersecurity	https://www.wsj.com/articles/BL-MBB-31801
2/4/2015	U.S. Departments of the Treasury and Education Continue Raising Awareness of Income-Driven Repayment Options for Federal Student Loans	https://www.treasury.gov/press-center/press-releases/Pages/jl9765.aspx
2/13/2015	Plenary Panel: Promoting More Secure Payment Technologies	https://obamawhitehouse.archives.gov/issues/foreign-policy/cybersecurity/summit
2/17/2015	Walgreens talks retail payments technology on White House cybersecurity summit panel	https://drugstorenews.com/news/walgreens-talks-retail-payment-technology-white-house-cybersecurity-summit-panel
3/25/2015	U.S. urges companies to do more to fight cyber crime	https://www.reuters.com/article/us-cybersecurity-usa-raskin/u-s-urges-companies-to-do-more-to-fight-cyber-crime-idUSKBN0ML0VE20150325
3/25/2015	U.S. calls for global consensus on tackling cybercrime	https://www.reuters.com/article/cybersecurity-usa-raskin/u-s-calls-for-global-consensus-on-tackling-cybercrime-idUSL6N0WR1U920150325
5/21/2015	Interview With Sarah Bloom Raskin & Closing Remarks	https://www.youtube.com/watch?v=zguHmacZnpM

9/10/2015	Insurance requirements can drive stronger cybersecurity, Treasury official says	https://www.washingtonpost.com/world/national-security/insurance-requirements-can-drive-stronger-cybersecurity-treasury-official-says/2015/09/10/823c923c-57e3-11e5-8bb1-b488d231bba2_story.html
2/18/2016	U.S. Department of the Treasury Deputy Secretary Sarah Bloom Raskin and South Bend Mayor Pete Buttigieg highlight Financial Security Day program	https://news.nd.edu/news/us-department-of-the-treasury-deputy-secretary-sarah-bloom-raskin-and-south-bend-mayor-pete-buttigieg-highlight-financial-security-day-program/
3/17/2016	Regulators Must Improve Cybersecurity Coordination: Top Treasury Official	https://www.americanbanker.com/news/regulators-must-improve-cybersecurity-coordination-top-treasury-official
5/13/2016	Treasury's Raskin says many aren't prepared to make their most important financial decision	https://www.marketwatch.com/story/treasurys-raskin-says-many-arent-prepared-to-make-their-most-important-financial-decision-2016-05-13
10/11/2016	Treasury and Federal Reserve Support Adoption of The G-7 Fundamental Elements of Cybersecurity for The Financial Sector	https://www.treasury.gov/press-center/press-releases/Pages/jl0570.aspx
10/18/2016	Business and Government Need United Cybersecurity Effort, Says Treasury's Raskin	https://www.wsj.com/articles/BL-CFOB-11177
10/18/2016	Transcript: Sarah Bloom Raskin at the Future of Financial Regulation Conference	https://www.wsj.com/articles/transcript-sarah-bloom-raskin-at-wsj-pro-financial-regulation-event-1476834747
10/19/2016	Video: Treasury's Sarah Bloom Raskin on Password Safety	https://www.wsj.com/articles/video-treasurys-sarah-bloom-raskin-on-password-safety-1476907226
12/8/2016	Finance sector urged to ramp up cyber defences	https://www.ft.com/content/1aad7780-bcb9-11e6-8b45-b8b81dd5d080
2/10/2017	Q&A: Sarah Bloom Raskin talks the economy and financial security	https://stanforddaily.com/2017/02/08/qa-sarah-bloom-raskin-talks-the-economy-and-financial-security/
9/4/2017	Former Deputy Treasury Secretary talks Rubenstein Fellows appointment, government experience	https://www.dukechronicle.com/article/2017/09/former-deputy-treasury-secretary-talks-rubenstein-fellows-appointment-government-experience
10/26/2017	Barney Frank, Sarah Bloom Raskin discuss 2008 economic collapse, future of financial system	https://www.dukechronicle.com/article/2017/10/barney-frank-sarah-bloom-raskin-discuss-2008-economic-collapse-future-of-financial-system
3/20/2018	Exclusive: Sen. Brian Schatz's ambitious new plan for debt-free college, explained	https://www.vox.com/policy-and-politics/2018/3/20/17124080/brian-schatz-debt-free-college-plan-senate

7/2/2018	Regulating Wall Street—10 Years Later	https://www.law.gwu.edu/regulating-wall-street-10-years-later
8/20/2018	Regulations come under review as memories fade	https://www.pionline.com/article/20180820/PRINT/180829972/regulations-come-under-review-as-memories-fade
1/30/2019	Eye on the Fed: Patience is the key word to watch for	https://www.cnbc.com/video/2019/01/30/eye-fed-federal-reserve-jerome-powell-interest-rates-economy-patience-key-word-watch.html?&qsearchterm=sarah%20bloom%20raskin
3/7/2019	Draghi's move was significant, took markets by surprise: Former Fed governor Raskin	https://www.cnbc.com/video/2019/03/07/draghis-move-was-significant-took-markets-by-surprise-raskin.html?&qsearchterm=sarah%20bloom%20raskin
3/19/2019	Three things to watch for ahead of the Fed meeting	https://www.cnbc.com/video/2019/03/19/three-things-to-watch-for-ahead-of-the-fed-meeting.html?&qsearchterm=sarah%20bloom%20raskin
3/26/2019	Former Fed governor breaks down possibility of a rate cut this year	https://www.cnbc.com/video/2019/03/26/former-fed-governor-breaks-down-possibility-of-a-rate-cut-this-year.html?&qsearchterm=sarah%20bloom%20raskin
4/11/2019	Senate should look at prior statements of Fed nominees, says former Fed Reserve governor	https://www.cnbc.com/video/2019/04/11/senate-should-look-at-prior-statements-of-fed-nominees-says-former-fed-reserve-governor.html?&qsearchterm=sarah%20bloom%20raskin
5/22/2019	Former Fed governor on potential nominee Judy Shelton	https://www.cnbc.com/video/2019/05/22/former-fed-governor-on-potential-nominee-judy-shelton.html?&qsearchterm=sarah%20bloom%20raskin
6/4/2019	The Fed is 'indicating that a rate cut is coming,' says former central banker	https://www.cnbc.com/2019/06/05/former-fed-governor-on-powell-speech-possible-us-interest-rate-cuts.html
6/19/2019	Raskin: The strength of a country's economy is the independence of its central bank	https://www.cnbc.com/video/2019/06/19/raskin-the-strength-of-a-countrys-economy-is-the-independence-of-its-central-bank.html?&qsearchterm=sarah%20bloom%20raskin
7/31/2019	'Not a lot of specificity' from Powell, former fed governor says	https://www.cnbc.com/video/2019/07/31/not-a-lot-of-specificity-from-powell-former-fed-governor-says.html?&qsearchterm=sarah%20bloom%20raskin
8/6/2019	What the Fed actually does and why you should care (it really does affect you)	https://www.cnbc.com/2019/08/05/in-case-you-are-wondering-heres-what-happens-when-the-fed-cuts-rates.html
8/6/2019	Ex-Treasury official warns Trump that China 'knows exactly what it's doing' with its currency	https://www.cnbc.com/2019/08/06/sarah-bloom-raskin-china-knows-what-it-is-doing-with-currency.html
9/4/2019	Fmr. Fed president Kocherlakota: Dudley's 'dial back' in op-ed didn't dial back enough	https://www.cnbc.com/video/2019/09/04/fmr-fed-president-kocherlakota-dudleys-dial-back-in-op-ed-didnt-dial-back-enough.html?&qsearchterm=sarah%20bloom%20raskin
9/12/2019	Fed focuses on longer-term trends, not day-to-day movement: Former Fed governor	https://www.cnbc.com/video/2019/09/12/fed-focuses-on-longer-term-trends-not-day-to-day-movement-former-fed-governor.html?&qsearchterm=sarah%20bloom%20raskin

9/17/2019	Brussels must assess Greek judicial reform efforts	https://www.ft.com/content/6e9e10c6-d88f-11e9-8f9b-77216ebe1f17
9/17/2019	Fmr. Fed governor: Our wholesale funding markets should be more robust	https://www.cnbc.com/video/2019/09/17/fmr-fed-governor-our-wholesale-funding-markets-should-be-more-robust.html?&qsearchterm=sarah%20bloom%20raskin
9/19/2019	Uncertainty of the trade war — not tariffs — is slowing global growth, says former Fed official	https://www.cnbc.com/2019/09/19/uncertainty-of-us-china-trade-war-is-slowing-growth-sarah-bloom-raskin.html
9/19/2019	Powell was clear negative rates aren't on horizon: Fmr. Fed governor	https://www.cnbc.com/video/2019/09/19/powell-was-clear-negative-rates-arent-on-horizon-fmr-fed-governor.html?&qsearchterm=sarah%20bloom%20raskin
12/11/2019	Trump-Powell feud will reemerge despite lower rates, former Fed official says	https://www.cnbc.com/2019/12/11/trump-powell-feud-will-reemerge-despite-lower-rates-former-fed-official.html
12/11/2019	There will be storm clouds, particularly in manufacturing: Expert	https://www.cnbc.com/video/2019/12/11/there-will-be-storm-clouds-particularly-in-manufacturing-expert.html?&qsearchterm=sarah%20bloom%20raskin
1/1/2020	Sarah Bloom Raskin: the US's focus is misplaced	https://www.thebanker.com/Reports/International-Meetings/View-from-Davos/Sarah-Bloom-Raskin-the-US-s-focus-is-misplaced?ct=true
1/29/2020	Paul McCulley and Sarah Bloom Raskin on the Fed's decision to hold rates steady	https://www.cnbc.com/video/2020/01/29/paul-mcculley-and-sarah-bloom-raskin-on-the-feds-decision-to-hold-rates-steady.html?&qsearchterm=sarah%20bloom%20raskin
2/20/2020	Stay on target: Richmond Fed chief talks inflation at Duke University	https://www.bizjournals.com/triangle/news/2020/02/19/stay-on-target-richmond-fed-chief-talks-inflation.html
3/2/2020	Not sure Fed rate reduction would have long-term significance: Ex-Fed gov.	https://www.cnbc.com/video/2020/03/02/not-sure-fed-rate-reduction-would-have-long-term-significance-ex-fed-gov.html?&qsearchterm=sarah%20bloom%20raskin
3/3/2020	Fmr. Fed Governor Raskin: Fed rate cut mostly 'symbolic'	https://www.cnbc.com/video/2020/03/03/fmr-fed-governor-raskin-fed-rate-cut-mostly-symbolic.html?&qsearchterm=sarah%20bloom%20raskin
3/10/2020	Most important market stimulus would be global cooperation to combat coronavirus: Raskin	https://www.cnbc.com/video/2020/03/10/most-important-stimulus-would-be-global-cooperation-to-combat-coronavirus.html?&qsearchterm=sarah%20bloom%20raskin
3/12/2020	Senate Democrats' Special Committee on the Climate Crisis Hearing	https://www.youtube.com/watch?v=m0t3PK-uoI4
3/16/2020	Fiscal stimulus the ticket: Former Federal Reserve governor	https://www.cnbc.com/video/2020/03/16/fiscal-stimulus-the-ticket-former-federal-reserve-governor.html?&qsearchterm=sarah%20bloom%20raskin
3/17/2020	Fed revives 2008-era program to unfreeze $1 trillion borrowing market	https://www.cnn.com/2020/03/17/business/fed-commercial-paper/index.html

3/17/2020	Former Fed governor on how the central bank can help small businesses with coronavirus volatility	https://www.cnbc.com/video/2020/03/17/former-fed-governor-on-how-the-central-bank-can-help-small-businesses-with-coronavirus-volatility.html?&qsearchterm=sarah%20bloom%20raskin
3/19/2020	Banks nearly took down the economy in 2008. Now the industry hopes to redeem itself	https://www.cnbc.com/2020/03/17/banks-nearly-took-down-the-economy-in-2008-now-the-industry.html
3/20/2020	'I'll be the oversight,' Trump says as his political appointees protect Wall Street, real estate	https://revealnews.org/article/ill-be-the-oversight-trump-says-as-his-political-appointees-protect-wall-street-real-estate/
3/31/2020	How Powell and Mnuchin Became the Duo in Charge of Saving the Economy	https://www.nytimes.com/2020/03/31/us/politics/mnuchin-jay-powell-coronavirus.html?searchResultPosition=1
4/1/2020	The Finance 202: Banks forge ahead with dividends as coronavirus economic crisis deepens	https://www.washingtonpost.com/news/powerpost/paloma/the-finance-202/2020/04/15/the-finance-202-banks-forge-ahead-with-dividends-as-coronavirus-economic-crisis-deepens/5e962afb88e0fa101a762c86/
4/5/2020	Americans hit by economic shocks as confusion, stumbles undermine Trump's stimulus effort	https://www.washingtonpost.com/business/2020/04/05/americans-hit-by-economic-shocks-confusion-stumbles-undermine-trumps-stimulus-effort/?utm_campaign=wp_main&utm_medium=social&utm_source=twitter
4/5/2020	The Big 10 with Jeff D'Alessio, April 5, 2020	https://www.news-gazette.com/coronavirus/the-big-10-with-jeff-dalessio-april-5-2020/article_8adade79-7635-557e-acb2-84048f43fcd0.html
4/6/2020	Apply here: How to spend $2.2 trillion — and rescue economy	https://apnews.com/article/virus-outbreak-donald-trump-ap-top-news-steven-mnuchin-politics-7e91b3f1d2dae1ccc095dc9a497f296c
4/7/2020	Trump administration relaxes regulations to fight coronavirus and also loosens environmental rules	https://www.nbcnews.com/politics/donald-trump/trump-admin-relaxes-regulations-fight-coronavirus-also-loosens-environmental-rules-n1177761
4/16/2020	Who's getting these hundreds of billions in government aid? For now, the public may be in the dark.	https://www.washingtonpost.com/business/2020/04/13/whos-getting-these-hundreds-billions-government-aid-now-public-may-be-dark/
4/20/2020	Amid bipartisan criticism, Treasury Dept. attorneys review bank seizures of $1,200 stimulus checks	https://www.washingtonpost.com/business/2020/04/20/amid-bipartisan-criticism-treasury-department-attorneys-review-bank-seizures-1200-stimulus-checks/
4/21/2020	The Bailout, the Fed, and the Aftermath	https://prospect.org/economy/the-bailout-the-fed-and-the-aftermath/
4/29/2020	Former Fed governor on Powell's decision to leave rates unchanged	https://www.cnbc.com/video/2020/04/29/former-fed-governor-on-powells-decision-to-leave-rates-unchanged.html?&qsearchterm=sarah%20bloom%20raskin

5/12/2020	Fed should be focused on full economic inclusive recovery: Former Fed gov.	https://www.cnbc.com/video/2020/05/12/fed-should-be-focused-on-full-economic-inclusive-recovery-former-fed-gov.html?&qsearchterm=sarah%20bloom%20raskin
5/14/2020	Banks hold the keys to the fossil-fuel future	https://www.nationaljournal.com/s/706779/banks-hold-the-keys-to-the-fossil-fuel-future?
5/18/2020	Critics' warn of climate risk in Fed's virus response	https://subscriber.politicopro.com/article/eenews/1063164149?keyword=critics%20warn%20of%20virus%20risk
6/1/2020	Q&A: Governor Raskin on why US regulators must address climate risk	https://www.responsible-investor.com/articles/q-and-a-governor-raskin-on-why-us-regulators-must-address-climate-risk
6/9/2020	U.S. Federal Reserve's Help Comes With No Strings Attached	https://www.npr.org/2020/06/09/873377491/u-s-federal-reserves-help-comes-with-no-strings-attached
6/9/2020	Fmr. Fed Governor: "There's going to be long term consequences to what we're going through now"	https://www.cnbc.com/video/2020/06/09/fmr-fed-governor-theres-going-to-be-long-term-consequences-to-what-were-going-through-now.html?&qsearchterm=sarah%20bloom%20raskin
6/10/2020	The Fed Helped Companies Borrow Money. Some Laid Off Thousands Anyway	https://www.npr.org/2020/06/10/873190315/the-fed-is-throwing-money-around-not-everyone-is-reaping-the-benefits
6/10/2020	Sarah Bloom Raskin on Fed leaving rates unchanged	https://www.cnbc.com/video/2020/06/10/sarah-bloom-raskin-on-fed-leaving-rates-unchanged.html?&qsearchterm=sarah%20bloom%20raskin
6/23/2020	Extended interview with Sarah Bloom Raskin	https://www.abc.net.au/news/programs/the-business/2020-06-23/extended-interview-with-sarah-bloom-raskin/12386242?nw=0
6/26/2020	Hill takes notice as big banks shun fossil fuels	https://www.eenews.net/articles/hill-takes-notice-as-big-banks-shun-fossil-fuels/
7/14/2020	Should Banks Be Forced to Price In Climate Change?	https://www.politico.com/news/agenda/2020/07/14/federal-reserve-climate-change-341820
7/16/2020	Amid national debate on race, Fed's Bostic sees central bank role on inequality	https://www.businessinsider.com/amid-national-debate-on-race-feds-bostic-sees-central-bank-role-on-inequality-2020-7
7/19/2020	Trump's Hot-Button Fed Pick Faces Senate Committee Vote This Week	https://www.nytimes.com/2020/07/19/business/economy/judy-shelton-federal-reserve-vote.html
7/20/2020	Fed Corporate Bond Buying Opens Up Debate Over Climate Stance	https://www.wsj.com/articles/fed-corporate-bond-buying-opens-up-debate-over-climate-stance-11595237400
7/20/2020	Dollar for Dollar	https://www.newyorker.com/magazine/2020/07/20/the-high-finance-mogul-in-charge-of-our-economic-recovery
7/21/2020	Climate Change Poses 'Systemic Threat' to the Economy, Big Investors Warn	https://www.nytimes.com/2020/07/21/climate/investors-climate-threat-regulators.html

7/27/2020	Fmr. Fed Governor: "I'm troubled by the 30 million unemployed...economic situation is not moving in a good direction"	https://www.cnbc.com/video/2020/07/27/fmr-fed-governor-im-troubled-by-the-30-million-unemployedeconomic-situation-is-not-moving-in-a-good-direction.html?&qsearchterm=sarah%20bloom%20raskin
7/29/2020	Powell 'pounded the table' that Congress needs to step up with coronavirus relief, says economist Paul McCulley	https://www.cnbc.com/video/2020/07/29/powell-pounded-the-table-that-congress-needs-to-step-up-with-coronavirus-relief-says-economist-paul-mcculley.html?&qsearchterm=sarah%20bloom%20raskin
8/13/2020	The Economic Outlook Mid-Pandemic	https://www.youtube.com/watch?v=IIezHcSFBJs&list=PLYZhPUaJyXIZ_XZOA9D_O4svlPYPOx8JZ
8/19/2020	Elizabeth Warren, who speaks tonight, has challenged Wall Street. What will that mean for her future?	https://www.nytimes.com/2020/08/19/us/elections/elizabeth-warren-who-speaks-tonight-has-challenged-wall-street-what-will-that-mean-for-her-future.html
8/27/2020	Fmr. Fed Governor Sarah Bloom Raskin: As pandemic drags so does the economic recovery	https://www.cnbc.com/video/2020/08/27/fmr-fed-governor-sarah-bloom-raskin-as-pandemic-drags-so-does-economic-recovery.html?&qsearchterm=sarah%20bloom%20raskin
9/2/2020	(Un)covering the end of oil	https://news.kgnu.org/2020/09/uncovering-oil-the-end-of-oil/
9/16/2020	Experts analyze Fed's decision to leave rates unchanged	https://www.cnbc.com/video/2020/09/16/experts-analyze-feds-decision-to-leave-rates-unchanged.html?&qsearchterm=sarah%20bloom%20raskin
9/21/2020	Climate Risk in the U.S. Financial System (with Rostin Behnam and Sarah Bloom Raskin)	https://www.youtube.com/watch?v=Xaj_nv9WicA
9/21/2020	Regulator: Climate risk isn't 'someone else's' job	https://subscriber.politicopro.com/article/eenews/1063714225?keyword=climate%20risk%20isn%27t%20someone%20else%27s%20job
11/3/2020	The unemployment situation is really quite troubling: Raskin	https://www.cnbc.com/video/2020/11/03/the-unemployment-situation-is-really-quite-troubling-raskin.html?&qsearchterm=sarah%20bloom%20raskin
11/12/2020	Central Bank Leaders Embrace Climate Concerns as Key Policy Objective; Federal Reserve has 'contribution to make' on climate policies, Chairman Jerome Powell says	https://www.wsj.com/articles/central-bank-leaders-embrace-climate-concerns-as-key-policy-objective-11605225151
11/23/2020	Fmr. Fed Governor Raskin says Yellen is a great pick, she'll remain committed to stimulus	https://www.cnbc.com/video/2020/11/23/raskin-says-yellen-great-pick-shell-remain-committed-to-stimulus.html?&qsearchterm=sarah%20bloom%20raskin
12/14/2020	Scope of Russian Hacking Becomes Clear: Multiple U.S. Agencies Were Hit	https://www.nytimes.com/2020/12/14/us/politics/russia-hack-nsa-homeland-security-pentagon.html?referringSource=articleShare

12/15/2020	Fed Says It Now Has Formal Membership in Global Climate Finance Group	https://www.wsj.com/amp/articles/fed-says-it-now-has-formal-membership-in-global-climate-finance-group-11608065476
12/16/2020	The Fed is pleading with Congress to build a fiscal relief bridge, says Paul McCulley	https://www.cnbc.com/video/2020/12/16/the-fed-is-pleading-with-congress-to-build-a-fiscal-relief-bridge-says-paul-mcculley.html?&qsearchterm=sarah%20bloom%20raskin
3/5/2021	Raskin says US ready to lead in climate battle	https://www.omfif.org/2021/03/raskin-says-us-ready-to-lead-in-climate-battle/
3/16/2021	Raskin: Pay attention the language Powell uses in explaining the tightening in short-term rates	https://www.cnbc.com/video/2021/03/16/raskin-pay-attention-the-language-powell-uses-in-explaining-the-tightening-in-short-term-rates.html?&qsearchterm=sarah%20bloom%20raskin
3/17/2021	Stocks stay positive after Fed decision to leave rates unchanged — Here's what experts say is next	https://www.cnbc.com/2021/03/17/stocks-positive-after-fed-decision-to-leave-rates-unchanged.html
3/17/2021	Raskin and McCulley on the Fed's 'riveting' meeting	https://www.cnbc.com/video/2021/03/17/raskin-and-mcculley-on-the-feds-riveting-meeting.html?&qsearchterm=sarah%20bloom%20raskin
4/22/2021	Financial Regulation Under the Biden Administration	https://web.law.duke.edu/video/global-financial-markets-center-financial-regulation-under-biden-administration/
4/27/2021	Balance of Power: Raskin on Advancing Climate Agenda	https://www.bloomberg.com/news/audio/2021-04-27/balance-of-power-raskin-on-advancing-climate-agenda
4/28/2021	Sarah Bloom Raskin: Fed will continue to watch data	https://www.cnbc.com/video/2021/04/28/sarah-bloom-raskin-fed-will-continue-to-watch-data.html
5/24/2021	"Economic all-stars" Baxter, Fletcher, and Raskin developing policy for a sustainable economy	https://subscriber.politicopro.com/article/eenews/1063733179
6/3/2021	Special guest speech by Sarah Bloom Raskin | Green Swan Conference	https://www.youtube.com/watch?v=NhiWgJdiMSM
6/11/2021	The Fed could be facing a jobs headache in its inflation fight	https://www.cnbc.com/2021/06/11/the-fed-could-be-facing-a-jobs-headache-in-its-inflation-fight.html
6/15/2021	Sarah Bloom Raskin on whether the Fed appears overdue for tapering	https://www.cnbc.com/video/2021/06/15/sarah-bloom-raskin-on-whether-the-fed-appears-overdue-for-tapering.html?&qsearchterm=sarah%20bloom%20raskin
7/2/2021	Fed's Monetary Policy Linked to Overheating Housing Market: Bloom Raskin	https://www.bloomberg.com/news/videos/2021-07-03/fed-s-monetary-policy-linked-to-overheating-housing-market-bloom-raskin-video
7/13/2021	The Power of the Fed	https://www.pbs.org/wgbh/frontline/film/the-power-of-the-fed/
7/20/2021	Fiscal Policy Can Help Save the Environment	https://pitchforkeconomics.com/episode/fiscal-policy-can-help-save-the-environment-with-sarah-bloom-raskin/

	(with Sarah Bloom Raskin)	
7/28/2021	Fed signaled tapering is coming next, says Sarah Bloom Raskin	https://www.cnbc.com/video/2021/07/28/fed-signaled-tapering-is-coming-next-says-sarah-bloom-raskin.html?&qsearchterm=sarah%20bloom%20raskin
8/18/2021	Fed is going to want to wait for September data: Former Fed governor	https://www.cnbc.com/video/2021/08/18/fed-is-going-to-want-to-wait-for-september-data-former-fed-governor.html
10/15/2021	From inventing ocean-cleaning ships to calling on businesses to change, U.S. teens are tackling climate change	https://www.cnbc.com/2021/10/15/heres-how-us-teens-are-trying-to-tackle-climate-change-issues.html
10/25/2021	Meridian Summit: In the Market for Sustainable Finance	https://www.youtube.com/watch?v=43B_8H-kl0w
10/26/2021	Ten Lessons for Financial Resiliency at Amherst College	https://www.amherst.edu/news/events/virtual/spotlight-series/ten-lessons-for-financial-resiliency
10/28/2021	CNBC ESG Conference	https://www.cnbcevents.com/esg-impact-2021/
11/3/2021	Former Fed Governor Sarah Bloom Raskin: The Fed has a 'disciplined' approach	https://www.youtube.com/watch?v=wG73H9pJq04
11/4/2021	Former Fed governor Sarah Bloom Raskin on taper decision, interest rates	https://www.youtube.com/watch?v=jVEEJoe5bU8
11/12/2021	Sarah Bloom Raskin on Climate-related Financial Policies	https://cbey.yale.edu/our-stories/sarah-bloom-raskin-on-climate-related-financial-policies
12/8/2021	Biden wants to make federal government carbon neutral by 2050	https://www.washingtonpost.com/climate-environment/2021/12/08/biden-government-purchasing-climate-change/

Additional published writings:

Date	Title	URL
May 2, 1983	Immediate Targeting as a Strategy of Monetary Policy (Undergraduate Thesis)	
June 15, 1985	Lung Cancer in Women, Lahey Clinic Experience, 1957-1980 (Co-Authored), *Cancer*	
2006	Challenges in Designing Effective Compliance and Risk Management	

	Structures for Financial Services Joint Ventures (Co-Authored), *chapter in* Partnerships, Joint Ventures, and Strategic Alliances	
July/ September 2008	Relearning Old Lessons, *Maryland Banker Magazine*	
April/June 2009	Too Small to Succeed, *Maryland Banker Magazine*	
September 14, 2009	Proposed CFPA Must Partner with States to be Successful, *Lombard Street*	
October/ December 2009	Tools to Enhance our State Bank Charter, *Maryland Banker Magazine*	
9/1/2020	Federal proposal could make it easier for predatory lenders to target Marylanders with exorbitant interest rates (Co-Authored)	https://www.baltimoresun.com/opinion/op-ed/bs-ed-op-0902-consumer-protection-payday-loans-20200901-45abaped2nhspbnh5ahoekxmie-story.html

Additional memberships:

District of Columbia Bar
Member (Currently Inactive)
Date of Admission: April 20, 1990

New York State Bar Association
Member (Currently Registered)
Date of Admission: July 27, 1987

The undersigned certifies that the information contained in the public addendum is true and correct.

Signed: Sarah Bloom Raskin Date: 1-26-22

PREPARED STATEMENT OF LISA DENELL COOK

TO BE A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

FEBRUARY 3, 2022

Chairman Brown, Ranking Member Toomey, and other Members of the Committee, thank you very much for the opportunity to appear before you today.

I am humbled and honored to have been nominated by President Biden to be a member of the Board of Governors of the Federal Reserve System. I earned my Ph.D. at Berkeley, served on the President's Council of Economic Advisers, and have spent decades teaching, studying, and researching economic growth and monetary policies. The depth and breadth of my experience in both the public and private sectors qualify me to serve as a Federal Reserve Governor, and, should I be confirmed, I would be honored to work with my colleagues to help navigate this critical moment for our Nation's economy and the global economy.

In terms of priorities, I agree with Chair Powell that our most important task is tackling inflation. High inflation is a grave threat to a long, sustained expansion, which we know raises the standard of living for all Americans and leads to broad-based, shared prosperity. That is why I am committed to keeping inflation expectations well anchored.

My approach to complex problems is to be guided by facts, data, and analysis and to work collaboratively. I have served in the Administrations of Presidents from both parties, and when I make decisions, I do so based on the facts and not politics. In this respect, I will follow the example of Paul Volcker, whom I greatly admire for his unwavering dedication to a nonpolitical and independent Federal Reserve.

My convictions were shaped by my upbringing in Milledgeville, Georgia. It was the desegregating South, and both sides of my family were promoting nonviolent change alongside our family friend, the Rev. Dr. Martin Luther King, Jr. While my sisters, Pamela and Melanie, and I were integrating our schools and pools, my parents were integrating their places of work. My mother, Professor Mary Murray Cook, and my aunt, Professor Loretta Murray Braxton, integrated their universities and STEM (science, technology, engineering, and mathematics) departments by race and by gender, preparing students for a desegregating South that promised greater opportunity for all. My cousin Floyd McKissick, Sr., spoke at the March on Washington and integrated the University of North Carolina law school. My uncle, Dr. Samuel DuBois Cook, studied with Dr. King at Morehouse College, was the first African-American tenured professor at a southern university, and later was president of Dillard University. I want to thank Senators Warren, Kennedy, and Tillis, as well as the many other senators, who honored my uncle in a Senate resolution upon his death in 2017.

The sense of discipline, hope, and mission instilled in me by my family has taken me from Spelman College to Oxford, the Hoover Institution, and Harvard, but I have never forgotten where I came from and the dedicated teachers who supported me. I chose to seek my current tenured position as a macroeconomist in the industrial Midwest in this same spirit of being close to how our economic decisions affect working families. Living in a manufacturing hub during the financial crisis has underscored the effect that deep recessions have on everyday lives. And that is one reason I have dedicated much of my career to preventing the next financial crisis. A strong and resilient financial system supports American families, businesses, and our economy.

My research on economic growth has been informed by my interactions with families, businesses, policymakers, and financial institutions. I have extensive experience working for many types of banks, including serving on the board of a community development financial institution, or CDFI, in Grand Rapids. I am particularly proud that community banks were among those that elected me to serve on the board of the Federal Home Loan Bank of Indianapolis. I have also worked closely with the Federal Reserve over the course of my career, conducting research at Reserve Banks before and after receiving my doctorate, attending policy conferences, and serving on advisory panels and as a director of the Federal Reserve Bank of Chicago.

There is still much to learn to make sure the Fed does its job even better. Our economy is constantly evolving. Learning to do better will require humility, perseverance, and diverse perspectives.

Again, it is an honor to be considered for this position, and I look forward to working with Members of this Committee. If confirmed, I will faithfully support the congressionally mandated goals of stable prices and maximum employment, which Congress has entrusted to the Federal Reserve.

Thank you. I look forward to your questions.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: **Cook** (Last) **Lisa** (First) **DeNell** (Other)

Position to which nominated: Federal Reserve Board of Governors

Date of nomination: January 13, 2022

City of Residence: Ann Arbor, Michigan

Education*: Institution Dates Attended Degrees Received Dates of Degree

Education	Dates Attended	Degrees Received	Dates of Degree
Spelman College	8/82-5/86	BA	5/86
University of Oxford	10/86-6/88	BA	7/88
Université Cheikh Anta Diop de Dakar	10/88-5/89	N/A	N/A
Georgia College and State University	9/89-12/89	N/A	N/A
Georgia Institute of Technology	1/90-5/90	N/A	N/A
University of Maryland, College Park	1/91-5/91	N/A	N/A
University of California, Berkeley	8/91-7/97	PhD	12/97

*Nominees should provide information for all institutions attended, whether or not the nominee was granted a degree by the institution

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.

IP Champion Award, Intellectual Property Owners Education Foundation, December 2021

Edison Scholar, United States Patent and Trademark Office, 2020-

Federal Reserve Bank of Chicago Board of Directors, Elected 2021

Federal Reserve Bank of Chicago Academic Advisory Board, 2021-

National Academy of Social Insurance, Elected 2021

Founders Prize, Social Science History Association, Best Paper in *Social Science History*, 2018

Research Associate, National Bureau of Economic Research

National Science Foundation Distinguished Lecturer (Social, Economic, and Behavioral Sciences), 2020-2021

NSF Advisory Committee, Social, Economic, and Behavioral Sciences, 2020-

Federal Home Loan Bank of Indianapolis, Board of Directors, Elected 2021

Minnesota Economic Association Distinguished Lecturer, 2020

Wellesley College Goldman Lecturer, 2020

Impactful Mentor Award (for mentoring graduate students), American Economic Association, 2019

National (Post-Doctoral) Fellowship, Hoover Institution, Stanford University

Council on Foreign Relations International Affairs (Post-Doctoral) Fellowship

Sloan Foundation (Margaret Levenstein, PI), ICPSR/University of Michigan, Quantitative Research Methods and Large Data Sets

Sloan Foundation/IRIS/ISR/University of Michigan, Using the UMETRICS Data Set for Research on Innovation

Sigma Xi (Scientific Research Society) Distinguished Lecturer, 2017-2019

National Science Foundation, Various grants
American Economic Association Summer Training Program (2 grants)
Research program, "The Idea Gap in Pink and Black"
Graduate education

National Poverty Center, University of Michigan, Visiting Scholars Program, "Consumer Finance, the Financial Crisis, and the New Poor"

National Bureau of Economic Research, "Nigerian Bank Reform and Poverty Alleviation," NBER African Successes Project

National Bureau of Economic Research and the Kauffman Foundation, Innovation Policy and the Economy Small Grant; Visiting Scholar, NBER

Harvard Business School Alfred Chandler Grant

Institute for Public Policy and Social Research, Michigan State University, Research Grant

Economic History Association, Arthur M. Cole Grant

Ford Foundation (West Africa), Banking for the Poor

Harvard Institute for International Development (HIID) Post-Doctoral Fellowship

American Economic Association Summer Research and Training Opportunity

American Economic Association/Federal Reserve Bank of New York, Graduate Summer Research Fellowship

Social Science Research Council Workshop in Transition, Graduate Summer Research Fellowship

Marshall Scholarship, Oxford University

Harry S. Truman Foundation Fellowship

Harry S. Truman Foundation Public Service Award

Charles E. Merrill Study Abroad Fellowship, Spelman College

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, social, charitable and other organizations.

Organization	Office Held (if any)	Dates of Membership
American Economic Association	Member, Executive Committee	1996-
American Economic Association Summer Program	Director, Co-Director	2015-2020
AEA Committee on Equity, Diversity, and Professional Conduct	Member	2017-
National Economic Association	President, President-Elect	2014-2016
Federal Reserve, Banking and Securities Regulators Agency Review Team, Biden-Harris Presidential Transition Team	Deputy Team Lead	2020-2021
Board of Editors, *Journal of Economic Literature*	Member	2019-
Inter-university Consortium for Political and Social Research National Council	Chair	2019-2021
University Musical Society (of the University of Michigan)	Co-Chair	2015-
Roosevelt Institute Board of Directors	Vice Chair	2014-
Steering Committee, Washington Center for Equitable Growth	Member	
Advisory Board, Opportunity and Inclusive Growth Institute, Federal Reserve Bank of Minneapolis	Member	2018-

National Bureau of Economic Research	Research Associate	2018-
Advisory Committee, Social, Behavioral, and Economic Sciences, National Science Foundation	Member	2020-
Economic History Association	Trustee	2020-
Curriculum Open-access Resources in Economics Project (UK)	Trustee	2020-
Board of Directors, Rende Progress Capital Community Development Financial Institution	Director	2015-
National Academies of Science Committee to Assess SBIR/STTR Innovation Program, Department of Energy	Member	2018-2020
Creative Destruction Lab (Canada) Vision Council	Member	2020-
Council on Foreign Relations	Member	2013-
Delta Sigma Theta Sorority, Inc.	Diamond Life Member	1984-
Bethel AME Church (Ann Arbor, MI)	Member	2010-

Employment record: List below all positions held since graduation from college including the title or description of job, name of employer, location of work, and inclusive dates of employment.

Position	Title/Description	Name of Employer	Location of Work	Dates
Professor	Economics and International Relations	Michigan State University	East Lansing, MI	2020-
Associate Professor	Economics and International Relations	Michigan State University	East Lansing, MI	2013-2020
Director, Co-Director	AEA Summer Program	Michigan State University	East Lansing, MI	2016-2021
Assistant Professor	Economics and International Relations	Michigan State University	East Lansing, MI	2005-2013
Senior Economist	Council of Economic Advisers	The White House	Washington, DC	2011-2012
National Fellow, Research Fellow	Postdoctoral fellowship in economics	Hoover Institution	Stanford, CA	2002-2005
Senior Adviser on Finance and Development	CFR International Affairs Fellow	US Treasury Department	Washington, DC	2000-2001
Deputy Director, Africa Research	Deputy Director, Africa Research	Center for International Development, Harvard University	Cambridge, MA	1998-2002
Adjunct Professor, Visiting Assistant Professor	Adjunct Professor, Visiting Assistant Professor	Kennedy School, Harvard University	Cambridge, MA	1997-2002
Analyst	Analyst	NationsBank	Atlanta, GA	1988
Consultant	Consultant, Sloan economics pipeline program	Spelman College	Atlanta, GA	2019-
Internships, Pre-/Post-doctoral Research				
Visiting Scholar	Visiting Scholar	Chicago Fed	Chicago, IL	2020
Visiting Scholar	Visiting Scholar	Minneapolis Fed	Minneapolis, MN	2017
Dissertation Fellow	Dissertation Fellow	New York Fed	New York, NY	1996
Intern	Internship	World Bank	Washington, DC	1992
Summer Analyst	Summer Analyst	Salomon Brothers	New York, NY	1990
Brookings Institution	Research Assistant	Brookings Institution	Washington, DC	1990-1991
Research Assistant	Research Assistant	University of Maryland, College Park	College Park, MD	1990-1991
Intern, Elections Assistant, Research Assistant	Intern, Elections Assistant, Research Assistant	Office of Probate Court Judge Mack Simpson	Milledgeville, GA	1983-1986

Government Experience: List any experience in or direct association with Federal, State, or local governments including any advisory, consultative, honorary or other (including part-time) service or positions.

Name of Government Entity Position Dates of Service

Name of Government Entity	Positions	Dates of Service	Location
Office of Probate Court Judge Mack Simpson	Intern, Elections Assistant, Research Assistant	Summers, 1983-1986	Milledgeville, GA
Office of Congressman J. Roy Rowland	Intern	Summer, 1987	Washington, DC
Office of Senator Wyche Fowler	Intern	Summer, 1987	Washington, DC
World Bank	Intern	Summer, 1992	Washington, DC
Federal Reserve Bank of New York	Dissertation Fellow	Summer, 1996	New York, NY
Treasury Department (Council on Foreign Relations)	Sr Adviser on Finance and Development	2000-2001	Washington, DC
Council of Economic Advisers	Sr Economist	2011-2012	Washington, DC
Federal Reserve Bank of Philadelphia	Visiting Scholar	2010	Philadelphia, PA
Federal Reserve Bank of Minneapolis	Visiting Scholar	2017	Minneapolis, MN
Federal Reserve Bank of Chicago	Visiting Scholar	2020	Virtual
US Patent and Trademark Office	Visiting Scholar	2020-Present	Virtual
Federal Home Loan Bank of Indianapolis	Director	2021-Present	Indianapolis, IN
Federal Reserve Bank of Chicago	Director	2022-Present	Chicago, IL

Published writings: List the titles, publishers and dates of books, articles, reports and other published materials you have written. The list should include any publicly accessible publications on the internet in the past ten years, including appropriate URLs for any posts on blogs you maintained or contributed to, and URLs for any other significant internet-based postings during that same period. If available, provide the Committee with **one digital copy** of each of the writings you list.

See Appendix A. I have done my best to identify titles, publishers and dates of books, articles, reports or other published materials, including a thorough review of personal files and searches of publicly available electronic databases. Despite my searches, there may be other materials I have been unable to identify, find or remember.

Speeches and presentations: List all of the formal speeches and presentations (e.g., PowerPoint) you have delivered during the past ten years which are on topics relevant to the position for which you have been nominated, including dates. If available, provide the Committee with **one digital copy** of each formal speech and presentation. If text is no longer available, list the date, place, and organization or group to whom you made the speech or presentation.

See Appendix B. I have done my best to identify speeches and presentations, including a thorough review of personal files and searches of publicly available electronic databases. Despite my searches, there may be other materials I have been unable to identify, find or remember.

Public statements: List all public statements you have made during the past ten years which are on topics relevant to the position for which you have been nominated, including dates. Whenever possible, provide the Committee with finding aids (such as citations, internet URLs, etc.) for each statement.

See Appendix C. I have done my best to identify public statements, including a thorough review of personal files and searches of publicly available electronic databases. Despite my searches, there may be other materials I have been unable to identify, find or remember.

Social media usernames: Please provide a list of all of your currently active social media usernames (e.g., Facebook, Instagram, Twitter, etc.), and any usernames for any inactive accounts you have used within the previous ten years.

Twitter: @drlisadcook
Instagram: cooklisad2105
LinkedIn: Lisa D. Cook

Political affiliations activities: List memberships and offices held in and services rendered to all political parties or election committees during the last ten years.

List all public offices, if any, for which you have been a candidate in the past ten years.

Name of Office	Elected/Appointed Candidate Only	Year(s) Election Held or Appointment Made	Terms of Service (if applicable)
N/A			

Political contributions: Itemize all political contributions which exceed $200 or which aggregate to over $200 in a calendar year to any individual, campaign organization, political party, political action committee or similar entity during the last ten years and identify specific amounts, dates, and names of recipients.

See Appendix D. I have done my best to identify political contributions I have made over the past ten years, including a thorough review of personal files and searches of publicly available electronic databases. Despite my searches, there may be others I have been unable to identify, find or remember.

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet)

See Appendix E.

Future Employment relationships: 1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

Yes, except that upon final appointment, if confirmed, I will take an unpaid leave of absence from my position as a professor at Michigan State University. I will apply for annual extensions of the leave of absence until completion of my term of service at the Federal Reserve.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization

None, other than terminating my leave of absence and returning to my position on the faculty of Michigan State University.

3. Has anyone made a commitment to employ you after you leave government service?

No.

4. Do you expect to serve the full term for which you have been appointed?

Yes.

Potential conflicts of interest: 1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Federal Reserve Board's Designated Agency Ethics Official (DAEO) to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Board's DAEO and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last ten years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Federal Reserve Board's Designated Agency Ethics Official (DAEO) to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Board's DAEO and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

None.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Federal Reserve Board's Designated Agency Ethics Official (DAEO) to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Board's DAEO and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

Tax compliance and bankruptcy:

1. In the past ten years, have you and your spouse (if applicable) filed and paid all taxes (federal, state, and local) as of the date of your nomination? Indicate if you filed as 'married filing separately.'

Yes.

2. In the past ten years, have you been required to make any back tax payments? If so, indicate if you have made any back tax payments and provide full details.

No.

3. Has a tax lien or other collection procedure(s) been instituted against you or your spouse (if applicable) by federal, state, or local authorities? If so, provide full details.

No.

4. In the past ten years, have you or your spouse (if applicable) ever been the subject of any audit, investigation, or inquiry for federal, state, or local taxes? If so, provide full details.

No.

5. Were all your Federal, State, local, and other tax returns and tax liabilities of any kind current (filed and paid when due) as of the date of your nomination? If not, provide details.

Yes.

6. Have you ever filed for bankruptcy? If so, provide details.

No.

Civil, criminal and investigatory actions:

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency (e.g. an Inspector General's office), professional association, disciplinary committee, or other ethics enforcement entity at any time? If so, provide details, regardless of outcome.

No.

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.

No.

3. Have you ever been involved as a party in interest in any administrative agency proceeding, or civil litigation other than a divorce proceeding? If so, provide details.

No.

4. Have you ever been convicted (including pleas of guilty or nolo contendere) of any criminal violation other than a minor traffic offense? If so, provide details.

No.

Other information: Please advise the Committee of any additional information, favorable or unfavorable, which you believe should be considered in connection with your nomination.

I do not believe there is any additional information, favorable or unfavorable, which I believe should be considered in connection with my nomination.

Public records search: Do you consent to allow Committee staff to conduct a public records search on you using appropriate search tools? (including Westlaw, Lexis, etc.)

Yes, I consent.

The undersigned certifies that the information contained in the public statement to the Committee is true and correct.

Signed: Lisa D. Cook Date: January 18, 2022

Appendix A. Publications
Lisa D. Cook

Publications

1. "Can addressing inequality unleash economic growth? (with Nela Richardson and Jim Tankersley) *Business Economics 56*, 5966 (2021).
2. "Addressing gender and racial disparities in the U.S. labor market to boost wages and power innovation," Washington Center for Equitable Growth., January 14, 2021.
3. "Economists tackle the challenges of a pandemic," (with Diane Swonk, Julie Coronado, et al.). *Business Economics 55*, 279288 (2020).
4. "Policies to Broaden Participation in the Innovation Process," The Hamilton Project, August 2020.
5. "Unequal Opportunity: The Innovation Gap in Pink and Black," in Wisnoski, Hintz, and Stettler Kleine, eds., *Does America Need More Innovators?*. Cambridge: MIT Press, 2019.
6. "The implications of U.S. gender and racial disparities in income and wealth in-equality at each stage of the innovation process," (with Jan Gerson) Washington Center for Equitable Growth Policy Brief, July 2019.
7. "Dust, Drink, and Divergence: Summaries of Nevins Prize Doctoral Dissertations," *Journal of Economic History*, Volume 78, Issue 2, pp. 575-610, 2018.
8. "Rural Segregation and Racial Violence: Historical Effects of Spatial Racism," with Trevon Logan and John Parman, *American Journal of Economics and Sociology* Volume 1, Numbers 3 and 4, 2018.
9. "Racial Segregation and Southern Lynching," with Trevon Logan and John Parman, NBER Working Paper No. 23813, October 2017, *Social Science History*, vol 42(4), pages 635-675, 2018.
10. "The Mortality Consequences of Distinctively Black Names," with Trevon Logan and John Parman, *Explorations in Economic History*, Volume 59, January 2016, pp. 114-125.
11. "Violence and Economic Growth: Evidence from African American Patents, 1870-1940," *Journal of Economic Growth*, June 2014, Volume 19, Issue 2, pp. 221-257.
12. "Distinctively black names in the American past," with Trevon Logan and John Parman, *Explorations in Economic History*, Volume 53, July 2014, pp. 64-82.
13. "Were the Nigerian Banking Reforms of 2005 a Success…And for the Poor?" in Edwards, Johnson, and Weil, editors, *African Development Successes*, University of Chicago Press, 2016.

14. "Overcoming Discrimination by Consumers during the Age of Segregation: The Example of Garrett Morgan," *Business History Review*, Volume 86, Issue 2 (Summer 2012).

15. "Converging to a National Lynching Database: Recent Developments and the Way Forward," *Historical Methods*, Volume 45, Issue 2 (March 2012).

16. "Inventing Social Capital: Evidence from African American Inventors, 1843-1930," *Explorations in Economic History*, Volume 48, Issue 4 (December 2011), pp. 507-518.

17. "Small Businesses and the Recovery," Chapter 2 in Alan Krueger, ed., *Economic Report of the President*, 2012.

18. "The Euro Crisis and Implications for the United States," Chapter 5 in Alan Krueger, ed., *Economic Report of the President*, 2012.

19. "African Economic Growth and a Growth-based U.S. Development Strategy," Chapter 5 in Alan Krueger, ed., *Economic Report of the President*, 2012.

20. "Metals or Management? Explaining Recent Economic Growth in Africa," *American Economic Review*, 99(2): 268–74 (May 2009), with Laura Beny.

21. "Patents and Knowledge Spillovers to Developing Countries," *44th Werner-Sichel Lecture Series*, W.E. Upjohn Lecture Series. Kalamazoo: Upjohn Institute, 2010.

22. "The End of Serfdom in Russia and Lessons for Sudan", chapter in Kwame Anthony Appiah and Martin Bunzl, eds., *Buying Freedom: The Ethics and Economics of Slavery*, Princeton University Press, 2007.

23. "Africa: A Union Open for Growth, Trade, and Business?", *Global Competitiveness Report 2002-2003,* Oxford University Press, 2003.

24. Editor and Lead Author, *Africa Competitiveness Report 2000-2001,* World Economic Forum, Oxford University Press, 2001.

25. "Regional Public Goods in International Assistance" (with Jeffrey Sachs), *Global Public Goods*, Kaul, ed., Oxford University Press, 1999.

26. "Trade Credit and Bank Finance: Financing Small Firms in Russia", *Journal of Business Venturing*, Volume 14, Numbers 5-6, pp. 493-518.

27. "Export Platforms in Tunisia", Center for International Development, Harvard University, June 2000 [Harvard Business School, "Making Markets Work"].

28. "Export Platforms in Ghana", Center for International Development, Harvard University, October 1999 [Harvard Business School, "Making Markets Work"].

29. "The Next Battleground in the Terror War," *Hoover Digest* 2004, No. 1.

30. "Now the Hard Part," *Hoover Digest* 2003, No. 2.

Other Working Papers

1. "The Antebellum Roots of Distinctively Black Names", with Trevon D. Logan and John Parman, NBER Working Paper No. 28101, November 2020.

2. 'The Green Books and the Geography of Segregation in Public Accommodations", with Maggie E.C. Jones, David Rosé & Trevon D. Logan, NBER Working Paper No. 26819, March 2020.

3. "Bad International Relations but Better Science? The Impact of the Boycott of the Moscow Olympics on International Technological Flows," with Maksym Ivanya, March 2014.

4. "The Financial and Economic Crisis: Implications for Consumer Finance and for Households in Michigan," under review.

5. "The Idea Gap in Pink and Black," with Chaleampong Kongchareon, NBER Working Paper No. 16331, September 2010, under review.

6. "Is Intellectual-Property Protection in Developing Countries and Emerging Markets Driven by Supply or Demand? Evidence from Ethanol Production in Brazil, 1980 to 2008," with Chaleampong Kongchareon, Michigan State University, March 2010.

7. "A Green Light for Red Patents: New Evidence from Soviet Innovation Abroad, 1933 to 1991," Michigan State University, 2010, revise and resubmit.

8. "Financial Crisis and Growth in Nigeria: Evidence from the Community Banking System," Stanford University, September 2003.

Book Reviews

1. Rayvon Fouché. *Black Inventors in the Age of Segregation*. Baltimore and London: The Johns Hopkins University Press, 2003, reviewed for *Journal of Economic of Economic History*, (2004), 64:3:900-902 Cambridge University Press.

2. Robert J. Norrell. *Up from History: The Life of Booker T. Washington*. Cambridge: Harvard University Press, 2008, reviewed for *Business History Review*, by Lisa D. Cook (Spring 2010).

3. Bruce Sinclair, ed. *Technology and the African American Experience: Needs and Opportunities for Study*. Cambridge, MA: MIT Press, 2004, reviewed for *Journal of Economic History*, (2004), 64:3:900-902 Cambridge University Press.

4. Ross Thomson, *Structures of Change in the Mechanical Age: Technological Innovation in the United States, 1790-1865*. Baltimore: Johns Hopkins University Press, 2009. xiv + 432 pp. $68 (hardcover), ISBN: 978-0-8018-9141-0, reviewed for EH.NET by Lisa D. Cook (February 2010).

Research Projects

1. *Economic and Financial Crisis, Expectations, and the New Poor*

2. New research to aid in measuring effects of the Great Recession on American households using survey evidence from Michigan households and to better predict future financial and economic crises; 2009 to present

3. *Financial Reform in Emerging Markets*

4. An examination of the structure of and changes in financial institutions and markets in Russia and other emerging markets; 1995 to present

5. *Nigerian Bank Reform and Poverty Alleviation, National Bureau of Economic Research, African Successes Program*

6. An examination of comprehensive bank reform from 2000 to 2005 and its effect on access to finance for the poor; 2009 to present

7. *Patents and Economic Activity*

8. Ongoing exploration of patent data as an indicator of economic activity; 2002 to present

9. *Finance and Innovation (with Raoul Minetti)*

10. Research focuses on explaining patent booms and the effect of the adoption of new products and processes on bank finance using firm-level data in emerging markets and developing countries; 2007 to present

11. *The African American and Women Inventors and Patents Data Set.* Stanford University, August 2003; last revised, November 2008; extended to women inventors, August 2009

Appendix B -- Speeches and Presentations

Speech or Presentation	Date	Location	Sponsoring Organization
Jackson Hole Monetary Policy Conference, 2021	2021-08-27	Jackson Hole, WY	Kansas City Fed
"Could Central Bank Digital Currencies Transform the Economy?"	2020-11-18	Ann Arbor, MI	University of Michigan
"Long-Lasting Solutions for a Small-Business Recovery"	2020-07-15	Washington, DC	U.S. House of Representatives
"Economic and Social Implications of Racial Disparities"	2020-06-08	Princeton, NJ	Princeton, NJ
Testimony Before the Subcommittee on National Security, International Development and Monetary Policy, Committee on Financial Services	2020-07-07	Washington, DC	U.S. House of Representatives
Testimony Before the Subcommittee on Economic Policy, Senate Bankir Housing, and Urban Affairs Committee	2020-07-22	Washington, DC	U.S. Senate
Testimony Before the Subcommittee on Courts, Intellectual Property, and the Internet of the Committee on the Judiciary	2019-03-27	Washington, DC	U.S. House of Representatives
Testimony Before the Subcommittee on Diversity and Inclusion, Committee on Financial Services	2019-09-26	Washington, DC	U.S. House of Representatives
Jackson Hole Monetary Policy Conference, 2018	2018-08-01	Jackson Hole, WY	Kansas City Fed
Testimony Before the House Financial Services Committee	2017-04-26	Washington, DC	U.S. House of Representatives
"Examining the Racial and Gender Wealth Gap in America"	2019-09-24	Ann Arbor, MI	U.S. House of Representatives
"Speaking Economics"	2019-08-19	Ithaca, NY	Cornell University
"Economics and Race Conference"	2020-10-16	Philadelphia, PA	Wharton, UPenn
"The Urgency of This Moment in Economics and Economic Research: Mountain Tops and Inflection Points"	2018-04-21	East Lansing, MI	MSU
"Violence and Economic Growth: How the Past Informs the Present"	2018-11-01	St. Louis, MO	Washington University
"Missing Women, Missing African-Americans, and Missing Innovation"	2019-05-09	Alexandria, VA	USPTO
"Make a Difference in the world with Econ"	2021-02-17	Virtual	Women in Economics
"Innovation, Teams, Diversity, and Leadership in the 21st Century"	2020-02-13	Virtual	Rice University
"The Current and Future State of Economics in 2020: Keynote Address"	2020-08-14	Virtual	Princeton University
"The Cost of Racism"	2021-05-24	Virtual	World Bank
"Discrimination in Lending? Evidence from the Paycheck Protection Program"	2021-03-19	Virtual	Georgetown University
"Cleveland Fed Conversations: Diversity and Central Bank Communication"	2021-05-24	Virtual	Cleveland Fed
"John Majewski's Economic Creativity in a Slave Economy: Invention and Innovation in Slave Cities before the Civil War" Discussant	2021-10-29	Virtual	EHA Annual Meeting

"Federal Reserve Bank of Chicago Academic Advisory Council Council Meeting: Finance"	2021-11-12	Virtual	Chicago Fed

Appendix C. Public Statements	Date	Location	Sponsoring Organization
"The Accidental Economist," International Monetary Fund, Hyun-Sung Khang The Accidental Economist	2021-07-12	Online	IMF
"SIEPR Associates Meeting with Lisa Cook: Infrastructure and Long-Run Growth in the 21st Century" https://www.youtube.com/watch?v=tqUhPGtvKTY	2021-10-07	Virtual	Stanford Institute for Economic Policy Research, Stanford University
"Lisa Cook on why inclusion benefits the economy and economics," HBS Managing the Future of Work podcast https://podcasts.apple.com/us/podcast/lisa-cook-on-why-inclusion-benefits-the-economy/id1395603706?i=1000542202279	2021-11-17	Online	Harvard Business School
"Remembering Bob Moses," The Takeaway with Melissa Harris-Perry https://www.wnycstudios.org/podcasts/takeaway/segments/remembering-bob-moses	2021-07-27	Online	WNYC
"Lisa Cook on Racism, Patents, and Black Entrepreneurship," Econotalk Podcast with Russ Roberts https://www.scribd.com/listen/podcast/476859500	2020-09-21	Online	Hoover Institution
"Innovation, Teams, Diversity, and Leadership in the 21st Century" https://scientia.rice.edu/scientia-small-conference-2020-speakers	2020-02-13	Virtual	Rice University
"The Long Shadows Cast by Racism," Econofact Podcast https://econofact.org/podcast/the-long-shadows-cast-by-racism	2021-09-12	Online	Econofact.org
"How Would Black Economists Change Economics?" How Would Black Economists Change Economics?	2020-07-14	Online	Project Syndicate
"The economics behind racial coronavirus disparities" The economics behind racial coronavirus disparities	2020-07-15	Online	PBS
"The Economic Costs of Discrimination" The Economic Costs of Discrimination	2020-07-06	Online	Economic History Podcast
"Lisa Cook interview: On invention gaps, hate-related violence, discrimination, and more" Lisa D. Cook Interview	2018-12-11	Online	Minneapolis Fed
"How Economics Excludes Black Women," Planet Money, NPR How Economics Excludes Black Women	2019-12-18	Online	NPR

"How Biden's Diverse Economic Team May Impact His Policies," Planet Money, NPR Biden's Diverse Economic Team	2020-12-01	Online	NPR
"The Inclusion Payoff," Planet Money, NPR The Inclusion Payoff	2020-08-31	Online	NPR
"Three Ideas To Fight The Recession" Three Ideas to Fight the Recession	2020-04-01	Online	NPR
"Interview with Lisa D. Cook," Barb Flowers, Women in Economics Podcast Series, Federal Reserve Bank of St. Louis Women in Economics - Lisa Cook	2019-02-20	Online	St. Louis Fed
"Is the Fed's Independence on the Line? Interview with Lisa D. Cook and Dan Loney, Knowledge@Wharton Radio https://knowledge.wharton.upenn.edu/article/feds-independence-line/	2019-04-11	Online	Wharton, UPenn
"The Fed Increases Interest Rate," Interview with Lisa D. Cook and Dan Loney, Knowledge@Wharton Radio https://podloud.com/podcast/wharton-business-daily/the-fed-increases-interest-rate-with-lisa-cook	2017-12-19	Online	Wharton, UPenn
"Economists Tackle the challenges of the pandemic," Economists Tackle the challenges of the pandemic, Springer Link	2020-10-28	Online	Springer Link
"How Violence Limits Economic Activity" How Violence Limits Economic Activity	2019-02-11	Online	NPR
"The Federal Budget," Melissa Harris-Perry Show, MSNBC https://www.nbcnews.com/id/wbna51543956	2013-04-14	Television	NBC News
"Racism Impoverishes the Whole Economy" https://www.nytimes.com/2020/11/18/business/racism-impoverishes-the-whole-economy.html?searchResultPosition=1	2020-11-18	Print/Online	*New York Times*
"Patent Racism," Planet Money, NPR https://www.npr.org/2020/06/12/876097416/patent-racism	2020-06-12	Online	NPR
"Story of a Paper," The Indicator, Planet Money, NPR https://www.npr.org/2020/06/11/875445743/story-of-a-paper	2020-06-11	Online	NPR
"Black Economist's Research Finds A Blindspot on a Theory of Innovation," Morning Edition, NPR https://www.npr.org/2020/06/25/883233406/black-economists-research-finds-a-blindspot-on-a-theory-of-innovation	2020-06-25	Online	NPR
"Economics & Sexual Harassment," *New York Times* https://www.nytimes.com/2019/01/10/business/economics-sexual-harassment-metoo.html	2019-01-10	Print/Online	*New York Times*
"Diversity and innovation"	2021-02-18	Online	University of Michigan

https://www.youtube.com/watch?v=movHskBtllw

"Women in Economics," *F&D Magazine*	2021-09-22	Online	IMF
https://www.imf.org/en/News/Podcasts/All-Podcasts/2021/09/20/lisa-cook			
The Melissa Harris-Perry Show	2014-03-15	TV	NBC News
https://www.nbcnews.com/id/wbna54701153			
"Women in Economics Report Rampant Sexual Assault and Bias"	2019-03-18	Print/Online	*New York Times*
https://www.nytimes.com/2019/03/18/business/economy/women-economics-discrimination.html			
"Research on black names," Code Switch, NPR	2014-05-31	Online	NPR
https://www.npr.org/sections/codeswitch/2014/05/31/317441523/in-1920-99-percent-of-all-americans-named-booker-were-black			
"Lisa D. Cook on diversity and innovation," Ford School Policy Talks	2021-02-18	Virtual	University of Michigan
https://www.youtube.com/watch?v=movHskBtllw			
"How gender and racial biases are hurting economics," Knowledge@Wharton Radio	2019-04-16	Online	Wharton, UPenn
How gender and racial biases are hurting economics			
"June jobs report can give us directional guidance, economist says"	2020-07-02	TV/Online	CNBC.com
Lisa D. Cook interview with Mike Santoli			
"Racism Costs Lives"	2020-07-03	Online	NTV
Racism Costs Lives			
"Credit scores put Black Americans at a disadvantage – here's how"	2020-06-17	Online	Grow
How credit scoring contributes to racial wealth gap			
"African Americans Point to Racial Bias in Economics"	2020-06-11	Online	AP News
African Americans Point to Racial Biases In Economics"			
"Balance of Power"	2020-06-10	Online	Bloomberg
Balance Of Power			
"The Coronavirus Stimulus is Playing Hard to Get"	2020-04-13	Online/Print	*New York Times*
The Coronavirus Stimulus Is Playing Hard To Get			
"US is Nowhere Close to Reopening the Economy, Experts Say"	2020-04-13	Online/Print	*New York Times*
U.S. Is Nowhere Close To Reopening The Economy, Experts Say			
"Lisa Cook on Gender and Race in Economics"	2020-10-14	Online	Bloomberg
Lisa Cook on Gender and Race in Economics			
"Did 'underserved communities' get a fair share of forgivable COVID-19 loans? Hard to tell"	2020-07-08	Online	NPR
"Did 'Underserved Communities' Get a Fair Share of Forgivable COVID-19 Loans? Hard to Tell"			
"Inflation," Detroit Today, WDET	2021-11-03	Online	WDET/NPR

WDET, Detroit Today

"A Conversation About Diversity and Inclusion with Dr. Lisa Cook" (IPOEF Awards 2020)	2020-12-10 Virtual	IPO Education Foundation
A Conversation About Diversity and Inclusion with Dr. Lisa D. Cook		
"A Fireside Chat with Phyllis Turner-Brim and 2021 IPO Champion Lisa D. Cook" (IPOEF Awards 2021)	2021-12-08 Virtual	IPO Education Foundation
https://www.ipoef.org/ip-champion-award/		
"Dr. Lisa D. Cook: The 2020 Election and Beyond"	2020-09-28 Online	Merrittocracy Podcast
The 2020 Election and Beyond		
"Economist Lisa Cook: Pandemic's pain deepens wealth gap"	2020-12-17 Online	*Detroit Free Press*
https://www.freep.com/story/money/personal-finance/susan-tompor/2020/12/17/covid-19-economist-examines-wealth-gap/3799553001/		
"Racism and the Economy: Focus on the Economics Profession"	2021-04-13 Virtual	Minneapolis Fed
https://www.minneapolisfed.org/events/2021/racism-and-the-economy-focus-on-the-economics-profession		
"Racial Disparities in Today's Economy"	2021-10-06 Virtual	Boston Fed
https://www.bostonfed.org/news-and-events/events/economic-research-conference-series/racial-disparities-in-todays-economy.aspx		
"COVID-19 widens racial wealth gap, hitting Black businesses especially hard"	2020-06-19 Online	*Detroit Free Press*
https://www.freep.com/story/money/2020/06/19/michigan-black-business-owners-hit-hard-feel-greater-pain-covid-19/5341864002/		

Appendix D -- Political Contributions

Date	Amount	Candidate or Organization
2/4/2021	$1,000	Inspire Michigan PAC
9/19/2020	$1,000	Biden, Joe
9/14/2020	$1,000	Slotkin, Elissa
9/6/2020	$1,000	Peters, Gary
9/2/2020	$1,000	Biden, Joe
11/5/2016	$1,000	Clinton, Hillary
2016-2020	$573	ActBlue
9/4/2021	$500	Gretchen Whitmer and Garlin Gilchrist
10/30/2020	$500	Biden for President
10/30/2020	$500	Rochester, Lisa Blunt
9/6/2020	$500	Coons, Chris
9/6/2020	$500	Sewell, Terri A
8/24/2020	$500	PULVER, JULIA
7/18/2020	$500	Fair Fight PAC
6/30/2020	$500	Biden for President
6/30/2020	$500	CHATTERJI, AARON KUMAR
1/31/2020	$500	Slotkin, Elissa
5/19/2019	$500	Peters, Gary
1/23/2018	$500	Slotkin, Elissa
1/23/2018	$500	JULIA PULVER CAMPAIGN CMTE
1/23/2018	$500	Driskell, Gretchen
12/16/2017	$500	Stacey Abrams
6/1/2017	$500	Stabenow, Debbie
10/13/2016	$500	Driskell, Gretchen
10/13/2016	$500	Driskell, Gretchen
9/17/2021	$250	Voters Not Politicians
10/30/2020	$250	Warnock, Raphael
10/4/2020	$250	Dingell, Debbie
9/16/2020	$250	Espy, Mike
9/19/2020	$250	Williams, Nikema Natassha
9/19/2020	$250	Warnock, Raphael
7/18/2020	$250	Florida Rights Restoration Coalition
7/16/2020	$250	Driskell, Gretchen
6/30/2019	$250	CHATTERJI, AARON KUMAR
10/28/2018	$250	Slotkin, Elissa
9/30/2018	$250	Michigan Democratic State Central Cmte
6/14/2018	$250	GRETCHEN WHITMER CAMPAIGN CMTE
5/4/2018	$250	Slotkin, Elissa
10/7/2014	$250	Nunn, Michelle
10/7/2014	$250	Nunn, Michelle
6/10/2013	$250	Sewell, Terri A
9/21/2012	$250	Obama, Barack
9/21/2012	$250	Sewell, Terri A

9/26/2020	$201	Biden for President
1/31/2020	$200	Brenda Lawrence
9/30/2018	$200	One Campaign for Michigan
10/14/2014	$150	MARK HAMILTON SCHAUER CAMPAIGN CMTE
8/6/2019	$125	Barbara Lee
9/20/2020	$100	Register2Vote
9/4/2020	$100	VoteVets PAC
7/4/2020	$100	Gretchen Driskell
7/3/2020	$100	Lucy McBath
2/28/2020	$100	Jon Hoadley
4/22/2020	$100	PULVER, JULIA
3/2/2020	$100	CHATTERJI, AARON KUMAR
3/2/2020	$100	Elizabeth Warren (President)
10/20/2018	$100	Beto O'Rourke
10/13/2018	$100	Stephen Wooden
3/12/2017	$100	Gary Peters
9/12/2016	$100	Gretchen Driskell
3/8/2014	$100	MARK HAMILTON SCHAUER CAMPAIGN CMTE
12/31/2018	$50	Sally Hudson
1/30/2016	$50	Gretchen Driskell
2/15/2014	$50	SENATE DEMOCRATIC FUND OF MICHIGAN
10/31/2015	$50	Kamala Harris for Senate
4/29/2014	$40	COMMITTEE TO ELECT ELLEN LIPTON
9/25/2012	$35	Obama for America
9/30/2012	$35	Obama for America
10/31/2012	$35	Obama for America
3/12/2017	$25	Jon Ossoff
7/20/2016	$25	Gretchen Driskell
10/31/2012	$14	Obama for America

Appendix E
Lisa D. Cook's Qualifications for Board of Governors of the Federal Reserve System

It would be the honor of my life to serve the American people as a member of the Board of Governors of the Federal Reserve System. I believe I am qualified to do so.

The fundamental social compact that societies have with their leaders and governments is that standards of living should continually rise. That is, each succeeding generation should be better off than the preceding generation.

What lifts living standards? This question drove me to understand the productive capacity of economies, namely through the study of innovation, as well as the institutions that undergird economies, like property rights and financial institutions. Policies related to these and similar institutions could have a profound effect on the lives and livelihoods of millions or billions of people at any given time.

I am not a typical academic macroeconomist. Before any formal training in economics and while in high school in rural Georgia, I founded and ran a cooking school, an outgrowth of a chemistry experiment. I have always understood the economy as an active participant and decisionmaker in it and from the ground up. As a person whose formative years were spent in the Deep South and whose career has been spent mainly in the industrial Midwest, I have observed and understand how the economy works from the ground up and across various dimensions, including geographic and demographic characteristics, within our country. In the process of living in and studying other economies from France to China to Rwanda to Russia, I have also learned how economies and what they deliver for their citizens vary greatly across countries.

After learning about the economy from the ground up, I have also had the opportunity to inform and guide policy, in this country and abroad. This experience was extremely important, because, in order to improve people's lives, I had to become familiar with the policy levers to pull, whether for fiscal or monetary policy. As Senior Adviser on Finance and Development at the Treasury Department, I acquired skills largely related to fiscal policy. As a Senior Economist at the Council of Economic Advisers who focused on the euro zone crisis from 2011-2112, I acquired and honed skills related to the intersection of fiscal and monetary policy. As a member of the Board of Directors of the Federal Home Loan Bank of Indianapolis (serving Indiana and Michigan) and of the Federal Reserve Bank of Chicago, I have learned and am learning about the inner workings and implications of housing, banking and monetary policy. In fact, these more recent engagements build on over 25 years of interaction with the Federal Reserve System. This includes being a Dissertation fellow at the New York Fed where I wrote on the Russian banking system; a visiting scholar at the Chicago, Minneapolis, and Philadelphia Federal Reserve Banks; a member of the Academic Advisory Council of the Chicago Fed; a member of the Advisory Board of the Opportunity and Inclusive Growth Institute at the Federal Reserve Bank of Minneapolis; a regular participant in the Federal Reserve's annual Jackson Hole monetary policy conference; and a partner of the Board of Governors and the Federal Reserve Banks as Director of the American Economic Association Summer Program at Michigan State University. Additionally, my time as Deputy Lead on the Federal Reserve, Banking and Securities Regulators Agency Review Team on the Biden-Harris Transition Team provided me additional insights into regulatory policy.

In light of the Federal Reserve's role in promoting safety and soundness of the financial system, my more recent policy engagements also build on experience with financial institutions. I have interned and worked at a wide range of bank and non-bank institutions, including the World Bank, a commercial bank (NationsBank, now Bank of America), and an investment bank (Salomon Brothers, now Citigroup). In addition, for the past three years, I have served on the board of directors of a Community Development Financial Institution (CDFI), Rende Progress Capital, which is headquartered in Grand Rapids, Michigan. Direct experience with various types of financial institutions and markets has informed policy decisions I have developed or taken in the past and would take as a Fed Governor.

In sum, because of my understanding of the US economy from the ground up, my training and research as a professor of economics, my familiarity with the dual mandate and conduct of monetary policy, and my understanding of its implications for people's lives and livelihoods, I believe I am qualified to serve on the Board of Governors of the Federal Reserve System. Equally importantly, during previous periods of public service, I have worked in a bipartisan fashion and with humility in the face of uncertainty to achieve the best policy outcomes for the American people.

Addendum to the questionnaire submitted to the Committee on Banking, Housing, and Urban Affairs, United States Senate by Lisa D. Cook.

Upon further review, I have identified an additional membership, and additional materials relating to my published materials I have written as well as, speeches, presentations and public statements which I have made during the past ten years to topics relevant to the position for which I have been nominated.

In my experience, I am aware of instances whereby publication of my working papers and other works-in-progress has occurred without my knowledge or permission.

I have done my best to identify all published writings, speeches, presentations and public statements relevant to the position including a thorough review of personal files and searches of publicly available electronic databases. Despite my searches, there may be other materials I have been unable to identify, find or remember.

Additional membership:

President-elect Midwest Economics Association	2022
Regenerative Crisis Response Committee	2021

Additional publications:

"Racism Impoverishes the Whole Economy," Lisa D. Cook, Economic View, New York Times, November 18, 2020.

"Getting money urgently to low-wage U.S. workers," Lisa D. Cook, Washington Center for Equitable Growth, March 2020.

Lisa D. Cook, Contributor, *Review of the SBIR and STTR Programs at the Department of Energy, Committee on the Review of the Small Business Innovation Research and Small Business Technology Transfer Programs at the Department of Energy Consensus Study Report*, Board on Science, Technology, and Economic Policy, Policy and Global Affairs, National Academies Press, 2020.

"It Was a Mistake for Me to Choose This Field'; Black women are underrepresented in economics, which is bad for everyone," Lisa D. Cook and Anna Gifty Opoku-Agyeman, New York Times, September 30, 2019.

"Mentoring Undergraduate Women Who are Students of Color," Lisa D. Cook, CSWEP Newsletter, Issue I, 2019.

Detroit Free Press, Lisa D. Cook, Guest Contributor, 2 articles, 2013.

"The Financial and Economic Crises: Implications for Consumer Finance and for Households in Michigan," Lisa D. Cook, Informing the Debate: Financial Crises, IPPSR, Michigan State University, September 2010.

"Are Developing Countries Converging on Intellectual Property Rights? Evidence from Plant Patents, 1977-2007," in Asefa, Sisay ed., Kalamazoo, Mich.: W. E. Upjohn Institute for Employment Research, pp. 85-104, 2010.

"The Evolution of the South African Microfinance Sector from 1992 to 2004: The role of the Microfinance Regulatory Council," with Gerhard K. Coetzee, Kathlean A. Druschel, Neil W. Brislin, J. Patrick Meagher, and Roland Pearson, ECI Africa and IRIS Centre of the University Research Corporation International, March 2005.

Other Working Papers:

"The Colonial Origins of Banking Crisis in Africa," with Linguere Mously Mbaye, Janet Gerson, and Anthony Simpasa, African Development Bank Group Working Paper No. 358, October 2021.

"Closing the Innovation Gap in Pink and Black," with Janet Gerson and Jennifer Kuan, NBER Working Paper No. 29354, October 2021.

"Discrimination in Lending? Evidence from the Paycheck Protection Program," with Rachel M.B. Atkins and Robert Seamans, February 2021.

Additional speeches and presentations:

"Missing Women, Innovation, and Economic Growth," 2021-12-02 Virtual NSF Presentation to NSF SBE Advisory Committee

"Ideas for the 21st Century," NSF SBE Distinguished Lecture 2021-03-17 Virtual NSF

"Innovation and U.S. Competitiveness," Presentation at inaugural 2020-09-14 Virtual USPTO meeting of National Council for Expanding American Innovation https://www.uspto.gov/about-us/news-updates/uspto-launches-national-council-expanding-american-innovation-nceai

"EconCon and Missing Innovation," Presentation, 2019-03-22 Pittsburgh, PA Groundwork Collaborative, Equitable Growth, et al.

"Demography and the Economy," MSU Legislative Leadership Program 2016-12 East Lansing, MI MSU, IPPSR

Additional public statements:

Michigan State University, Faculty conversations: Lisa D. Cook, May 19, 2011 https://www.youtube.com/watch?v=wflp2g3CJcU

CGTN Global Business, Lisa Cook Discusses the State of the Eurozone Economy, Aug 2, 2013
https://www.youtube.com/watch?v=RcoxGBjavI0
Lansing Online News Radio, Lisa Cook, Eric Schertzing, Mar 25, 2014
https://www.youtube.com/watch?v=gaYnarjHOsA

New Economic Thinking, Who Wins and Loses from Innovation? Jul 1, 2014
https://www.youtube.com/watch?v=73I7mJ-DWxI

Lansing Online News Radio, Aug 27, 2014
https://www.youtube.com/watch?v=hEpuwn2VzVQ

INET New Economic Thinking, Sharing the Burden in Detroit, Oct 21, 2016
https://www.youtube.com/watch?v=Z0qEqNlmC7E

INET, New Economic Thinking, Racist Violence and Economic Activity, Jan 18, 2017
https://www.youtube.com/watch?v=SCOlEMsj05g

Michigan State University, Lisa Cook: The Will to Make a Difference, Mar 10, 2017
https://www.youtube.com/watch?v=a0O1tpNqOEU

VoxDev, Mobile Money, Jun 19, 2017
https://www.youtube.com/watch?v=-YkWhIfs03s

"Can't Make It in America -- Says Who?" Panelist presentation on June 29, 2017, Aspen, CO manufacturing in Michigan, Aspen Ideas Festival
https://www.aspenideas.org/speakers/lisa-cook

Save the American Inventor, (looks clipped from another presentation), Sep 4, 2017
https://www.youtube.com/watch?v=7PvYkQF1ZVk

Minneapolis Fed, Lisa Cook at the Minneapolis Fed's Opportunity and Inclusive Growth Institute, Jan 12, 2018
https://www.youtube.com/watch?v=p3-2Fzd9itY

MD4SG Colloquium, May 15, 2020
https://www.youtube.com/watch?v=FMC_Ligo21A

Urban Institute, Tax Policy Center, The Prescription: Fiscal Policy for the COVID-19 Economy, Jul 23, 2020
https://www.youtube.com/watch?v=H8pDTP0Y2dQ

The Core Project, What promotes or kills innovation?, Aug 24, 2020
https://www.youtube.com/watch?v=z2hj_zfrG6g

The Economic Club of New York, ECNY Events, Conversation with Lisa Cook, Sep 21, 2020
https://www.youtube.com/watch?v=1VZ8OxhyU4A

ECNY Events, Conversation with Lisa Cook, Oct 6, 2020
https://www.youtube.com/watch?v=1VZ8OxhyU4A

New Thinking at Berkeley Haas, The Cost of Racism, Mar 30, 2021
https://www.youtube.com/watch?v=D7ftpxvKuHQ&t=46s

2021 NCWIT SUMMIT On Women and IT, Conversations for Change with Lisa D. Cook, May 28, 2021
https://www.youtube.com/watch?v=DOl81RSUu3A

LAVIN, How Violence Hurts Innovation, Aug 17, 2021
https://www.youtube.com/watch?v=U5p643B9I3A

Washington Center for Equitable Growth, Evidence for a Stronger Economic Future (clip from conversation on race and gender in innovation), Oct 1, 2021
https://www.youtube.com/watch?v=rYmjVyjJmGc

AM Joy with Joy Reid, MSNBC, multiple appearances, 2016-2018
https://www.msnbc.com/am-joy-archive

The Melissa Harris-Perry Show, multiple appearances, 2014-2015

"Run That Check: Building Black Wealth and Prosperity," Panelist
http://blackpolicyconference.com/agenda/panels/

"Women in Economics," Cleveland Fed, Feb 27, 2020
https://www.clevelandfed.org/newsroom-and-events/events/2020/women-in-economics/livestream.aspx

"Moving the needle: Lisa D. Cook on maximizing U.S. innovation through broader participation," Interview June 23, 2021, NSF
https://beta.nsf.gov/science-matters/moving-needle-lisa-d-cook-maximizing-us-innovation-through-broader-participation

"Hidden Truths: Episode 27: Dr. Lisa D. Cook and Anna Gifty," Oct 3, 2019, Hidden Truth Podcast/Opoku-Agyeman
https://insightcced.org/transcript-episode-27-dr-lisa-d-cook-and-anna-gifty-opoku-agyeman/

"Could Central Bank Digital Currencies Transform the Economy?" panel discussion on November 18, 2020
https://fordschool.umich.edu/video/2020/could-central-bank-digital-currencies-transform-economy

The undersigned certifies that the information contained in the public addendum is true and correct.

Signed: Lisa D. Cook Date: January 27, 2022

PREPARED STATEMENT OF PHILIP NATHAN JEFFERSON

TO BE A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

FEBRUARY 3, 2022

Chairman Brown, Ranking Member Toomey, and Members of the Committee, thank you for the opportunity to appear before you today. I am honored to have been nominated by President Biden to serve as a member of the Board of Governors of the Federal Reserve System.

If confirmed, I would draw upon my background and skillset to contribute positively to the well-being of the American people by helping the Federal Reserve to adhere to the dual mandate set for it by Congress: promotion of maximum employment and stable prices.

As some of you may know, I was born and raised here in Washington, DC, in the Northeast section, just blocks away from Robert F. Kennedy stadium. The neighborhood is called Kingman Park, and in my youth, it was a place where the line between a future of success or struggle was thin. The Capitol is a mere 25 blocks from the row house where I grew up.

My first job after graduation from college was here in Washington as a research assistant for the Board of Governors. Since that time, I have been fortunate to pursue a career that spanned a valuable combination of experiences both within and outside academia. I have served as a professor of economics, department chair, college dean, college vice president, president and director of various professional organizations focused on economics, a college trustee, a borough council member, and have held additional professional roles within the Federal Reserve System.

In the leadership positions I have held, the essential qualities for success have included a spirit of collaboration, the capacity to compromise, and the ability to achieve consensus. Further, I am a Ph.D. economist with an unusual combination of specializations: macroeconomics and monetary economics, poverty and economic inequality, and applied econometrics. If confirmed, these specializations would enable me to analyze from multiple perspectives the complex issues that come before the Board.

Today, the economy is facing two major challenges: the COVID–19 pandemic and inflation. The pandemic has disrupted the supply side of the economy and changed the composition of aggregate demand. The spike in inflation we are seeing today threatens to heighten expectations of future inflation. The Federal Reserve must remain attentive to this risk and ensure that inflation declines to levels consistent with its goals.

The mandates set by Congress for the Federal Reserve have served the American people well. As we know from experience, the pursuit of maximum employment and stable prices fosters an economic environment characterized by a dynamic labor market, entrepreneurship, private saving and investment, and sustainable growth in consumption and production over the longer run. Importantly, the dual mandate provides a critical foundation for monetary policy amid our current challenges and those that lie ahead. The tools of monetary policy can be deployed with clear goals in mind. Adherence to these goals will ground inflation expectations appropriately so that policy itself does not encumber private economic decision making. Further, long-run inclusive prosperity requires that the Federal Reserve pay careful attention to the safety and soundness of banks and the stability of the financial system.

Before closing, I wish to acknowledge the love and support of friends and family, especially my sons Nathan and Miles. Also, I wish to mention my late parents, Wade Jefferson, and Joan and Walter Coates, who worked so hard and gave so much, so that this improbable day could even be possible. Regardless of the outcome, they would have been so very proud of these proceedings.

Thank you for the opportunity to appear before you today. It is a real honor. I look forward to and welcome your questions.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name:	**Jefferson**	**Philip**	**Nathan**
	(Last)	(First)	(Middle)

Position to which nominated: Governor, Board of Governors of the Federal Reserve System

Date of nomination: 13 January 2022

City of Residence: Davidson, North Carolina

Education*: Institution Dates Attended Degrees Received Dates of Degree

University of Virginia, Charlottesville, VA 22901. PhD in Economics, August 1990; MA in Economics, May 1987. Fields: Monetary Economics and Finance; Dissertation: "Essays on Money, Financial Intermediation, and Output."

Vassar College, Poughkeepsie, NY 12601. BA in Economics, May 1983.

The London School of Economics, London, England; Junior Year Abroad 1981-1982

Yale University, New Haven, CT, Summer, 1982. American Economic Association's Minority Summer Program

*Nominees should provide information for all institutions attended, whether or not the nominee was granted a degree by the institution

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.

Faculty Fellow, Aydelotte Foundation for the Advancement of the Liberal Arts, Swarthmore College, 2013-2014.

Eugene M. Lang Faculty Fellowship, Swarthmore College, 2007-2008, 1999-2000.

The Flack Faculty Award for Excellence in Teaching and Promise in Scholarly Activity, Swarthmore College, 2003.

James A. Michener Faculty Fellowship, Swarthmore College, 2003-2004.

Chancellor's Minority Post-Doctoral Fellowship, University of California-Berkeley, 1993- 1995.

American Economic Association/Federal Reserve System Fellowship, 1988-1990.

President's Fellowship, University of Virginia, 1988-1990.

Omicron Delta Kappa National Leadership Honor Society, 1986-1990.

National Science Foundation Graduate Fellowship, 1985-1988.

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, social, charitable and other organizations.

Organization Office Held (if any) Dates of Membership

American Economic Association, Member, 1990-Present.

Eastern Economic Association, Member, 2010-2013.

National Economic Association, Member, 2002-2006.

Philadelphia Vassar Club, Member, 1998-Present.

Eastern Economic Association, Director and Member, February 2010-May 2013.

National Economic Association, Member, 2004-2006, Immediate-Past President 2006, President 2005, President-Elect 2004.

Swarthmore Borough Council, Borough of Swarthmore, Delaware County, PA, Member (elected, November 2007), 2008-2012. Finance and Community Development Committee (chair); Pension Committee (chair).

Philadelphia Educational Advisory Task Force, School District of Philadelphia, Philadelphia PA, Member, 2006.

Pennsylvania Achievement Gap Effort, Wallingford-Swarthmore School District, Wallingford, PA, Member, 2004-2005.

TIME Magazine's Board of Economists, Member, March 2003.

American Economic Association's Committee on the Status of Minority Groups in the Economics Profession, Member, May 1998-December 2000.

American Economic Association's Pipeline Project, Mentor, July 1998-June 2005.

Member, Advisory Board, Frank Batten School of Leadership and Public Policy, University of Virginia, Charlottesville, VA, 2021-Present.

Vassar College, Poughkeepsie, NY, Member Board of Trustees, 2002-Present. Board of Trustees Committees: Student and Academic Affairs (Chair), Admissions and Financial Aid, Audit, Budget and Finance, Executive, Investor Responsibility (Chair), Presidential Search, Technology (Chair).

Alumnae & Alumni of Vassar College, Poughkeepsie, NY, Member and Secretary and Director-at-Large 1996-2000.

Employment record: List below all positions held since graduation from college including the title or description of job, name of employer, location of work, and inclusive dates of employment.

Vice President for Academic Affairs, Dean of Faculty, and Paul B. Freeland Professor of Economics, Davidson College, Davidson, NC 28035, August 2019-Present.

Centennial Professor, Economics Department, Swarthmore College, Swarthmore, PA 19081, September 2012-Present; Professor, March 2005-September 2012; Associate Professor, September 1997-February 2005.

Chair, Economics Department, Swarthmore College, Swarthmore, PA 19081, July 2015- June 2018; Acting Chair, July 2013-June 2014.

Economist, Monetary Studies Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551, July 1996-August 1997.

Assistant Professor, Economics Department, Columbia University, New York, NY 10027, July 1990-June 1996.

Instructor, Economics Department, University of Virginia, Charlottesville, VA 22901, June 1987-July 1987; Research Assistant, June 1986-August 1986.

Research Assistant, Fiscal Analysis Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551, June 1983-May 1985.

External Reviewer of Department of Economics: Colby College, Waterville, ME 04901, April 2016; Wellesley College, Wellesley, MA 02481, May 2009; Gettysburg College, Gettysburg, PA 17325, March 2006.

Affiliations and Visiting Appointments

Advisor, Opportunity and Inclusive Growth Institute, Federal Reserve Bank of Minneapolis, Minneapolis, MN, 55401, January 2017-Present.

Faculty Affiliate, Institute for Research on Poverty, University of Wisconsin-Madison, Madison, WI, 53706, February 2014-Present.

Visiting Senior Economist, Domestic Research Function, Federal Reserve Bank of New York, New York, NY 10045, September 2003-April 2004.

Visiting Scholar, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551, October 1994.

Visiting Assistant Research Economist, Economics Department, University of California, Berkeley, CA 94720, July 1993-June 1995.

Graduate Intern, Monetary and Financial Studies Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551, June 1989-June 1990.

Government Experience: List any experience in or direct association with Federal, State, or local governments including any advisory, consultative, honorary or other (including part-time) service or positions.

Name of Government Entity	Position	Dates of Service

Member (elected), Swarthmore Borough Council, Borough of Swarthmore, Delaware County, PA, 2008-2012.
Finance and Community Development Committee (chair); Pension Committee (chair).

Published writings: List the titles, publishers and dates of books, articles, reports and other published materials you have written. The list should include any publicly accessible publications on the internet in the past ten years, including appropriate URLs for any posts on blogs you maintained or contributed to, and URLs for any other significant internet-based postings during that same period. If available, provide the Committee with **one digital copy** of each of the writings you list.

I have done my best to identify titles, publishers and dates of books, articles, reports or other published materials, including a thorough review of personal files and searches of publicly available electronic databases. Despite my searches, there may be other materials I have been unable to identify, find or remember. I have located the following:

Academic Publications

Books

Poverty: A Very Short Introduction, 2018, Oxford University Press, Oxford, UK.

The Oxford Handbook of the Economics of Poverty, editor and contributor, 2012, Oxford University Press, New York.

Articles

"Liberal Arts Colleges and the Production of PhD Economists," (with Ellen Magenheim), *Journal of Economic Education*, Vol. 46, No. 2, April 2015, pp. 189-199.

"Does Labor Market Status Influence Self-Assessed Health?," (with Frederic L. Pryor), *International Advances in Economic Research*, Volume 20, Issue 1, February 2014, pp. 45-56.

"Dynamics of Factor Income Shares in the United States," (with Frederic L. Pryor), *Journal of Income Distribution*, Vol. 19, No. 1, March 2010, pp. 96-119.

"Educational Attainment and the Cyclical Sensitivity of Employment," *Journal of Business and Economic Statistics*, Vol. 26, No. 4, October 2008, pp. 526-535.

"Poverty Volatility and Macroeconomic Quiescence," *American Economic Review*, Vol. 98, No. 2, May 2008, pp. 392-397.

"Why Have Poverty Rates Fallen?," *The Review of Black Political Economy*, Vol. 33, No. 3, Winter 2006, pp. 7-19.

"Does Monetary Policy Affect Relative Educational Unemployment Rates?," *American Economic Review*, Vol. 95, No. 2, May 2005, pp. 76-82.

"Deriving the GLS Transformation Parameter in Elementary Panel Data Models," *The American Economist*, Vol. 49, No. 1, Spring 2005, pp. 45-48.

"Attachment to a National Money: Evidence on Currency Holding at Different Levels of Development," (with Stephen A. O'Connell), *Review of Development Economics*, Vol. 8, No. 2, May 2004, pp. 179-197.

"Price Dynamics when there are Alternatives to Cash Payment," *Journal of Economics and Finance*, Vol. 25, No. 2, Summer 2001, pp. 149-171.

"Rich Versus Poor? An Econometric Analysis of Relative Income Extremes," (with Frederic L. Pryor), *Eastern Economic Journal*, Vol. 27, No. 1, Winter 2001, pp. 1-18.

"Home Base and Monetary Base Rules: Elementary Evidence from the 1980s and 1990s," *Journal of Economics and Business*, Vol. 52, No. 1/2, January/April 2000, pp. 161-180.

"On the Geography of Hate," (with Frederic L. Pryor), *Economics Letters*, Vol. 65, No. 3, December 1999, pp. 389-395.

"Seigniorage Payments for Use of the Dollar: 1977-1995," *Economics Letters*, Vol. 58, No.2, February 1998, pp. 225-230.

"Inference Using Qualitative and Quantitative Information with an Application to Monetary Policy," *Economic Inquiry*, Vol. 36, No. 1, January 1998, pp. 108-119.

"On the Neutrality of Inside and Outside Money," *Economica*, Vol. 64, No. 256, November 1997, pp. 567-586.

"Unemployment and Financial Constraints Faced by Small Firms," *Economic Inquiry*, Vol. 35, No. 1, January 1997, pp. 108-119.

"Nominal Debt, Default Costs, and Output," *Journal of Macroeconomics*, Vol. 16, No. 1, Winter 1994, pp. 37-54.

Contributions to Edited Volumes and Reviews

"Global Poverty: Trends, Measures, and Antidotes," in *Routledge International Handbook of Poverty*, edited by Bent Greve, Routledge, New York, 2020, pp. 119-129.

"Macroeconomic Stabilization Policy" (with Mark Kuperberg), in *Encyclopedia of Race and Racism*, 2nd Edition, edited by Patrick L. Mason, Macmillan Reference USA, Detroit, 2013, Vol. 3, pp. 84-89.

Chapters in *The Oxford Handbook of the Economics of Poverty*, edited by Philip N. Jefferson, Oxford University Press, New York, 2012: "Introduction and Overview," pp. 1-12; "Macroeconomic Fluctuations and Poverty" (with Kunhee Kim), pp. 519-547; "A New Statistic: The U.S. Census Bureau's Supplemental Poverty Measure," pp. 797-805.

"Fiscal Policy," in *International Encyclopedia of the Social Sciences*, 2nd edition, edited by William A. Darity, Jr., Macmillan Reference USA, Detroit, 2008, Vol. 6, pp. 291-293.

Review of Changes in Income Inequality within US Metropolitan Areas by Janice F. Madden, *Southern Economic Journal*, Vol. 67, No. 4, April 2001, pp. 1022-1024.

Other Publications

"Liquor 'Border Bleed' not a Big Issue," (with John P. Caskey), *The Philadelphia Inquirer*, Monday 20 January 2014, page B2.

"The Economist as Biologist," *The Chronicle of Higher Education*, Vol. 52, Issue 7, Section B: The Chronicle Review, 7 October 2005, page B5.

"Rainfall Shocks and Economic Performance in Four African Countries," (with Stephen O'Connell), 2004, Worldwide Database on rainfall and drought severity:

http://acadweb.swarthmore.edu/acad/rain-econ/Framesets/HomePage.htm

"Economic Lessons," *VASSAR, The Alumnae/i Quarterly*, Winter 2003, pages 8-11.

"Why Tax Our Patience?" (with Jyoti Thottam, David Bradford, Dan Mitchell, Trudi Renwick, and Max Sawicky), *TIME* Magazine, 7 April 2003,

http://content.time.com/time/subscriber/article/0,33009,1004625-4,00.html

"Where has All the Exuberance Gone?," *Swarthmore College Bulletin*, September 2001, page 11.

Speeches and presentations: List all of the formal speeches and presentations (e.g., PowerPoint) you have delivered during the past ten years which are on topics relevant to the position for which you have been nominated, including dates. If available, provide the Committee with **one digital copy** of each formal speech and presentation. If text is no longer available, list the date, place, and organization or group to whom you made the speech or presentation.

None.

Public statements: List all public statements you have made during the past ten years which are on topics relevant to the position for which you have been nominated, including dates. Whenever possible, provide the Committee with finding aids (such as citations, internet URLs, etc.) for each statement.

I have done my best to identify all public statements relevant to the position including a thorough review of personal files and searches of publicly available electronic databases. Despite my searches, there may be other materials I have been unable to identify, find or remember. I have located the following:

https://www.minneapolisfed.org/article/2018/interview-with-philip-jefferson
https://www.aeaweb.org/about-aea/committees/csmgep/profiles/philip-jefferson

Social media usernames: Please provide a list of all of your currently active social media usernames (e.g., Facebook, Instagram, Twitter, etc.), and any usernames for any inactive accounts you have used within the previous ten years.

Twitter: Philip Jefferson@_pnjEcon

Facebook: https://www.facebook.com/philip.jefferson.7393

Political affiliations activities: List memberships and offices held in and services rendered to all political parties or election committees during the last ten years.

Name of Office	Elected/Appointed Candidate Only	Year(s) Election Held or Appointment Made	Terms of Service (if applicable)

Member (elected, November 2017), Swarthmore Borough Council, Borough of Swarthmore, Delaware County, PA, 2008-2012. Finance and Community Development Committee (chair); Pension Committee (chair).

Political contributions: Itemize all political contributions which exceed $200 or which aggregate to over $200 in a calendar year to any individual, campaign organization, political party, political action committee or similar entity during the last ten years and identify specific amounts, dates, and names of recipients.

None.

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet)

I am honored to be nominated to serve as a member of the Board of Governors of the Federal Reserve System. If confirmed, I would utilize my unique background and skillset to contribute positively to the wellbeing of the American people by achieving the objectives set by Congress to promote maximum employment and stable prices. I have served in multiple leadership positions where the essential qualities for success are a spirit of collaboration, the ability to achieve consensus (as opposed to command), and the capacity to compromise. I am well qualified for this role because of the combination of experiences that I have had including as president and director of professional organizations, a college trustee, a Borough council member, a vice president of a college, a college dean, a department chair, and various professional appointments within the Federal Reserve System starting with my first job as a research assistant at the Board of Governors. Further, I am a PhD economist with an unusual combination of specializations: macroeconomics/monetary economics, poverty/economic inequality, and applied econometrics. If confirmed, these specializations would enable me to analyze the complex issues that come before the Board from multiple perspectives. Finally, I am an award-winning educator. Good teaching requires clear communication, commitment, and connection. I have a proven ability to communicate and connect with broad and specialized audiences.

My diverse and expansive experiences have prepared me for this role by helping to develop within me confidence and calmness that comes from leading through a variety of challenging situations. Currently, we are experiencing an unprecedented level of uncertainty in our lives. It is understandable that people may look to policymakers and institutions for answers and actions that will help to make their lives better. My leadership experiences have taught me that patience, curiosity, empathy, discipline, and sound judgment are keys to discerning what can be done and when. Even in difficult situations, I strive to make connections, build bridges, and discover workable solutions.

Future Employment relationships: 1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

Yes.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization

None.

3. Has anyone made a commitment to employ you after you leave government service?

No.

4. Do you expect to serve the full term for which you have been appointed?

Yes.

Potential conflicts of interest: 1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Federal Reserve Board's Designated Agency Ethics Official (DAEO) to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Board's DAEO and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Federal Reserve Board's Designated Agency Ethics Official (DAEO) to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Board's DAEO and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last ten years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Federal Reserve Board's Designated Agency Ethics Official (DAEO) to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Board's DAEO and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.
Committee.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Federal Reserve Board's Designated Agency Ethics Official (DAEO) to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Board's DAEO and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Federal Reserve Board's Designated Agency Ethics Official (DAEO) to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Board's DAEO and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

Tax compliance and bankruptcy:

1. In the past ten years, have you and your spouse (if applicable) filed and paid all taxes (federal, state, and local) as of the date of your nomination? Indicate if you filed as 'married filing separately.'

Yes.

2. In the past ten years, have you been required to make any back tax payments? If so, indicate if you have made any back tax payments and provide full details.

No.

3. Has a tax lien or other collection procedure(s) been instituted against you or your spouse (if applicable) by federal, state, or local authorities? If so, provide full details.

No.

4. In the past ten years, have you or your spouse (if applicable) ever been the subject of any audit, investigation, or inquiry for federal, state, or local taxes? If so, provide full details.

No.

5. Were all your Federal, State, local, and other tax returns and tax liabilities of any kind current (filed and paid when due) as of the date of your nomination? If not, provide details.

Yes.

6. Have you ever filed for bankruptcy? If so, provide details.

No.

Civil, criminal and investigatory actions:

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency (e.g. an Inspector General's office), professional association,

disciplinary committee, or other ethics enforcement entity at any time? If so, provide details, regardless of outcome.

No.

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.

No.

3. Have you ever been involved as a party in interest in any administrative agency proceeding, or civil litigation other than a divorce proceeding? If so, provide details.

Yes. My brother and I went to court to preserve our guardianship of our step-father Walter T. Coates in August 2016 in the Circuit Court for Prince George's County, Md. (Case No: CAE 14-35832. The court ruled in our favor.

4. Have you ever been convicted (including pleas of guilty or nolo contendere) of any criminal violation other than a minor traffic offense? If so, provide details.

No.

Other information: Please advise the Committee of any additional information, favorable or unfavorable, which you believe should be considered in connection with your nomination.

Professional Service

Council Member, Inter-university Consortium for Political and Social Research (ICPSR), University of Michigan, March 2014-March 2018.

Director, Eastern Economic Association, February 2010-May 2013.

Associate Editor, *The American Economist*, Fall 2006-Fall 2010.

Mentor, National Science Foundation's Initiative on Fostering Research at Historically Black Colleges and Universities, October 2003-June 2004.

College Governance Service

Swarthmore College Committees: Committee on Promotion and Tenure; Middle States Working Group: The Student Learning Experience, Council on Educational Policy, Aydelotte Foundation Steering Committee, Social Science Summer Research Committee, Faculty-Staff Benefits, College Judiciary Committee, Board of Managers Faculty Observer, Fellowships and Prizes, Faculty Advisory Council to the Dean of Admissions, Rubin Scholar Mentor, Lang Opportunity Grants, Black Cultural Center Advisory Board.

Public records search: Do you consent to allow Committee staff to conduct a public records search on you using appropriate search tools? (including Westlaw, Lexis, etc.)

Yes.

The undersigned certifies that the information contained in the public statement to the Committee is true and correct.

Signed: _____ Philip N. Jefferson _____ Date: _18 January 2022____

Addendum to the questionnaire submitted to the Committee on Banking, Housing, and Urban Affairs, United States Senate by Philip N. Jefferson.

Upon further review, I have identified additional materials relating to speeches, presentations and public statements which I have made during the past ten years relating to topics relevant to the position for which I have been nominated.

I have done my best to identify all public statements, speeches and presentations relevant to the position including a thorough review of personal files and searches of publicly available electronic databases. Despite my searches, there may be other materials I have been unable to identify, find or remember.

Additional speeches and presentations:

“What’s to Expect in the 2021 Economy?” panel discussion presented by Davidson College and U.S. Bank, (moderator), 5 January 2021

"Youth Poverty: Foundations for Our Future?" 2019 Fiscal Summit Panel: Building America’s Future, Peter G. Peterson Foundation, Newseum, Washington, DC, 11 June 2019

"Poverty 2050: An Overview of Initial Conditions", US 2050 Conference, Opening Plenary Panel: Key Insights about the Future from Today's Demographic and Socioeconomic Trends, Peter G. Peterson Foundation Liaison Capitol Hill, Washington, DC, 22 March 2019

"Global Poverty: Creating a Narrative," Osher Lifelong Learning Current Issues Lecture, University of Delaware (Arsht Hall, Wilmington Campus), 14 March 2019

"Wealth Inequality in the United States: A Snapshot of the Current Situation," Prepared for a panel with Professor Allison Dorsey, Department of History, entitled “Understanding Black Wealth in America: Past, Present, and Future” sponsored jointly by the Swarthmore African American Student Society (SASS) and the student-run online financial literacy program Savings, Wealth, Investment, Finance & Trade, (SWIFT), Sproul Dome, Swarthmore College, 1 March 2019

"Global Poverty: Creating a Narrative," Aydelotte Second Tuesday Café, Swarthmore College, 11 December 2018

"Global Poverty in Historical Perspective," The Ashesi Economic Lecture Series, Ashesi University, Accra, Ghana, 17 October 2018

"Bachelor’s Degrees and Mobility: What do the Payscale Data Say?" With John Calia, Human Capital & Mobility at the Opportunity & Inclusive Growth Institute’s Inaugural Conference; FRB Minneapolis, 22-23 May 2017

"An Update on the War on Poverty", Economics Department, Swarthmore College, 17 April 2013

Additional public statements:

"College Names Philip Jefferson Vice President for Academic Affairs and Dean of Faculty", Davidson College, 16 May 2019
https://www.davidson.edu/news/2019/05/16/college-names-philip-jefferson-vice-president-academic-affairs-and-dean-faculty

"Economists' Statement on Carbon Dividends", Climate Leadership Council, 17 January 2019
https://clcouncil.org/economists-statement/

"Where kids live determines whether they realize American Dream" *The Philadelphia Inquirer*, 3 October 2018
https://www.inquirer.com/philly/news/american-dream-children-social-mobility-philadelphia-poverty-class-harvard-20181003.html

"Economist Philip Jefferson Decries Silence on Poverty Alleviation in Presidential Debate", Swarthmore, 18 October 2012
https://www.swarthmore.edu/news-events/economist-philip-jefferson-decries-silence-poverty-alleviation-presidential-debate

The undersigned certifies that the information contained in the public addendum is true and correct.

Signed: _____Philip N. Jefferson____ Date: _19 January 2022___

RESPONSES TO WRITTEN QUESTIONS FROM SARAH BLOOM RASKIN

Questions for The Honorable Sarah Bloom Raskin, of Maryland, to be Vice Chairman for Supervision and a Member of the Board of Governors of the Federal Reserve System, from Chairman Sherrod Brown:

1. **Where have you excelled in past positions in attracting, hiring, and promoting people of color in positions in your organization/s? Where might there be room for improvement?**

In my experience, diversity of thought and experience is necessary in order to have the greatest chance for outcomes that are optimal for the organization. I have worked to attract, hire and promote people of color in my positions as Governor of the Federal Reserve Board from 2010 to 2014 (and in particular, my role for a short period as Administrative Governor), in my role as Deputy Secretary of the U.S. Treasury from 2014 to 2017, and in my private sector roles as general counsel of various businesses, in the law firms I have worked at, in my professorial roles in academic, and as a member of various boards of directors. I have chaired diversity, equity and inclusion committees and have worked closely with chief diversity officers in various institutions. In all my capacities, I have seen that there is room for improvement in widening the pipeline of applicants; i.e., not confining hiring to only particular educational institutions or types of relevant workplaces. Beyond broadening the institutions from which hiring occurs, I also believe that there is room for improvement in retention efforts and in need removing barriers that can inhibit advancement, promotion and fairness.

2. **What specific measures will you use to evaluate the success of the Federal Reserve in understanding and addressing the needs of Black, Indigenous and people of color (BIPOC)? And, will you work with the Chair and Board to keep Congress apprised, as appropriate, on the progress being made on these measures?**

If confirmed, I would contribute to efforts by the Federal Reserve to understand and address the needs of Black, Indigenous and people of color. I would commit to work with the Chair and the Board of Governors to keep Congress apprised, as appropriate, on the progress being made on these measures.

3. **What is your plan for creating an inclusive working environment for employees within your office?**

All employees should have the benefit of an inclusive working environment. If confirmed, I would commit to be sensitive to creating an inclusive working environment for any employees that I interact with.

4. **During his January 2022 confirmation hearing before the Committee, in response to a question from Senator Tester about the importance of maintaining Federal Reserve independence, Chairman Powell stated, "it's essential that we work for all Americans, and that's what we do. And it's essential that we do that without regard to political considerations like the election cycles or particular political party's views on issues that are outside our mandate. You know, we have to focus on the job Congress has given us, which is maximum employment and price stability and also the payment system and**

financial stability and other things."

a. Do you agree with Chairman Powell?

Yes, I agree with Chair Powell's statement.

b. Please describe why Federal Reserve independence is important?

Federal Reserve independence is not just important; it is necessary to carry out the responsibilities that Congress has entrusted to it. Political independence is necessary in order for decisions to be made on the basis of the longer-term needs of the economy. In recognition of this long-term focus, Congress has required the Federal Reserve to be independent.

In addition, empirical evidence supports the view that countries with independent central banks enjoy better economic performance over time. There is strong confirmation of the proposition that central bank independence contributes to low inflation, low interest rates, and improved macroeconomic stability.

<u>Questions for The Honorable Sarah Bloom Raskin, of Maryland, to be Vice Chairman for Supervision and a Member of the Board of Governors of the Federal Reserve System, from Patrick J. Toomey:</u>

Monetary Policy

1. **Economists often describe quantitative easing (QE) as working through a "term premium effect." QE pushes down long-term yields by reducing the supply of Treasury debt and mortgage bonds.**

    a. **To the best of your understanding, how much do the Fed's portfolio holdings reduce the current 10-year Treasury yield? If uncertain, provide a plausible range.**

To the best of my understanding, for the asset purchase programs following the global financial crisis, studies have found that the $1.7 trillion in purchases of Treasury and agency securities under the first large-scale asset purchase program reduced the yield on 10-year Treasury securities by between 40 and 110 basis points. The $600 billion in Treasury purchases under the second large-scale asset program has been credited with lowering 10-year yields by an additional 15 to 45 basis points. The purchases under the third large-scale asset program reduced 10-year yields by an estimated 30 to 60 basis points. I do not have a clear sense of the effects of asset purchases following the COVID-19 pandemic.

    b. **What models or analyses inform your estimate of the Fed portfolio's TPE?**

The models and analyses informing my estimates are based on econometric models used by the Federal Reserve Board, and review of the publication by Eric Engen, Thomas Laubach, and David Reifschneider (2015) called "The Macroeconomic Effects of the Federal Reserve's Unconventional Monetary Policies."

2. **Traditional monetarist analysis suggests a different transmission mechanism for QE: the money supply. QE increases the amount of reserves in the banking system. A greater level of reserves earning a near-zero return drags down return on equity, incenting banks to increase lending. Lending boosts bank deposits, and therefore the money supply. In turn, all else equal, the greater money supply increases aggregate demand—and in the long run, prices.**

    a. **Do you believe this mechanism is important for explaining the transmission of monetary policy? Please explain your view and share any relevant research.**

The monetarist mechanism provides another explanation for the transmission of monetary policy. During my time as a Federal Reserve Governor, I looked at this mechanism as a way to understand the effects of large-scale asset purchases. Looking at the results or consequences of actions from a monetarist perspective is a useful perspective, in my view.

b. Or if you do not yet have an informed view, will you commit to studying it further and briefing me and my staff?

Yes, if I am confirmed for this position.

3. FOMC participants have re-evaluated their views on the appropriate path of policy in light of recent inflation. In the December 2021 Summary of Economic Projections, the median FOMC participant projected three rate hikes in 2022, up from one rate hike. All participants see inflation slowing. However, three rate hikes would only raise overnight rates to between 0.75% and 1.00%. In real terms, interest rates would still be sharply negative. While these projections are not a committee forecast, these numbers suggest that participants generally believe that inflation will fall despite real interest rates remaining in negative territory.

a. How can the Fed curtail inflation when real interest rates remain negative?

b. Does this imply that the neutral interest rate is now negative, and so a less negative rate can be contractionary?

I share concerns about the high rate of inflation, which exacts broad harms throughout the economy. It exacts a toll on working people who are concerned about how far their paychecks will go for essentials like food, housing and transportation. It also exacts a toll on businesses, farmers and firms that face higher input prices and are attempting to plan for their current and future needs. I generally think that recent actions by the FOMC to reduce monetary policy accommodation in order to reduce inflation have been appropriate. If confirmed, I look forward to working with my colleagues on the FOMC to determine the how best to deploy our monetary policy tools to bring inflation down, consistent with the FOMC's 2 percent target.

4. In August 2020, the Federal Open Market Committee (FOMC) revised its "Statement on Longer-Run Policy Goals and Monetary Policy Strategy" to adopt flexible average inflation targeting.[1] This policy entails that, "following periods when inflation has been running below 2 percent, appropriate monetary policy will likely aim to achieve inflation moderately above 2 percent for some time." Inflation now far exceeds the Fed's 2% target. CPI inflation was 7.1% in 2021. Over the past three years, CPI inflation has averaged about 4%. Over the past four years, CPI inflation has averaged about 3%.

In January 2022, despite this tremendous failure, the FOMC unanimously reaffirmed its "Statement on Longer-Run Goals and Monetary Policy Strategy." The reaffirmed statement is identical to the version initially adopted in August 2020.

a. Is the inflation experienced today consistent with the dual mandate given to the Fed by Congress? Please answer "yes" or "no" and explain. If "no," what

[1] "2020 Statement on Longer-Run Policy Goals and Monetary Policy Strategy," Board of Governors of the Federal Reserve System, available at https://www.federalreserve.gov/monetarypolicy/review-of-monetary-policy-strategy-tools-and-communications-statement-on-longer-run-goals-monetary-policy-strategy.htm.

should the Fed have done differently in 2020 and 2021? Moreover, how would you modify the Fed's framework so that its actions produce outcomes consistent with the dual mandate?

No, the current inflation experience is not consistent with the dual mandate given to the Federal Reserve by Congress. I was not a governor during the 2020 to 2021 time period, but I believe generally that there may always be room for improvements in many policy matters. The FOMC should regularly evaluate whether its monetary policy framework remains appropriate in light of broad changes in assumptions regarding the way the economy operates. The Federal Reserve has indicated that it plans to undertake a thorough public review of its monetary policy framework every five years, and that strikes me as appropriate.

b. Since its adoption in January 2012, the "Statement on Longer-Run Goals and Monetary Policy Strategy" has also read, "The inflation rate over the longer run is primarily determined by monetary policy." That is, inflation is ultimately a monetary phenomenon.

Do you agree that inflation is ultimately a monetary phenomenon? Please answer "yes" or "no."

I believe there are a number of factors that impact inflation, including monetary policy. Supply side constraints have contributed to the high levels of inflation present today. The FOMC is tasked with bringing inflation back to promoting stable prices.

c. Do you agree that when it comes to controlling inflation, the buck stops with the Fed? Please answer "yes" or "no." If "no," explain why and cite any academic work on the subject that you find compelling.

Congress has explicitly provided the Federal Reserve a statutory mandate to maintain price stability. According to the Federal Reserve Act, the Board of Governors and the Federal Open Market Committee are required to "maintain long-run growth of the monetary and credit aggregates commensurate with the economy's long-run potential to increase production, so as to promote effectively the goals of maximum employment, stable prices and moderate long-term interest rates." This is the mandate which remains in effect today. In implementing the mandate, the FOMC has adopted the "Statement on Longer-Run Goals and Monetary Policy Strategy." The experience of the United States in the 1970s demonstrated that high and unstable inflation hinders the process of capital formation and economic growth, lowers the overall standard of living, and in extreme cases, can even lead to political and social instability. Accordingly, it is critical that the FOMC maintain a low and stable inflation rate.

5. Roughly how much of the 7.1% CPI inflation in 2021 was due to the Fed keeping monetary policy too loose for too long? For example, how much, if any, was due to the Fed keeping overnight rates at zero and buying bonds long after the economic emergency had passed?

I have not analyzed how much of the 7.1% CPI inflation in 2021 might have been attributable to the FOMC's then-current settings of monetary policy. However, I agree that such a high level of inflation is not consistent with the FOMC's 2 percent inflation target and that it is appropriate to reduce monetary policy accommodation.

Treasury Market

6. **Over the past few years, there have been several disruptions in the U.S. Treasury market (both cash and futures), which is generally considered to be the deepest and most liquid market in the world.**

   Some Treasury market observers have expressed concerns about regulatory fragmentation, with responsibilities divided between five or more agencies. Others have called for specific regulatory reforms, including (1) mandatory central clearing, (2) amendments to bank capital rules, and (3) additional data collection.

   Do you believe that the current regulatory framework for oversight of the Treasury market is adequate? If not, what changes do you believe should be made?

The U.S. Treasury market is critical to the overall functioning of the financial system and to the effective transmission of monetary policy to the broader economy. It is among the most liquid securities markets in the world. In March 2020, however, Treasury markets experienced severe dislocations and market functioning became unusually strained.

The Federal Reserve took a number of steps that supported smooth market functioning. Market functioning gradually returned to normal. For example, the Federal Reserve expanded overnight and term rep operations; it established the Primary Dealer Credit Facility to support dealer-intermedial markets; and it established the Foreign and International Monetary Authorities Repo Facility to give central banks and other international monetary authorities the ability to access dollars for liquidity purposes without having to sell their Treasury securities outright. In light of these developments and reactions, I believe it would be valuable to understand the current regulatory framework for oversight of the Treasury market and determine whether it could be improved.

Stablecoins

7. **The Federal Reserve has not made decisions on the applications for master accounts of two state-chartered banks that would use stablecoins for payments.**

   a. **Does the Federal Reserve have the authority to deny master accounts to nonmember depository institutions?**

I am not familiar with the rules imposed by the Federal Reserve for applications for master accounts of state-chartered banks that use stablecoins for payments. Should I be confirmed, I look forward to learning more about this issue.

b. How would you work at the Federal Reserve to support innovative firms that are offering new financial services and products, such as use of, and access to, digital assets?

Financial innovation is integral to the dynamism of the U.S. economy. Within the Federal Reserve's statutory authority, and if confirmed for this position, I would work to support innovation.

8. On January 20, 2022, the Federal Reserve Board released a report on Central Bank Digital Currencies (CBDC). In the report, the Fed suggests that future financial wallet providers could include banks, regulated nonbanks and other financial technology companies. In your opinion, what are the most promising ways that financial technologies can enhance access to financial services?

I have not decided what may be the most promising ways that financial technologies can enhance access to financial services. I look forward to reading comments received by the Federal Reserve after the notice period on its report regarding Central Bank Digital Currencies to learn more about the issue of enhancing access to financial services.

9. If the Fed receives authorization from Congress for the creation of a CBDC, there will still be many crucial decisions that the Fed will have to make regarding its design and implementation. If a CBDC is not adaptable, poorly designed, or excessively manipulated by the government, the public will have other options to secure their privacy and ensure low-cost payment services.

a. Could well-regulated, privately issued stablecoins serve as a check on the design and management of any American CBDC?

Competition is an important feature of the U.S. economy, so how competition would operate if a central bank digital currency were created is a topic I look forward to learning more about.

b. There is absolutely nothing in the history, experience, expertise, or capabilities of the Fed that lend the Fed to being a retail bank. Do you think that the Fed should provide direct retail accounts for use with a CBDC, or for any other purpose?

I do not have a position on this question. I look forward to learning more after reading comments received from the public related to the Federal Reserve's report on Central Bank Digital Currencies.

10. Stablecoins offer tremendous potential benefits, including greater payment speed, lower costs, expanded access to the payment system, and programmability. I was disappointed that the recent President's Working Group (PWG) report on stablecoins failed to highlight these potential benefits and recommended a regulatory response that would limit innovation. Some would even go further, subjecting all stablecoins to

securities regulation, or prohibiting their issuance if the government were to issue its own digital currency that was pegged to the value of the dollar.

a. The PWG report recommends that all stablecoin issuers should be insured depository institutions because stablecoins have the potential to be used in payments. There are multiple companies that do not issue stablecoins that provide payment services, such as PayPal, Venmo, and Square. Do you think that these companies should also be required to be insured depository institutions in order to provide payment services?

I do not have a position on how payment stablecoins should be regulated. I look forward to learning more after reading comments received from the public related to the Federal Reserve's report on Central Bank Digital Currencies and to exploring this matter further, if confirmed.

b. If your answer is "no", then do you think stablecoin issuers should be treated differently and required to be insured depository institutions?

I do not have a position on how payment stablecoins should be regulated. I look forward to learning more after reading comments received from the public related to the Federal Reserve's report on Central Bank Digital Currencies and to exploring this matter further, if confirmed.

c. What factors lead you to this conclusion?

I do not have a position on how payment stablecoins should be regulated. I look forward to learning more after reading comments received from the public related to the Federal Reserve's report on Central Bank Digital Currencies, and to exploring this matter further, if confirmed.

d. Is there anything in the creation of a CBDC that ought to preclude well-regulated, privately issued stablecoins from co-existing with a CBDC?

The question of coexistence of stablecoins with a central bank digital currency is not one that I have studied. I look forward to learning more after reading comments received from the public related to the Federal Reserve's report on Central Bank Digital Currencies.

e. Most stablecoins are pegged to the U.S. dollar, and many are used in international markets. Could stablecoins contribute to the dollar's use internationally?

The question of whether stablecoins could contribute to the dollar's use internationally is one that I look forward to learning more about.

f. What is your personal perspective on the role of a potential digital dollar and stablecoins in our existing financial system?

I do not yet have a personal perspective on the role of a potential digital dollar and stablecoins in our existing financial system.

Records Requests

11. I made a series of records requests more than seven months ago to the Federal Reserve Banks of San Francisco, Boston, Atlanta, and Minneapolis seeking records pertaining to some of these Federal Reserve Banks' activities that are outside the Fed's mandate.[2][3] In response to my records requests, none of these four Federal Reserve Banks have produced even a single requested record to date.

Do you think it is appropriate for a Fed Regional Bank to stonewall legitimate Congressional records requests? Please answer "yes" or "no."

a. If "yes," please explain fully explain your answer.

If confirmed for this position, I will commit to working with you on your requests for information.

b. If "no," what steps will you take, if confirmed, to ensure that the Fed Regional Banks are responsive to Congressional records requests?

If confirmed for this position, I will commit to working with you on your requests for information.

c. If confirmed, will you commit to providing any records that are in the possession, custody, or control of the Board of Governors related to my inquiry into mission creep by Regional Federal Reserve Banks described above? Please begin your answer with "yes" or "no."

If confirmed for this position, I will commit to working with you on your requests for information.

Politicization of the Fed

12. In 2019, Neel Kashkari, the President of the Minneapolis Fed, initiated a grass roots lobbying effort to support the "Page Amendment"—a proposed amendment to Minnesota's state constitution dealing with education policy. President Kashkari has utilized—and continues to utilize—Minneapolis Fed resources to lobby for this amendment. In fact, there is a prominent page on the Minneapolis Fed's website devoted to advocating for its passage.[4]

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[2] "Toomey Expands Review of Woke Mission Creep by Regional Federal Reserve Banks," Senate Banking Committee (May 24, 2021), https://www.banking.senate.gov/newsroom/minority/toomey-expands-review-of-woke-mission-creep-by-regional-federal-reserve-banks.

[3] "Toomey Launches Review of Mission Creep by Regional Federal Reserve Banks," Senate Banking Committee (Mar. 29, 2021), https://www.banking.senate.gov/newsroom/minority/toomey-launches-review-of-mission-creep-by-regional-federal-reserve-banks.

[4] "Page amendment: Every child deserves a quality public education," Federal Reserve Bank of Minneapolis (accessed Feb. 4, 2022), https://www.minneapolisfed.org/policy/education-achievement-gaps.

These political lobbying activities of President Kashkari and the Minneapolis Fed obviously jeopardize the Fed's independence and, moreover, appear to be prohibited by the Minneapolis Fed's own code of conduct, which forbids employees from engaging in political activity.

   a. **Do you believe it is appropriate for the Minneapolis Fed—or any component of the Federal Reserve System—to be engaged in political lobbying activities, such as lobbying for an education amendment to a state constitution? Please answer "yes" or "no." If your answer is "yes," please explain fully explain your answer.**

   b. **If confirmed, will you commit to using your position as a Fed Governor to rein in the Minneapolis Fed's political lobbying activities? Please answer "yes" or "no." If your answer is "no," please explain fully explain why you will not do so. If your answer is "yes," what steps will you commit to take to rein in the Minneapolis Fed's political lobbying activities?**

The Reserve banks play important roles in their communities and often convene local leaders and experts on issues related to particular topics relevant to the economic well-being of the areas that they serve. The Reserve Banks also contribute a range of different opinions in the Federal Reserve System. My understanding is that, under the Federal Reserve Act, each Reserve Bank is subject to "the supervision and control of a board of directors." You have my commitment that if confirmed, I would provide the appropriate oversight over Reserve Bank activities, consistent with the law.

13. All 12 Regional Fed Banks have been hosting a "Racism and the Economy Series" since October 2020 to "examine the ways in which structural racism manifest in America and advance actions to dismantle structural racism." According to the Minneapolis Fed's website, this series is premised upon the subjective opinion that "[r]acism forms the foundation of inequality in our society."[5]

Is it appropriate for the ostensibly independent and nonpartisan Federal Reserve to espouse divisive political rhetoric like the subjective opinion that "racism forms the foundation of inequality in our society"? Please fully explain your answer.

The Reserve Banks play important roles in their communities and often convene local leaders and experts on issues related to particular topics relevant to the economic well-being of the areas that they serve. The Reserve Banks also contribute a range of different opinions in the Federal Reserve System. My understanding is that, under the Federal Reserve Act, each Reserve Bank is subject to "the supervision and control of a board of directors." If confirmed, I would provide the appropriate oversight over Reserve Bank activities, consistent with the law.

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[5] "Racism and the Economy," Federal Reserve Bank of Minneapolis (accessed Feb. 4, 2022), https://www.minneapolisfed.org/policy/racism-and-the-economy.

14. If confirmed, will you commit to protecting the independence of the Fed by using your position as Fed Governor to rein in any and all political advocacy that is currently taking place across the Federal Reserve System? Please answer "yes" or "no."

- **a. If your answer is "yes," what steps do you plan to take to rein in any and all political advocacy that is currently taking place across the Federal Reserve System?**

- **b. If your answer is "no," fully explain your answer.**

Yes. If confirmed, I would protect the independence of the Federal Reserve Board and would exercise my responsibilities in accordance with the law.

Systemic Risk and Financial Stability

15. The position for which you are nominated is not a member of the Financial Stability Oversight Council (FSOC). However, persons associated with the Board of Governors of the Federal Reserve and regional Federal Reserve Banks often conduct research, express views, and/or make public remarks (whether on behalf of the Board, the Reserve Banks, or as personal viewpoints) on financial stability and systemic risk. Therefore, I would like your views on the following questions.

At an FSOC meeting in 2021, Treasury Secretary Yellen expressed potential systemic concerns resulting from "liquidity risks" associated with open-end mutual funds and money market funds. It is concerning that this will be used to justify an overreaching regulatory regime for both products.

- **a. Do you believe that money market funds should be eliminated as an investment vehicle?**

I have not explored potential systemic concerns from liquidity risks associated with money market funds and look forward to learning more about this issue. As you note, the Vice Chair for Supervision is not a voting member of the Financial Stability Oversight Council (FSOC). However, if confirmed, I would convey any concerns, should I have them, to the Chair of the Board.

- **b. If confirmed, will you respect the SEC's jurisdiction to regulate money market funds?**

If confirmed, I will abide by the law in all respects, including as it relates to jurisdiction over regulatory matters.

- **c. Do you support retaining the viability of open-end mutual funds as an investment vehicle?**

I do not have a preconceived perspective on these investment products as they may be analyzed by criteria applied by the Financial Stability Oversight Council.

d. Do you believe that the in-kind redemption mechanism for exchange-traded funds (ETFs) presents different liquidity concerns than cash redemptions from traditional mutual funds? If you believe there is a difference, please explain how that affects your views on how to regulate ETFs.

I do not have a preconceived perspective on whether the in-kind redemption mechanism for exchange traded funds presents different liquidity concerns than cash redemption from traditional mutual funds.

16. On July 12, 2016, former Federal Reserve Governor Daniel Tarullo described the term "shadow banking" as evoking a "sense of something hidden, furtive even" in a speech. Do you believe this term should apply to money market funds and open-end mutual funds registered with the SEC?

The term "shadow banking" is not particularly well-defined. That said, it is my view, if confirmed, that more transparency, especially as it pertains to the linkages between regulated banks, is worth examining. I am aware that the Bank for International Settlements has made recommendations, and I would look forward to learning more about their work on this matter if confirmed.

17. In 2018, the House of Representatives voted 406-4 in favor of the JOBS and Investor Confidence Act. Section 1501 of that legislation would have replaced the Dodd-Frank Act's stress test requirement applicable to SEC- and CFTC-regulated entities with an authorization to adopt rules requiring periodic analyses of financial condition, including available liquidity, of such entities under adverse economic conditions. These modifications would tailor the stress testing requirement to these entities rather than apply banking stress testing.

Do you support this modification that the JOBS and Investor Confidence Act would have made?

I do not have an updated view on this proposed legislation.

18. I am concerned about the FSOC's designations of Systemically Important Financial Institutions (SIFIs). A SIFI designation is troubling in part because it creates moral hazard: it formalizes an institution's "too big to fail" status and creates the expectation that the taxpayers will bail out a SIFI that falls into financial distress. Also troubling is FSOC's history of exercising its SIFI designation powers. Under the Obama administration, FSOC made overreaching SIFI designations of non-banks in a nontransparent manner and without providing a clear path for de-designation.

In 2019, FSOC issued a policy that made several improvements to the non-bank designation process. These included emphasizing that designation is a last resort,

requiring cost-benefit analysis and an assessment not only of the impact of a risk but also the likelihood that it will be realized, as well as creating both pre-designation and post-designation "off-ramps" to help firms and regulators avoid or reverse SIFI designation by mitigating systemic risks.

Do you believe that the FSOC should:

a. **Continue to treat SIFI designation as a last resort?**

b. **Maintain a transparent process for SIFI designation?**

c. **Conduct robust cost-benefit analysis for all designations?**

d. **Provide institutions with the opportunity to avoid designation and, if designated, a path to reverse such designation?**

The Vice Chair for Supervision is not a voting member of the Financial Stability Oversight Council (FSOC). If confirmed, I look forward to reviewing more carefully the FSOC's 2019 designation policies and processes.

19. Under what conditions, if any, do you believe that the FSOC or the Financial Stability Board (FSB) should designate open-end mutual funds, ETFs, and money market funds as non-bank SIFIs?

The Vice Chair for Supervision is not a voting member of the Financial Stability Oversight Council (FSOC). I do not currently have a view of whether FSOC should designate these entities as systemically important financial institutions.

20. Asset managers provide investment advice to clients. They do not bear the risk of investments made by their clients because asset managers do not own those assets. Should asset managers be designated by the FSOC or the FSB as non-bank SIFIs? If so, under what conditions?

The Vice Chair for Supervision is not a voting member of the Financial Stability Oversight Council (FSOC). I do not currently have a view of whether FSOC should designate these entities as systemically important financial institutions.

Financial Stability

21. On September 25, 2020, the FSOC released a statement on its activities-based review of the secondary mortgage market. FSOC's statement affirmed the overall quantity and quality of the regulatory capital required by the Federal Housing Finance Agency's (FHFA) June 30, 2020 proposed rule to establish a new regulatory capital framework for Fannie Mae and Freddie Mac (each, a GSE).[6] Specifically, FSOC stated that "risk-based capital requirements and leverage ratio requirements that are materially less

[6] 85 Fed. Reg. 39,274.

than those contemplated by the proposed rule would likely not adequately mitigate the potential stability risk posed by the Enterprises."[7] FSOC also concluded "it is possible that *additional* capital could be required for the Enterprises to remain viable concerns in the event of a severely adverse stress." (emphasis added).[8] FSOC also committed to "continue to monitor . . . FHFA's implementation of the regulatory framework to ensure potential risks to financial stability are adequately addressed." On December 17, 2020, FHFA finalized a regulatory capital framework for the GSEs that included leverage ratio requirements that were identical to those in the proposed rule.[9] FHFA has since proposed reducing the regulatory capital required by both the risk-based capital requirements and the leverage capital requirements of FHFA's final rule.[10]

In light of the substantial exposure of many member banks to the GSEs and FSOC's commitment to monitor FHFA's implementation of the GSEs' regulatory framework, which includes the regulatory capital framework, do you think FHFA should solicit input from the Fed) before finalizing the proposal to reduce the aforementioned capital requirements?

The Vice Chair for Supervision is not a voting member of the Financial Stability Oversight Council (FSOC). I believe it is important that there is a proper framework for the oversight of the GSEs. If confirmed, I would attempt to understand this issue further.

22. FHFA's proposed amendments include a proposed reduction in the prescribed leverage buffer amount (PLBA).[11] If finalized as proposed, the amendments would reduce each GSE's PLBA by two-thirds (from 1.5 percent of adjusted total assets to approximately 0.5 percent) and its PLBA-adjusted leverage capital requirements by one-quarter (from 4.0 percent of adjusted total assets to approximately 3.0 percent). As the Fed was a participant in FSOC's secondary market review, do you think FHFA's proposed amendments, if finalized, would result in "leverage ratio requirements that are materially less than those contemplated by [June 30, 2020] proposed rule"?

The Vice Chair for Supervision is not a voting member of the Financial Stability Oversight Council (FSOC). I believe it is important that there is a proper framework for the oversight of the GSEs. If confirmed, I would attempt to understand this issue further.

23. FSOC stated that "a meaningful leverage ratio requirement that is a credible backstop to the risk-based requirements would address potential risks to financial stability by ensuring that the capital requirements are consistent with historical loss experiences during severe stresses while mitigating model, measurement, and related risks with a

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[7] https://home.treasury.gov/system/files/261/Financial-Stability-Oversight-Councils-Statement-on-Secondary-Mortgage-Market-Activities.pdf.

[8] *Id.*

[9] 85 Fed. Reg. 82,150.

[10] 86 Fed. Reg. 53,230.

[11] 86 Fed. Reg. 53,230.

simple, transparent measure of risk." Taking into account the 20 percent risk weight floor on mortgage exposures (1.6 percent of the exposure amount), the floor on the stress capital buffer (0.75 percent of adjusted total assets), and the current sizing of each GSE's stability capital buffer (1.0 percent and 0.7 percent of adjusted total assets for Fannie Mae and Freddie Mac, respectively), it appears exceedingly unlikely that a GSE's risk-based capital requirement could ever be less than the proposed leverage capital requirements of 3.0 percent and 2.9 percent for Fannie Mae and Freddie Mac, respectively, even if a substantial portion of a GSE's mortgage exposures were subject to the risk weight floor.

As the Fed was a participant in FSOC's secondary market review, and in light of the apparently very remote prospect that the GSEs' risk-based capital requirements could ever be less than the proposed leverage capital requirements, would the proposed amendments to the PLBA result in "a meaningful leverage ratio requirement" and would the proposed leverage capital requirements be "a credible backstop to the risk-based requirements" within the meaning of FSOC's statement?

The Vice Chair for Supervision is not a voting member of the Financial Stability Oversight Council (FSOC). I believe it is important that there is a proper framework for the oversight of the GSEs. If confirmed, I would attempt to understand this issue further.

24. As part of its rationale for the proposed amendments to the PLBA, FHFA noted that "Basel III standards require systemically important banks to hold a tier 1 capital leverage ratio buffer in excess of a 3 percent leverage requirement equal to 50 percent of a GSIB's higher loss-absorbency risk-based requirements." FHFA also stated that it intended to amend the PLBA "in a manner similar to the U.S. banking regulators' proposal to set the eSLR buffer to one-half of the GSIB surcharge" and that "a dynamic PLBA that is tied to the stability capital buffer would further align the [Enterprise Regulatory Capital Framework] with Basel III standards." Related to this, former Fed Vice Chair for Supervision Quarles recently said "[w]ith respect to the enhanced supplementary leverage ratio (eSLR) that applies to U.S. global systemically important banks (G-SIBs), the best way to address this problem is the approach endorsed by the Basel Committee: recalibrating the fixed 2-percent eSLR buffer requirement to equal 50 percent of the applicable G-SIB capital surcharge, with corresponding recalibration at the bank level."[12]

Importantly, a G-SIB's eSLR buffer requirement is a percent of risk-weighted assets, while a GSE's stability capital buffer requirement is a percent of adjusted total assets. If the intent were to align FHFA's approach to the PLBA with the Basel Committee's approach to the eSLR buffer, would each GSE's stability capital buffer requirement first need to be converted to an equivalent that is expressed as a percent of risk-weighted assets (e.g., by dividing the stability capital buffer requirement by the average risk weight of the GSE's assets (currently around 33 percent))?

[12] Governor Randal K Quarles, "Between the Hither and the Farther Shore: Thoughts on Unfinished Business" (Dec. 2, 2021), available at www.federalreserve.gov/newsevents/speech/quarles20211202a.htm.

The Vice Chair for Supervision is not a voting member of the Financial Stability Oversight Council (FSOC). I believe it is important that there is a proper framework for the oversight of the GSEs. If confirmed, I would attempt to understand this issue further.

Climate

25. At your confirmation hearing, you repeatedly testified that it is "inappropriate" for the Federal Reserve to make credit decisions and allocations or to pick winners and losers. These statements directly contradict your repeated prior writings and speeches to the contrary, including that financial regulators should "bring about the adoption of practices and policies that will *allocate capital and align portfolios* toward sustainable investments that do not depend on carbon and fossil fuels."[13] What specific practices and policies to allocate capital and align portfolios do you believe financial regulators should adopt?

I cannot think of any that financial regulators should adopt. It is not appropriate for the Federal Reserve to allocate credit. It is not the proper institutional role of the Federal Reserve to pick winners or losers. Allocation of capital and alignment of portfolios is the role of the financial institution.

26. Given your characterization of the decision by the Federal Reserve to expand eligibility to the Main Street Lending Program as "concessions to the fossil fuel industry,"[14] do you think that was a case of Fed Chairman Jay Powell and Fed Governor Lael Brainard, who expressed support for the emergency lending facilities at her recent nomination hearing, picking the oil sector as a winner?

No. I am not aware of the Federal Reserve Board's decision-making process regarding the implementation of this novel program directed by Congress in the CARES Act. It is my view that the emergency lending facilities, as established by the CARES Act, and funded with taxpayer resources, played an important role in the broad economic response to the Covid-19 pandemic. I believe that the implementation of emergency lending facilities operated by the Federal Reserve required the use of independently derived, objective and broad-based criteria for the eligibility of loans intended for businesses uniquely and specifically hurt by the Covid-19 pandemic.

27. During the hearing, you testified that there is "no such path" for the Federal Reserve to diminish the role of the oil and gas industry in the U.S. economy. In previous statements, however, you have advocated for using financial regulation to "affect the direction and pace" of the "move into sustainable, durable, net-zero economy,"[15]

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[13] "Addressing Climate as a Systemic Risk," Ceres Accelerator for Sustainable Capital Markets (June 2020), https://www.ceres.org/sites/default/files/reports/2020-06/Financial Regulators FULL FINAL.pdf. Emphasis added.

[14] Sarah Bloom Raskin, Why Is the Fed Spending So Much Money on a Dying Industry?, New York Times (May 28, 2020), https://www.nytimes.com/2020/05/28/opinion/fed-fossil-fuels.html.

[15] "Sarah Bloom Raskin at the Berkeley Forum," Berkeley Forum (Apr. 5, 2021), https://www.youtube.com/watch?v=CjrgXU7O7l8&t=27s.

including through punitive capital charges[16] and portfolio limits.[17] Such actions would make it more expensive for banks to hold energy-related assets or simply prohibit them from serving energy companies, which would diminish the role of the oil and gas industry in the U.S. economy. If confirmed, do you commit not to establish higher or punitive capital requirements or portfolio limits related to banks' energy-related loans or investments?

I do not have a view on what particular regulatory actions might be applicable to address the risks that banks may confront from potentially costly and extreme weather-based events. There is "no such path" for the Federal Reserve to diminish the role of the oil and gas industry because the Federal Reserve does not engage in credit allocation and does not choose the borrowers that banks extend credit to. These are decisions of the banks, based entirely on the decisions of the banks' assessment of their own risks, using risk management processes and procedures tailored to the banks' identified risks.

28. You have regularly expressed your views on climate change, the risks it may pose to financial stability, and how the Fed should respond. For example, in your New York Times op-ed from May 2020, you called the traditional energy sector a "dying industry." You argued that the Fed should singularly exclude traditional energy companies from its emergency lending facilities (both Main Street and Secondary Market Corporate Credit Facility), despite the law requiring the facilities to be "broad based."

- **a. In a future crisis, would it be appropriate for the Fed to withhold aid from companies or sectors that are politically disfavored?**
- **b. In a future crisis, would it be appropriate for the Fed to withhold aid from companies or sectors that you view as likely to fail in the long run?**
- **c. If yes to (b) or (c), under what conditions would it be appropriate?**

I think emergency lending facilities in a future crisis, which are Congressionally mandated and funded with taxpayer resources, should be broad based, contain objective criteria that align with the purposes of the program, and protect taxpayers.

29. In your testimony, you argued that supervision involves looking for risk "wherever it may arise." You overstated your case. It would not be appropriate for a supervisor to discourage a bank from making loans to an unpopular religious group because of the "reputation risk" that other customers may pull their business.

- **a. How do you define "risk" in the supervisory context?**

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[16] "Fiscal Policy Can Help Save the Environment ("with Sarah Bloom Raskin)," *Pitchfork Economics* (Jul. 20, 2021), https://pitchforkeconomics.com/episode/fiscal-policy-can-help-save-the-environment-with-sarah-bloom-raskin/.

[17] "Special guest speech by Sarah Bloom Raskin," Green Swan Conference (Jun. 3, 2021), https://www.youtube.com/watch?v=NhiWgJdiMSM.

While the term "risk" does not have a standard definition in the supervisory context, it has evolved over time and has been expressed in various risk management frameworks that are themselves the result of extensive discussion and debate. From my perspective, I understand "risk" to be a financial one that exposes a financial firm or a set of financial firms to challenges in the realm of repayment, operational resilience, market performance, or legality.

b. Must the potential harm be so severe that it threatens the survival of the bank, or can it merely pose the potential for reduced profitability?

No – risk can manifest itself in ways that present short-term challenges for a bank's ability to be resilient. The potential for reduced profitability is but one outcome that may result, but it is not alone sufficient to discern that a risk is present.

c. Does the harm need to be concrete or could it be theoretical?

If a harm is already concrete, it may be too late to save a bank. However, harms in the realm of the purely theoretical, if not resulting from tail risks, may not be worth responding to. The purpose of risk management frameworks is to permit financial institutions to detect the possibility of meaningful harms, and discern whether they require adjustment to the firm's practices, policies and procedures. Risk management works best when it is forward leaning and focused on the internal controls, practices, and procedures that the financial institution uses itself to detect the onset of particular harms. A financial firm seeks to tailor its risk management processes to be able to detect risks that it believes may harm it.

d. What limits, if any, are there to the scope of the supervisor's risk-management authority?

Supervisors' risk management authority is established and limited by laws, policies, and procedures related to established frameworks of risk management. One such set of frameworks is the so-called Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management Integrated Framework.

e. Will you commit to provide additional transparency to the Fed's definition of risk so that elected officials and the public can judge its appropriateness?

If confirmed, yes; communicating well about the contours of risk is essential.

30. As Chairman Powell acknowledged at his recent nomination hearing, the risk of climate change to the financial system is "transition risk." That is, as you've described in much of your own work, the risk that carbon-intensive assets will become "stranded," thereby harming bank balance sheets. As Chairman Powell also acknowledged at his hearing, transition risk can be from "government policy," meaning it is political in large part. For example, changes to law may make assets unprofitable or illegal even if they would be viable otherwise. While possible, such an outcome is speculative. It depends on political actions that are by no means guaranteed.

a. **What criteria are relevant for the Fed to use when assessing the political risk facing a financial institution's assets?**

b. **For example, should there be an asset size threshold and ould such criteria apply to the economy broadly, a specific institution, or both?**

c. **In assessing such political risk, how should the Fed avoid confirmation bias and avoid inserting the political policy preferences of Fed officials and staff (even unintentionally) into the decision-making process?**

d. **Will you commit to providing additional transparency about the Fed's assumptions and assessments regarding political risk? If yes, how will you do so?**

e. **Are carbon-intensive industries the only sector that the Fed should be worried about the political risk, or transition risk more broadly? Please explain.**

Climate change may present risks for the U.S. financial system that could be manifest in various ways. In particular, these risks might include disorderly price adjustments in various asset classes; potential disruptions in proper functioning of financial markets; and rapid changes in policy, technology, and consumer preferences that markets have not anticipated. If confirmed, I would seek to understand your notion of political risk.

31. Do you believe the Federal Reserve could actually *create* systemic risk by discouraging investment in domestic energy production and thereby increasing dependence on foreign energy production for domestic consumption?

Risks could be systemic rather than localized if they emerge in multiple sectors, multiple geographies, and multiple asset classes simultaneously or within tight time frames. The Federal Reserve has no role to play in investment in domestic energy production, and therefore it would not play a role in creating such a systemic risk. The Federal Reserve does not create energy policy, but it needs to be prepared to react to it if it has economic ramifications related to the Federal Reserve's dual mandate.

32. Climate change is just one of a nearly unlimited number of potential financial risks, yet it is the only hypothetical risk for which the Federal Reserve is contemplating a new program of "scenario analysis." Moreover, other risks – like a global cyber attack – pose a greater immediate threat than those related to climate change. This disparity underscores my concern that the motivation for climate scenario analysis is political rather than based on actual risk. Given that other risks are both nearer-term and greater in magnitude, on what basis do you believe the Federal Reserve should focus outsized time and resources on climate-related risk?

The purpose of a scenario analysis is to assess the ability of a financial firm to respond to any adverse macroeconomic shock, regardless of its source. I agree with others who believe that climate scenario analysis could play an important role in exploring the climate risks facing supervised institutions.

33. Federal Reserve Governor Lael Brainard has previously stated that climate scenario analysis would be "distinct from our traditional regulatory stress tests at banks." Do you agree that climate scenario analysis is distinct from stress tests and, as such, would have no impact on capital requirements, capital planning, and the Governance and Controls component of your LFI rating system (or similar components for firms not subject to the LFI Rating System)?

My understanding is that the Federal Reserve is developing a program of climate-related scenario analysis to evaluate the potential economic and financial risks of climate to supervised institutions and the financial system more broadly. My understanding is that this scenario analysis program would be designed to be forward looking over a period of years or decades and would be distinct from the Federal Reserve's existing stress testing regime.

34. As you are aware, the Vice Chair for Supervision has unilateral control over CCAR. It does not require consensus amongst board members, which you testified was your preferred approach to regulatory policy. If confirmed, will you commit to only raise capital requirements for new climate-specific scenarios under CCAR upon a majority vote of the Governors?

Yes, as I testified, my preferred approach to regulatory policy is to proceed with consensus, including extensive discussions with other governors and Board staff.

35. Some have asserted that greater transparency could allow regulated institutions to game CCAR models.

a. Do you agree that such concerns are inapplicable to climate scenario analysis?

b. Will you commit to releasing for public review and comment any climate scenario models developed by the Fed?

Currently, my understanding is that both the public, and regulated institutions that are subject to CCAR, are given access to information including the stress test scenario, the framework and methodology used for the stress test, and descriptions of each model. If confirmed, I would look forward to discerning whether there are differences in a climate scenario analysis that would warrant a different level of transparency.

36. In 2019, the Fed disclosed the aggregate number of supervisory findings, including matters requiring attention (MRAs) and matters requiring immediate attention (MRIAs). However, the Federal Reserve has not recently updated this disclosure.

a. If confirmed, would you commit to reinstate the annual disclosure of aggregate MRAs and MRIAs?

b. Further, would you commit to providing an aggregate number of MRAs and MRIAs related to climate risk?

If confirmed, I would commit to look at this matter.

Interest Rate Caps and Access to Credit

37. In a February 2020 opinion piece in the Baltimore Sun, you endorsed legislation to establish a 36% interest rate cap.[18] You characterized existing small-dollar credit options as a threat to low-income communities, and claimed that "There is no reason a responsible lender cannot operate within the interest rate thresholds that states have imposed." You did not cite evidence to support this claim, or engage with the body of evidence showing that a 36% interest rate cap would make it more difficult for Americans to access credit because it would make it difficult or impossible to recoup the cost of small-dollar loans and other loans to low-income consumers who are a higher credit risk. Nor did you explain how low-income consumers would be better off if the government eliminated their options to access credit to smooth cash flow and cover unexpected expenses.

At your nomination hearing, Sen. Scott asked you about your positions and raised concerns about the harmful effects of reducing low-income consumers' access to credit, citing a Federal Reserve study finding that a 36 percent APR cap would effectively eliminate lenders' ability to extend consumer loans under $3,000. Your response appeared to downplay or walk back your prior position, stating in part: "Thank you for that question. And you are exactly right. Small-dollar loans, I think, are a very important source of credit to, really, to all Americans but particularly those that need access to credit in a timely way. The report that you're talking about, I look forward to looking at it and understanding its methodology and how it came to the conclusions that it did."

a. Do you still support the 36% interest rate cap you advocated in your 2020 article? Please answer clearly "yes" or "no" before providing your explanation.

b. If so, what did you mean when you told Sen. Scott that "Small-dollar loans, I think, are a very important source of credit to, really, to all Americans but particularly those that need access to credit in a timely way"?

c. Do you disagree with the Federal Reserve study?

d. If you no longer support a 36% rate cap, when did you change your mind?

[18] "Federal proposal could make it easier for predatory lenders to target Marylanders with exorbitant interest rates" by Sarah Bloom Raskin and Whitney Barkley-Denny, *The Baltimore Sun* (Sep. 1, 2020), https://www.baltimoresun.com/opinion/op-ed/bs-ed-op-0902-consumer-protection-payday-loans-20200901-45abaped2nhspbnh5ahoekxmie-story.html.

e. **Do you still believe, as you wrote in 2020, that "Opposition to such a cap is based either on misunderstanding of the needs of low-income communities, or out-and-out support of a predatory industry"?**

This is a decision for legislators to determine. The Federal Reserve has no role in setting rate caps.

Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155)

38. In 2018, Congress passed S.2155 (the Economic Growth, Regulatory Relief, and Consumer Protection Act), bipartisan legislation making sensible changes to the financial regulatory framework, which has since helped spur economic growth.

You expressed strong opposition to S. 2155 in a 2018 letter to the Democratic leadership of the Senate Banking Committee You wrote that S. 2155 "does little or nothing to strengthen community banks but uses their situation to demolish important regulatory structures and processes put in place to prevent a repeat of the last systemic crisis."[19]

S. 2155 was designed to tailor regulations to reduce needless burden, including by creating tiered regulatory requirements. For instance, it increased the asset threshold for mandatory application of enhanced prudential standards from $50 billion to $250 billion, and gave the Fed flexibility to apply such standards to bank holding companies over $100 billion.

The letter criticized this feature of S. 2155 as "bizarrely . . . dismantl[ing] the guardrails erected for these banks, forfeiting the lessons learned in the last crisis and re-exposing our whole economy to strategic vulnerabilities in these financial institutions," and "legislative fools gold."[20]

Moreover, the letter predicted that S. 2155 would weaken the financial system's resilience, and appeared to argue that S. 2155's supporters in Congress would be directly responsible for causing instability, panic, and contagion in the financial markets:

> **"[I]f it were to enact these provisions of S. 2155, Congress would destabilize and erode the pillars of the financial system, exposing businesses and households to greater levels of insecurity and potential harm not unlike what we recently experienced. The resilience of our financial sector will be weakened, not enhanced. When this occurs, those who took part in dismantling the reasonable and well-designed guardrails that permit markets to thrive and people to trust them, will be responsible for the panic and contagion that result."[21]**

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[19] Letter from Sarah Bloom Raskin to Sen. Sherrod Brown, Senate Banking Committee (Feb. 25, 2018), https://www.brown.senate.gov/imo/media/doc/Bloom%20Raskin%20Letter%20to%20Sen%20Brown.pdf
[20] *Id.* at 3.
[21] *Id.* at 3 (emphasis added).

Four years later, the American financial system remained stable and resilient throughout the course of a global pandemic, acting as a source of strength despite the significant economic downturn.

a. **Do you still believe that S. 2155 has weakened or will weaken the financial system?**

b. **If so, what explains the financial system's resiliency during the global pandemic?**

c. **Do you still believe that S. 2155's tailoring of enhanced prudential standards exposes the economy to strategic vulnerabilities?**

d. **Do you still believe that S. 2155 did little or nothing to strengthen community banks?**

The bill as passed has shown, through the test of time, to be appropriate. I believe the Federal Reserve needs to continue to be sensitive to the regulatory burdens confronting smaller banks, and the need for tailoring these burdens in light of the specific risk profiles of individual banks and their compliance capacity. I believe that bank examiners on the ground, too, need to be cognizant of the specific risk profiles and compliance capacity as they examine the banks under their supervision.

This law has worked well in providing community banks with meaningful regulatory relief. As I have mentioned, community banks represent what is best our financial system; i.e., they are a source of enduring strength, they provide sound financial intermediation, and they are locally responsive to their local economies. It has been my view though that federal financial regulators need to do more to tailor regulatory requirement to the specific risk profile and compliance capacity of many community banks. Much of my work as a governor of the Federal Reserve from 2010 to 2014 was focused on providing this tailoring, and making sure that the examiners in fact were cognizant of the need for this tailoring. The Small Bank Subcommittee of the Bank Supervision and Regulation Committee was co-led by me and became an important vehicle for working on these tailoring efforts.

In the days before the bill was passed, I was concerned that the bill was not perfect. Its balance, in particular, between small bank regulatory relief and large bank regulatory relief, struck me as imperfect. The bill as it was enacted, however, assured me that it was the best that was possible. If confirmed, I would stay very attuned to the regulatory burdens confronting smaller banks, and the need for tailoring in light of the specific risks they are confronting.

Bank Mergers and Acquisitions

39. **Over the past year, there has been an increasing backlog of bank merger applications pending Fed review. In recent months, some have come to believe that a de facto moratorium on bank mergers and acquisitions was in place at the Fed. As this Committee has seen in another area under its jurisdiction, namely, the Committee on**

Foreign Investment in the United States (CFIUS) process, an informal moratorium could be put in place by regularly sending requests for additional information to applicants and claiming that the application is not yet complete.

Congress established a set of requirements for the Fed review of bank merger applications under the Bank Holding Company Act (BHCA) by establishing specific factors for consideration. The statute does not give the agency discretion to depart from them.[22] Further, BHCA sets a 91-day deadline for the Fed to approve or disapprove of the application after the record is complete.[23] To ensure the Fed cannot ignore this deadline, Congress structured the law to automatically grant any merger application the Fed fails to act on within that timeframe.[24] An express or de facto moratorium would appear to directly contravene the law.

a. **Do you believe that the Fed's current merger approval process provides clear instructions to applicants such that they can reasonably expect to submit a complete application without multiple rounds of revisions and additional questions?**

I think it is important for the Federal Reserve to act in a timely way on applications for bank mergers. There can be much at stake when delays in this process occur, and such delays can create unnecessary uncertainty for the merging parties. I have not reviewed the Federal Reserve's current merger approval process, but I agree that clear instructions are important in providing applicants with reasonable expectations regarding timing.

b. **Will you commit not to deliberately delay the bank merger application process, and to hold your staff accountable for doing the same?**

Yes, if confirmed, I commit that I would not deliberately delay the bank merger application process and that I would ask staff reviewing bank merger applications to not deliberately cause delays.

c. **Will you commit to review complete bank merger applications expeditiously, as required by law?**

If confirmed, I would commit to follow all legal requirements to the bank merger application process.

d. **Will you commit to consider each application on its individual merits?**

If confirmed, I would commit to follow all legal requirements regarding the merits of each bank merger application.

Fed Accounts

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[22] *See* Bank Holding Company Act, 12 USC § 1842(c)(1).
[23] *Id.* § 1842(b)(1)
[24] *Id.* § 1842(b)(1).

40. In a 2020 op-ed titled "What to Do While Waiting for Fed Accounts," you praised the "opportunity that accounts at the Fed might provide."[25]

a. Do you believe the Fed has the existing authority to establish retail bank accounts?

b. If "yes," do you support establishing retail bank accounts at the Fed? If "no," would you personally support granting such authority to the Fed?

I am not fully familiar with policy proposals regarding "Fed accounts." If confirmed, I would look forward to learning more about them. I would review any establishment of retail bank accounts with accordance of all applicable law, as well as other important and relevant requirements.

Capital

41. In April 2020, the Federal Reserve temporarily amended the supplementary leverage ratio (SLR) to allow banks to continue taking deposits, lending, and conducting other financial intermediation during the COVID-related period of stress.[26] That relief expired on March 31, 2021 and, as a result, banks cannot exclude central bank deposits or U.S. Treasury securities from the denominator of the SLR. In conjunction with announcing the expiration of the relief, the Federal Reserve announced that it would "soon be inviting public comment on several potential SLR modifications."[27] Nearly one year later, the Federal Reserve still has not issued this proposal. At the same time, the Federal Reserve has purchased trillions of dollars of securities, flooding the banking system with reserves. I am concerned that without adjustments the SLR is serving as a binding capital constraint and restricting banks' ability to accommodate customer deposits and intermediate in Treasury markets. The Federal Reserve has long believed that leverage capital requirements should serve as a backstop to risk-based capital requirements, a position with which you agreed while serving as a member of the Federal Reserve Board.[28] Do you continue to hold this view, and, if so, do you believe

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[25] "What to Do While Waiting for Fed Accounts," *Just Money* (Aug. 27, 2020), https://justmoney.org/s-raskin-what-to-do-while-waiting-for-fed-accounts/.

[26] "Federal Reserve Board announces temporary change to its supplementary leverage ratio rule to ease strains in the Treasury market resulting from the coronavirus and increase banking organizations' ability to provide credit to households and businesses," Board of Governors of the Federal Reserve System (Apr. 1, 2020) https://www.federalreserve.gov/newsevents/pressreleases/bcreg20200401a.htm.

[27] "Federal Reserve Board announces that the temporary change to its supplementary leverage ratio (SLR) for bank holding companies will expire as scheduled on March 31," Board of Governors of the Federal Reserve System (Mar. 19, 2021), https://www.federalreserve.gov/newsevents/pressreleases/bcreg20210319a.htm.

[28] "The risk-based capital ratios should provide a rough baseline benchmark for ensuring that sufficient capital is held relative to a bank's risk profile, and the leverage ratio--which has certainly stood the test of time--serves as an effective backstop to reduce the risk that a bank would allow its balance sheet to become overleveraged." "Let's Move Forward: The Case for Timely Implementation of Revised Capital Rules," Sarah Bloom Raskin, Board of Governors of the Federal Reserve System (Jun. 6, 2013), https://www.federalreserve.gov/newsevents/speech/raskin20130606a.htm.

the SLR should be modified to ensure that it does not serve as the binding capital constraint?

If confirmed, I would commit to consider modifications to the Supplementary Leverage Ratio, through notice and comment, to make sure that it serves as an appropriate backstop and does not constrain banks' ability to extend credit.

Obama Administration Ethics Commitment

42. For seven years, you served in the Obama administration as a Federal Reserve governor and then as the Treasury Deputy Secretary, the second highest official at Treasury. According to the Obama administration, President Obama took "historic steps to close the 'revolving door' that carries special interest influence in and out of the government."[29] One step he took was issuing an Executive Order 13490 that required every political appointee in every executive agency appointed on or after January 20, 2009 to sign an ethics pledge that was contractually binding on the appointee and "enforceable under law."[30]

According to the Obama administration, the purpose of this commitment was to close "the revolving door that allows government officials to move to and from private sector jobs in ways that give that sector undue influence over government."[31] You were appointed to your positions in the Obama administration after January 20, 2009.

As an appointee in the Obama administration, did you sign the ethics commitment required by Executive Order 13490?

Yes.

Reserve Trust

43. In May 2017, only four months after stepping down as the Obama administration's Treasury Deputy Secretary, you became a member of the board of directors of the Reserve Trust Company ("Reserve Trust"), a small Colorado-chartered trust company founded in 2016 that engages in payment processing and custody services for B2B payment companies.[32] Reserve Trust's website states: "In 2018, Reserve Trust became the first state chartered trust company to obtain a Federal Reserve master account, granting direct access to Federal Reserve clearing, payment, and settlement services. Today, Reserve Trust processes billions of dollars of high value payments for a select

[29] https://obamawhitehouse.archives.gov/21stcenturygov/actions/revolving-door.
[30] https://obamawhitehouse.archives.gov/21stcenturygov/actions/revolving-door; https://obamawhitehouse.archives.gov/the-press-office/ethics-commitments-executive-branch-personnel.
[31] https://obamawhitehouse.archives.gov/21stcenturygov/actions/revolving-door.
[32] https://www.reservetrust.com/company/about.

group of early access customers."[33] Reserve Trust's website also states: "Reserve Trust is the first fintech trust company with a Federal Reserve master account."[34]

In June 2017, the Kansas City Federal Reserve Bank ("Kansas City Fed") denied Reserve Trust's application for a Fed master account. But the next year, in 2018, the Kansas City Fed changed its mind and granted Reserve Trust a master account. Reserve Trust appears to be the only nonbank fintech company with a Federal Reserve ("Fed") master account despite other banks and non-banks with non-traditional charters having applied for Fed master accounts. It remains puzzling how Reserve Trust obtained this account when other institutions have been denied access, leading one bank to file a lawsuit against the Federal Reserve Bank of New York over the issue. Yet, Reserve Trust's application was quietly granted during the pendency of that litigation.

On a call with Senate Banking Committee ("Banking Committee") staff on January 28, 2022, you said that when you were a Reserve Trust director there was a lot of discussion at Reserve Trust about getting a Fed master account, but that you do not know why Reserve Trust wanted a master account. This statement is puzzling given how much Reserve Trust and its investors tout the value of the company's Fed master account and that you served on the company's board when its master account application was denied but then later approved.

Reserve Trust's website boasts about the company's Fed master account in multiple places.[35] One of the company's investors has emphasized that Reserve Trust is "[a]rmed with a master account at the Federal Reserve (and direct access to the rails)."[36] Another one of Reserve Trust's investors—QED Investors—has asserted that Reserve Trust's Fed master account gives it "unprecedented access to the US payment system."[37] And Amias Gerety, a partner at QED Investors who served as a senior Treasury official with you in the Obama administration, has stated that "Reserve Trust has limitless potential and is focused on a becoming a transformative payments infrastructure company that *operates in a different category than most fintech companies because it connects to the U.S. payment system directly rather than through a partner bank*."[38] (emphasis added)

On that same January 28, 2022 call, Republican Banking Committee staff asked you whether you communicated with the Kansas City Fed or the Fed about Reserve Trust. You avoided answering the question by responding that you knew Reserve Trust had interactions and discussions with the Kansas City Fed about getting a Fed master account. When Republican Banking Committee staff again asked you whether you communicated with the Kansas City Fed or the Fed about Reserve Trust you became

[33] https://www.reservetrust.com/company/about.
[34] https://www.reservetrust.com/.
[35] https://www.reservetrust.com/; https://www.reservetrust.com/company/about.
[36] https://mattlevinson.medium.com/investing-in-reserve-trust-13c4652265f1.
[37] https://www.qedinvestors.com/companies/reserve-trust.
[38] https://www.qedinvestors.com/companies/reserve-trust.

defensive noting that Reserve Trust was a regulated financial institution and that your answer could involve confidential supervisory information. (It is inconceivable that the mere fact that you communicated with the Kansas City Fed or the Fed would be confidential supervisory information.) You ultimately told Banking Committee staff that you did not remember whether you communicated with the Kansas City Fed or the Fed about Reserve Trust.

At the February 3, 2022 Banking Committee hearing, Senator Cynthia Lummis (R-WY) similarly asked you whether you communicated with the Federal Reserve about Reserve Trust's master account application. In fact, she asked you this question three different times. You never answered her question. Like Senator Lummis, I have learned that you did, in fact, call the Kansas City Fed in August 2017, which was after Reserve Trust's master account application had been denied in June 2017. We only discovered your call to the Kansas City Fed on the evening of February 2, 2022, which was the night before your nomination hearing.

a. **Please describe in detail the actions you took to help Reserve Trust obtain a Fed master account.**

At the time I served on its board of directors, Reserve Trust was a state-chartered trust company, organized pursuant to the laws of the State of Colorado. To the best of my knowledge, Reserve Trust received a master account on its merits, after complying with all applicable rules and regulations, including governing Colorado banking statutes. I do not recall any communications I made to help Reserve Trust obtain a master account. Had I done so, I would have abided by all applicable ethics rules in such communications.

I understand that the Federal Reserve Bank of Kansas City issued a statement on February 7, 2022, addressing this matter. That statement noted that "[i]t is routine for the Federal Reserve Bank of Kansas City to communicate on an ongoing basis with a requesting organization, its management (including directors), public officials and any relevant federal or state regulatory counterparts . . . for the purpose of evaluating eligibility for access to Federal Reserve services, including an analysis of the risk posed to the payment and banking system."

b. **Yes or no: After Reserve Trust's master account application was denied in June 2017, did you communicate (by phone, email, text, meeting, or otherwise) with anyone at the Kansas City Fed? If your answer is "yes":**

   i. **What are the names and titles of the people you communicated with at the Kansas City Fed?**

   ii. **When did you communicate with them?**

   iii. **What did you discuss in these communications?**

   iv. **Please specifically identify the mode of each communication (in-person or virtual meeting, phone call, email, text, or otherwise).**

v. **If you communicated by written correspondence, including email or text, please provide a copy of that correspondence.**

vi. **Who did you tell about your communications? What are their names and titles?**

At the time I served on its board of directors, Reserve Trust was a state-chartered trust company, organized pursuant to the laws of the State of Colorado. To the best of my knowledge, Reserve Trust received a master account on its merits, after complying with all applicable rules and regulations, including governing Colorado banking statutes. I do not recall any communications I made to help Reserve Trust obtain a master account. Had I done so, I would have abided by all applicable ethics rules in such communications.

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c. **Yes or no: At any time during your service as a director of Reserve Trust, which you have indicated was from May 2017 through August 2019, did you communicate (by phone, email, text, meeting, or otherwise) with anyone at the Kansas City Fed? If your answer is "yes":**

i. **What are the names and titles of the people you communicated with at the Kansas City Fed?**

ii. **When did you communicate with them?**

iii. **How many times did you communicate with them?**

iv. **What did you discuss in these communications?**

v. **Please specifically identify the mode of each communication (in-person or virtual meeting, phone call, email, text, or otherwise).**

vi. **If you communicated by written correspondence, including email or text, please provide a copy of that correspondence.**

vii. **Who did you tell about your communications? What are their names and titles?**

At the time I served on its board of directors, Reserve Trust was a state-chartered trust company, organized pursuant to the laws of the State of Colorado. To the best of my knowledge, Reserve

Trust received a master account on its merits, after complying with all applicable rules and regulations, including governing Colorado banking statutes. I do not recall any communications I made to help Reserve Trust obtain a master account. Had I done so, I would have abided by all applicable ethics rules in such communications.

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d. Yes or no: At any time during your service as a director of Reserve Trust, which you have indicated was from May 2017 through August 2019, did you communicate (by phone, email, text, meeting, or otherwise) with anyone at the Fed in Washington, DC? If your answer is "yes":

- **i. What are the names and titles of the people you communicated with at the Fed?**
- **ii. When did you communicate with them?**
- **iii. What did you discuss in these communications?**
- **iv. Who did you tell about your communications? What are their names and titles?**
- **v. Please specifically identify the mode of each communication (in-person or virtual meeting, phone call, email, text, or otherwise).**
- **vi. If you communicated by written correspondence, including email or text, please provide a copy of that correspondence.**

At the time I served on its board of directors, Reserve Trust was a state-chartered trust company, organized pursuant to the laws of the State of Colorado. To the best of my knowledge, Reserve Trust received a master account on its merits, after complying with all applicable rules and regulations, including governing Colorado banking statutes. I do not recall any communications I made to help Reserve Trust obtain a master account. Had I done so, I would have abided by all applicable ethics rules in such communications.

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e. Yes or no: Did any other Reserve Trust directors, including Gail Ball, the former Head of the Payment Studies Group at the Richmond Federal Reserve Bank, whom you told Banking Committee staff served on Reserve Trust's board with you,[39] communicate with anyone at the Kansas City Fed regarding Reserve Trust's master account application? If your answer is "yes":

i. What are the names of the Reserve Trust directors who had these communications?

ii. What are the names and titles of the people at the Kansas City Fed that these Reserve Trust directors communicated with?

At the time I served on its board of directors, Reserve Trust was a state-chartered trust company, organized pursuant to the laws of the State of Colorado. To the best of my knowledge, Reserve Trust received a master account on its merits, after complying with all applicable rules and regulations, including governing Colorado banking statutes. I do not recall any communications I made to help Reserve Trust obtain a master account. Had I done so, I would have abided by all applicable ethics rules in such communications.

I understand that the Federal Reserve Bank of Kansas City issued a statement on February 7, 2022, addressing this matter. That statement noted that "[i]t is routine for the Federal Reserve Bank of Kansas City to communicate on an ongoing basis with a requesting organization, its management (including directors), public officials and any relevant federal or state regulatory counterparts . . . for the purpose of evaluating eligibility for access to Federal Reserve services, including an analysis of the risk posed to the payment and banking system."

f. Did any other Reserve Trust directors, including Gail Ball, the former Head of the Payment Studies Group at the Richmond Federal Reserve Bank, whom you told Banking Committee staff served on Reserve Trust's board with you,[40] communicate with anyone at the Fed in Washington, DC regarding Reserve Trust's master account application? If your answer is "yes":

i. What are the names of the Reserve Trust directors who had these communications?

ii. What are the names and titles of the people at the Fed in Washington, DC that these Reserve Trust directors communicated with?

I am not aware of any communications that Reserve Trust directors had with the Board of Governors regarding a master Fed account.

[39] https://www.businesswire.com/news/home/20150331006859/en/Gail-Ball-Financial-Industry-Operations-Leader-joins-The-Bancorp.

[40] https://www.businesswire.com/news/home/20150331006859/en/Gail-Ball-Financial-Industry-Operations-Leader-joins-The-Bancorp.

44. How did you learn of the opportunity to join Reserve Trust's board of directors?

I received a number of offers to join corporate boards after I left the Treasury Department. I do not recall where this specific opportunity came from.

45. What are the names of the people who approached you about joining Reserve Trust's board of directors?

I received a number of offers to join corporate boards after I left the Treasury Department. I do not recall where this specific opportunity came from.

46. Was there any written document or agreement that outlined the terms and conditions of your service as Reserve Trust director? If the answer is "yes," please provide a copy of that document or agreement.

I do not recall such a document or agreement.

47. During your service as a Reserve Trust director, how often did the Reserve Trust board of directors meet?

To the best of my recollection, Reserve Trust director meetings were generally held quarterly.

48. During your service as a Reserve Trust director, how many Reserve Trust board meetings did you attend? Please provide dates for all meetings.

I endeavored to attend scheduled Reserve Trust board meetings. My calendar does not go back to these years so I cannot provide dates.

49. During your service as a Reserve Trust director:

a. Typically, how many hours per week, month, and year did you spend doing Reserve Trust-related work?

To the best of my recollection, the duration of each board meeting was between 3 and 5 hours.

50. On a January 28, 2022 call, you indicated to Banking Committee staff that you were not compensated by Reserve Trust for serving on the board of directors, but that instead you received shares in Reserve Trust when you joined the company's board. You stated that you received shares, not stock options.

a. When did you receive your shares in Reserve Trust and how many shares did you receive? Please identify the month(s) and year(s) you received shares and the amount(s) you received.

To the best of my recollection, I received shares in Reserve Trust upon joining the Board of Directors. I do not recall the exact date or the number of shares received.

b. Did you pay for the Reserve Trust shares that you received? If the answer is "yes," how much did you pay per share?

I did not pay for the Reserve Trust shares received because they had no market value.

c. What was the par value of your Reserve Trust shares when you received them?

I do not recall the par value of the Reserve Trust shares when I received them.

d. Was there an estimated value of your Reserve Trust shares when you received them, and, if so, what was that amount?

There was no market value of the Reserve Trust shares.

e. During your service as a Reserve Trust director, were any valuations of Reserve Trust as a company conducted? If the answer is "yes," did the valuations of Reserve Trust increase after Reserve Trust obtained its Fed master account in 2018?

I am not aware of any valuations that were conducted of Reserve Trust during my service as a Reserve Trust director.

f. Did you receive any income or other compensation from Reserve Trust other than shares of the company? If the answer is "yes," please list the amount and type of income or other compensation that you received by year.

No.

51. According to a House periodic transaction report (PTR) filed by your husband Congressman Jamie Raskin (D-MD) on August 13, 2021, you sold 195,936 Reserve Trust shares for $7.50 per share in 2020, which amounts to almost $1.5 million.[41]

a. This PTR lists two dates (December 18, 2020 and November 13, 2020). It is unclear from the PTR which date you sold your shares on. On what date did you sell your Reserve Trust shares?

To the best of my recollection, the purchase of the shares occurred on or about December 18, 2020.

b. You sold these shares to QED Investors. How was the $7.50 per share sale price determined?

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[41] https://disclosures-clerk.house.gov/public_disc/ptr-pdfs/2021/20019320.pdf.

I am not aware of the methodology used for the determination of the share price that was applicable to all the sellers of the shares.

c. Was there any written document or agreement that outlined the terms and conditions governing the sale of your Reserve Trust shares? If the answer is "yes," please provide a copy of that document or agreement.

I am not aware of such a document.

Promontory Financial Group

52. You have been on Promontory's Advisory Board since 2018 and you are currently one of its vice chairs.[42] Earlier in your career, you worked as a Managing Director at Promontory from 2003 to 2007. Promontory has drawn scrutiny from Congress and journalists, including for transparency and conflicts of interest issues. Unlike other consultants engaged in lobbying, Promontory is not legally required to register and disclose its clients.

a. How often does Promontory's Advisory Board meet?

The frequency of meetings is usually quarterly.

b. How many Promontory Advisory Board meetings have you attended?

To the best of my recollection, I attended meetings on November 14, 2018, September 9, 2019, and May 20, 2020.

c. Typically, how many hours per week, month, and year do you spend doing Promontory-related work?

To the best of my recollection, the duration of each board meeting is between 3 and 5 hours.

53. On a January 28, 2022 call, you told Banking Committee staff that you do not interact with Promontory clients in your role as a member of Promontory's Advisory Board. Promontory's website states: "Promontory and *our clients* benefit from the experience and guidance of an extraordinary advisory board."[43]
Even though you have stated that you do not interact with Promontory clients in your capacity as Vice Chair of the firm's Advisory Board, have you provided any information, advice, or counsel to anyone at Promontory related to their work on behalf of Promontory clients? If the answer is "yes," please provide the names of the clients and the subject matters for which you provided information, advice, or counsel.

No.

[42] https://www.promontory.com/our-expertise/expert/5d07d6d5d0139e0b8bfcc201.
[43] https://www.promontory.com/our-firm/senior-leadership (emphasis added).

Congressional Oversight

54. If confirmed, do you intend to respond to information requests differently depending on who is making the Congressional information request (whether it's the chair of the Congressional committee, the ranking member, or another member of Congress)? Please answer "yes" or "no." If your answer is "yes," please explain.

If confirmed, I will commit to working with you, or any other Member of Congress, on a request for information.

55. Will you commit that, if confirmed, you will respond in a timely manner and fully comply with all information requests from me? Please answer "yes" or "no." If your answer is "no," please explain.

If confirmed, I will commit to working with you, or any other Member of Congress, on a request for information.

56. Will you commit that, if confirmed, you will make yourself and any other employee of the Federal Reserve expeditiously available to provide oral testimony (including but not limited to briefings, hearings, and transcribed interviews) to the Committee on any matter within its jurisdiction, upon the request of either the Chairman or Ranking Member? Please answer "yes" or "no." If your answer is "no," please explain why.

If confirmed, I will commit to working with you, or any other Member of Congress, on a request for information.

Answering Questions for the Record

57. Please describe with particularity the process by which you answered these questions for the record, including identifying who assisted you in answering these questions along with a brief description of their assistance.

I answered your questions myself. I consulted with publicly available materials. I incorporated my understanding of the law. In preparing my responses to the Committee, I conferred with Federal Reserve and interagency staff.

58. Did any person on the board of, or employed by, a 501(c)(4) organization, provide advice to you, oral or written, on your responses to these questions? If so, please list those individuals and organizations.

No.

<u>Questions for The Honorable Sarah Bloom Raskin, of Maryland, to be Vice Chairman for Supervision and a Member of the Board of Governors of the Federal Reserve System, from Senator Mike Crapo:</u>

1. **In 2018, Congress enacted S. 2155 with strong, bipartisan support. This legislation was the most significant piece of regulatory reform legislation for community financial institutions in nearly in decade. Nevertheless, despite overwhelming support for the legislation, you sent a letter to then-Ranking Member Brown expressing your opposition to many of the provisions contained within the bill.**

   In your letter, you claimed that these provisions would, "undermine the resiliency of the financial sector." Yet, the strength and flexibility of our financial system throughout the COVID-19 pandemic proves this statement incorrect.

   a. **If confirmed as Vice Chair of Supervision of the Federal Reserve, would you undo actions taken by regulators since enactment of S. 2155?**

It is my longstanding view that community banks need meaningful regulatory relief. Community banks, I have consistently maintained, are a source of enduring strength, provide sound financial intermediation, and are uniquely positioned to be locally responsive to local economic needs. I do not think federal financial regulatory agencies have done an adequate job of tailoring regulatory requirements to the specific risk profiles and compliance capacity of many community banks. While at the Federal Reserve, I co-led the Small Bank Subcommittee of the Bank Supervision and Regulation Committee. The subcommittee explored how the rules and regulations applicable to community and mid-size banks could be better tailored to their specific risk profiles and compliance capacities. During my time as banking counsel for the Senate Banking Committee, I contributed to the work of regulatory burden reduction, which ultimately became law. Consequently, I agreed with many provisions of S.2155, but would have liked to see the balance between community bank relief and large bank relief altered more in the direction of community bank relief. The test of time so far has shown the value of S.2155, and I find it hard to articulate a reason for why it should be reversed.

2. **As I have reiterated numerous before the Banking Committee, the idea of controlling the allocation of capital is unfortunately not new. Under the Obama Administration's Operation Choke Point, a number of politically disfavored industries, including the firearms manufacturers and payday lenders, were targeted by the federal government and restricted in their ability to access financial services.**

   You have spoken out on the need for federal financial regulators to address threats from climate risk. Specifically, you have called for regulators to "choke off" credit to traditional energy companies and to exclude those companies from Fed emergency lending facilities.

   a. **Do you stand by the comments you made about the traditional energy industry? Is this a regulatory item you would pursue if confirmed as Vice Chair of Supervision?**

I do not believe in choking off credit to any firm or sector. It is not the role of the Federal Reserve to be directing credit allocation – choosing particular sectors to lend to and disfavoring others. Banks choose their borrowers; the Federal Reserve does not.

b. Do you support federal action to block credit to other industries that could be viewed as disfavored?

Directing credit allocation is outside the mandate of the Federal Reserve. I do not support Federal Reserve action for blocking credit to any industry.

3. Ms. Raskin, if confirmed as Vice Chair of Supervision, you will play a leading role in regulating cryptocurrencies and digital assets.

a. Can you articulate the Fed's role in this matter?

As part of its objectives to foster the safety and efficiency of the payment system and to promote financial stability, the Federal Reserve should seek to understand technical innovations that could affect the structural design and functioning of financial markets. Cryptocurrencies and digital assets are examples of such payment system innovation. I believe that a multi-disciplinary approach should be taken to follow and understand developments related to digital innovations in payments, clearing and settlement. Experts both domestically and internationally should be brought together to better understand these developments.

4. It was recently reported that the consumer price index rose 7 percent in December from the same month of the previous year. This is inappropriately high and it is imperative that monetary makers do more to get this under control. I have raised this matter with both Chairman Powell and Governor Brainard in recent committee hearings.

a. Do you share concerns raised about the high rate of inflation? Do you agree the Fed must act urgently to address this matter?

Yes, I share concerns about the high rate of inflation, which exacts broad harms throughout the economy. It exacts a toll on working people who are concerned about how far their paychecks will go for essentials like food, housing and transportation. It also exacts a toll on businesses, farmers and firms that face higher input prices and are attempting to plan for their current and future needs. Interest rate policy is an important tool that the Federal Reserve has to address this matter.

b. Do you support the Fed's so-called flexible average inflation target and, if so, could you explain how it is supposed to work?

The Federal Open Market Committee's (FOMC) flexible average inflation target was adopted after I left the Board, as part of its revised Statement on Longer-Run Goals and Monetary Policy Strategy. The FOMC has voted on that statement each year, which gives the FOMC the ability to evaluate whether it is working appropriately. I believe that the FOMC has maintained its view that a longer-run inflation rate of 2 percent over time is most consistent with its mandate to promote both maximum employment and price stability. As your question notes, in seeking to achieve inflation that averages 2 percent over time, the FOMC has not specified a particular mathematical formula to define average inflation; I believe this is the case because the FOMC's decisions about appropriate policy are thought to reflect a broad array of considerations. The approach emphasizes that monetary policy is most effective if longer-term inflation expectations remain well anchored at 2 percent, and the FOMC would implement the statement by seeking to achieve inflation that averages 2 percent over time in order to keep longer-term inflation expectations at this level.

c. In the Fed's flexible average inflation targeting framework, there does not appear to be any identification of what happens in response to inflation that misses the Fed's basic two-percent inflation goal on the high side, or what the averaging period is, or what the makeup rate should be. Therefore, it is not clear what the target is in the Fed's new framework. Do you believe there is room for the Fed to improve its new scheme in order to impose more discipline on control over inflation and more accountability for the Fed?

I believe generally that there may always be room for improvements in many policy matters. The FOMC should regularly evaluate whether its monetary policy framework remains appropriate in light of broad changes in assumptions regarding the way the economy operates. The Federal Reserve has indicated that it plans to undertake a thorough public review of its monetary policy framework every five years, and that strikes me as appropriate.

<u>Questions for The Honorable Sarah Bloom Raskin, of Maryland, to be Vice Chairman for Supervision and a Member of the Board of Governors of the Federal Reserve System, from Senator Steve Daines:</u>

1. **You previously argued that the 2018 Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155) "…does little or nothing to strengthen community banks but uses their situation to demolish important regulatory structures." You also argued that certain provisions of the bill would "undermine the resiliency of the financial sector, raising the probability that the financial sector will not be able to withstand the stress of another exogenous or endogenous shock." The strength of the banking system throughout the pandemic directly contradicts this statement.**

    a. **Do you still stand by your previous statements, even after they were directly tested by the shock from the COVID-19 pandemic?**

It is my longstanding view that community banks need meaningful regulatory relief. Community banks, I have consistently maintained, are a source of enduring strength, provide sound financial intermediation, and are uniquely positioned to be locally responsive to local economic needs. I do not think federal financial regulatory agencies have done an adequate job of tailoring regulatory requirements to the specific risk profiles and compliance capacity of many community banks. While at the Federal Reserve, I co-led the Small Bank Subcommittee of the Bank Supervision and Regulation Committee so that the rules and regulations applicable to community and mid-size banks could be better tailored to their specific risk profiles and compliance capacities. During my time as banking counsel for the Senate Banking Committee, I contributed to the work of regulatory burden reduction, which ultimately became law. Consequently, I agreed with many provisions of S.2155, but would have liked to see the balance between community bank relief and large bank relief altered more in the direction of community bank relief. The test of time so far has shown the value of S.2155, and I find it hard to articulate a reason for why it should be reversed.

2. **What environmental risks do you believe are most pressing to our financial institutions?**

Extreme weather events can pose risks for banks and other financial firms. Events like natural disasters, rising sea levels, increased droughts, wildfires, tornados, and hurricanes present risks to the operations of banks, and their ability to serve their customers. We know from events like Hurricane Sandy that the ability of financial firms to resume operations after a weather event is critical for serving the local areas that have been hit by nature-based disasters. These events can undermine the resilience of banks, including banks that serve farmers and ranchers. There may also be effects on local insurance markets that can leave small businesses, farmers and households without access to critical financial services. Currently, we know that businesses are already investing in the need to create resilience, and their ability to access credit needs to be assured.

Chair Powell has stated that climate change poses financial stability risks. In this context, the risks of local climate events might be magnified if they include disorderly price adjustments in various asset classes; potential disruption of the proper functioning of financial markets; and the inability for firms to adapt to rapid changes in policy, technology and consumer preferences. The report of the Climate-Related Market Risk Subcommittee of the US Commodity Futures Trading Commission prepared in 2020 describes many of these risks and how they might manifest themselves to the necessary functioning of various financial firms. In addition, the Financial Stability Oversight Council's Report on Climate-Related Financial Risk also examines these risks.

<u>Questions for The Honorable Sarah Bloom Raskin, of Maryland, to be Vice Chairman for Supervision and a Member of the Board of Governors of the Federal Reserve System, from Senator Bill Hagerty:</u>

1. **Ms. Raskin, in September, you wrote an article in which you called for the use of financial regulatory tools to "mitigate climate risk" and "engage with local transition efforts." Accepting your premise that financial regulators can regulate non-financial matters after identifying risks to the banking system, would it be appropriate for the Fed to mitigate the risk of illegal immigration if academic research identified such a risk? If not, please explain what guiding principles you would use in determining which identified risks are eligible for incorporation into the regulatory framework.**

One of the statutorily mandated duties of the Federal Reserve is to supervise and regulate financial institutions to help ensure the safety and soundness of the nation's banking and financial system. Supervision and regulation is conducted from the perspective of assuring that banks within the jurisdiction of the Federal Reserve have risk management systems that are sufficient to assist the bank with the identification, analysis and management of risks. Risk matters because it is the lens through which banks are able to feel comfortable that they are able to have the means to cushion blows that may come from various sources, in various forms and in various magnitudes. Bank supervision and regulation focused on risk management systems do not come in a "one size fits all" approach, but instead are meant to be tailored to the bank and its specific risk profile, as identified by the bank. Banks are the first line of defense in identifying risks, through the risk management systems they have established.

In terms of the guiding principles I would use in determining which risks should be analyzed, I would defer to banks in order to learn what they view as particular headwinds that they are experiencing that they may be viewing as currently or potentially presenting challenges to their ability to serve their borrowers. If a risk were to be appropriately identified (and was indeed a risk and not a procedural or operational challenge), and it was a risk that was relevant to the resilience of the bank, the usefulness of an appropriately tailored and statutorily recognized risk management response could be evaluated.

<u>Questions for The Honorable Sarah Bloom Raskin, of Maryland, to be Vice Chairman for Supervision and a Member of the Board of Governors of the Federal Reserve System, from Senator Cynthia Lummis:</u>

1. **I would like to ask your general views on federal preemption. When do you think it is appropriate? What test would you apply? Are there particular areas in financial services policy that warrant preemption and, if so, why?**

In the realm of bank supervision and regulation, I believe in the dual banking system and have a long-standing commitment to the ability of states to foster innovation.

Federal preemption should be asserted only in conformity with governing law. Federal preemption is warranted where Congress has enacted a comprehensive federal scheme. Ultimately, the U.S. Supreme Court determines when it is appropriate to invoke the Supremacy Clause of the U.S. Constitution. My own approach is to start with a law-based approach, turning to the federal law to determine whether federal preemption is appropriate.

<u>Questions for The Honorable Sarah Bloom Raskin, of Maryland, to be Vice Chairman for Supervision and a Member of the Board of Governors of the Federal Reserve System, from Senator Robert Menendez:</u>

1. **The Class B Directors at the Federal Reserve Banks are supposed to represent the public, but they are predominantly white, male, and come from banks and large businesses. Part of the problem is that the selection process for these directors lacks transparency, and therefore the predominately white, male, and corporate-centered individuals that choose Fed Directors continue to select people that look and think like they do.**

    a. **If confirmed will you commit to working with my office to bring greater transparency and public input the director selection process?**

I will commit to working with your office to bring greater transparency and public input to the director selection process for the various Federal Reserve Banks. By law, the Class B directors are required to represent the public. I believe having transparency and public input to the director selection process is critical to the governance of the Federal Reserve Banks.

<u>Questions for The Honorable Sarah Bloom Raskin, of Maryland, to be Vice Chairman for Supervision and a Member of the Board of Governors of the Federal Reserve System, from Senator Jon Ossoff:</u>

1. **What have been the distributional effects of quantitative easing policies since 2006, (a) in your opinion and (b) according to peer-reviewed economic scholarship?**

Before the COVID-19 pandemic, income and wealth inequality were growing. Since about 1980, income has increasingly accrued to households in the top half of the distribution, especially the very top. Inequality in labor earnings has increased since the 1970s. Inequality in capital income – including dividends, interest, capital gains, and private businesses – has increased since the late 1970s. Median income for families that identify as white is larger than median income for non-white families.

Wealth is even more concentrated than income. For example, the Federal Reserve Board's 2019 Survey of Consumer Finances shows that the top 1 percent of families ranked by wealth held approximately 35 percent of all wealth, which is roughly twice the share of income earned by the top one percent ranked by income.

I am not certain of the full effects of the COVID-19 pandemic on the income distribution. Generally speaking, national income increased during the pandemic, and early analysis indicates that government transfers boosted incomes at the bottom.

I have reviewed some – but not all – of the peer-reviewed academic literature regarding the potential causes of these inequalities. In what I have read, I have not seen a clear answer to the question of whether quantitative easing policies since 2006 have contributed to these trends. My own opinion is that asset portfolios of the wealthiest families tend to be concentrated in business equities, which have had higher rates of return. The typical portfolio of families ranked lower in the wealth distribution, in contrast, has more exposure to assets with lower average returns.

2. **What are the most significant threats to U.S. and global financial stability?**

If confirmed, I would look forward to grappling with this question. For now, I think about the following threats identified in the Federal Reserve's most recent financial stability report. Asset prices for risky assets seem high. This means that they may be vulnerable to significant declines should investors' risk sentiment deteriorate, should progress on containing the virus become disappointing, or should the economic recovery stall. I am also concerned about whether Omicron will slow improvements in the outlook for small businesses. In addition, the expiration of government support programs and uncertainty over the course of the pandemic may pose risk to households. Stresses in the real estate sector in China, caused in part by China's ongoing regulatory focus on leveraged institutions, as well as a sharp tightening of global financial conditions, especially in highly indebted emerging market economies, could pose some risks to the US financial system. In addition, continuing stresses in input and commodity prices, some from extreme weather-based events, put upward pressure on prices, exacerbating inflation concerns. External threats from cyberattacks continue, and defensiveness remains costly for the financial sector.

3. What is your opinion of policy proposals broadly referred to as "Fed accounts"?

I am not fully familiar with policy proposals regarding "Fed accounts." If confirmed, I would look forward to learning more about them.

4. What is your opinion of policy proposals broadly referred to as "postal banking"?

I am not fully familiar with policy proposals regarding "postal banking." If confirmed, I would look forward to learning more about them.

5. What are the potential long-run effects of money supply growth on the value and stability of the U.S. dollar?

For most of the last century, the preeminent role of the U.S. dollar in the global economy has been supported by the size and strength of the U.S. economy, its stability and openness to trade and capital flows, and strong property rights and rule of law. That said, this dominance should not be taken for granted. My sense is that overall, US dollar dominance has remained stable over the past 20 years.

6. When making monetary policy decisions, should the FOMC consider the impact of interest rate increases on the public cost of Federal debt service in determining the effects of monetary policy on employment and price stability? What are the linkages between interest rates, Federal debt service, employment, and price stability?

There certainly are linkages between interest rates and Federal debt service; servicing costs on the Federal debt become more costly when interest rates on Treasury debt instruments are higher. While this linkage would not be a focus in the conduct of monetary policy, one might imagine scenarios in which if the level of Treasury debt becomes more costly to service, there are broader macroeconomic effects on the FOMC's ability to meet its targets for price stability and maximum employment.

7. When making monetary policy decisions, should the FOMC consider the impact of interest rate increases on financial market stability and asset valuations? What is the nature of the linkages between financial market stability, asset valuations, the employment rate, and price stability?

While asset prices are not a primary focus of the FOMC, they are relevant to the extent that their general level impacts financial conditions, which could affect the FOMC's ability to meet its targets for price stability and maximum employment.

8. How should the Federal Reserve's approach to monetary policy change?

The Federal Reserve's approach to monetary policy is determined by the statutory mandates provided by Congress – to promote maximum employment and price stability. I believe generally that there may always be room for improvements in many policy matters. The FOMC should regularly evaluate whether its monetary policy framework remains appropriate in light of broad changes in assumptions regarding the way the economy operates. The Federal Reserve has indicated that it plans to undertake a thorough public review of its monetary policy framework every five years, and that strikes me as appropriate.

9. What are the potential benefits of a so-called "Central Bank Digital Currency?" What are the potential negative consequences?

The Federal Reserve's discussion paper is a first step in a public discussion between the Federal Reserve and stakeholders about central bank digital currency (CBDC) in the U.S. context. A CBDC has implications across many domains, including monetary policy, payments policy, financial stability, legal authority, and supervision. There are also several technical and operational aspects that are relevant. If confirmed, I would look forward to reading the public comments that are submitted as a response to the discussion paper and learning about their potential implications.

10. What is the effect of monetary policy on labor force participation?

I do not know if there is an effect of money policy on labor force participation, except to the extent that the general levels of price stability and employment might affect a person's decision to enter or exit the labor force. However, monetary policy can help foster a long expansion and, as we saw in the previous expansion, over time this can draw more people back into the labor force.

11. Why have historically low interest rates been necessary to sustain U.S. economic growth over the past two decades? Do you expect this trend to continue? Why or why not?

The FOMC took several actions at the onset of the global financial crisis, including cutting the federal funds rate close to the zero lower bound. The combination of these actions, which were highly accommodative, needed to stay in place for a period of time in order to restore aggregate demand in the economy. This restoration of aggregate demand took time, and only once the economy began to exhibit strength, was it effective for the FOMC to begin to unwind its various accommodative measures. I do not expect the trend of a low federal funds rate to continue, as has currently been signaled by the FOMC; I expect the FOMC to begin to raise the federal funds rate, gradually, in response to economic conditions and commensurate with the FOMC's monetary policy framework.

12. What have been the most significant failures of U.S. monetary policy since 2006?

The conduct of monetary policy has been exemplary, but not without its errors. I do not believe that there have been errors in the conduct of U.S. monetary policy since 2006 that I would characterize as significant.

13. What have been the most significant successes of U.S. monetary policy since 2006?

Having been presented with two significant economic shocks in the last two decades – the global financial crisis and the Covid pandemic – I believe the FOMC has been successful in responding forcefully and in a timely way, and in incorporating lessons of effectiveness learned in earlier crises. Before the Covid pandemic, monetary policy was able to achieve a long expansionary trajectory, characterized by low inflation and low unemployment.

14. Why did Federal Reserve and Treasury officials assess that inflation in 2021 would be "transitory"?

I cannot speak for Federal Reserve and Treasury officials. However, I would note that it is important that policymakers react to incoming price data and, as the data change, make corresponding shifts in their description of what they are observing.

15. What are the economic (a) purposes and (b) effects of continued bond purchases via "quantitative easing" in Q1 2022?

I was not a participant in the decision-making process regarding the continuation of quantitative easing in the first quarter of 2022, and hence I do not know the deliberations that occurred that informed those decisions.

Questions for The Honorable Sarah Bloom Raskin, of Maryland, to be Vice Chairman for Supervision and a Member of the Board of Governors of the Federal Reserve System, from Senator Mike Rounds:

1. **I have been very active in promoting adjustments to the supplementary leverage ratio. In reviewing some of your past statements, I was encouraged by remarks that you made during your prior service as a Fed governor. You stated that, "For all its strengths… a leverage ratio also has significant shortcomings if not set appropriately. While its simplicity may be one of its greatest virtues, simplicity is also one of its biggest drawbacks." You went on to say that the leverage ratio, "serves as an effective backstop to reduce the risk that a bank would allow its balance sheet to become overleveraged." It sounds like we are in complete agreement about the purpose of the leverage ratio – to serve as a backstop -- and also what the leverage ratio is not intended to do – become a binding constraint for financial institutions' capital requirement.**

   As you know, in April of 2020, the Federal Reserve took an important step to temporarily exclude Treasuries and reserves from the calculation of the SLR. They did this in recognition that the constraints of the SLR on banks' ability to serve as intermediaries were having a negative impact on liquidity in the Treasury market – and posed a risk to these banks' ability to provide credit to consumers and businesses. Following the expiration of this modification in March of last year, the Federal Reserve indicated that to make sure "that the SLR…remains effective in an environment of higher reserves, the Board will soon be inviting public comment on several potential SLR modifications." We have yet to see details of this proposal nearly a year later. I believe it is appropriate to revisit the construct of the rule, as the Fed indicated it intended to do.

   a. **If confirmed, do you commit to consider permanent modifications to the SLR, through notice and comment, to make sure that it serves as an appropriate backstop and does not constrain banks' ability to extend credit to businesses and households?**

If confirmed, I would commit to consider modifications to the Supplementary Leverage Ratio, through notice and comment, to make sure that it serves as an appropriate backstop and does not constrain banks' ability to extend credit.

2. **Following the hearing to consider the nomination of Governor Lael Brainard as the Federal Reserve Board's Vice Chair, Gov. Brainard responded to a question I sent her regarding my desire to see our federal representatives work to defend the U.S. system of insurance regulation during discussions at the International Association of Insurance Supervisors (IAIS) – and in particular – that the U.S. advocates in favor of the IAIS treating the Aggregation Method as a comparable method to the ICS. In Gov. Brainard's response, she indicated unequivocal support from the Federal Reserve Board for this position and noted that the Fed continues to "advocate for the**

Aggregation Method to be deemed an outcome-equivalent approach for implementation of the ICS."

a. **Ms. Raskin, if confirmed as the Fed's vice chair for supervision, will you commit to the position outlined by Gov. Brainard in defending the use of the aggregation method and the state-based system of insurance regulation?**

While I am not familiar with this issue, I believe in the state-based system of insurance regulation. If confirmed, I will commit to review the position outlined by Governor Brainard in defending the use of the aggregation method and the state-based system of insurance regulation.

<u>Questions for The Honorable Sarah Bloom Raskin, of Maryland, to be Vice Chairman for Supervision and a Member of the Board of Governors of the Federal Reserve System, from Senator Jack Reed:</u>

1. **On climate-related financial risk, several large banks have taken steps to meet investor and customer demands for additional disclosures, integrate climate change into ongoing risk management, conduct scenario analysis, and achieve net-zero emissions. While I believe more certainly needs to be done, could you share your thoughts about these efforts underway at banks and how they will inform your climate-related agenda at the Federal Reserve?**

If I am confirmed, I would be supportive of efforts that banks are taking to manage risks that they are perceiving as relevant to their safety and soundness. I would attempt to learn more about the risks they are perceiving and work with them to mold appropriate risk management tools that may address their risks.

2. **What are your plans to improve cyber risk management at the banks that you will supervise?**

Cybersecurity of the financial system and operational resilience of financial institutions are significant priorities of the Federal Reserve. The risks posed by malicious cyber actors to financial institution and the broader financial system can be approached using different primary tools: supervision, regulation, public/private sector coordination and intra-governmental coordination. Each of these tools requires tailoring for the specific risk profile that the institution confronts. For example, in order to help assure cybersecurity and resilience in the U.S. financial system and financial sector, I would attempt to promote baseline protections and best practices around cybersecurity; encourage institutions in the financial sector to participate in a central hub for information where details of cybersecurity threats, vulnerability and incidents are disseminated to members; enhance response and recovery; look at efforts that the national security apparatus are engaging in regarding deterrence and enforcement efforts against cyber perpetrators; and enhance coordination with other central banks to better understand the broad range of policies and activities underway as it is related to cybersecurity for the financial sector.

3. **How can the Federal Reserve work together with other financial regulators and the intelligence community to protect consumers and our financial system from cyber risks?**

The Federal Reserve Board, in partnership with other financial regulators, can work to issue guidance aimed at enhancing the cybersecurity posture of regulated entities. For example, the Federal Reserve has imposed notification requirements on banking organization and companies that provide certain services to banking organizations in the event that they suffer a computer-security incident that is sufficiently disruptive. There is also value in establishing a framework for banking organizations to consider in developing risk management practices for the life cycle of their third-party relationships.

In terms of international coordination, the Federal Reserve can be leading or contributing to cybersecurity activities undertaken by international groups such as the Financial Stability Board, the Basel Committee on Banking Supervision, the Committee on Payment and Market Infrastructures, the International Organization of Securities Commissioners, the International Association of Insurance Supervisors, and the Group of Seven. In addition, the G7 Fundamental Elements of Cybersecurity for the Financial Sector provides opportunities for international coordination on cyber defensiveness in 7 major countries.

4. As someone who has served as both a federal and state regulator, please share your views on when you think federal preemption of state consumer protection laws is appropriate. What test would you apply? Which particular areas, if any, do you believe argue in favor of preemption and why?

Federal preemption should be asserted only in conformity with governing law. It is warranted where Congress has enacted a comprehensive federal scheme.

5. Are there any aspects of the Federal Reserve's prudential standards that you believe should be reviewed, especially regarding capital and stress testing for the largest banks?

I am currently not aware of particular aspects of the Federal Reserve's enhanced prudential standards that should be reviewed.

6. What tools can the Federal Reserve use through its existing supervisory authority and through its seat on the Financial Stability Oversight Council to limit risks posed by leverage and excessive borrowing—both in the banking sector and in the financial system more broadly?

Any risks posed by leverage and excessive borrowing in the banking sector can be monitored and evaluated through the Federal Reserve's own existing supervisory authority. In addition, as a member of FSOC, the Federal Reserve evaluates the role of leverage in the financial system more broadly. In terms of tools that the Federal Reserve may find applicable, supervisory guidance on such risks may be relevant.

7. At their confirmation hearings last month, Chair Powell and Governor Brainard said they believe that increasing housing supply would result in lower inflation in the housing market. Do you agree?

The combination of high demand and tight supply of housing has led to higher house prices. Nominal prices are at record highs in many markets, and there has been a substantial decline in housing affordability. If constraints on the availability of housing inputs – things like developable land, materials, and labor – could be removed, the price of housing could come down.

8. Are there broader economic benefits associated with an ample, affordable supply of housing for American families?

There are broader economic benefits associated with an ample affordable supply of housing for American families. Such economic benefits include lower levels of economic insecurity and enhanced possibilities of economic mobility.

9. As the Federal Reserve tightens monetary policy to meet its stable prices mandate, how should it define maximum employment and what metrics do you think are most important when determining if the economy has achieved maximum employment?

Maximum employment is a broad-based and inclusive goal, reflecting the fact that there are benefits of a strong labor market. The metrics associated with determining when this goal has been met should include measures that can reliably indicate both quantitative measures and qualitative measures of labor market health, as aggregates and for particular demographic groups.

<u>Questions for The Honorable Sarah Bloom Raskin, of Maryland, to be Vice Chairman for Supervision and a Member of the Board of Governors of the Federal Reserve System, from Senator Kyrsten Sinema:</u>

1. **As you know, we are currently witnessing the widespread effects of ongoing supply chain disruptions that have led to shortages of many industrial and consumer products, including price inflation. Much of this has been attributed to the COVID-19 pandemic. If confirmed, how will you utilize what you have observed during the pandemic to promote greater pricing stability for essential consumer and industrial goods?**

If confirmed, I would utilize observations – be they quantitative or qualitative – to promote greater pricing stability. Price stability is one part of the dual mandate, and achieving it is therefore core to the Federal Reserve's work. These observations – one example being yours regarding widespread effects of ongoing supply chain disruptions relevant to essential consumer and industrial goods – are necessary in determining the choices regarding the appropriate settings for monetary policy.

The use of observations is one that I have incorporated before. When I was a member of the Federal Reserve Board after the global financial crisis, I attended a job fair to assess particular features of the job market, i.e., ask about the type of jobs that were available, the application and hiring process, and what the terms and conditions for employment were at that particular time. Bringing these observations into the decision-making context becomes important for full consideration and deliberation, and makes for better achievement of the statutorily required goals.

2. **In January, the Federal Reserve released a discussion paper examining the potential benefits and consequences of implementing a U.S. central bank digital currency (CBDC). What are your thoughts on a CBDC, and how do you predict a CBDC would interact with the existing digital asset space?**

The Federal Reserve's discussion paper is a first step in a public discussion between the Federal Reserve and stakeholders about central bank digital currency (CBDC) in the U.S. context. A CBDC has implications across many domains, including monetary policy, payments policy, financial stability, legal authority, and supervision. There are also several technical and operational aspects that are relevant. And, as you note, there are ways in which a CBDC would interact with the existing digital asset space. If confirmed, I would look forward to reading the public comments that are submitted as a response to the discussion paper, and to learning about their implications.

3. **What benefits and consequences might the implementation of a CBDC have for everyday Arizonans?**

The Federal Reserve's discussion paper is a good launching process for understanding the benefits and consequences of a CBDC for Americans. If confirmed to the Federal Reserve Board, I would look for robust public comments to inform a complete understanding of the benefits and consequences of a CBDC. I would also look to some of the technical experimentation being conducted across the Federal Reserve System, including the Technology Lab and collaborations by different Federal Reserve Banks, to deepen my understanding.

<u>Questions for The Honorable Sarah Bloom Raskin, of Maryland, to be Vice Chairman for Supervision and a Member of the Board of Governors of the Federal Reserve System, from Senator Jon Tester:</u>

1. **It is critically important that the Fed continues to gather as much information as possible on the risks to our financial system. It's critical for the safety and soundness of the institutions the Fed regulates, our economy, and protecting the American taxpayer. Cybersecurity and cyber-attacks come to mind, but there will be many risks the FRB will need to track and evaluate during your time if confirmed to these positions,**

    a. **How will you work to address these cyber threats? How will you evaluate when new risks are arising and how to address them?**

Cyber threats continue to be a threat to the financial sector, and the misappropriation of financial data that can occur as a result of such threats can undermine depositor and customer confidence in the security of financial data. While understanding the sources and reasons for the launching of cyber threats is not within the Federal Reserve's supervisory mandates, understanding the defensive measures that financial firms can take can be looked at from a supervisory perspective. Any such cyber risk mitigation measures need to be understood from the perspective of that risk's particular application to the individual financial firm, and they must be tailored appropriately in light of the financial firm's compliance capacity. If the financial firm outsources its risk mitigation measures to a third party, that third party may need examination from the perspective of its ability to handle the work it has been asked to do on behalf of the particular financial firm.

More generally, if confirmed, I would focus cybersecurity work around particular core themes related to (i) baseline protections; (ii) information sharing; (iii) response and recovery; (iv) deterrence; and (v) coordination with law enforcement and the national security authorities. Banks themselves are often in the first position to know that new cyber threats are arising, and if the channels of communication are open between supervisors, law enforcement, and national security authorities, threats will become known very early. Table-top exercises conducted by banks are one way to prepare, as are the use of playbooks that banks can call upon in the event of a cyberattack. In my experience, these methods, as well as the use of phishing exercises and the promotion of multi-factor authentication methods, are useful ways in which banks can prepare for the continued morphing and volume and sophistication of cyberattacks.

2. **I appreciated discussing the Economic Growth, Regulatory Relief and Consumer Protection Act with you during our meeting,**

    a. **What were your concerns during debate on the legislation and in earlier drafts of the bill?**

This law has worked well in providing community banks with meaningful regulatory relief. As I have mentioned, community banks represent what is best our financial system; i.e., they are a source of enduring strength, they provide sound financial intermediation, and they are locally responsive to their local economies. It has been my view though that the federal financial regulators need to do more to tailor regulatory requirement to the specific risk profile and compliance capacity of many community banks. Much of my work as a Governor of the Federal Reserve Board from 2010 to 2014 was focused on providing this tailoring, and making sure that the examiners in fact were cognizant of the need for this tailoring. I co-led the Small Bank Subcommittee of the Bank Supervision and Regulation Committee and this forum became an important vehicle for working on these tailoring efforts.

In the days before the bill became legislation, I was concerned that the bill was not perfect. Its balance, in particular, between small bank regulatory relief and large bank regulatory relief, struck me as imperfect. The bill as it was enacted, however, assured me that it was the best that was possible. If confirmed, I would stay very attuned to the regulatory burdens confronting smaller banks, and the need for tailoring in light of the specific risks they are confronting.

b. What is your view of the bill as passed? And the actions of the Federal Reserve to implement the legislation?

The bill as passed has shown, through the test of time, to be appropriate. I believe the Federal Reserve needs to continue to be sensitive to the regulatory burdens confronting smaller banks, and the need for tailoring these burdens in light of the specific risk profiles of individual banks and their compliance capacity. I believe that bank examiners on the ground, too, need to be cognizant of the specific risk profiles and compliance capacity as they examine the banks under their supervision.

3. What more should be done to make sure that community banks can serve the Main Street businesses, workers, and families in their communities?

Community banks are a vital source of credit to Main Street businesses, workers, and families in their communities. To keep them able to lend, in a safe and sound manner, their risk profiles should be understood so that the supervisory and regulatory expectations imposed on them do not impede their ability to provide credit to their communities. Tailoring should be viewed as a regular exercise conducted by their examiners. Consultation with their other examiners – coming from both the Federal and the State level – should occur regularly so as to not unnecessarily overwhelm bank capacities.

4. Generally, what is your view and approach to the regulatory responsibilities of the Federal Reserve Board?

The supervisory and regulatory responsibilities of the Federal Reserve Board are shared within the Federal Reserve System. My recollection is that many supervisory activities are delegated to the Reserve Banks, for the banks in their geographic areas. Large banks are looked at in various ways, including through the Large Institution Supervision Coordinating Committee. At the Board level, assigned Governors participate on the Bank Supervision and Regulation Committee. The Vice Chair of Supervision has been charged by Congress with developing policy recommendations regarding supervision and regulation for the Board of Governors, and with overseeing the supervision and regulation of the firms that the Board of Governors is responsible for. If confirmed, I would abide by the law regarding the statutory responsibilities, and work within the confines of the law to meet the responsibilities that Congress has set forth in the realm of supervision and regulation.

<u>Questions for The Honorable Sarah Bloom Raskin, of Maryland, to be Vice Chairman for Supervision and a Member of the Board of Governors of the Federal Reserve System, from Senator Thom Tillis:</u>

1. **In the Fed's paper on a central bank digital currency (CBDC) there is a mention of a U.S. CBDC potentially serving a role in the preservation of the dominant international status of the dollar. However, a research report published by the Fed's own economists concluded that it is unlikely that technology alone—including the introduction and growth of "official digital currencies"—"could alter the landscape enough to completely offset the long-standing reasons the dollar has been dominant."[44]**

   Do you agree with these Fed economists that the international role and status of the dollar are due to "long-standing reasons" unrelated to whether the U.S. decides to pursue a CBDC?

For most of the last century, the preeminent role of the U.S. dollar in the global economy has been supported by the size and strength of the U.S. economy, its stability and openness to trade and capital flows, and strong property rights and the rule of law. How a central bank digital currency (CBDC) would preserve this preeminent role is not an issue that I have studied. I look forward to reviewing the comments that are provided on the Federal Reserve's CBDC paper, after the comment period has expired. I also look forward to reading other reports that evaluate this question.

2. **The Fed's CBDC discussion paper doesn't particularly explore the mutual exclusivity of some of the choices that would have to be made with respect to a U.S. CBDC. For example, for a CBDC to appeal to consumers and become widely used, it would have to be readily convertible to paper fiat currency. On the other hand, for a CBDC to be programmable and be able to implement certain types of monetary policy, such as a negative interest rate policy or a specific spending goal, the CBDC would need to remain in the hands of consumers and businesses and not be converted to paper currency.**

   As a Governor, how would you choose between some of these tradeoffs and designs to create an optimal U.S. CBDC?

If a U.S. central bank digital currency were to be created, there would be several elements to consider. Your question mentions some of them. Choosing among these tradeoffs and designs could be decided through expert consultation, review of public input, attempts at experimentation, the review of trials and limited scope experimentation, consultation and review of other attempts in other regimes, as well as considered judgements regarding the realm of statutory authorizations.

[44] Bertaut, von Beschwitz, and Curcuru, "The International Role of the U.S. Dollar," FEDS Notes (Oct. 6, 2021) available at: https://www.federalreserve.gov/econres/notes/feds-notes/the-international-role-of-the-u-s-dollar-20211006.htm.

3. Operational CBDCs that have emerged around the world have largely been small-dollar, or capped, and are often based on QR code technology (Bahamas, Cambodia, Nigeria), with a "later-in-time" settlement.

a) How is this any different than payment transactions that are conducted today via card networks like ACH and the like?

The similarities and differences between payment transactions that are conducted today via card networks and operational central bank digital currencies would require analysis and study.

b) As a Governor, how would you envision retail payments being conducted with a U.S. CBDC and, specifically, who would pay for the massive payment infrastructure (POS devices, software, CBDC interfaces) that would need to be made to allow hundreds of thousands of small businesses to accept CBDC payments?

I do not have a vision for how retail payments would be conducted with a U.S, central bank digital currency, and look forward to reading and reviewing the comments regarding this question.

4. The Fed's discussion paper on CBDC expresses a preference for intermediated CBDC, although it doesn't rule out a CBDC directly provided by the Fed and the possibility of Fed accounts that would eviscerate banking as we know it.

a) As a Governor, how would you handle the fact that CBDC in a wallet hosted by a bank or fintech would still be an obligation of the central bank and would displace commercial bank money that banks can use today to make loans and generate revenue?

I do not have a view as to intermediated central bank digital currencies, and I look forward to reading and reviewing the comments regarding this question.

b) As a follow-up, who is going to pay for KYC, AML, and sanctions compliance and screening in an intermediated model, especially if no loans can be made on the CBDC held in a wallet provided by a bank? Recently, a community banker raised the alarm on this. He crunched the numbers and found that 70% of his bank's consumer deposit accounts hold balances of less than $2,500, so assuming this CBDC had a $2,500 cap, which some have called "minimally invasive," we're looking at something that could be quite invasive and directly compete with small community banks.

I do not have a view as to paying for various compliance and screen costs, and I look forward to reading and reviewing the comments regarding this question.

5. The Fed is currently engaged in a substantial project to roll out FedNow sometime next year, which, along with The Clearing House's already operational RTP system, will provide the market with *truly* real-time payments.

Given all the money and time that have been - and will continue to be - spent to bring real-time payments to the U.S., what would the additive benefits of a CBDC be that would not exist in a world with real-time payments and do you think the costs would justify those benefits? In other words, in a world where one can move already digitized dollars around in real time, what other valid (and feasible) use cases are there for a CBDC?

The intersection between a real-time payments project and central bank digital currencies is an important one to consider, and I look forward to reading and reviewing the comments regarding this question.

6. As a governor in 2012, you had expressed concerns that the original Volcker Rule did not go far enough to curtail the behavior of banks. Since that time, Congress and the regulatory agencies have benefited from seeing the Volcker Rule in effect and now have a better understanding of the rule's practical effects and unintended consequences.

As you know, the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) was signed into law in 2018 with bipartisan support. EGRRCPA required the Federal Reserve and other financial agencies to make refinements to their regulatory regimes. Those changes included tailoring the application of prudential regulatory and supervisory standards based on banks' size and risk profiles as well as limiting the overly broad scope of the Volcker Rule.

If confirmed, would you uphold the congressionally mandated regulatory reform enacted under EGRRCPA and the recent modifications to the Volcker Rule?

It is my long-stated belief that community banks need meaningful regulatory relief. The importance of tailoring regulatory requirements to the specific risk profile and compliance capacity of many community banks is integral to supervision. If confirmed, I would abide by the law; i.e., the Congressionally mandated regulatory reform enacted under the Economic Growth, Regulatory Relief, and Consumer Protection Act and any Congressionally mandated modifications to the Volcker Rule.

<u>Questions for The Honorable Sarah Bloom Raskin, of Maryland, to be Vice Chairman for Supervision and a Member of the Board of Governors of the Federal Reserve System, from Senator Elizabeth Warren:</u>

The Fed faces many difficult decisions in the coming months and years, but one critical challenge is the need to reassure the American public that key Fed officials are meeting basic ethics standards, and that Fed officials are making decisions based on the needs of the American public rather than their own conflicted interests in their financial holdings.

President Biden's Ethics Pledge (Executive Order No. 13989), to which you are bound, requires that, for at least two years, you do not "participate in any particular matter involving specific parties that is directly and substantially related to [your] former employer or former clients, including regulations and contracts." But for you to have the full confidence of Congress and the American people, I believe more is required.

I have introduced legislation, the *Anti-Corruption and Public Integrity Act*, that would improve ethics standards and restore Americans' confidence in government officials. Although Congress has not yet passed this legislation, it sets clear standards that will allow you and other officials to serve free of the taint of financial conflicts of interests, help reduce the speed of the revolving door, and reassure the American public that you are working for them, rather than on behalf of past or future private-sector employers. These are standards that you should voluntarily seek to meet, and commitments I have secured from other high-level Administration officials.

Accordingly:

1. **Will you commit to recusing yourself from all particular matters involving companies with which you have a previous working relationship for a period of four years upon your confirmation?**

2. **Will you commit not to seek a waiver from these recusals?**

3. **Will you commit not to seek employment or compensation from, including as a result of board service, any company with any party matter before the Federal Reserve System or any financial services company for a period of four years after leaving government service?**

I have a deep appreciation for the value that ethics rules and transparency provide in promoting public confidence in our government institutions. The Biden-Harris Administration has set the highest ethical standards of any Administration for its political appointees and I will fully abide by all such requirements. In addition, I am willing to voluntarily commit to additional requirements in response to your requests.

I have worked closely with both the Federal Reserve Board and the Office of Government Ethics, and made extensive ethics commitments that are documented in my signed, written ethics agreement. If confirmed and appointed, this agreement and the particular matter recusals in the

President's Ethics Pledge (Executive Order No. 13989), which go beyond governing laws, will require me to recuse myself for a period of two years from participating personally and substantially in any particular matter involving specific parties in which I know that a former employer or client identified in my Ethics Agreement is a party or represents a party, unless I am first authorized to participate by the appropriate ethics officials. If confirmed, I agree to extend this recusal term from two years to four years. Additionally, I will ensure that I have a robust screening process in place to help implement these recusals. If confirmed, I assure you that I will execute the role of Vice Chair for Supervision with the highest standards of integrity and ethical conduct and I will work with the Board's ethics officials to diligently avoid any conflicts of interest, as well as any activities that would create even the appearance of any conflict of interest.

I also have no intention to seek a waiver from these recusals and no expectation that any such waiver will be required. If unanticipated circumstances were to arise, however, I would consider all available alternatives to a waiver before seeking one and would consult carefully with the Board's ethics officials. If confirmed, I will be mindful of both the legal requirements that govern my conduct and of the appearances of such conduct to ensure the public has no reason to question my impartiality.

Finally, I will comply with the extensive post-government employment ethics rules set by statute and regulation, as well as those in the President's Ethics Pledge, just as I have complied with the highest standards of ethics and integrity throughout my career. In addition, I will commit not to seek employment or compensation from, including as a result of board service, (a) any company with any party matter pending before the Federal Reserve Board or (b) any financial services company for a period of four years after leaving government service.

RESPONSES TO WRITTEN QUESTIONS FROM LISA DENELL COOK

Questions for Dr. Lisa DeNell Cook, of Michigan, to be a Member of the Board of Governors of the Federal Reserve System, from Chairman Sherrod Brown:

1. **Where have you excelled in past positions in attracting, hiring, and promoting people of color in positions in your organization/s? Where might there be room for improvement?**

For five years as Director and Co-Director of the American Economic Association (AEA) Summer Program, the AEA's national training program in economics, at Michigan State University (MSU), I recruited, hired, and helped to retain students, graduate student teaching assistants, faculty, and speakers from diverse backgrounds.

In my capacity as an elected member of the Executive Committee of the AEA, I have sought to promote diversity, equity, and inclusion with respect to issues related to journals, transparency, accountability, and broadening participation in the economics profession. In my role as a member of the AEA Committee on Equity, Diversity, and Professional Conduct, I have helped to identify and measure the barriers that preclude participation, especially by gender, race, and ethnicity, in the economics profession and to propose means of addressing these issues.

I have also worked with MSU's College of Social Science on issues related to faculty retention. I also served on the Racial Climate Committee to assess and address diversity and inclusion issues among students, staff, and faculty at James Madison College at MSU.

Through the Diversity in Tenure in Economics program at Duke University, I have been a mentor to junior faculty members in the economics profession through the tenure process. Through the AEA Committee on the Status of Women in the Economics Profession, I have written about mentoring junior women of color in economics and participated in mentoring sessions at the AEA annual meetings.

According to the 2019 AEA Climate Study there is significant room for improvement at all academic levels; at nearly all journals; in all sectors where economists work, and within all subfields of economics, particularly in macroeconomics and finance. The AEA has developed and circulated best practices. Academic leaders and managers in other industries must be made aware of the barriers to participation by racial and ethnic minorities and be responsible for incorporating and evaluating best practices.

2. **What specific measures will you use to evaluate the success of the Federal Reserve in understanding and addressing the needs of Black, Indigenous and people of color (BIPOC)? And, will you work with the Chair and Board to keep Congress apprised, as appropriate, on the progress being made on these measures?**

If confirmed, I would first seek to study and understand how the needs of Black, Indigenous, and people of color are currently being understood and addressed at the Federal Reserve. Then, if needed, I would offer specific suggestions for improvement based on the research and my experience in similar organizations. I would work with the Chair and Board to keep Congress apprised, as appropriate, on the progress being made on these measures.

3. What is your plan for creating an inclusive working environment for employees within your office?

If confirmed, I would seek to first understand the current working environment. If appropriate, I would recommend changes to promote an inclusive working environment based on the AEA best practices, other professional best practices implemented during my tenure as Director and Co-Director of the AEA Summer Program, and best practices based on the experience of organizations with which I have been affiliated, such as the Federal Home Loan Bank of Indianapolis.

4. During his January 2022 confirmation hearing before the Committee, in response to a question from Senator Tester about the importance of maintaining Federal Reserve independence, Chairman Powell stated, "it's essential that we work for all Americans, and that's what we do. And it's essential that we do that without regard to political considerations like the election cycles or particular political party's views on issues that are outside our mandate. You know, we have to focus on the job Congress has given us, which is maximum employment and price stability and also the payment system and financial stability and other things."

a. **Do you agree with Chairman Powell?**

I agree with Chairman Powell.

b. **Please describe why Federal Reserve independence is important?**

I have studied, lived in, and worked in emerging markets and developing countries where the central bank is not independent. In these countries, families and businesses suffered due to high inflation or hyperinflation, and such an inflationary environment distorted the economy and economic interactions and eroded their standards of living. In addition, an environment of political interference and high inflation introduced or sustained distortions in the financial system, which limited the growth and development of these economies. As a result, I would guard the independence of the Federal Reserve such that the aforementioned and similar outcomes are not visited upon American families and businesses.

<u>Questions for Dr. Lisa DeNell Cook, of Michigan, to be a Member of the Board of Governors of the Federal Reserve System, from Ranking Member Patrick J. Toomey:</u>

1. **Economists often describe quantitative easing (QE) as working through a "term premium effect." QE pushes down long-term yields by reducing the supply of Treasury debt and mortgage bonds.**

    a. **To the best of your understanding, how much do the Fed's portfolio holdings reduce the current 10-year Treasury yield? If uncertain, provide a plausible range.**

Assessing the precise effects of the Fed's asset purchases on longer-term interest rates is difficult because many factors affect interest rates, and it is challenging to parse movements in interest rates into those various factors. Economic studies give a wide range of estimates, but generally suggest that Fed bond purchases equivalent to 1 percent of GDP would lower the 10-year Treasury yield by about 6 basis points.[1] The Fed's securities holdings have risen by nearly 20 percentage points of GDP, implying reductions in the 10-year yield on the order of 100 basis points. Nonetheless, this estimate is highly uncertain.

    b. **What models or analyses inform your estimate of the Fed portfolio's TPE?**

See Eberly, Stock, and Wright (2019) referenced in the footnote below, as well as:

- <u>Policy Brief 16-4: Quantitative Easing: An Underappreciated Success (piie.com)</u>
- <u>The Fed - Issues in the Use of the Balance Sheet Tool (federalreserve.gov)</u>
- <u>The Fed - Expectations about the Federal Reserve's Balance Sheet and the Term Structure of Interest Rates</u>

2. **Traditional monetarist analysis suggests a different transmission mechanism for QE: the money supply. QE increases the amount of reserves in the banking system. A greater level of reserves earning a near-zero return drags down return on equity, incenting banks to increase lending. Lending boosts bank deposits, and therefore the money supply. In turn, all else equal, the greater money supply increases aggregate demand—and in the long run, prices.**

    a. **Do you believe this mechanism is important for explaining the transmission of monetary policy? Please explain your view and share any relevant research.**

I agree that this mechanism is a possible channel of monetary policy. The "Issues in the Balance Sheet Tool" paper noted in my response to question 1 b. above contains the following passage:

"In addition, Bernanke and Reinhart (2004), based on theories dating back to Friedman and Schwartz (1963) and Tobin (1969), suggest that the creation of reserves in the banking system as a result of central bank asset purchases can lead to portfolio substitution effects and thereby play a crucial role in the transmission of QE. The creation of reserves by the central bank implies that

[1] https://www.chicagofed.org/~/media/others/events/2019/monetary-policy-conference/review-current-framework-eberly-stock-wright-pdf.pdf.

banks need to hold a larger amount of reserves than was previously regarded as sufficient and will therefore seek to increase investments in securities and loans. Kandrac and Schlusche (2017) test such a reserve-induced transmission channel and find that reserve creation induced by QE led to an acceleration in lending activity and increased risk-taking within banks' loan portfolios."

b. Or if you do not yet have an informed view, will you commit to studying it further and briefing me and my staff?

While I believe I have an informed view, I would nonetheless commit to studying it further and briefing you and your staff, if confirmed.

3. FOMC participants have re-evaluated their views on the appropriate path of policy in light of recent inflation. In the December 2021 Summary of Economic Projections, the median FOMC participant projected three rate hikes in 2022, up from one rate hike. All participants see inflation slowing. However, three rate hikes would only raise overnight rates to between 0.75% and 1.00%. In real terms, interest rates would still be sharply negative. While these projections are not a committee forecast, these numbers suggest that participants generally believe that inflation will fall despite real interest rates remaining in negative territory.

a. How can the Fed curtail inflation when real interest rates remain negative?

The answer depends in large part on the evolution of the forces that are driving current high inflation. For example, if inflation drops back to the Fed's 2 percent objective as supply constraints abate, then interest rates may not need to rise a great deal to deliver price stability. However, if high inflation turns out to be driven by an overheating economy and excess demand, then a restrictive policy stance could well be justified to contain inflation as well as to preserve economic stability. How this evolves over time will depend on the data. It would be important for the Fed be prepared for various outcomes.

b. Does this imply that the neutral interest rate is now negative, and so a less negative rate can be contractionary?

Estimates of the neutral interest rate are highly uncertain. Nonetheless, the evidence strongly suggests that the neutral rate has declined significantly over recent decades. However, most estimates would not suggest that the neutral rate is negative. Whether it is positive or negative is an empirical matter, and I look forward to engaging more on this important topic, if confirmed.

4. In August 2020, the Federal Open Market Committee (FOMC) revised its "Statement on Longer-Run Policy Goals and Monetary Policy Strategy" to adopt flexible average inflation targeting.[2] This policy entails that, "following periods when inflation has been running below 2 percent, appropriate monetary policy will likely aim to achieve inflation moderately above 2 percent for some time." Inflation now far exceeds the

[2] "2020 Statement on Longer-Run Policy Goals and Monetary Policy Strategy," Board of Governors of the Federal Reserve System, available at https://www.federalreserve.gov/monetarypolicy/review-of-monetary-policy-strategy-tools-and-communications-statement-on-longer-run-goals-monetary-policy-strategy.htm.

Fed's 2% target. CPI inflation was 7.1% in 2021. Over the past three years, CPI inflation has averaged about 4%. Over the past four years, CPI inflation has averaged about 3%.

In January 2022, despite this tremendous failure, the FOMC unanimously reaffirmed its "Statement on Longer-Run Goals and Monetary Policy Strategy." The reaffirmed statement is identical to the version initially adopted in August 2020.

a. Is the inflation experienced today consistent with the dual mandate given to the Fed by Congress? Please answer "yes" or "no" and explain. If "no," what should the Fed have done differently in 2020 and 2021? Moreover, how would you modify the Fed's framework so that its actions produce outcomes consistent with the dual mandate?

No. After putting in place the extraordinary measures in place to keep the economy afloat in 2020, it is unclear what the Fed should have done differently in 2020 and 2021. The primary driver of the high inflation we are seeing has been the pandemic and the associated disruptions. The job of the Fed is to make sure that high inflation does not persist after the disruptions from the pandemic fade.

As I have mentioned before, I believe use of the term "transitory inflation" was not helpful in communicating about the evolution of prices. This is something the Fed could have done differently.

b. Since its adoption in January 2012, the "Statement on Longer-Run Goals and Monetary Policy Strategy" has also read, "The inflation rate over the longer run is primarily determined by monetary policy." That is, inflation is ultimately a monetary phenomenon.

c. Do you agree that inflation is ultimately a monetary phenomenon? Please answer "yes" or "no."

Yes, in the longer run inflation is a monetary phenomenon.

d. Do you agree that when it comes to controlling inflation, the buck stops with the Fed? Please answer "yes" or "no." If "no," explain why and cite any academic work on the subject that you find compelling.

Yes. However, given the unprecedented pandemic and its corresponding supply disruptions and inflation, the Federal Reserve's tools are useful in addressing aggregate demand, not supply.

5. Roughly how much of the 7.1% CPI inflation in 2021 was due to the Fed keeping monetary policy too loose for too long? For example, how much, if any, was due to the Fed keeping overnight rates at zero and buying bonds long after the economic emergency had passed?

Most advanced economies are experiencing high inflation, and the primary driver of high inflation has been the disruptions associated with the pandemic. In particular, supply disruptions have been a key factor, and those are not well addressed by monetary policy.

6. I would like to hear your views on John Taylor's research on monetary policy and the resulting Taylor rule.

a. Roughly speaking, if the Taylor rule were currently in place, what changes do you believe we might see to inflation and employment?

The Federal Reserve Bank of Cleveland has a website showing the prescriptions from some simple policy rules, including the Taylor rule. Simple Monetary Policy Rules: Latest Data (clevelandfed.org). The Taylor (1993) rule prescribes a federal funds rate of 6.3 percent in 2021:Q4 and many other rules would also imply significantly positive rates primarily because inflation is well above 2 percent. If policy were being set by the simple Taylor rule, interest rates would be very high and the implications for the economy would be severe. In particular, economic growth would be much lower, possibly negative, and unemployment would be much higher. Inflation would also be lower, but at great cost to the American people.

While the Taylor (1993) rule may have been a decent approximation of sound monetary policy for some historical periods, applying that rule in the current situation would likely lead to worse economic outcomes.

b. In principle, would you support proposals for the Fed to adopt the Taylor rule, or a similar monetary policy rule? Please answer "yes" or "no" and explain. If "yes," which rule?

John Taylor is a friend, mentor, and, as Under Secretary for International Affairs at Treasury, a former boss. I have immense respect for his work.

In general, policy rules articulate a mechanical link between the setting of policy and a small number of economic variables. Rules can be useful and provide a rough benchmark. However, it is critical to note that the use of rules still requires judgment, for example, which variables are included in the small set of variables.

In unusual times, such as this unprecedented pandemic, the relations among variables that typically hold may no longer hold. Indeed, it is important for policy to be as transparent and consistent as possible, while remaining responsive to evolving economic conditions.

7. Do you stand by your prior, repeated statement that the U.S. housing bubble (and ultimately, the Global Financial Crisis) was caused by a lack of racial diversity at the Fed resulting in Black Americans getting subprime mortgages?[3] (Note, this proposition

[3] For example, "Lisa D. Cook on diversity and innovation" (February 18, 2021) at Michigan State University, https://www.youtube.com/watch?v=movHskBtllw. Starting at the video's 40:03 time mark, you stated: "[Black Americans were] receiving these exotic mortgages when they actually deserved prime mortgages. [...] If we had looked at mortgages that were pitched to African Americans I think we would have caught this much earlier."

is different from Secretary Yellen's claim that the Fed could have done a better job with more intellectual diversity.) Please answer "yes" or "no" before explaining your answer.

A lack of diversity along several dimensions, that is, racial, gender, regional, socioeconomic background, department of Ph.D. training in economics (intellectual diversity), and lived experience, may have contributed to the Federal Reserve missing some early warning signs about the Global Financial Crisis (GFC).

In your prepared testimony, you wrote that you "have spent decades teaching, studying, and researching economic growth and <u>monetary policies</u>" (emphasis added)

a. **Please list several of your top publications, presentations, or other work product that you feel would best inform the Committee about your views on monetary policies specifically.**

Much of my research relates to factors affecting economic growth, including innovation and the rule of law. Monetary policy is covered in the macroeconomics and some development economics courses I have taught in nearly three decades of teaching. One publication that might give some insight into how I think about monetary and banking policy and financial stability would be my chapter assessing reforms implemented by the Central Bank of Nigeria in 2005 in the NBER-University of Chicago Press volume edited by Sebastian Edwards, Simon Johnson, and David Weil. "Were the Nigerian Bank Reforms of 2005 a Success…and for the Poor?" was included among the publications submitted to the Committee as requested.

8. **At your nomination hearing, in response to a question from Chairman Brown, you cited a number of experiences as having shaped your "view with respect to monetary policy," including sitting on the board of a Community Development Financial Institution (CDFI). Can you expand on how this experience shaped your views on monetary policy?**

Two important lessons have emerged from my experience on the board of a Community Development Financial Institution (CDFI) that would inform how I would approach the dual mandate in addition to executing the supervisory role with which the Federal Reserve is charged.

First, CDFI's are an important source of funding for job-creating small businesses that do not yet have relationships with traditional financial institutions. CDFI's help the economy get closer to full employment by getting capital to the best projects, irrespective of size and location. CDFI's were an important distributor of CARES Act Funds for small businesses.

Second, CDFIs are regulated by the Fed. While I know this from an academic perspective, this important supervisory role of the Fed has been illustrated on the ground. In emerging markets and developing countries where I have been an advisor, there were several instances of regulatory arbitrage among community development institutions, which introduced instability in the financial system.

9. At your nomination hearing, I asked you about the policies available to the Fed to rein in inflation, and to explain specifically how those policies would do so. In response, you did not elaborate on any of the available policies or your views on them. Instead, you said:

- **"The way I would think about it would be along with, if confirmed, along with the deliberations. [...] There's a lot of data available, lot of data available. We don't have access to all the data the Federal Reserve has, but we have a lot. And what we don't have access to is the deliberations at the time that they're being made."**

- **"[W]ith respect to the shape of the Phillips curve, what we know in economics is that this is an open research question. We know that there's a tradeoff between unemployment and inflation, but we don't necessarily know what that relationship is. And in times of uncertainty – and this is sort of my specialty."**

- **"In places of uncertainty and emerging markets in developing countries, what we know is that we have to be patient with the data."**

Based on your response, please answer the following:

a. Have your views on the Phillips curve changed given developments in recent years?

Yes. The empirical evidence from the last 40 years or so suggests that the link between unemployment and inflation has weakened, resulting in a flattened Phillips curve.

b. Are you concerned about what's currently happening with the shape of the yield curve? More generally regarding the yield curve, what developments would you find concerning?

The flattening of the yield curve we are seeing mainly reflects that investors expect the Fed to tighten monetary policy. To the extent that such actions are appropriate to promote the Fed's dual mandate goals, I do not have concerns. Many factors influence the shape of the yield curve, including foreign central banks' demand for Treasury securities.

c. How important do you think exchange rates are as a mechanism for addressing inflation?

Flexible exchange rates are an important transmission channel for monetary policy. While the Federal Reserve should not target exchange rates, its policy actions will cause exchange rates to adjust in a matter that supports the Fed's goals. For example, a tightening of monetary policy should, all else equal, cause the dollar to appreciate, which, in turn, will put downward pressure on import prices and consumer prices.

d. Please elaborate on what you mean by being "patient with the data." Do you feel that we do not have enough data to take steps to address inflation? If so, what data do you think the Fed needs in order to make an informed decision?

In a highly uncertain environment such as our economy is in right now, there could be substantial volatility in data the Fed and others use as inputs into policymaking. Therefore, policymakers may need to be more patient than they are accustomed to being. The most recent jobs report with significant revisions to two prior months of data is an example. While these data may continue to inform the direction of a change the direction of monetary policy, they would also inform the magnitude of changes required to monetary policy.

Treasury Market

10. Over the past few years, there have been several disruptions in the U.S. Treasury market (both cash and futures), which is generally considered to be the deepest and most liquid market in the world.

Some Treasury market observers have expressed concerns about regulatory fragmentation, with responsibilities divided between five or more agencies. Others have called for specific regulatory reforms, including (1) mandatory central clearing, (2) amendments to bank capital rules, and (3) additional data collection.
Do you believe that the current regulatory framework for oversight of the Treasury market is adequate? If not, what changes do you believe should be made?

I do not think the current regulatory framework is adequate. If confirmed, I would look forward to learning more about the ongoing work of the Inter-Agency Working Group regarding the proposals they are studying to make the Treasury market more resilient.

Stablecoins

11. The Federal Reserve has not made decisions on the applications for master accounts of two state-chartered banks that would use stablecoins for payments.

a. Does the Federal Reserve have the authority to deny master accounts to nonmember depository institutions?

The Federal Reserve would have the authority to approve or deny master accounts based on its criteria for evaluating such requests. I understand guidance for Reserve Bank consideration of such applications has been proposed but is not final at this time.

b. How would you work at the Federal Reserve to support innovative firms that are offering new financial services and products, such as use of, and access to, digital assets?

During my time in East Africa, I observed how innovative firms can bring financial services to the unbanked and underbanked. My 2020 proposal to use "mobile money" to get relief checks to American households was among the publications submitted to the Committee. I believe many of these new products and services hold significant promise with respect to financial inclusion. However, they also raise concerns, for example, with respect to privacy and financial stability. If confirmed, I would commit to keeping an open mind about these new products and services when considering the opportunities and challenges they present.

12. On January 20, 2022, the Federal Reserve Board released a report on Central Bank Digital Currencies (CBDC). In the report, the Fed suggests that future financial wallet providers could include banks, regulated nonbanks and other financial technology companies. In your opinion, what are the most promising ways that financial technologies can enhance access to financial services?

This is a very important topic. The Federal Reserve has just circulated a paper for comment that I have not yet had an opportunity to read in detail. However, if confirmed, I would look forward to learning more and to hearing about the challenges and opportunities of CBDCs from stakeholders, especially Congress.

13. If the Fed receives authorization from Congress for the creation of a CBDC, there will still be many crucial decisions that the Fed will have to make regarding its design and implementation. If a CBDC is not adaptable, poorly designed, or excessively manipulated by the government, the public will have other options to secure their privacy and ensure low-cost payment services.

a. Could well-regulated, privately issued stablecoins serve as a check on the design and management of any American CBDC?

This is a good question that would require further study. If confirmed, I would look forward to learning more from the comments to the discussion paper.

b. There is absolutely nothing in the history, experience, expertise, or capabilities of the Fed that lend the Fed to being a retail bank. Do you think that the Fed should provide direct retail accounts for use with a CBDC, or for any other purpose?

In general, I am a proponent of more innovation in digital payments to enhance financial inclusion. In light of the Federal Reserve's roles with respect to the payments system and financial stability, all innovation in digital products and services will need to be considered carefully and holistically. Additionally, my understanding is that the Federal Reserve Act does not authorize direct Federal Reserve accounts for individuals. This is a good question that would require further study, and if confirmed, I would look forward to assessing these issues.

14. Stablecoins offer tremendous potential benefits, including greater payment speed, lower costs, expanded access to the payment system, and programmability. I was disappointed that the recent President's Working Group (PWG) report on stablecoins failed to highlight these potential benefits and recommended a regulatory response that would limit innovation. Some would even go further, subjecting all stablecoins to securities regulation, or prohibiting their issuance if the government were to issue its own digital currency that was pegged to the value of the dollar.

a. **The PWG report recommends that all stablecoin issuers should be insured depository institutions because stablecoins have the potential to be used in payments. There are multiple companies that do not issue stablecoins that provide payment services, such as PayPal, Venmo, and Square. Do you think that these companies should also be required to be insured depository institutions in order to provide payment services?**

I agree that these are critical issues, however, I have not yet had the opportunity to read in detail the President's Working Group report on stablecoins. If confirmed, I would commit to learning more about the opportunities and challenges associated with stablecoins and to approaching decisions related to them with an open mind in deliberations with colleagues.

b. **If your answer is "no", then do you think stablecoin issuers should be treated differently and required to be insured depository institutions?**

If confirmed, I would look forward to learning more about the issues and considerations in the stablecoin realm to ensure a safe and sound payment system.

What factors lead you to this conclusion?

I have not yet had the opportunity to read in detail the President's Working Group report on stablecoins. If confirmed, I would commit to learning more about the opportunities and challenges associated with stablecoins and to approaching decisions related to them with an open mind in deliberations with colleagues.

Is there anything in the creation of a CBDC that ought to preclude well-regulated, privately issued stablecoins from co-existing with a CBDC?

It is my understanding that there is not; however, the decision whether or not to proceed with a U.S. CBDC has not been made.

c. **Most stablecoins are pegged to the U.S. dollar, and many are used in international markets. Could stablecoins contribute to the dollar's use internationally?**

This is a good question and something that would require further study.

d. **What is your personal perspective on the role of a potential digital dollar and stablecoins in our existing financial system?**

In general, I am a proponent of more innovation in digital payments to enhance financial inclusion. In light of the Federal Reserve's roles with respect to the payments system and financial stability, all innovation in digital products and services will need to be considered carefully and holistically.

Records Requests

15. I made a series of records requests more than seven months ago to the Federal Reserve Banks of San Francisco, Boston, Atlanta, and Minneapolis seeking records pertaining to some of these Federal Reserve Banks' activities that are outside the Fed's mandate.[45] In response to my records requests, none of these four Federal Reserve Banks have produced even a single requested record to date.

Do you think it is appropriate for a Fed Regional Bank to stonewall legitimate Congressional records requests? Please answer "yes" or "no."

No.

- **a. If "yes," please explain fully explain your answer.**

- **b. If "no," what steps will you take, if confirmed, to ensure that the Fed Regional Banks are responsive to Congressional records requests?**

If confirmed, I would commit to learning the process by which congressional records requests are addressed.

- **c. If confirmed, will you commit to providing any records that are in the possession, custody, or control of the Board of Governors related to my inquiry into mission creep by Regional Federal Reserve Banks described above? Please begin your answer with "yes" or "no."**

If confirmed, I will work with you on requests for information.

Politicization of the Fed

16. In 2019, Neel Kashkari, the President of the Minneapolis Fed, initiated a grass roots lobbying effort to support the "Page Amendment"—a proposed amendment to Minnesota's state constitution dealing with education policy. President Kashkari has utilized—and continues to utilize—Minneapolis Fed resources to lobby for this amendment. In fact, there is a prominent page on the Minneapolis Fed's website devoted to advocating for its passage.[6]

These political lobbying activities of President Kashkari and the Minneapolis Fed obviously jeopardize the Fed's independence and, moreover, appear to be prohibited by the Minneapolis Fed's own code of conduct, which forbids employees from engaging in political activity.

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[4] "Toomey Expands Review of Woke Mission Creep by Regional Federal Reserve Banks," Senate Banking Committee (May 24, 2021), https://www.banking.senate.gov/newsroom/minority/toomey-expands-review-of-woke-mission-creep-by-regional-federal-reserve-banks.

[5] "Toomey Launches Review of Mission Creep by Regional Federal Reserve Banks," Senate Banking Committee (Mar. 29, 2021), https://www.banking.senate.gov/newsroom/minority/toomey-launches-review-of-mission-creep-by-regional-federal-reserve-banks.

[6] "Page amendment: Every child deserves a quality public education," Federal Reserve Bank of Minneapolis (accessed Feb. 4, 2022), https://www.minneapolisfed.org/policy/education-achievement-gaps.

a. **Do you believe it is appropriate for the Minneapolis Fed—or any component of the Federal Reserve System—to be engaged in political lobbying activities, such as lobbying for an education amendment to a state constitution? Please answer "yes" or "no." If your answer is "yes," please explain fully explain your answer.**

No. While I agree that political lobbying activities could undermine the independence of the Fed, if confirmed, I would need more information to assess and understand this situation.

b. **If confirmed, will you commit to using your position as a Fed Governor to rein in the Minneapolis Fed's political lobbying activities? Please answer "yes" or "no." If your answer is "no," please explain fully explain why you will not do so. If your answer is "yes," what steps will you commit to take to rein in the Minneapolis Fed's political lobbying activities?**

The 12 Reserve Banks are independent, and their bank presidents report to their boards of directors. With such autonomy, the directors provide guidance about the general direction of each bank, and execution and management of activities are left to the management of the Bank.

17. All 12 Regional Fed Banks have been hosting a "Racism and the Economy Series" since October 2020 to "examine the ways in which structural racism manifest in America and advance actions to dismantle structural racism." According to the Minneapolis Fed's website, this series is premised upon the subjective opinion that "[r]acism forms the foundation of inequality in our society."[7]

Is it appropriate for the ostensibly independent and nonpartisan Federal Reserve to espouse divisive political rhetoric like the subjective opinion that "racism forms the foundation of inequality in our society"? Please fully explain your answer.

The 12 Reserve Banks are independent, and their bank presidents report to their boards of directors. With such autonomy, the directors provide guidance about the general direction of each Bank, and execution and management of activities are left to the management of the Bank.

18. If confirmed, will you commit to protecting the independence of the Fed by using your position as Fed Governor to rein in any and all political advocacy that is currently taking place across the Federal Reserve System? Please answer "yes" or "no."

The independence of the Fed is critical to its success and service to the American people. Yes, if confirmed, I commit to protecting the independence of the Fed.

a. **If your answer is "yes," what steps do you plan to take to rein in any and all political advocacy that is currently taking place across the Federal Reserve System?**

[7] "Racism and the Economy," Federal Reserve Bank of Minneapolis (accessed Feb. 4, 2022), https://www.minneapolisfed.org/policy/racism-and-the-economy.

I am unaware of the political advocacy that is currently taking place across the Federal Reserve System. If confirmed, I would first take the opportunity to become better informed about this concern.

b. If your answer is "no," fully explain your answer.

Recent Public Statements

19. On or around June 12, 2020, you retweeted a post on your public Twitter page that stated: "This is what #DefundThePolice means. Don't let white nationalists and Trump make you afraid of the term. Be more evolved."[8]

a. Why did you choose to elevate this tweet and post it to your Twitter page?

Is it your view that that those opposed to defunding the police can be fairly characterized as white nationalists?

b. Is it your view that "white nationalists" and/or President Trump made people afraid of the term "defunding the police"?

Prior to my nomination I sent many tweets and retweets in my personal capacity. Some of these tweets and retweets occasionally commented on political topics and issues unrelated to the Federal Reserve. I recognize the importance of maintaining an independent, nonpartisan, and impartial Federal Reserve that fulfills its mandate for all Americans. If confirmed, I will refrain from any political activity or commentary on issues outside of the Federal Reserve's purview.

On or around August 2, 2020, you retweeted a post on your public Twitter page saying: "The violence in Portland stopped the day federal officers left town. Stop saying the protestors are the violent ones."

When you chose to elevate this tweet on your public Twitter page on or around August 2, 2020, did you believe it to be true that it was federal officers in Portland, and not the protesters, who were "the violent ones"? Please answer "yes" or "no."[9]

c. If your answer is "yes," what evidence were you relying on to justify your belief that it was federal officers who were the violent ones?

d. If your answer is "no," why did you choose to propagate a statement accusing federal officers as being the instigators of violence in Portland that you knew to be false?

Prior to my nomination I sent many tweets and retweets in my personal capacity. Some of these tweets and retweets occasionally commented on political topics and issues unrelated to the

[8] https://twitter.com/drlisadcook/status/1271573434003329031.

[9] https://twitter.com/drlisadcook/status/1290054192459943936.

Federal Reserve. I recognize the importance of maintaining an independent, nonpartisan, and impartial Federal Reserve that fulfills its mandate for all Americans. If confirmed, I will refrain from any political activity or commentary on issues outside of the Federal Reserve's purview.

20. On or around July 16, 2020, you retweeted an incendiary post on your public Twitter page saying that Georgia Governor Brian Kemp is "literally trying to murder us, especially BIPOC people in South Georgia" on account of his state policy pertaining to mask mandates.[10]

When you chose to elevate this tweet on your public Twitter page on or around July 16, 2020, did you believe it to be true that Governor Kemp was "literally trying to murder" BIPOC (Black and Indigenous People of Color) with his policy pertaining to mask mandates? Please answer "yes" or "no."

- **a. If your answer is "yes," what evidence were you relying on to justify your belief that he was intentionally trying to "literally murder" Black and Indigenous People of Color?**

- **b. If your answer is "no," why did you choose to propagate a statement accusing the Governor of George of attempted murder that you knew to be false?**

Prior to my nomination I sent many tweets and retweets in my personal capacity. Some of these tweets and retweets occasionally commented on political topics and issues unrelated to the Federal Reserve. I recognize the importance of maintaining an independent, nonpartisan, and impartial Federal Reserve that fulfills its mandate for all Americans. If confirmed, I will refrain from any political activity or commentary on issues outside of the Federal Reserve's purview.

21. On or around June 3, 2020, you retweeted an incendiary post on your public Twitter page saying that the New York Times' decision to publish an opinion piece in its newspaper by Senator Tom Cotton put Black New York Times employees "in danger."[11]

When you chose to elevate this tweet on your public Twitter page on or around June 3, 2020, did you believe it to be true that the New York Times' decision to publish an opinion piece in its newspaper by Senator Tom Cotton put Black New York Times employees "in danger"? Please answer "yes" or "no."

- **a. If your answer is "yes," what evidence were you relying on to justify your belief the New York Times' publishing decision put Black New York Times' employees in danger?**

- **b. If your answer is "no," why did you choose to propagate a statement accusing the New York Times of putting Black employees in danger that you knew to be false?**

[10] https://twitter.com/drlisadcook/status/1283861044524392457.
[11] https://twitter.com/drlisadcook/status/1268382056721022976.

Prior to my nomination I sent many tweets and retweets in my personal capacity. Some of these tweets and retweets occasionally commented on political topics and issues unrelated to the Federal Reserve. I recognize the importance of maintaining an independent, nonpartisan, and impartial Federal Reserve that fulfills its mandate for all Americans. If confirmed, I will refrain from any political activity or commentary on issues outside of the Federal Reserve's purview.

22. On May 29, 2020, you tweeted "If you think this violence is not in your back yard, just wait" in response to an article with a headline entitled "White Sheriff's Deputy Recorded Brutally Punching Unarmed Black Woman In Michigan."[12] The article you tweeted alleges that the police officers' use of force was unprovoked.[13] However, the Democrat Attorney General of Michigan investigated the case and determined not only that the officer was justified in his use of force, but that felony charges should be filed against the woman.[14] The woman faced three felony charges, including three counts of resisting and obstructing an officer, one count for causing injury to an officer for her resistance, and one count for malicious destruction of police property.

Why did you choose to post that "If you think this violence is not in your back yard, just wait" to your public Twitter page in connection with this incident?

Do you acknowledge that the news story that you elevated on your public Twitter account created a false narrative of the events described in the news story? Please answer "yes" or "no."

Prior to my nomination I sent many tweets and retweets in my personal capacity. Some of these tweets and retweets occasionally commented on political topics and issues unrelated to the Federal Reserve. I recognize the importance of maintaining an independent, nonpartisan, and impartial Federal Reserve that fulfills its mandate for all Americans. If confirmed, I will refrain from any political activity or commentary on issues outside of the Federal Reserve's purview.

On June 10, 2020, you tweeted that you "agree" in response to a Twitter post saying that "The Black unemployment rate is a better indicator for the health of the overall economy than a lot of more "standard" metrics that many people tend to use."[15] Do you still agree that "The Black unemployment rate is a *better indicator* for the health of the overall economy than a lot of more 'standard' metrics that many people tend to use"? Please answer "yes" or "no."

a. If "yes," in what ways is the Black unemployment rate a better indicator of the overall economy, and what evidence are you relying on to justify your belief?

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[12] https://twitter.com/drlisadcook/status/1266323091241799680.

[13] "White Sheriff's Deputy Recorded Brutally Punching Unarmed Black Woman In Michigan," Cedric Thornton, *Black Enterprise* (May 28, 2020) https://www.blackenterprise.com/white-sheriffs-deputy-recorded-brutally-punching-unarmed-black-woman-in-michigan/.

[14] *See* https://www.mlive.com/news/ann-arbor/2020/09/attorney-general-determines-deputy-was-justified-to-punch-woman-during-arrest.html.

[15] *See* https://twitter.com/drlisadcook/status/1270775685079019522.

b. **Which "standard metrics that many people tend to use" do you think are inferior to the Black unemployment rate for purposes of determining the health of the overall economy?**

c. **If "no," what changed your mind?**

Prior to my nomination I sent many tweets and retweets in my personal capacity. Some of these tweets and retweets occasionally commented on political topics and issues unrelated to the Federal Reserve. I recognize the importance of maintaining an independent, nonpartisan, and impartial Federal Reserve that fulfills its mandate for all Americans. If confirmed, I will refrain from any political activity or commentary on issues outside of the Federal Reserve's purview.

Academic Work

23. Have you ever had a peer-reviewed article published in the Journal of Economic History? Please answer "yes" or "no." If "no," why is such an article listed on your curriculum vitae among your peer-reviewed work?

The section of my CV, whose audience is academic economists, contains items published in peer-reviewed journals. The *Journal of Economic History* is a peer-reviewed journal. Therefore, my article appearing in the *Journal of Economic History* appears in this section.

Private Sector Experience

24. In your prepared testimony, you wrote, "[t]he depth and breadth of my experience in both the public and private sectors qualify me to serve as a Federal Reserve Governor."

a. **Please list what specific private sector experience you were referring to; the dates of said private sector experience; and, why it qualifies you.**

I have worked in a large commercial bank and an investment bank (Nations Bank, 1988; Salomon Brothers, 1990) and I sit on the boards of the Federal Home Loan Bank of Indianapolis (2021 to present) and a CDFI (2015 to present). These experiences have largely given me insight about how the supervisory role of the Federal Reserve is executed, as well as about financial stability and wholesale funding. In addition, the experience at an investment bank has given me important insights concerning how market participants think and behave.

Obama Administration Council on Economic Advisers (CEA)

25. In your testimony, you cited your role on the Obama-era Council of Economic Advisers (CEA) as a qualification for serving as a Federal Reserve governor. At numerous times, you have claimed to have been the "lead" on the Eurozone crisis during your time at the CEA.

a. **Please describe this experience in greater detail.**

At the Council of Economic Advisers (CEA), I was responsible for monitoring and reporting to the Chair and Council members on economic, financial, monetary, fiscal, and other relevant developments in the eurozone during the eurozone crisis of 2011-2012. This included identifying and evaluating contemporaneous and potential threats to economic growth and financial stability in the eurozone and global economy; selecting, organizing, and preparing content for the daily briefing for White House senior staff on the eurozone; coordinating and meeting weekly with the senior staff to determine the direction of content for the daily briefing; working with junior staff to plan and execute each daily briefing; preparing briefings for the Chair on the eurozone; giving briefings on the eurozone; and writing the eurozone section of the international chapter of the 2012 Economic Report of the President. I also represented the White House on two international economic policy working groups of the Organisation for Economic Co-operation and Development (OECD) and coordinated input across CEA and relevant U.S. government agencies for related OECD reports and reviews.

b. Were you the lead for the White House, or just the CEA?

I was the lead on issues related to the eurozone at CEA. I was typically the lead for the White House on the OECD economic policy working groups, except for one time when Chair Krueger attended these meetings.

c. What were your primary responsibilities as lead?

See a. above.

d. What role, if any, did you play in the formulation of the Federal Reserve's or White House's response to the Eurozone crisis?

In general, I would imagine that the daily briefing for senior staff, other briefings, requests for information, and my discussions with and recommendations to the CEA Chair were a part of the input into formulation of the White House's response to the eurozone crisis.

e. How do you think your experience working on the Eurozone crisis at CEA is directly related to and prepared you for serving as a Fed Governor?

Yes, my experience as the CEA lead on the eurozone crisis is highly relevant to service as a Fed Governor, especially with respect to promoting the dual mandate. My experience at CEA included:

- Assessing current conditions and threats to the U.S., European, and global employment, prices, and the overall economic outlook;
- Assessing current conditions and threats to U.S., European, and global trade;
- Assessing current conditions and threats to U.S., European, and other financial institutions and financial stability;
- Understanding implications of U.S. and European Central Bank monetary policy for the U.S. and the world;
- Understanding coordination of international monetary policy led by the U.S.; and

- Collaboration and consensus-building as the coordinator of CEA, National Economic Council, and National Security Council on the eurozone daily briefing

Council on Foreign Relations (CFR) Fellowship

26. According to your CV, from September 2000-September 2001, you worked at the U.S. Treasury Department as a CFR International Affairs Fellow.

a. What was your official title in this capacity?

My title was Senior Adviser on Finance and Development.

b. Were you paid by the Treasury Department, or were you solely funded through CFR?

I believe I was solely funded by the Council on Foreign Relations (CFR).

c. Who was your direct supervisor at Treasury?

I was a CFR International Affairs Fellow (IAF) at Treasury during the 2000-2001 academic year. As an IAF and not a traditional employee of the Treasury Department, as Senior Adviser on Finance and Development, I was asked to respond and responded to requests from any senior official at Treasury related to questions on financial crises. In the "financial crisis think tank," I believe I reported directly to Caroline Atkinson and Nouriel Roubini during the Clinton Administration. This structure became fluid after the transition. I continued to respond to special requests from senior officials in International Affairs, including related to developing countries, and was helping to plan Secretary O'Neill's first trip to Africa as Treasury Secretary before 9/11 when all such international trips were canceled. I returned to Harvard as scheduled in fall 2001.

d. You were also affiliated with the Center for International Development at Harvard University (1998-2002) and Harvard's Kennedy School (1997-2002) at this time. Was your work at Treasury full- or part-time?

Since the CFR IAF was a postdoctoral fellowship, I remained affiliated with Harvard University's Center for International Development and the Kennedy School in 2000-2001, although I was not working there. The work as a CFR IAF at Treasury was full time.

27. In a call with Banking Committee staff, you said that you conducted research while at Treasury but were unable to publish it due to the underlying data being reclassified as secret. What was the topic of your research?

This research was on the measures taken and packages put together by the international community in different countries involved in the Asian financial crisis to mitigate the crisis in each country and to reduce the propagation of shocks internationally.

Work in Emerging Markets

28. At your nomination hearing, you referenced your work with emerging markets. Specifically, you said, "I've advised in a number of emerging markets and developing countries where the central bank was not independent, and every day citizens of those countries suffered tremendously as a result." You also mentioned the economic toll caused by hyper- and high inflation in those markets.

a. Please provide approximate dates when you were on the ground in Rwanda, Nigeria, and Burundi.

My recollection is that I was on the ground in Rwanda, Nigeria, and Burundi at different times from winter 1999 to spring 2000.

b. What type of work or advice did you provide for the government in Burundi?

As in Rwanda, this work was in preparation for engagement with the International Monetary Fund and involved data collection and analysis. Also, as in Rwanda, I was an employee of Harvard University and was a member of the Harvard team advising the Government of Burundi.

29. While you were in Rwanda in 1998, you advised the central bank on its first post-genocide IMF program. Who provided funding for your work in Rwanda?

I was an employee of Harvard University. Besides that, I was not aware of how or if this work was underwritten.

Federal Reserve Bank of Chicago

30. You were appointed to the Board of Directors of the Federal Reserve Bank of Chicago on January 1, 2022. In your testimony, you cited "sitting on the board of directors of the Federal Reserve Bank of Chicago" as being part of your experience that "shapes [your] view with respect to monetary policy." The White House has similarly noted your service with the Chicago Fed as an important qualification for your nomination to the Board of Governors. However, you clarified to me on our February 1, 2022 phone call that you had not yet been involved in any policy work or decision-making at the Chicago Fed, and that your role so far had been limited to filling out the paperwork necessary for your appointment.

a. Please describe for the Committee how your role as a director at the Chicago Fed has shaped your views with respect to monetary policy.

After a months-long process, I was elected as a Director of the Federal Reserve Bank of Chicago in November 2021. My term began on January 1, 2022. Between November and January, I completed paperwork and read preparatory materials to be able to begin work on or after January 1, 2022. As the Chicago Fed's website mentions, the Board of Directors frequently makes decisions, sometimes every two weeks, that are inputs into the Federal Reserve's monetary policymaking process. I have participated in those decisions in meetings that have transpired since January 1, 2022.

In addition, the selection and preparation process provided insights into the governance structure, operation, and mission of Reserve Banks. In particular, this process has highlighted the importance of independence and regional representation.

Affiliations with Federal Reserve Regional Banks

31. In your testimony and written submissions, you have cited various affiliations with Federal Reserve Banks as a qualification for serving as a Federal Reserve Governor.

a. Which of these affiliations, if any, provided you with an FOMC Information Security clearance? For each affiliation, what were those clearances and your specific contributions to FOMC policymaking?

These visiting scholar positions were to do research at the Federal Reserve Bank and/or to work with a researcher or researchers at those Reserve Banks. In the course of being a visiting scholar, I engage in a range of activities, including giving public presentations and working with researchers. I would not be aware of how such presentations and other activities feed into the Federal Open Market Committee (FOMC) policymaking. During some of these visits, I became more aware of how the research function feeds into FOMC-related discussions, and how the Reserve Banks operate and interact with the Federal Reserve System. As a result, my knowledge of and familiarity with the Federal Reserve System deepened with each visit.

b. Have you ever attended a meeting of the FOMC?

No.

c. As part of these affiliations, have you contributed to the Fed's formulation of monetary policy?

As aforementioned, I would not know the specifics of whether and how research and other activities by visiting scholars is incorporated into the Fed's formulation of monetary policy.

32. One specific affiliation you cite is your participation on the Chicago Fed's Academic Advisory Council. How many meeting of this council have you attended? What was your contribution to policymaking at this meetings? Please describe in detail.

The Federal Reserve Bank of Chicago website states: "The purpose of the Academic Advisory Council is to promote communications between the Chicago Fed and representatives from the academic and business economics communities. The council meets twice a year to provide views on current policy issues to Chicago Fed President Charles Evans and other senior officials of the Bank."

I have attended three meetings of the Academic Advisory Council of the Federal Reserve Bank of Chicago. This is not a policymaking body. Rather, members of the advisory council provide insights from research related to topics of interest to the Federal Reserve Bank of Chicago. My term as a member of the Board of Directors of the Federal Reserve Bank of Chicago began on January 1, 2022. As noted previously, the Board of Directors frequently makes decisions, sometimes every two weeks, that are inputs into the Federal Reserve's monetary policymaking process. I have participated in those decisions in meetings that have transpired since my term began. I look forward to learning more about how the insights from this group of distinguished economists contribute to policymaking.

Federal Home Loan Bank of Indianapolis

33. In your testimony, you said "my work on [...] the Federal Home Loan Bank (FHLB) of Indianapolis has been really important in trying to get capital to capital-scarce places and to capital-scarce sectors. So that's what shapes my views on monetary policy." According to your committee questionnaire, you have served as a director of the Federal Home Loan Bank of Indianapolis since 2021.

a. Do you agree that it is not the role of the Federal Reserve's monetary policy to allocate capital to specific places and sectors?

I agree. The mandates of the Federal Reserve System and the Federal Home Loan Bank System are very different.

Constitutional Advice and Consent

34. As you know, the Constitution vests the Senate with the responsibility to provide advice and consent to the executive on presidential appointments. Part of that process includes the vetting of a nominee, including that nominee's public statements, by the committee of jurisdiction in the Senate.

On February 2, 2022—one day before your nomination hearing—you blocked the Republican Banking Committee Twitter account (@BankingGOP) from being able to view your personal Twitter account (@drlisadcook). Your Twitter account is public and contains over 30,000 tweets and retweets.

a. Do you think it is appropriate for a nominee seeking Senate confirmation to block the committee vetting her from seeing her otherwise public tweets?

Prior to my nomination I sent many tweets and retweets in my personal capacity. Some of these tweets and retweets occasionally commented on political topics and issues unrelated to the Federal Reserve. I recognize the importance of maintaining an independent, nonpartisan, and impartial Federal Reserve that fulfills its mandate for all Americans. If confirmed, I will refrain from any political activity or commentary on issues outside of the Federal Reserve's purview.

b. As you also know, the Fed is an independent agency answerable to Congress. If confirmed, can Republican members of the committee be assured that you will

be unbiased, transparent, and forthcoming in your communications with them?

Yes.

Congressional Oversight

35. If confirmed, do you intend to respond to information requests differently depending on who is making the Congressional information request (whether it's the chair of the Congressional committee, the ranking member, or another member of Congress)? Please answer "yes" or "no." If your answer is "yes," please explain.

If confirmed, I commit to working with you on requests for information.

36. Will you commit that, if confirmed, you will respond in a timely manner and fully comply with all information requests from me? Please answer "yes" or "no." If your answer is "no," please explain.

Yes, to the fullest extent possible.

37. Will you commit that, if confirmed, you will make yourself and any other employee of the Federal Reserve expeditiously available to provide oral testimony (including but not limited to briefings, hearings, and transcribed interviews) to the Committee on any matter within its jurisdiction, upon the request of either the Chairman or Ranking Member? Please answer "yes" or "no." If your answer is "no," please explain why.

Yes. If confirmed, I commit to working with you regarding your requests.

Answering Questions for the Record

38. Please describe with particularity the process by which you answered these questions for the record, including identifying who assisted you in answering these questions along with a brief description of their assistance.

The responses I have provided are my own. Agency staff assisted by reviewing my responses.

39. Did any person on the board of, or employed by, a 501(c)(4) organization, provide advice to you, oral or written, on your responses to these questions? If so, please list those individuals and organizations.

No.

<u>Questions for Dr. Lisa DeNell Cook, of Michigan, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Mike Crapo:</u>

1. **It was recently reported that the consumer price index rose 7 percent in December from the same month of the previous year. This is inappropriately high and it is imperative regulators do more to get this under control.**

    a. **Do you share concerns raised about the high rate of inflation? Do you agree the Fed must act urgently to address this matter?**

Yes. Along with maximum employment, stable prices constitute half of the dual mandate. Given that prices are not stable and Americans are hurting, I agree with Chair Powell that inflation is significantly above the Federal Reserve's target of two percent and that monetary policy should be focused on getting inflation back down to two percent while "sustaining an economy that includes everyone."

    b. **Do you support the Fed's so-called flexible average inflation target and, if so, could you explain how it is supposed to work?**

Yes, I support the Federal Reserve's average inflation target (AIT) framework. Fundamentally, the AIT is a policy framework based on evidence from the recent history of the business cycle and that is attentive to both sides of the dual mandate. Economists have observed that the recent long expansion was favorable to groups that were often the last to be employed in and to share in the fruits of a recovery. Therefore, pre-emptive tightening of monetary policy can prematurely extinguish an expansion, induce recession, and increase unemployment. Allowing inflation to exceed the target for a short period before altering monetary policy could bring more people into the recovery for shared prosperity is what the AIT prescribes.

    c. **In the Fed's flexible average inflation targeting framework, there does not appear to be any identification of what happens in response to inflation that misses the Fed's basic two-percent inflation goal on the high side, or what the averaging period is, or what the makeup rate should be. Therefore, it is not clear what the target is in the Fed's new framework. Do you believe there is room for the Fed to improve its new scheme in order to impose more discipline on control over inflation and more accountability for the Fed?**

The Fed's flexible AIT framework is new and it will be important to draw the right lessons from experience in assessing whether modifications to that framework would be appropriate. At this juncture, further data will be essential to drawing conclusions.

That said, there may be room for the Federal Reserve to refine and improve the flexible AIT framework, especially with respect to the communication about contemporaneous conditions and future policy responses. This is important for households, businesses, and markets to plan. If confirmed, I would look forward to participating in these discussions with colleagues on the Board.

<u>Questions for Dr. Lisa DeNell Cook, of Michigan, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Steve Daines:</u>

1. **What do you expect to be the trajectory for service sector price inflation in 2022? What factors will you monitor to project its future path?**

Labor costs constitute the largest component of prices in the service sector. While wage growth has risen substantially recently, it is unclear whether these increases will persist through 2022. The trajectory of the pandemic on workers and child- and elder-care workers, as well as supply-chain issues, will be among the factors I will continue to monitor, if confirmed.

2. **What similarities do you see with the status of emerging markets and America's post-Covid recovery?**

In general, uncertainty about the pandemic, in particular supply-chain issues, is similar in nature but traditionally more elevated in emerging markets than in the U.S. Inflation is higher in emerging markets than in the U.S., and interest rates have risen in many emerging markets. Beyond these observations, the continued outlook of these economies will be determined by the trajectory of the pandemic, corresponding supply disruptions, and other factors.

3. **What similarities/differences do you see between inflation in America and in the Euro Zone?**

Recently, both the U.S. and the eurozone have seen levels of inflation that are high relative to recent history. In both cases, much of the rise is due to food and energy inflation.

<u>**Questions for Dr. Lisa DeNell Cook, of Michigan, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Bill Hagerty:**</u>

1. **As you know, the Fed is at a critical juncture in normalizing its monetary policy and combatting the current inflation that we are experiencing. The market currently expects around 5 rate increases from the Fed for this year alone. Are you worried about the prospect of an inverted yield curve?**

The yield curve has flattened as investors expect the Fed to tighten monetary policy. However, it is not inverted. It is critical that the Fed set policy to achieve its dual mandate goals. Monitoring the effects of policy changes on the yield curve and on a broader range of financial indicators is important in assessing the appropriate stance of monetary policy. While an inverted yield curve has preceded recessions historically, the causality is far from clear. Many factors influence the shape of the yield curve.

2. **The White House has touted your experience as a member of the board of directors of the Chicago Fed when inventorying your credentials. Do you agree that this was an overstatement, or have you engaged in substantial decision making in your tenure over the past month?**

I agree that it is critically important to understand the qualifications of nominees to the Board of Governors of the Federal Reserve System. However, I do not believe this was an overstatement.

In the more than six months prior to the beginning of my term, I learned a lot about the mechanics of promoting the dual mandate as a Director of the Federal Reserve Bank of Chicago prior to election in November, after my election, and during the period of my service starting on January 1, 2022. I believe a critical part of decision-making is being as prepared as possible to learn from the most up-to-date data, evidence, and analysis before decisions are to be made. I felt prepared and informed to make the decisions I have contributed to making in the last month on the board as a result of this preparation and the preparation offered by the Chicago Fed since my term began.

My service on the Chicago Fed Board is in addition to my service on the Board of the Federal Home Loan Bank of Indianapolis (FHLBI). As you know, the FHLB system played a critical near-lender-of-last-resort role during the Global Financial Crisis. In this respect, I have learned quite a bit about U.S. financial stability from my service of more than a year on the FHLBI Board.

3. **Your website - until recently - stated that your "research has appeared in peer-reviewed journals as the American Economic Review." Do you have a publication in The American Economic Review that has been peer reviewed?**

The American Economic Review is the leading journal in economics, and it is a peer-reviewed journal. My paper with coauthor Laura Beny was published in this peer-review journal in May 2009. Until 2017, its May edition was a special issue that was still published by the American Economic Review. You will note that the citation to this journal has never changed on my CV, and this is a standard way of citing any publication in the American Economic Review. Economists and others who follow this field are well aware of what this citation signifies, and this is the audience for which my CV and website were created.

<u>Questions for Dr. Lisa DeNell Cook, of Michigan, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Cynthia Lummis:</u>

1. **I would like to ask your general views on federal preemption. When do you think it is appropriate? What test would you apply? Are there particular areas in financial services policy that warrant preemption and, if so, why?**

I am not familiar with issues related to federal preemption. However, if confirmed, I would look forward to learning more about this topic.

<u>Questions for Dr. Lisa DeNell Cook, of Michigan, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Robert Menendez:</u>

1. **The Class B Directors at the Federal Reserve Banks are supposed to represent the public, but they are predominantly white, male, and come from banks and large businesses. Part of the problem is that the selection process for these directors lacks transparency, and therefore the predominately white, male, and corporate-centered individuals that choose Fed Directors continue to select people that look and think like they do.**

    a. **If confirmed will you commit to working with my office to bring greater transparency and public input the director selection process?**

Yes.

2. **Even as the economy as a whole is recovering from the pandemic, recent data from the Bureau of Labor Statistics indicates that we are continuing to lose child care workers.**

    a. **If we continue to lose child care workers and working families have less access to child care, how will that affect the overall labor market?**

Indeed, the pandemic is still governing the trajectory of the recovery. Working parents of small children depend substantially on childcare workers to support their participation in the labor force. Without the traditional support system of childcare, for example, grandparents, readily available during the pandemic, the lack of childcare has become a binding constraint on labor force participation for working parents. I would expect labor force participation to continue falling for parents of small children, if childcare workers continue to exit the labor force.

    b. **Could a program that invests in sustainable and affordable child care, like the one proposed in the Build Back Better Act, allow more parents and particularly low- income and minority women to go back to participating in the full-time labor force?**

Participation in the workforce, especially for women, has been impacted by the challenges from securing childcare. We see that this continues to weigh on participation generally in spite of increases in participation among women in the workforce. I look forward to getting further into this and other issues related to participation in the workforce should I be confirmed.

Questions for Dr. Lisa DeNell Cook, of Michigan, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Jon Ossoff:

1. **What have been the distributional effects of quantitative easing policies since 2006, (a) in your opinion and (b) according to peer-reviewed economic scholarship?**

I have not studied this issue in detail. However, if confirmed, I would look forward to learning more about the distributional effects of quantitative easing policies since 2006, including from peer-reviewed economic scholarship.

2. **What are the most significant threats to U.S. and global financial stability?**

From my experience with this issue at Council of Economic Advisers and at financial institutions with which I have been affiliated, I think cybersecurity is the most significant threat to U.S. and global financial stability. If confirmed, I would commit to learning more and addressing this issue.

3. **What is your opinion of policy proposals broadly referred to as "Fed accounts"?**

In general, I am an advocate for financial inclusion such that more American families and businesses can participate fully in and share the prosperity of our economy. However, I am not familiar with all of the proposals and research related to "Fed accounts." If confirmed, I would look forward to informing myself more and evaluating these proposals with the best evidence and an open mind.

4. **What is your opinion of policy proposals broadly referred to as "postal banking"?**

In the countries where I have studied, lived, and worked, I have seen models of postal banking that have performed well and that have performed poorly. If confirmed, I would look forward to informing myself more and evaluating these proposals with the best evidence and an open mind.

5. **What are the potential long-run effects of money supply growth on the value and stability of the U.S. dollar?**

This is a complicated issue, because there are many factors affecting the stability of the U.S. dollar, including some factors outside of the Federal Reserve's control. The value and stability of the U.S. dollar is ultimately determined by the strength, stability, and fundamentals of the U.S. economy and the faith that investors have around the world in our institutions, including the rule of law. While the Treasury Department has responsibility for U.S. dollar policy, the Fed has an important role to play. Price stability is critical for a stable value of the dollar in global markets. Persistently high inflation would undermine the value of the dollar and could threaten its role as the main reserve currency. This is another reason why it is so important that the Fed ensures that inflation returns to its 2 percent goal.

Several decades ago, growth in the money supply had a reasonably tight connection to inflation, but that relationship broke down years ago. As a result, the money supply is no longer very informative for the performance of the economy, including inflation. If confirmed, I would look forward to engaging more on these issues.

6. When making monetary policy decisions, should the FOMC consider the impact of interest rate increases on the public cost of Federal debt service in determining the effects of monetary policy on employment and price stability? What are the linkages between interest rates, Federal debt service, employment, and price stability?

The cost of federal debt relates to fiscal policy. The domain of the Federal Reserve is monetary policy. If confirmed, I would look forward to learning more about these issues.
Currently, the level of interest rates is historically low. Appropriate policy will lead to an interest rate that supports long term growth and price stability. These are the best conditions for a sustained expansion will help support the ability to service the debt, but in the long run the appropriate level of federal debt is a matter for Congress.

7. When making monetary policy decisions, should the FOMC consider the impact of interest rate increases on financial market stability and asset valuations? What is the nature of the linkages between financial market stability, asset valuations, the employment rate, and price stability?

The relationship between monetary policy and financial stability is very complicated. Monetary policy is a blunt tool to address vulnerabilities in specific sectors. Other (macroprudential and microprudential) policies are better suited to address such circumstances. In addition, a strong, stable economy with price stability is generally good for financial stability, but policymakers need to monitor carefully.

8. How should the Federal Reserve's approach to monetary policy change?

Recent developments in prices and employment are providing a first real test of the Federal Reserve's Average Inflation Target, which I support. I would reserve judgment about the Federal Reserve's approach to monetary policy until it has run the course that has been articulated.

9. What are the potential benefits of a so-called "Central Bank Digital Currency?" What are the potential negative consequences?

I have not had the opportunity to read the Federal Reserve's central bank digital currency discussion paper in detail. However, I would look forward to the comments from stakeholders elicited by the study. If confirmed, I would look forward to the opportunity to understand input from all stakeholders, especially from Congress whose input is integral to the Federal Reserve's consideration of a U.S. central bank digital currency (CBDC).

10. What is the effect of monetary policy on labor force participation?

To the extent that monetary policy affects the saving decision and the labor-leisure tradeoff, the price of money is relevant.

Further, sustaining a strong labor market can encourage participation and bring great benefits to segments of the population who are all too often left behind. These are the lessons from *Fed Listens* sessions and the last economic expansion. As Chair Powell has said, sustaining a strong labor market requires price stability.

11. Why have historically low interest rates been necessary to sustain U.S. economic growth over the past two decades? Do you expect this trend to continue? Why or why not?

In my research, I typically focus on other features of economic growth, such as innovation.

Structural factors such as demographics, technological change, and demand for safe assets have appeared to put downward pressure on the general level of interest rates (or equilibrium interest rates) over recent decades. As one of the papers presented at the Jackson Hole conference last year suggested, much important work is being done by economists right now on these important topics. If confirmed, I would look forward to learning more about this issue.

12. What have been the most significant failures of U.S. monetary policy since 2006?

I believe not detecting and acting on the mortgage crisis prior to the Global Financial Crisis (GFC) was a significant shortcoming. However, this was a failure with respect to supervision and regulation. It is not clear how monetary policy could or should have reacted to the subprime mortgage buildup.

13. What have been the most significant successes of U.S. monetary policy since 2006?

Preventing a second Great Depression is the most significant success in the wake of the GFC and during the pandemic. The Federal Reserve acted particularly swiftly and decisively at the beginning of the pandemic.

14. Why did Federal Reserve and Treasury officials assess that inflation in 2021 would be "transitory"?

Inflation was well below 2 percent coming into 2021 and the initial spike in inflation was concentrated in a few categories of goods that were clearly being affected by supply disruptions, especially motor vehicles. Over time, supply disruptions and labor shortages affected a wider range of goods and services, and high inflation has become more broad-based. The Fed did not predict these developments, but neither did virtually all other forecasters.

15. What are the economic (a) purposes and (b) effects of continued bond purchases via "quantitative easing" in Q1 2022?

Asset purchases and interest rate policies are substitutes in more normal times but not when interest rates are at the lower bound, in which case they are complements. With inflation so high and the labor market strong, the economy no longer needs very accommodative monetary policy. At the January 2022 press conference after the Federal Open Market Committee meeting, Chair Powell articulated an acceleration of the phasing out of the bond-buying program with increases in the policy rate anticipated for March. These and previous bond purchases have been shown to reduce the yield on the 10-year Treasury.

He also said, "At some point, perhaps later this year, we will start to allow the balance sheet to runoff." I would agree with him on this as a strategy of normalizing policy.

<u>Questions for Dr. Lisa DeNell Cook, of Michigan, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Jack Reed:</u>

1. **At their confirmation hearings last month, Chair Powell and Governor Brainard said they believe that increasing housing supply would result in lower inflation in the housing market. Do you agree?**

All else equal, yes.

2. **Are there broader economic benefits associated with an ample, affordable supply of housing for American families?**

According to the economics literature, there are several broader benefits associated with affordable and stable housing, including outcomes related to education, health, and the broader local economy.

3. **As the Federal Reserve tightens monetary policy to meet its stable prices mandate, how should it define maximum employment and what metrics do you think are most important when determining if the economy has achieved maximum employment?**

I think maximum employment should be determined by a broad range of indicators, such as the unemployment rate, the labor force participation rate, job openings, and wages which the Federal Reserve is already using. As I stated in my testimony, it is important to consult a wide range of indicators and not give primacy to a single metric. However, given these aggregate statistics, it will be important to understand the underlying data.

<u>Questions for Dr. Lisa DeNell Cook, of Michigan, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Kyrsten Sinema:</u>

1. **As you know, we are currently witnessing the widespread effects of ongoing supply chain disruptions that have led to shortages of many industrial and consumer products, including price inflation. Much of this has been attributed to the COVID-19 pandemic. If confirmed, how will you utilize what you have observed during the pandemic to promote greater pricing stability for essential consumer and industrial goods?**

Tools of monetary policy can affect the demand side, not the supply side where the pandemic-induced disruptions are. Once used, these tools can precipitate greater price stability for all prices in the economy. A change in the fed funds rate is a broad instrument and would affect all sectors of the economy, not just those in which essential consumer and industrials goods are made. And, given the experience of inflation over the course of the pandemic, I would be keenly focused on whether price increases are becoming or may become persistent.

2. **In January, the Federal Reserve released a discussion paper examining the potential benefits and consequences of implementing a U.S. central bank digital currency (CBDC). What are your thoughts on a CBDC, and how do you predict a CBDC would interact with the existing digital asset space?**

From my experience studying and observing the impact of mobile money in East Africa, I am very aware of the opportunities mobile money can provide to the unbanked and underbanked. In general, digital currencies and assets bring their own challenges, as well, including related to privacy. From my understanding of digital currencies, they can be complements of current currency. If confirmed, I would look forward to the opportunity to understand input from stakeholders, especially from Congress whose input is integral to the Federal Reserve's consideration of a U.S. central bank digital currency (CBDC).

3. **What benefits and consequences might the implementation of a CBDC have for everyday Arizonans?**

A CBDC could address issues related to financial inclusion and could address the issue of safe, efficient, and low-cost payment services for Arizonans who have little access to financial services and are unbanked or underbanked. One of the major benefits I have written about has to do with faster payments, particularly during a crisis like a pandemic or natural disaster. My 2020 proposal[16] focused on one way to get relief payments related to households quickly.

[16] See https://equitablegrowth.org/getting-money-urgently-to-low-wage-u-s-workers/.

<u>Questions for Dr. Lisa DeNell Cook, of Michigan, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Jon Tester:</u>

1. **It is critically important that the Fed continues to gather as much information as possible on the risks to our financial system. It's critical for the safety and soundness of the institutions the Fed regulates, our economy, and protecting the American taxpayer. Cybersecurity and cyber-attacks come to mind, but there will be many risks the FRB will need to track and evaluate during your time if confirmed to these positions,**

    a. **How will you work to address these cyber threats? How will you evaluate when new risks are arising and how to address them?**

I agree with the you and Chair Powell that a successful cyberattack could be a major risk to financial stability. While I have some familiarity with this issue related to my service as Vice-Chair of the Risk Oversight Committee and membership on the Technology Committee of the Board of Directors or the Federal Home Loan Bank of Indianapolis, I am not familiar with these issues in detail at the Federal Reserve. If confirmed, I would commit to learning more about cyber threats and cybersecurity, as well as how to evaluate and address them.

2. **What more should be done to make sure that community banks can serve the Main Street businesses, workers, and families in their communities?**

One major step the Federal Reserve could take is to tailor regulation and reduce the regulatory burden on community banks. In particular, it could continue to streamline the examination process of community banks. Recent measures include introducing a new and streamlined Call Report for small institutions and a risk-focused approach that aims to target examination resources to higher-risk banks. More innovation in tailoring could help ensure that banks can serve Main Street businesses, workers, and families in their communities.

3. **Generally, what is your view and approach to the regulatory responsibilities of the Federal Reserve Board? Response needed.**

In general, with respect to regulatory responsibilities, I support "tailoring" broadly, that is, appropriate rules for different sizes of banks. While I support regulatory relief for community banks, I also support keeping the most stringent requirements for the largest banks.
I would be committed to maintaining the resilience of the financial system, which is the best way to support financial stability and reduce the risk that another financial crisis may undermine our economy. The following would support such resilience

- tailoring, ensuring supervision and regulation are related to the size and risks posed by each firm,
- transparency and clarity in our supervision and regulation,
- protection of consumers,
- enforcement of fair lending laws entrusted to the Fed,
- commitment to follow the intent of Congress, and
- cost of regulation should be no greater than required.

Questions for Dr. Lisa DeNell Cook, of Michigan, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Thom Tillis:

1. **In the Fed's paper on a central bank digital currency (CBDC) there is a mention of a U.S. CBDC potentially serving a role in the preservation of the dominant international status of the dollar. However, a research report published by the Fed's own economists concluded that it is unlikely that technology alone—including the introduction and growth of "official digital currencies"—"could alter the landscape enough to completely offset the long-standing reasons the dollar has been dominant."[17]**

   Do you agree with these Fed economists that the international role and status of the dollar are due to "long-standing reasons" unrelated to whether the U.S. decides to pursue a CBDC?

While I have not read in detail the Federal Reserve recent discussion paper on central bank digital currency (CBDC), I would agree with the Fed economists on the international role and status of the dollar.

2. **The Fed's CBDC discussion paper doesn't particularly explore the mutual exclusivity of some of the choices that would have to be made with respect to a U.S. CBDC. For example, for a CBDC to appeal to consumers and become widely used, it would have to be readily convertible to paper fiat currency. On the other hand, for a CBDC to be programmable and be able to implement certain types of monetary policy, such as a negative interest rate policy or a specific spending goal, the CBDC would need to remain in the hands of consumers and businesses and not be converted to paper currency.**

   As a Governor, how would you choose between some of these tradeoffs and designs to create an optimal U.S. CBDC?

This is a very important topic. The Federal Reserve has just published a paper for comment that I have not yet had an opportunity to read in detail. However, if confirmed, I would look forward to learning more and to hearing about the challenges and opportunities of CBDCs from stakeholders, especially Congress.

3. **Operational CBDCs that have emerged around the world have largely been small-dollar, or capped, and are often based on QR code technology (Bahamas, Cambodia, Nigeria), with a "later-in-time" settlement.**

   a. **How is this any different than payment transactions that are conducted today via card networks like ACH and the like?**

[17] Bertaut, von Beschwitz, and Curcuru, "The International Role of the U.S. Dollar," FEDS Notes (Oct. 6, 2021) available at: https://www.federalreserve.gov/econres/notes/feds-notes/the-international-role-of-the-u-s-dollar-20211006.htm.

I am not yet knowledgeable enough about the CBDCs discussed in the Federal Reserve working paper to respond. However, if confirmed, I would look forward to learning more about the challenges and opportunities of CBDCs.

b. As a Governor, how would you envision retail payments being conducted with a U.S. CBDC and, specifically, who would pay for the massive payment infrastructure (POS devices, software, CBDC interfaces) that would need to be made to allow hundreds of thousands of small businesses to accept CBDC payments?

I am not yet knowledgeable enough about the CBDCs discussed in the Federal Reserve working paper to respond. However, if confirmed, I would look forward to learning more about the challenges and opportunities of CBDCs.

4. The Fed's discussion paper on CBDC expresses a preference for intermediated CBDC, although it doesn't rule out a CBDC directly provided by the Fed and the possibility of Fed accounts that would eviscerate banking as we know it.

a. As a Governor, how would you handle the fact that CBDC in a wallet hosted by a bank or fintech would still be an obligation of the central bank and would displace commercial bank money that banks can use today to make loans and generate revenue?

I am not yet knowledgeable enough about the CBDCs discussed in the Federal Reserve working paper to respond. However, if confirmed, I would look forward to learning more about the challenges and opportunities of CBDCs.

b. As a follow-up, who is going to pay for KYC, AML, and sanctions compliance and screening in an intermediated model, especially if no loans can be made on the CBDC held in a wallet provided by a bank? Recently, a community banker raised the alarm on this. He crunched the numbers and found that 70% of his bank's consumer deposit accounts hold balances of less than $2,500, so assuming this CBDC had a $2,500 cap, which some have called "minimally invasive," we're looking at something that could be quite invasive and directly compete with small community banks.

I am not yet knowledgeable enough about the CBDCs discussed in the Federal Reserve working paper to respond. However, if confirmed, I would look forward to learning more about the challenges and opportunities of CBDCs.

5. The Fed is currently engaged in a substantial project to roll out FedNow sometime next year, which, along with The Clearing House's already operational RTP system, will provide the market with *truly* real-time payments.

Given all the money and time that have been - and will continue to be - spent to bring real-time payments to the U.S., what would the additive benefits of a CBDC be that

would not exist in a world with real-time payments and do you think the costs would justify those benefits? In other words, in a world where one can move already digitized dollars around in real time, what other valid (and feasible) use cases are there for a CBDC?

I am not yet knowledgeable enough about the CBDCs discussed in the Federal Reserve working paper to respond. However, if confirmed, I would look forward to learning more about the challenges and opportunities of CBDCs.

<u>Questions for Dr. Lisa DeNell Cook, of Michigan, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Elizabeth Warren:</u>

The Fed faces many difficult decisions in the coming months and years, but one critical challenge is the need to reassure the American public that key Fed officials are meeting basic ethics standards, and that Fed officials are making decisions based on the needs of the American public rather than their own conflicted interests in their financial holdings.

President Biden's Ethics Pledge (Executive Order No. 13989), to which you are bound, requires that, for at least two years, you do not "participate in any particular matter involving specific parties that is directly and substantially related to [your] former employer or former clients, including regulations and contracts." But for you to have the full confidence of Congress and the American people, I believe more is required.

I have introduced legislation, the *Anti-Corruption and Public Integrity Act*, that would improve ethics standards and restore Americans' confidence in government officials. Although Congress has not yet passed this legislation, it sets clear standards that will allow you and other officials to serve free of the taint of financial conflicts of interests, help reduce the speed of the revolving door, and reassure the American public that you are working for them, rather than on behalf of past or future private-sector employers. These are standards that you should voluntarily seek to meet, and commitments I have secured from other high-level Administration officials.

Accordingly:

1. **Will you commit to recusing yourself from all particular matters involving companies with which you have a previous working relationship for a period of four years upon your confirmation?**

2. **Will you commit not to seek a waiver from these recusals?**

3. **Will you commit not to seek employment or compensation from, including as a result of board service, any company with any party matter before the Federal Reserve System or any financial services company for a period of four years after leaving government service?**

I have a deep appreciation for the value that ethics rules and transparency provide in promoting public confidence in our government institutions. The Biden-Harris Administration has set the highest ethical standards of any Administration for its political appointees and I will fully abide by all such requirements. In addition, I am willing to voluntarily commit to additional requirements in response to your requests.

I have worked closely with both the Federal Reserve Board and the Office of Government Ethics, and made extensive ethics commitments that are documented in my signed, written ethics agreement. If confirmed and appointed, this agreement and the particular matter recusals in the President's Ethics Pledge (Executive Order No. 13989), which go beyond governing laws, will require me to recuse myself for a period of two years from participating personally and substantially in any particular matter involving specific parties in which I know that a former employer or client identified in my Ethics Agreement is a party or represents a party, unless I am first authorized to participate by the appropriate ethics officials. If confirmed, I agree to extend this recusal term from two years to four years. Additionally, I will ensure that I have a robust screening process in place to help implement these recusals. If confirmed, I assure you that I will execute the role of Governor with the highest standards of integrity and ethical conduct and I will work with the Board's ethics officials to diligently avoid any conflicts of interest, as well as any activities that would create even the appearance of any conflict of interest.

I also have no intention to seek a waiver from these recusals and no expectation that any such waiver will be required. If unanticipated circumstances were to arise, however, I would consider all available alternatives to a waiver before seeking one and would consult carefully with the Board's ethics officials. If confirmed, I will be mindful of both the legal requirements that govern my conduct and of the appearances of such conduct to ensure the public has no reason to question my impartiality.

Finally, I will comply with the extensive post-government employment ethics rules set by statute and regulation, as well as those in the President's Ethics Pledge, just as I have complied with the highest standards of ethics and integrity throughout my career. In addition, I will commit not to seek employment or compensation from, including as a result of Board service, (a) any company with any party matter pending before the Federal Reserve Board or (b) any financial services company for a period of four years after leaving government service.

RESPONSES TO WRITTEN QUESTIONS FROM PHILIP NATHAN JEFFERSON

Questions for Dr. Philip Nathan Jefferson, of North Carolina, to be a Member of the Board of Governors of the Federal Reserve System, from Chairman Sherrod Brown:

1. **Where have you excelled in past positions in attracting, hiring, and promoting people of color in positions in your organization/s? Where might there be room for improvement?**

In my role as vice president of academic affairs and dean of faculty at Davidson College, I oversee the recruitment, hiring, and promotion of all faculty. I have a proven record of attracting and hiring women and people of color. Of course, there is room for improvement. For example, in some disciplines we must work harder to cultivate and/or uncover candidates that would diversify our candidate pools. My view is that diversity is a source of strength. It helps to ensure that all the relevant questions are being asked. In this way, we are more likely to discover robust answers to the challenges we face. I am always looking for ways to expand access to under-represented groups in my professional workplaces.

2. **What specific measures will you use to evaluate the success of the Federal Reserve in understanding and addressing the needs of Black, Indigenous and people of color (BIPOC)? And, will you work with the Chair and Board to keep Congress apprised, as appropriate, on the progress being made on these measures?**

While not losing sight of its mandates from Congress, if confirmed, I would encourage the Federal Reserve to be aware of the nuances in its metrics. Consider the maximum employment mandate, for example. No one indicator sufficiently summarizes the state of the labor market. Therefore, defining whether the economy is at maximum employment requires a comprehensive approach. If confirmed, I would monitor several indicators including the unemployment rate, labor force participation, the employment-to-population ratio, wage growth, job vacancy rate, job hiring rate, and voluntary quits, among others. Several of these measures differ by race, ethnicity, and gender. It is important that the Federal Reserve be aware of these differences.

If confirmed, I will work with the Chair and Board to keep Congress apprised, as appropriate, on the progress being made on these measures.

3. **What is your plan for creating an inclusive working environment for employees within your office?**

If confirmed, I would welcome the opportunity to learn more about the plans and strategies in place to foster an inclusive workplace, and would seek to identify ways in which those plans and strategies could be further strengthened. In doing so, I would draw on my considerable experience to promote an inclusive workplace over the course of my academic career.

At Davidson College, I lead 245 faculty and 91 staff members as the Vice President for Academic Affairs. This year, one of the three priorities of my division (Academic Affairs) is to "Build Divisional Capacity for Diversity, Equity, and Inclusion (DEI): Faculty and staff in Academic Affairs will evaluate and revise curricula and academic processes to remove barriers for diversity, equity, and inclusion. These revisions will foster a greater sense of inclusion and belonging for faculty, staff, and students and promote free inquiry and expression." In my work at Davidson College, DEI is pursuant to mission critical objectives: belonging, and freedom of inquiry and expression.

4. **During his January 2022 confirmation hearing before the Committee, in response to a question from Senator Tester about the importance of maintaining Federal Reserve independence, Chairman Powell stated, "it's essential that we work for all Americans, and that's what we do. And it's essential that we do that without regard to political considerations like the election cycles or particular political party's views on issues that are outside our mandate. You know, we have to focus on the job Congress has given us, which is maximum employment and price stability and also the payment system and financial stability and other things."**

   a. **Do you agree with Chairman Powell?**

Yes, very much so.

   b. **Please describe why Federal Reserve independence is important?**

As I said during my nomination hearing, independence underlies all that the Federal Reserve could hope to achieve for the well-being of the American people. As a result of the Federal Reserve's adherence to the mandates given to it by the Congress and its commitment to set policy independent of political considerations, the Federal Reserve has built up considerable trust among the American people. In my view, this trust is one of the most important assets. If the Federal Reserve does not maintain its independence from political processes and pressures, it could lose the trust of the American people. A loss of confidence would erode the effectiveness of monetary policy. In the absence of the public's trust, the Federal Reserve's words and guidance would not be useful for private economic decision making. In this case, it's actions could be interpreted cynically. These outcomes would not bode well for the American economy or the well-being of the American people.

<u>Questions for Dr. Philip Nathan Jefferson, of North Carolina, to be a Member of the Board of Governors of the Federal Reserve System, from Ranking Member Patrick J. Toomey:</u>

Monetary Policy

1. **Economists often describe quantitative easing (QE) as working through a "term premium effect." QE pushes down long-term yields by reducing the supply of Treasury debt and mortgage bonds.**

    a. **To the best of your understanding, how much do the Fed's portfolio holdings reduce the current 10-year Treasury yield? If uncertain, provide a plausible range.**

The available evidence from the global financial crisis and the COVID-19 pandemic suggests that various Federal Reserve quantitative easing (QE) actions have reduced the yield on 10-year Treasury securities by 40 to 120 basis points.

b. **What models or analyses inform your estimate of the Fed portfolio's TPE?**

While I am open to learning from a wide variety of quantitative models, structural vector auto regression models (SVAR) provide a useful middle ground between stochastic general equilibrium models and traditional multi-equation econometric models. SVARs allow us to identify and estimate the dynamic effect of a QE shock.[1]

2. **Traditional monetarist analysis suggests a different transmission mechanism for QE: the money supply. QE increases the amount of reserves in the banking system. A greater level of reserves earning a near-zero return drags down return on equity, incenting banks to increase lending. Lending boosts bank deposits, and therefore the money supply. In turn, all else equal, the greater money supply increases aggregate demand—and in the long run, prices.**

    a. **Do you believe this mechanism is important for explaining the transmission of monetary policy? Please explain your view and share any relevant research.**

Yes. The channel described could be active, but it is only one of multiple channels of monetary policy. Lower long-term interest rates also stimulate investment and consumption. I do not think that we must choose either/or here. Underlying this question seems to be another question about the long-run neutrality of money. While I believe that money is neutral in the long run, even here there is nuance. I published an empirical paper on this topic that makes a distinction between the various components of the money stock: "On the Neutrality of Inside and Outside Money," Economica, Vol. 64, No. 256, November 1997, pp. 567-586. In that paper, I conclude "Small but significant deviations from neutrality for inside money are found over a range of identifying assumptions."

[1] *See*, for example, Kyungmin Kim, Thomas Laubach, and Min Wei (June 2020): "Macroeconomic Effects of Large-Scale Asset Purchases: New Evidence," Finance and Economics Discussion Series (FEDS). DOI: https://doi.org/10.17016/FEDS.2020.047

b. Or if you do not yet have an informed view, will you commit to studying it further and briefing me and my staff?

Yes. If confirmed, I would love to study this matter further and to brief you and your staff. Monetary economics is one of my passions in economics. I have spent many years thinking very hard about these issues.

3. FOMC participants have re-evaluated their views on the appropriate path of policy in light of recent inflation. In the December 2021 Summary of Economic Projections, the median FOMC participant projected three rate hikes in 2022, up from one rate hike. All participants see inflation slowing. However, three rate hikes would only raise overnight rates to between 0.75% and 1.00%. In real terms, interest rates would still be sharply negative. While these projections are not a committee forecast, these numbers suggest that participants generally believe that inflation will fall despite real interest rates remaining in negative territory.

a. How can the Fed curtail inflation when real interest rates remain negative?

The real interest rate is the difference between the nominal interest rate and expected inflation. We cannot say what impact a change in the nominal policy interest rate will have on the corresponding real interest rate without taking a stand on expected inflation. If inflation expectations are anchored, then changes in the nominal interest rate will translate into the real interest rate one-for-one. That said, a negative real interest rate is stimulative. If confirmed, I would want to study this issue carefully. The current inflation rate is high relative to the Federal Reserve's target. The Federal Reserve must take steps to reduce inflation to its target of 2 percent in an orderly fashion.

b. Does this imply that the neutral interest rate is now negative, and so a less negative rate can be contractionary?

This is an intriguing question because from the perspective of economic theory it raises a deep question about the marginal product of physical capital. Specifically, can the marginal product of physical capital be negative in equilibrium? I find this hard to believe because a negative marginal product of physical capital would suggest that there is "too much" physical capital in the economy and that the optimal thing to do would be to reduce the amount of physical capital. Given this intuition, I suspect that there is more to this story. If confirmed, I would want to work with the research economists at the Board to get to understand more fully the neutral real interest rate.

4. In August 2020, the Federal Open Market Committee (FOMC) revised its "Statement on Longer-Run Policy Goals and Monetary Policy Strategy" to adopt flexible average inflation targeting.[2] This policy entails that, "following periods when inflation has been

[2] "2020 Statement on Longer-Run Policy Goals and Monetary Policy Strategy," Board of Governors of the Federal Reserve System, available at https://www.federalreserve.gov/monetarypolicy/review-of-monetary-policy-strategy-tools-and-communications-statement-on-longer-run-goals-monetary-policy-strategy.htm.

running below 2 percent, appropriate monetary policy will likely aim to achieve inflation moderately above 2 percent for some time." Inflation now far exceeds the Fed's 2% target. CPI inflation was 7.1% in 2021. Over the past three years, CPI inflation has averaged about 4%. Over the past four years, CPI inflation has averaged about 3%.

In January 2022, despite this tremendous failure, the FOMC unanimously reaffirmed its "Statement on Longer-Run Goals and Monetary Policy Strategy." The reaffirmed statement is identical to the version initially adopted in August 2020.

a. Is the inflation experienced today consistent with the dual mandate given to the Fed by Congress? Please answer "yes" or "no" and explain. If "no," what should the Fed have done differently in 2020 and 2021? Moreover, how would you modify the Fed's framework so that its actions produce outcomes consistent with the dual mandate?

No. Current inflation is above the Federal Reserve's target rate of 2 percent as measured by the personal consumption expenditure (PCE) price index. I do not feel as though I have enough information to opine on what the Federal Reserve should have done in real time. As noted in the preamble of this question, the framework is quite new. It has only been in place under the unusual and unprecedented conditions of the COVID-19 pandemic. Thus, while I agree that inflation is currently above the Federal Reserve's target, I am reluctant to pass judgement on the new framework as a mechanism for achieving the dual mandate set by Congress. If confirmed, addressing price stability would be foremost in my mind given recent performance of the labor market.

b. Since its adoption in January 2012, the "Statement on Longer-Run Goals and Monetary Policy Strategy" has also read, "The inflation rate over the longer run is primarily determined by monetary policy." That is, inflation is ultimately a monetary phenomenon.

Do you agree that inflation is ultimately a monetary phenomenon? Please answer "yes" or "no."

Yes.

c. Do you agree that when it comes to controlling inflation, the buck stops with the Fed? Please answer "yes" or "no." If "no," explain why and cite any academic work on the subject that you find compelling.

Yes.

5. Roughly how much of the 7.1% CPI inflation in 2021 was due to the Fed keeping monetary policy too loose for too long? For example, how much, if any, was due to the Fed keeping overnight rates at zero and buying bonds long after the economic emergency had passed?

These questions are difficult because we do not know the counter-factual: the inflation rate today if the Federal Reserve had begun its taper sooner. The difference between the current and counter-factual inflation rates would be an answer to these questions. What is clear is that current inflation is above the Federal Reserve's target of 2 percent. If confirmed, addressing price stability would be foremost in my mind given recent performance of the labor market.

6. **In "Nominal Debt, Default Costs, and Output" (*Journal of Macroeconomics*, 1994), you consider Irving Fisher's debt-deflation hypothesis. In your model, there are asymmetric costs to unexpected inflation/deflation. To paraphrase your work, an unexpected deflation can cause bankruptcies, which can result in recessions and society-wide losses. However, unexpected inflation only reduces the asset value of financial intermediaries, and may even be socially beneficial.**

   Twenty-eight years later, how do you think about the cost of unexpected inflation and deflation? Does unexpected inflation (like we are experiencing today) pose higher costs than your original model suggests? How would these considerations affect your monetary policy decision-making?

Thank you for your careful reading of this paper. Your questions require that I reflect on the differences between my model and the real world. The differences are significant. It follows that my assessment of the costs of unanticipated inflation and deflation are different. The current unexpected inflation is hurting American families in multiple ways including through higher prices for food, gas, and rent. While wages are growing, they are not rising as fast as inflation. For many workers, real wages have declined over the past year. These costs of inflation are meaningful and painful. If confirmed, I would think about inflation more broadly than I was able to capture in my first publication.

7. **In "Price Dynamics When There Are Alternatives to Cash Payments" (*Journal of Economics and Finance*, 2001), you find that inflation is sensitive to changes to the efficiency of non-cash payment processing. Moreover, "as alternatives to cash payment become more prominent, the volatility of real interest rates may increase" because inflation is more sensitive to these changes than nominal interest rates.**

   Since you wrote this paper, there has been a proliferation of alternatives to cash payment in the U.S. and around the world. Have we observed an increase in the volatility of real interest rates? If so, in your view, how should the increased volatility of real interest rates affect the conduct of monetary policy? Should the prospect of increase real rate volatility influence the Fed's conversations about a central bank digital currency and stablecoins?

Let me start with the last question first, there is still much to learn about a central bank digital currency (CBDC) and stablecoins. If confirmed, the prospect of increased real rate volatility would not be my primary concern about these alternative means of payment. Rather, I would focus on their safety and security for everyday Americans.

As for the first two questions, the first is an empirical question that I have not looked at recently. Intuitively, we know that nominal rates have been low, if not zero, for some time. Therefore, there has not been a lot of volatility in nominal interest rates that are controlled by policy. Thus, most of the variation in real interest rates would have been via fluctuations in expected inflation. In recent decades these expectations have been well anchored but deserve careful monitoring.

Finally, the Federal Reserve has the tools to achieve the goals given it by Congress: maximum employment and price stability. Real interest rate volatility can occur for reasons beyond the purview of the Federal Reserve. If confirmed, I would want to be aware of any asset price volatility that could impact the safety and soundness of banks and/or the financial system. The level of asset price volatility, however, is not one of the goals given to the Federal Reserve by Congress.

Treasury Market

8. **Over the past few years, there have been several disruptions in the U.S. Treasury market (both cash and futures), which is generally considered to be the deepest and most liquid market in the world.**

   Some Treasury market observers have expressed concerns about regulatory fragmentation, with responsibilities divided between five or more agencies. Others have called for specific regulatory reforms, including (1) mandatory central clearing, (2) amendments to bank capital rules, and (3) additional data collection.
   Do you believe that the current regulatory framework for oversight of the Treasury market is adequate? If not, what changes do you believe should be made?

I am not an expert in this area. If confirmed, I would want to learn more about this area.

Stablecoins

9. **The Federal Reserve has not made decisions on the applications for master accounts of two state-chartered banks that would use stablecoins for payments.**

   a. **Does the Federal Reserve have the authority to deny master accounts to nonmember depository institutions?**

I do not know the answer to this question. This sounds like a legal or statutory matter. If confirmed, I would carry out all of my duties and functions in accordance with the law. I would also want to learn more about this issue.

   b. **How would you work at the Federal Reserve to support innovative firms that are offering new financial services and products, such as use of, and access to, digital assets?**

If confirmed, my philosophy towards financial technology would be to allow innovation but to assure that the activities of the innovators do not harm everyday Americans. I would want to preserve individual privacy and protect individuals from theft.

10. On January 20, 2022, the Federal Reserve Board released a report on Central Bank Digital Currencies (CBDC). In the report, the Fed suggests that future financial wallet providers could include banks, regulated nonbanks and other financial technology companies. In your opinion, what are the most promising ways that financial technologies can enhance access to financial services?

Access to financial services is a critical issue for individuals and families who have been excluded from our financial system. This exclusion can make simple activities like getting paid and paying bills arduous and expensive. If confirmed, I would like to learn whether our current private-sector banking system could embrace these new technologies to reach more Americans.

11. If the Fed receives authorization from Congress for the creation of a CBDC, there will still be many crucial decisions that the Fed will have to make regarding its design and implementation. If a CBDC is not adaptable, poorly designed, or excessively manipulated by the government, the public will have other options to secure their privacy and ensure low-cost payment services.

a. **Could well-regulated, privately issued stablecoins serve as a check on the design and management of any American CBDC?**

Yes, if the stablecoins themselves are safe, secure, and stable.

b. There is absolutely nothing in the history, experience, expertise, or capabilities of the Fed that lend the Fed to being a retail bank. Do you think that the Fed should provide direct retail accounts for use with a CBDC, or for any other purpose?

We have a robust and mature private-sector banking system that has built in expertise in retail banking. If confirmed, I would want to learn more about a CBDC including from the public's comments to the Federal Reserve's recently issued discussion paper on this topic. If elected officials decide to authorize the Federal Reserve to issue a CBDC, it seems natural to leverage the existing financial infrastructure to implement it.

12. Stablecoins offer tremendous potential benefits, including greater payment speed, lower costs, expanded access to the payment system, and programmability. I was disappointed that the recent President's Working Group (PWG) report on stablecoins failed to highlight these potential benefits and recommended a regulatory response that would limit innovation. Some would even go further, subjecting all stablecoins to securities regulation, or prohibiting their issuance if the government were to issue its own digital currency that was pegged to the value of the dollar.

a. The PWG report recommends that all stablecoin issuers should be insured depository institutions because stablecoins have the potential to be used in payments. There are multiple companies that do not issue stablecoins that provide payment services, such as PayPal, Venmo, and Square. Do you think that these companies should also be required to be insured depository institutions in order to provide payment services?

This matter is outside of my areas of expertise. If confirmed, I would be glad to discuss this matter with you and to learn about it.

b. If your answer is "no", then do you think stablecoin issuers should be treated differently and required to be insured depository institutions?

I am unsure. A careful answer to this question requires more knowledge of the institutional background on stablecoin providers than I have at this moment. For example, I know from my own experience with Venmo that there are limits to the amounts that can be transacted within a particular timeframe, say a month. Also, international transactions are prohibited. I do not know if similar constraints that limit risk exposure are present with stablecoins. If confirmed, I look forward to studying this issue more closely.

c. What factors lead you to this conclusion?

Please see my previous response.

d. Is there anything in the creation of a CBDC that ought to preclude well-regulated, privately issued stablecoins from co-existing with a CBDC?

Not to my knowledge, which is admittedly limited on this subject. If confirmed, I look forward to studying this issue more closely.

e. Most stablecoins are pegged to the U.S. dollar, and many are used in international markets. Could stablecoins contribute to the dollar's use internationally?

Possibly. If confirmed, I look forward to studying this issue more closely.

f. What is your personal perspective on the role of a potential digital dollar and stablecoins in our existing financial system?

The potential of these financial innovations to improve access to the financial system and the well-being of the American people is of inherent interest. Like most new technologies, we must figure out the right way to implement these new financial instruments and payment methods. Innovation is an important part of a vibrant economy but we must minimize the potential harm to American consumers, households, and business as we add these new products to our financial landscape.

Records Requests

13. I made a series of records requests more than seven months ago to the Federal Reserve Banks of San Francisco, Boston, Atlanta, and Minneapolis seeking records pertaining to some of these Federal Reserve Banks' activities that are outside the Fed's mandate.[3][4] In response to my records requests, none of these four Federal Reserve Banks have produced even a single requested record to date.

Do you think it is appropriate for a Fed Regional Bank to stonewall legitimate Congressional records requests? Please answer "yes" or "no."

a. If "yes," please explain fully explain your answer.

I believe it is important for the Federal Reserve to work with Congress on their requests for information.

b. If "no," what steps will you take, if confirmed, to ensure that the Fed Regional Banks are responsive to Congressional records requests?

I am not informed about the particulars of the Federal Reserve banks' internal procedures for processing records requests. However, as I noted above, I do think it is important that the Federal Reserve work with Congress on requests for information.

c. If confirmed, will you commit to providing any records that are in the possession, custody, or control of the Board of Governors related to my inquiry into mission creep by Regional Federal Reserve Banks described above? Please begin your answer with "yes" or "no."

As I noted above, I believe it is important to be responsive to requests for information from Congress. If confirmed, then yes, I commit to working with you on information requests.

Politicization of the Fed

14. In 2019, Neel Kashkari, the President of the Minneapolis Fed, initiated a grass roots lobbying effort to support the "Page Amendment"—a proposed amendment to Minnesota's state constitution dealing with education policy. President Kashkari has utilized—and continues to utilize—Minneapolis Fed resources to lobby for this amendment. In fact, there is a prominent page on the Minneapolis Fed's website devoted to advocating for its passage.[5]

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[3] "Toomey Expands Review of Woke Mission Creep by Regional Federal Reserve Banks," Senate Banking Committee (May 24, 2021), https://www.banking.senate.gov/newsroom/minority/toomey-expands-review-of-woke-mission-creep-by-regional-federal-reserve-banks.

[4] "Toomey Launches Review of Mission Creep by Regional Federal Reserve Banks," Senate Banking Committee (Mar. 29, 2021), https://www.banking.senate.gov/newsroom/minority/toomey-launches-review-of-mission-creep-by-regional-federal-reserve-banks.

[5] "Page amendment: Every child deserves a quality public education," Federal Reserve Bank of Minneapolis (accessed Feb. 4, 2022), https://www.minneapolisfed.org/policy/education-achievement-gaps.

These political lobbying activities of President Kashkari and the Minneapolis Fed obviously jeopardize the Fed's independence and, moreover, appear to be prohibited by the Minneapolis Fed's own code of conduct, which forbids employees from engaging in political activity.

a. **Do you believe it is appropriate for the Minneapolis Fed—or any component of the Federal Reserve System—to be engaged in political lobbying activities, such as lobbying for an education amendment to a state constitution? Please answer "yes" or "no." If your answer is "yes," please explain fully explain your answer.**

I do not believe that the Federal Reserve System should be engaged in political lobbying activities and would refrain from doing so, if confirmed.

b. **If confirmed, will you commit to using your position as a Fed Governor to rein in the Minneapolis Fed's political lobbying activities? Please answer "yes" or "no." If your answer is "no," please explain fully explain why you will not do so. If your answer is "yes," what steps will you commit to take to rein in the Minneapolis Fed's political lobbying activities?**

If I am confirmed, I commit to being a nonpartisan governor and to being mindful of the narrow set of responsibilities that the Congress has entrusted the Federal Reserve with. This is within my control. As I noted in my response above, I do not believe that the Federal Reserve System should be engaged in political lobbying.

15. **All 12 Regional Fed Banks have been hosting a "Racism and the Economy Series" since October 2020 to "examine the ways in which structural racism manifest in America and advance actions to dismantle structural racism." According to the Minneapolis Fed's website, this series is premised upon the subjective opinion that "[r]acism forms the foundation of inequality in our society."[6]**

    Is it appropriate for the ostensibly independent and nonpartisan Federal Reserve to espouse divisive political rhetoric like the subjective opinion that "racism forms the foundation of inequality in our society"? Please fully explain your answer.

If I am confirmed, I commit to being a nonpartisan governor and to keeping my focus on the narrow mission given to the Federal Reserve by the Congress: maximum employment and price stability. I would also add, as I said in my opening testimony, "long-run inclusive prosperity requires that the Federal Reserve pay careful attention to the safety and soundness of banks and the stability of the financial system."

16. **If confirmed, will you commit to protecting the independence of the Fed by using your position as Fed Governor to rein in any and all political advocacy that is currently taking place across the Federal Reserve System? Please answer "yes" or "no."**

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[6] "Racism and the Economy," Federal Reserve Bank of Minneapolis (accessed Feb. 4, 2022), https://www.minneapolisfed.org/policy/racism-and-the-economy.

I care deeply about the independence of the Federal Reserve. It is essential to the conduct of effective monetary policy. At the same time, I would be concerned about overreach in my role as a governor, if confirmed. Therefore, I would not want to commit to something that would be outside of my purview as a governor. What I can commit to is keeping my focus on the narrow set of responsibilities entrusted to the Federal Reserve and the limits as prescribed by Congress.

a. **If your answer is "yes," what steps do you plan to take to rein in any and all political advocacy that is currently taking place across the Federal Reserve System?**

Respectfully, I defer to my answer above.

b. **If your answer is "no," fully explain your answer.**

Respectfully, I defer to my answer above.

Oversight

17. If confirmed, do you intend to respond to information requests differently depending on who is making the Congressional information request (whether it's the chair of the Congressional committee, the ranking member, or another member of Congress)? Please answer "yes" or "no." If your answer is "yes," please explain.

I commit to working with any Senator or Congressperson who requests information.

18. Will you commit that, if confirmed, you will respond in a timely manner and fully comply with all information requests from me? Please answer "yes" or "no." If your answer is "no," please explain.

I commit to working with you or any Senator or Congressperson who requests information.

19. Will you commit that, if confirmed, you will make yourself and any other employee of the Federal Reserve expeditiously available to provide oral testimony (including but not limited to briefings, hearings, and transcribed interviews) to the Committee on any matter within its jurisdiction, upon the request of either the Chairman or Ranking Member? Please answer "yes" or "no." If your answer is "no," please explain why.

I commit to working with any Senator or Congressperson who requests information.

Answering Questions for the Record

20. Please describe with particularity the process by which you answered these questions for the record, including identifying who assisted you in answering these questions along with a brief description of their assistance.

I answered these questions on my own. As a part of the process of finalizing my answers, I reviewed them with Board staff.

21. Did any person on the board of, or employed by, a 501(c)(4) organization, provide advice to you, oral or written, on your responses to these questions? If so, please list those individuals and organizations.

No.

<u>Questions for Dr. Philip Nathan Jefferson, of North Carolina, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Mike Crapo:</u>

1. **It was recently reported that the consumer price index rose 7 percent in December from the same month of the previous year. This is inappropriately high and it is imperative regulators do more to get this under control.**

    a. **Do you share concerns raised about the high rate of inflation? Do you agree the Fed must act urgently to address this matter?**

Inflation is a real concern of American families and business currently. It restricts our ability to make ends meet. It reduces the value of our savings. It makes driving to and from work another cost to worry about. Inflation is particularly painful when we see the price of essential goods, such as food, gas, and housing increase. The same can be said for business that face unexpectedly high costs for vital inputs like machines, tools, and equipment.

The pandemic has caused supply chain disruptions that have reduced the available supply of many goods relative to the demand for them causing rising prices. As I said in my testimony, the spike in inflation we are seeing today threatens to heighten expectations of future inflation. The Federal Reserve must remain attentive to this risk and ensure that inflation declines to levels consistent with its goals. If confirmed, the price stability component of the dual mandate would be foremost in my mind given recent performance of the labor market.

b. **Do you support the Fed's so-called flexible average inflation target and, if so, could you explain how it is supposed to work?**

Currently, the inflation rate is far above the Federal Reserve's target rate of 2 percent annual inflation. The challenge we face is to keep inflationary expectations anchored. As I said in my opening testimony, adherence to these goals will ground inflation expectations appropriately so that policy itself does not encumber private economic decision-making. I would view an orderly reduction in inflation to the Federal Reserve's current stated target to be a priority. In my view, this priority is consistent with the mandate given to the Federal Reserve by Congress.

c. **In the Fed's flexible average inflation targeting framework, there does not appear to be any identification of what happens in response to inflation that misses the Fed's basic two-percent inflation goal on the high side, or what the averaging period is, or what the makeup rate should be. Therefore, it is not clear what the target is in the Fed's new framework. Do you believe there is room for the Fed to improve its new scheme in order to impose more discipline on control over inflation and more accountability for the Fed?**

This is an important but technical question. I am reluctant to speak about the mechanics the Federal Reserve's current operating procedures because I do not know the details of them. Generally, however, the idea of averaging is that observations below the desired mean can be offset by observation above the mean and vice versa. Currently, the inflation rate in the U.S. is far above the Federal Reserve's target rate of 2 percent. Therefore, if confirmed, I would view an orderly reduction in inflation to the Federal Reserve's current stated target to be a priority. In my view, this priority is consistent with the mandate given to the Federal Reserve by Congress.

<u>Questions for Dr. Philip Nathan Jefferson, of North Carolina, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Steve Daines:</u>

1. **Which factors do you see as most responsible for the inflation we have seen over the past year, and which factors do you believe have the potential to drive future inflation?**

The inflation that we have experienced over the past year is due factors that impact aggregate supply and aggregate demand. On the supply side, the pandemic has disrupted production, distribution, and worker availability. On the demand side, there has been a shift in the consumption towards physical goods and away from services. Further, over the past year, we have seen a release of pent-up demand from the earlier in the pandemic. Also, monetary policy has been highly accommodative throughout the pandemic and fiscal policy has been expansionary. The combination of disrupted supply and strong demand have driven inflation over the past year.

2. **What similarities/differences do you see between inflation in America and in the Euro Zone?**

While I am aware of the inflation in the eurozone, I have not studied it carefully enough discern how it is similar/different from that in America. If confirmed, I would undertake such a review to understand better the relevant distinctions.

<u>Questions for Dr. Philip Nathan Jefferson, of North Carolina, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Cynthia Lummis:</u>

1. **I would like to ask your general views on federal preemption. When do you think it is appropriate? What test would you apply? Are there particular areas in financial services policy that warrant preemption and, if so, why?**

This matter is outside of my areas of expertise. If confirmed, I would look forward developing a deeper understanding of federal preemption and its implications for financial services policy. I would be glad to discuss this issue with you further.

<u>Questions for Dr. Philip Nathan Jefferson, of North Carolina, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Robert Menendez:</u>

1. **The Class B Directors at the Federal Reserve Banks are supposed to represent the public, but they are predominantly white, male, and come from banks and large businesses. Part of the problem is that the selection process for these directors lacks transparency, and therefore the predominately white, male, and corporate-centered individuals that choose Fed Directors continue to select people that look and think like they do.**

    a. **If confirmed will you commit to working with my office to bring greater transparency and public input the director selection process?**

I appreciate your concern about this important matter. Yes, if confirmed, I commit to working with your office to bring greater transparency and public input the director selection process.

2. **Even as the economy as a whole is recovering from the pandemic, recent data from the Bureau of Labor Statistics indicates that we are continuing to lose child care workers.**

    a. **If we continue to lose child care workers and working families have less access to child care, how will that affect the overall labor market?**

The ability of workers to participate in the labor force depends, in part, on the social infrastructure that supports families and households. Childcare is an important part of that infrastructure. The loss of childcare workers reduces the number and quality of options available to families who need care for their children while they are at work. In some cases, diminished access to quality child care options could cause the withdrawal from the labor force of those who are productive and willing to work. This outcome affects the overall labor market negatively. Society loses the benefit of their participation. At the individual level, there may be a loss in a worker's sense of belonging due to the involuntary withdrawal from the labor market.

    b. **Could a program that invests in sustainable and affordable child care, like the one proposed in the Build Back Better Act, allow more parents and particularly low-income and minority women to go back to participating in the full-time labor force?**

The lack of sustainable and affordable childcare could constrain some parents and particularly low-income and minority women from participating in the labor force full-time. Policies and programs that provide this kind of childcare could relax or remove this constraint. I appreciate that these are decisions that are for Congress and the administration to make.

<u>Questions for Dr. Philip Nathan Jefferson, of North Carolina, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Jon Ossoff:</u>

1. **What have been the distributional effects of quantitative easing policies since 2006, (a) in your opinion and (b) according to peer-reviewed economic scholarship?**

The purpose of the large-scale bond purchases by the Federal Reserve is to support economic recovery from the global financial crisis and the COVID-19 pandemic. An effect of the bond purchases is to put downward pressure intermediate and long-term interest rates thereby stimulating aggregate demand. In doing so, the Federal Reserve's purchases can support a stronger labor market, with more jobs and earnings for workers across the income spectrum. Low interest rates can also lead to increased asset values, and depending on who owns those assets that can have distributional effects. People at the lower end of the wealth spectrum tend to rely on wage income for their livelihoods. Thus, it is important that the Federal Reserve foster the conditions that support job growth, consistent with its maximum employment and price stability mandate. I have not reviewed the peer-reviewed economic scholarship on this matter. If confirmed, I would seek to learn more about these distributional effects.

2. **What are the most significant threats to U.S. and global financial stability?**

There are multiple risks worthy of attention including asset valuations (for example, house prices), borrowing by household and non-financial businesses, leverage by financial firms, and cybersecurity.

3. **What is your opinion of policy proposals broadly referred to as "Fed accounts"?**

We have a robust and mature private-sector banking system that has built in expertise in retail banking. There is a real need for greater financial inclusion and I would be interested in exploring different policy options to address it. This issue is of particular importance for demographic groups such as Native Americans, Alaskan Natives, African Americans, and Hispanics. If confirmed, I would want to learn more about a central bank digital currency (CBDC) including from the public's comments to the Federal Reserve's recently issued discussion paper on this topic. If elected officials decide to authorize the Federal Reserve to issue a CBDC, it seems natural to leverage the existing financial infrastructure to implement it.

4. **What is your opinion of policy proposals broadly referred to as "postal banking"?**

Potentially, postal banking could expand financial inclusion and wouldn't necessarily involve the Federal Reserve. In general, I support helping the unbanked/underbanked to be brought into the formal financial system. The benefits of doing so include provision of a safe place for people to store their money, receive federal payments directly and quickly, and to facilitate saving. Again, however, I would defer to Congress on whether to advance any postal banking initiatives.

5. What are the potential long-run effects of money supply growth on the value and stability of the U.S. dollar?

I am interpreting this question as one about the relationship between money supply growth and the value of the U.S. dollar in the foreign exchange markets. The value of the U.S. dollar in the foreign exchange market is under the purview of the U.S. Treasury. The demand and supply of U.S. dollars in these markets are influenced by multiple factors including cross-country differentials in interest rates, economic growth rates, and geo-political events that increase or decrease uncertainty.

6. When making monetary policy decisions, should the FOMC consider the impact of interest rate increases on the public cost of Federal debt service in determining the effects of monetary policy on employment and price stability? What are the linkages between interest rates, Federal debt service, employment, and price stability?

Debt financing is outside of the purview of the Federal Open Market Committee. The Congress has mandated that the Federal Reserve focus directly on maximum employment and price stability. Debt financing falls under the domain of the Treasury Department. Federal debt service is at best a remote and indirect link in the transmission mechanism of monetary policy.

7. When making monetary policy decisions, should the FOMC consider the impact of interest rate increases on financial market stability and asset valuations? What is the nature of the linkages between financial market stability, asset valuations, the employment rate, and price stability?

Communication of intentions is a valuable part of the Federal Reserve's conduct of monetary policy. Transparency about what it is planning to do and when will minimize, if not eliminate, the impact of interest rate increases on financial market stability. As for asset valuations, the Federal Reserve should be mindful that changes in interest rates will have an impact on them. In fact, this is one channel through which monetary policy is transmitted through the economy.

Fulfillment of the dual mandate and financial stability are interdependent. Appropriate supervision and regulation of financial institutions fosters a robust and resilient financial system. Maximum employment and price stability are easier to achieve in the context of a stable financial system. Conversely, financial stability is enhanced in a full-employment, non-inflationary economy with well-regulated and supervised financial institutions.

8. How should the Federal Reserve's approach to monetary policy change?

The Federal Reserve's approach to monetary policy is governed by the dual mandate given to it by Congress. If confirmed, I would support this approach by emphasizing the importance of clear communication, data-driven decision-making, and adherence to both aspects of the dual mandate. There may be technical details as to how the dual mandate is implemented. If confirmed, I would want to learn more about these details before forming an opinion about whether they should be changed.

9. What are the potential benefits of a so-called "Central Bank Digital Currency?" What are the potential negative consequences?

Generally, the role of any currency is to serve as a means of payment, a store of value, and a unit of account. The benefits and consequence of introducing a central bank digital currency (CBDC) hinge on how well it would do these three things. Also, I understand that the Congress would have to authorize the Federal Reserve to implement an CBDC. If confirmed, I would be eager to learn more about this financial innovation, including from the public input received in response to the Federal Reserve's CBDC discussion paper.

10. What is the effect of monetary policy on labor force participation?

Labor force participation is driven by factors such as skills, childcare, the availability of quality jobs, and family structure. Monetary policy that fosters sustained non-inflationary economic growth, provides a constructive backdrop for robust job creation that attracts workers into the labor force.

11. Why have historically low interest rates been necessary to sustain U.S. economic growth over the past two decades? Do you expect this trend to continue? Why or why not?

This is an important research question. There are multiple competing hypotheses including a glut in global savings and a fall in the marginal product of physical capital. I hesitate to make a prediction on this matter because I would not want any priors that I might have to blur my reading of the data as a governor, if confirmed.

12. What have been the most significant failures of U.S. monetary policy since 2006?

Since 2006, the two most significant economic events were the global financial crisis and the COVID-19 pandemic. I would not attribute either of these events to monetary policy. In response to these events, monetary policy has been quite accommodative since 2006. When significant events occur, however, there can be great uncertainty about the structure of the economy. This uncertainty matters for policymakers because policy decisions rely on an understanding of the mechanisms through which policy changes are transmitted to the economy. Policy mistakes can occur when shocks to the economy disrupt traditional transmission mechanisms. Since 2006, I would say that the Federal Reserve has had to learn new ways to fulfill its dual mandate. This learning process leaves room for debate about whether monetary policy responses to events since 2006 have been too much, too little, too short, or too long.

13. What have been the most significant successes of U.S. monetary policy since 2006?

In the global financial crisis, prevention of a repeat of the Great Depression was a significant success of U.S. monetary policy. Policymakers were able to draw on the lessons of the Great Depression to prevent wide-spread bank failures and a collapse of the financial system. A couple of these lessons are worth mentioning: the importance of providing liquidity to banks that are solvent but whose asset holdings are temporarily illiquid and preventing bank failures that could destabilize the banking system as whole. At the outset of the COVID-19 pandemic, actions by the Federal Reserve most likely prevented the loss of jobs and the failure of businesses and banks. Most likely, these actions helped to reduce the economic losses due to the pandemic.

14. Why did Federal Reserve and Treasury officials assess that inflation in 2021 would be "transitory"?

I do not know the answer to this question as I was not within the Federal Reserve System or at the U.S. Treasury Department at that time.

15. What are the economic (a) purposes and (b) effects of continued bond purchases via "quantitative easing" in Q1 2022?

My understanding is that the Federal Reserve is tapering its bond purchases during Q1 2022 consistent with the forward guidance it announced at the end of last year. The purpose of the bond purchases is to support economic recovery from the pandemic. The effect of the bond purchases is to keep intermediate and long-term interest rates low thereby stimulating aggregate demand.

<u>Questions for Dr. Philip Nathan Jefferson, of North Carolina, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Jack Reed:</u>

1. **At their confirmation hearings last month, Chair Powell and Governor Brainard said they believe that increasing housing supply would result in lower inflation in the housing market. Do you agree?**

Yes.

2. **Are there broader economic benefits associated with an ample, affordable supply of housing for American families?**

Yes. Access to affordable housing is a key determinant of family stability and over all well-being. In the U.S., housing is closely linked to access to schooling, nutrition, and health care.

3. **As the Federal Reserve tightens monetary policy to meet its stable prices mandate, how should it define maximum employment and what metrics do you think are most important when determining if the economy has achieved maximum employment?**

No one indicator sufficiently summarizes the state of the labor market. Therefore, defining whether the economy is at maximum employment requires a comprehensive approach. If confirmed, I would monitor several indicators including the unemployment rate, labor force participation, the employment-to-population ratio, wage growth, job vacancy rate, job hiring rate, and voluntary quits, among other things

Questions for Dr. Philip Nathan Jefferson, of North Carolina, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Kyrsten Sinema:

1. **As you know, we are currently witnessing the widespread effects of ongoing supply chain disruptions that have led to shortages of many industrial and consumer products, including price inflation. Much of this has been attributed to the COVID-19 pandemic. If confirmed, how will you utilize what you have observed during the pandemic to promote greater pricing stability for essential consumer and industrial goods?**

Inflation is a real concern of American families and business currently. It restricts our ability to make ends meet. It reduces the value of our savings. It makes driving to and from work another cost to worry about. Inflation is particularly painful when we see the price of essential goods, such as food, gas, and housing increase. The same can be said for business that face unexpectedly high costs for vital inputs like machines, tools, and equipment.

The pandemic has caused significant supply chain disruptions that have reduced the available supply of many goods relative to the demand for them causing rising prices. The pandemic has also changed the composition of aggregate demand. The monetary policy tools available to the Federal Reserve cannot resolve these supply disruptions. In addition, the Federal Reserve's tools do not allow it to target the prices of specific goods or subcategories of goods. Rather, the mandate given to the Federal Reserve by the Congress requires that it focus on the price stability in the overall economy. If confirmed, I would be attentive to both parts of the dual mandate. As I said in my opening testimony, the spike in inflation we are seeing today threatens heightened expectations of future inflation. I believe the Federal Reserve must remain attentive to this risk and ensure that inflation declines to levels consistent with its goals.

2. **In January, the Federal Reserve released a discussion paper examining the potential benefits and consequences of implementing a U.S. central bank digital currency (CBDC). What are your thoughts on a CBDC, and how do you predict a CBDC would interact with the existing digital asset space?**

I have not had the opportunity to study this discussion paper carefully. Generally, however, the role of any currency is to serve as a means of payment, a store of value, and a unit of account. The benefits and consequence of introducing a central bank digital currency (CBDC) hinge on how well it would do these three things. The purpose of the discussion paper is to pose questions for stakeholders to consider and to solicit feedback from the public and experts. Also, I understand that the Congress would have to authorize the Federal Reserve to implement a CBDC. If confirmed, I would be eager to learn more about this financial innovation and to work closely with Congress on this issue.

3. **What benefits and consequences might the implementation of a CBDC have for everyday Arizonans?**

I am not an expert on this matter. Thus, I can only speak in general terms. If a CBDC was authorized by Congress and implemented by the Federal Reserve, everyday Arizonans would expect that the CBDC is safe and sound. They would likely expect that it would be convenient, private, widely accepted, and secure from theft. Building an architecture that delivers all these features would require careful design and logistical study.

<u>Questions for Dr. Philip Nathan Jefferson, of North Carolina, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Jon Tester:</u>

1. **It is critically important that the Fed continues to gather as much information as possible on the risks to our financial system. It's critical for the safety and soundness of the institutions the Fed regulates, our economy, and protecting the American taxpayer. Cybersecurity and cyber-attacks come to mind, but there will be many risks the FRB will need to track and evaluate during your time if confirmed to these positions,**

    a. **How will you work to address these cyber threats? How will you evaluate when new risks are arising and how to address them?**

Cybersecurity is a critically import issue that could affect the safety and soundness of banks and the financial system. Few things are as disconcerting and scary as discovering that your bank account or credit card has been hacked via cyber theft. It is incumbent that the Federal Reserve do its part to minimize the risk of this happening to the American people. If confirmed, I pledge to learn all that I can about best practices to mitigate these risks and to bring the appropriate level of expertise to bear to implement policies and procedures that effectively reduce these risks.

2. **What more should be done to make sure that community banks can serve the Main Street businesses, workers, and families in their communities?**

Community banks are critical part of our financial ecosystem. They are people-facing institutions that know the businesses and families they serve personally. If confirmed, I would want to ensure that the Federal Reserve is not imposing undue regulatory burdens on community banks. Sound regulation should match the risk present. The Federal Reserve should continue to review its regulatory and supervisory practices to ensure the appropriate balance for community banks.

3. **Generally, what is your view and approach to the regulatory responsibilities of the Federal Reserve Board?**

Generally, my view and, if confirmed, my approach to the regulatory responsibilities of the Federal Reserve Board would be the basic principle that regulation be tailored to the size and level of systemic risk posed by the bank.

<u>Questions for Dr. Philip Nathan Jefferson, of North Carolina, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Thom Tillis:</u>

1. **In the Fed's paper on a central bank digital currency (CBDC) there is a mention of a U.S. CBDC potentially serving a role in the preservation of the dominant international status of the dollar. However, a research report published by the Fed's own economists concluded that it is unlikely that technology alone—including the introduction and growth of "official digital currencies"—"could alter the landscape enough to completely offset the long-standing reasons the dollar has been dominant."[7]**

   Do you agree with these Fed economists that the international role and status of the dollar are due to "long-standing reasons" unrelated to whether the U.S. decides to pursue a CBDC?

Yes. But the same research report you reference also says, "Changing consumer and investor preferences, combined with the possibility of new products, could shift the balance of perceived costs and benefits enough at the margin to overcome some of the inertia that helps to maintain the dollar's leading role." Thus, prudence could suggest that the U.S. be mindful of these potential shifts.

2. **The Fed's CBDC discussion paper doesn't particularly explore the mutual exclusivity of some of the choices that would have to be made with respect to a U.S. CBDC. For example, for a CBDC to appeal to consumers and become widely used, it would have to be readily convertible to paper fiat currency. On the other hand, for a CBDC to be programmable and be able to implement certain types of monetary policy, such as a negative interest rate policy or a specific spending goal, the CBDC would need to remain in the hands of consumers and businesses and not be converted to paper currency.**

   As a Governor, how would you choose between some of these tradeoffs and designs to create an optimal U.S. CBDC?

If confirmed, I would want to understand better the costs and benefits associated with the various features of a central bank digital currency (CBDC). With this information, I would be in a better position to weigh the tradeoffs associated with creating and implementing an optimal U.S. CBDC.

3. **Operational CBDCs that have emerged around the world have largely been small-dollar, or capped, and are often based on QR code technology (Bahamas, Cambodia, Nigeria), with a "later-in-time" settlement.**

   a) **How is this any different than payment transactions that are conducted today via card networks like ACH and the like?**

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[7] Bertaut, von Beschwitz, and Curcuru, "The International Role of the U.S. Dollar," FEDS Notes (Oct. 6, 2021) available at: https://www.federalreserve.gov/econres/notes/feds-notes/the-international-role-of-the-u-s-dollar-20211006.htm.

Currently, I am not an expert on the institutional structure of the operational CBDCs used in other countries. If confirmed, I would want to learn about this so as to better understand how a CBDC might work in the U.S., if authorized by Congress.

b) As a Governor, how would you envision retail payments being conducted with a U.S. CBDC and, specifically, who would pay for the massive payment infrastructure (POS devices, software, CBDC interfaces) that would need to be made to allow hundreds of thousands of small businesses to accept CBDC payments?

If confirmed, I commit to studying this important question further, if the Congress authorizes creation of CBDC.

4. The Fed's discussion paper on CBDC expresses a preference for intermediated CBDC, although it doesn't rule out a CBDC directly provided by the Fed and the possibility of Fed accounts that would eviscerate banking as we know it.

a) As a Governor, how would you handle the fact that CBDC in a wallet hosted by a bank or fintech would still be an obligation of the central bank and would displace commercial bank money that banks can use today to make loans and generate revenue?

If confirmed, I would want to interrogate the assumption that commercial bank money would be displaced, by carefully researching and conducting cross-country observation, provided that Congress has authorized the creation of a CBDC.

b) As a follow-up, who is going to pay for KYC, AML, and sanctions compliance and screening in an intermediated model, especially if no loans can be made on the CBDC held in a wallet provided by a bank? Recently, a community banker raised the alarm on this. He crunched the numbers and found that 70% of his bank's consumer deposit accounts hold balances of less than $2,500, so assuming this CBDC had a $2,500 cap, which some have called "minimally invasive," we're looking at something that could be quite invasive and directly compete with small community banks.

These are fair questions and considerations that must be examined. The example that supports this question suggests that one-size may not fit all. We must preserve the viability of our community banks. They play a critical role in our financial eco-system. Our local business, families, and entrepreneurs rely on them for their credit and financial services needs. If confirmed, I would invest in learning how tailoring any cost associated with a CBDC by bank size could be implemented, if Congress has authorized creation of a CBDC.

5. The Fed is currently engaged in a substantial project to roll out FedNow sometime next year, which, along with The Clearing House's already operational RTP system, will provide the market with *truly* real-time payments.

Given all the money and time that have been - and will continue to be - spent to bring real-time payments to the U.S., what would the additive benefits of a CBDC be that would not exist in a world with real-time payments and do you think the costs would justify those benefits? In other words, in a world where one can move already digitized dollars around in real time, what other valid (and feasible) use cases are there for a CBDC?

If confirmed, I would want to understand better the costs and benefits associate with the various features of a CBDC. With this information, I would be in a better position to weigh the tradeoffs associated with creating and implementing an optimal U.S. CBDC.

<u>Questions for Dr. Philip Nathan Jefferson, of North Carolina, to be a Member of the Board of Governors of the Federal Reserve System, from Senator Elizabeth Warren:</u>

The Fed faces many difficult decisions in the coming months and years, but one critical challenge is the need to reassure the American public that key Fed officials are meeting basic ethics standards, and that Fed officials are making decisions based on the needs of the American public rather than their own conflicted interests in their financial holdings.

President Biden's Ethics Pledge (Executive Order No. 13989), to which you are bound, requires that, for at least two years, you do not "participate in any particular matter involving specific parties that is directly and substantially related to [your] former employer or former clients, including regulations and contracts." But for you to have the full confidence of Congress and the American people, I believe more is required.

I have introduced legislation, the *Anti-Corruption and Public Integrity Act*, that would improve ethics standards and restore Americans' confidence in government officials. Although Congress has not yet passed this legislation, it sets clear standards that will allow you and other officials to serve free of the taint of financial conflicts of interests, help reduce the speed of the revolving door, and reassure the American public that you are working for them, rather than on behalf of past or future private-sector employers. These are standards that you should voluntarily seek to meet, and commitments I have secured from other high-level Administration officials.

Accordingly:

1. **Will you commit to recusing yourself from all particular matters involving companies with which you have a previous working relationship for a period of four years upon your confirmation?**

2. **Will you commit not to seek a waiver from these recusals?**

3. **Will you commit not to seek employment or compensation from, including as a result of board service, any company with any party matter before the Federal Reserve System or any financial services company for a period of four years after leaving government service?**

I have a deep appreciation for the value that ethics rules and transparency provide in promoting public confidence in our government institutions. The Biden-Harris Administration has set the highest ethical standards of any Administration for its political appointees and I will fully abide by all such requirements. In addition, I am willing to voluntarily commit to additional requirements in response to your requests.

I have worked closely with both the Federal Reserve Board and the Office of Government Ethics, and made extensive ethics commitments that are documented in my signed, written ethics agreement. If confirmed and appointed, this agreement and the particular matter recusals in the President's Ethics Pledge (Executive Order No. 13989), which go beyond governing laws, will require me to recuse myself for a period of two years from participating personally and substantially in any particular matter involving specific parties in which I know that a former employer or client identified in my Ethics Agreement is a party or represents a party, unless I am first authorized to participate by the appropriate ethics officials. If confirmed, I agree to extend this recusal term from two years to four years. Additionally, I will ensure that I have a robust screening process in place to help implement these recusals. If confirmed, I assure you that I will execute the role of Governor with the highest standards of integrity and ethical conduct and I will work with the Board's ethics officials to diligently avoid any conflicts of interest, as well as any activities that would create even the appearance of any conflict of interest.

I also have no intention to seek a waiver from these recusals and no expectation that any such waiver will be required. If unanticipated circumstances were to arise, however, I would consider all available alternatives to a waiver before seeking one and would consult carefully with the Board's ethics officials. If confirmed, I will be mindful of both the legal requirements that govern my conduct and of the appearances of such conduct to ensure the public has no reason to question my impartiality.

Finally, I will comply with the extensive post-government employment ethics rules set by statute and regulation, as well as those in the President's Ethics Pledge, just as I have complied with the highest standards of ethics and integrity throughout my career. In addition, I will commit not to seek employment or compensation from, including as a result of board service, (a) any company with any party matter pending before the Federal Reserve Board or (b) any financial services company for a period of four years after leaving government service.

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

LETTERS SUBMITTED IN SUPPORT OF NOMINEES

VILLAGE OF OAK HARBOR
146 Church Street
P.O. Box 232
OAK HARBOR, OHIO 43449-0232
(419) 898-5561
Fax (419) 898-2519

Quinton Babcock
Mayor

Randall L. Genzman
Administrator

Jan 31, 2022

The Honorable Sherrod Brown
Chairman, Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Thank you for the opportunity to provide this letter to the Senate Committee on Banking, Housing, and Urban Affairs. Please accept this letter as an indication of my support for the nomination of Dr. Lisa D. Cook to the Federal Reserve Board of Governors.

My constituents have consistently expressed the desire for public servants that are kind, qualified, and that understand the struggles and opportunities faced by our community. I know Dr. Lisa Cook and have had the opportunity to spend time with her. I know her to be kind, qualified and to understand the struggles and opportunities faced by Midwest communities like mine, where we are burying the term "Rustbelt" in pursuit of a bright future.

Of course, Dr. Lisa Cook's professional background speaks for itself and she is preeminently qualified for the position. In a confirmation like this, politics should play no role.

Sincerely yours,

Quinton Babcock
Mayor

Our Vision . . .is to Enhance the Quality of Life through a Safe and Clean Community.
Our Commitment . . . is to Provide Safe and Reliable Public Utilities at a Reasonable Cost.

www.oakharbor.oh.us

Community Development Bankers Association
1444 Eye Street, Suite 201 • Washington, D.C. 20005 • (202) 689-8935 • (202) 689-8938 (fax)

February 11, 2022

The Honorable Sherrod Brown
Chairman
Committee on Banking, Housing & Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Patrick Toomey
Ranking Member
Committee on Banking, Housing & Urban Affairs
United States Senate
455 Dirksen Senate Office Building
Washington DC 20510

Dear Chairman Brown and Ranking Member Toomey:

On behalf of the Community Development Bankers Association (CDBA), we write to express our support for the nominations of The Honorable Jerome Powell for Federal Reserve Chairman, The Honorable Lael Brainard for Federal Reserve Vice Chairman, The Honorable Sarah Bloom Raskin for Federal Reserve Vice Chair for Supervision and Dr. Lisa Cook and Dr. Phillip Jefferson for Governors of the Federal Reserve.

CDBA is the national trade association for banks that are US Treasury designated Community Development Financial Institutions (CDFIs), including Minority Depository Institutions (MDIs). Our members have a primary mission of promoting community development and target at least 60% of their total lending to low- and moderate-income and minority communities that are underserved by traditional financial service providers.

Each of the nominees is strong and eminently qualified to serve on the Board of Governors. As bankers with a laser focus on building communities and creating an inclusive economy, we are pleased that all nominees have deep experience studying the role of poverty and inequality in the economic health of our nation. We look forward to working with them and all members of the Board of Governors to bring opportunity and economic prosperity to all.

We urge you to vote to support the nominations of all of these outstanding candidates.

If you have questions, please contact me at jacokesj@pcgloanfund.org or 202-207-8728.
Thank you for your consideration on this important matter.

Sincerely,

Kent Curtis

Kent Curtis
Chairman, CDBA Board of Directors
President & CEO
First Southwest Bank

Jeannine Jacokes

Jeannine Jacokes
Chief Executive Officer
Community Development Bankers Association

CONGRESSIONAL BLACK CAUCUS
ESTABLISHED 1971

February 17, 2022

The Honorable Sherrod Brown
Chair
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Pat Toomey
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D.C. 20510

Dear Chairman Brown and Ranking Member Toomey:

I write with great urgency in strong support of the nominations of Dr. Lisa D. Cook, Sarah Bloom Raskin, and Dr. Philip N. Jefferson to be Members of the Board of Governors of the Federal Reserve System and urge the Committee to move swiftly to confirm these nominees. I am profoundly disappointed that obstruction got in way of progress at Tuesday's Executive Session in your Committee.

As I wrote last month, Dr. Cook, Ms. Bloom Raskin, and Dr. Jefferson are all superbly qualified to serve on the Board of Governors of the Federal Reserve System (Board). I have great confidence in the ability of each of these nominees to augment the Board. These three nominations, along with those announced in November, provide an opportunity for President Biden to assemble a Board that is a prudent and tough regulator, committed to strong ethics, and prepared to act decisively to combat rising inflation. Congress has charged the Federal Reserve with a dual mandate of full employment and price stability, while seeking to foster economic growth and promote social welfare. I am confident that the slate the President has put forth has the requisite experience to tackle this mandate, along with the numerous other pressing economic and financial issues.

In addition, I firmly believe that this slate of Board nominees has the intellectual stamina, educational background, and experience to work for an economy that works for all Americans. While the labor market continues to improve with the addition of 6.4 million new jobs in 2021, history has proven that Black Americans are the last hired in any economic recovery. The Bureau of Labor Statistics recently reported that the Black unemployment rate rose month-over-month, from 6.5% to 7.1%, while every other racial or ethnic group measured by the Bureau saw unemployment rates decrease in December. Though the Federal Reserve cannot solve all economic woes as many are due to long-term structural inequities and historic discrimination, it has the power to make significant inroads in reducing racial disparities and help to promote a more equitable, inclusive, and fair economy. It is extremely important to have confirmed leadership at the Federal Reserve to do this work.

Again, I urge swift confirmation of these nominees so that they can roll-up their sleeves and get to work on the American economy, for the American people.

Sincerely,

Joyce Beatty

Joyce Beatty
Chair
Congressional Black Caucus

February 8, 2022

The Honorable Chuck Schumer
Majority Leader, U.S. Senate
322 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader, U.S. Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Sherrod Brown
Chairman, U.S. Senate Committee on
Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Patrick J. Toomey
Ranking Member, U.S. Senate Committee on
Banking, Housing, and Urban Affairs
455 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Majority Leader Schumer, Minority Leader McConnell, Chairman Brown, and Ranking Member Toomey:

We, the undersigned economists, urge you, for the growth and stability of our economy, to swiftly confirm President Biden's nominees for the Federal Reserve System Board of Governors.

While we do not all agree on monetary policy or how the Federal Reserve should respond to the current economic environment, we believe that all five currently pending nominees—Jerome Powell (Chair), Lael Brainard (Vice Chair), Sarah Bloom-Raskin (Vice Chair for Supervision), Lisa Cook, and Philip Jefferson—are highly qualified to serve and would bring a critical set of perspectives and skills to the job.

In addition to representing among the best legal and economic minds in our country, this slate of nominees has demonstrated sound judgment and collegial professionalism throughout their careers. The current nominees also are the most demographically diverse slate of candidates ever proposed to the Federal Reserve Board. They would bring needed perspectives on how Federal Reserve policies can contribute to better and more equitable outcomes in the United States.

With our country facing a number of pressing economic challenges, including a global pandemic, supply chain disruptions, rising prices, depressed labor force participation, and stark racial disparities in employment, it is imperative that the Federal Reserve System has a full seven-member Board of Governors. If confirmed, the current slate of nominees would allow the Federal Reserve to vigorously pursue its dual mandate of full employment and price stability—a mission that has an immense impact on the lives of all Americans.

Please act quickly and decisively to confirm President Biden's nominees for the Federal Reserve so that they can get to work for the American people.

Signed,

Katharine Abraham
Professor of Economics, University of Maryland
Former Member, White House Council of Economic Advisers

Byron Auguste
CEO and Co-Founder, Opportunity@Work
Former Deputy Director, White House National Economic Council

Ben Bernanke
Distinguished Senior Fellow, Brookings Institution
Former Chair, Federal Reserve Board of Governors

Sandra Black
Professor of Economics and International and Public Affairs, Columbia University
Former Member, White House Council of Economic Advisers

Alan Blinder
Professor of Economics, Princeton University
Former Vice Chair, Federal Reserve Board of Governors

Roger Ferguson
Former President and CEO, TIAA
Former Vice Chair, Federal Reserve Board of Governors

Austan Goolsbee
Professor of Economics, University of Chicago
Former Chair, White House Council of Economic Advisers

Erica Groshen
Senior Economics Advisor, Cornell University
Former Commissioner, U.S. Bureau of Labor Statistics

Michelle Holder
President and CEO, Washington Center for Equitable Growth
Associate Professor of Economics, John Jay College, City University of New York

Lawrence Katz
Professor of Economics, Harvard University
Former Chief Economist, U.S. Department of Labor

The opinions expressed here reflect the personal views of the signees and should not be understood to reflect the views of any institutions with which they are affiliated.

Maurice Obstfeld
Professor of Economics, University of California-Berkeley
Former Member, White House Council of Economic Advisers

Jesse Rothstein
Professor of Economics, University of California-Berkeley
Former Chief Economist, U.S. Department of Labor

Heidi Shierholz
President, Economic Policy Institute
Former Chief Economist, U.S. Department of Labor

Robert Solow
Emeritus Professor of Economics, Massachusetts Institute of Technology
1987 Recipient of Nobel Prize in Economics

William Spriggs
Professor of Economics, Howard University
Chief Economist, AFL-CIO

Betsey Stevenson
Professor of Economics and Public Policy, University of Michigan
Former Chief Economist, U.S. Department of Labor

Joseph Stiglitz
Professor of Economics, Columbia University
2001 Co-Recipient of Nobel Prize in Economics

James Stock
Professor of Economics, Harvard University
Former Member, White House Council of Economic Advisers

Laura Tyson
Professor of Business & Public Policy, University of California-Berkeley
Former Chair, White House Council of Economic Advisers

Mark Zandi
Chief Economist, Moody's Analytics
Board Chair, Reinvestment Fund

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Abhay Aneja	UC Berkeley School of Law
Adam Reich	Columbia University
Adam S. Hersh	Economic Policy Institute
Adrien Auclert	Stanford University
Akhil Rao	Middlebury College
Alan Aja	Brooklyn College, City University of New York
Alex Bell	UCLA
Alexandra Bernasek	Colorado State University
Andres Vinelli	Center for American Progress
Andrew Fieldhouse	Middlebury College
Andrew Garin	University of Illinois at Urbana-Champaign
Anna Stansbury	MIT Sloan
Atif Mian	Princeton University
Barbara Wolfe	University of Wisconsin-Madison
Ben Zipperer	Economic Policy Institute
Bradley Hardy	Georgetown University
Brandon Alston	American Bar Foundation
Brendan O'Flaherty	Columbia University
Brian Callaci	Open Markets Institute
Candace Howes	Connecticut College
Candace Miller	University of North Carolina at Charlotte
Carlos Avenancio-Leon	University of California -- San Diego
Cherrie Nicole Bucknor	Harvard University
Chris Tilly	UCLA
Christian Proaño	University of Bamberg
Christian Weller	University of Massachusetts Boston
Christopher B. Barrett	Cornell University
Christopher Wimer	Columbia University
Claire Montialoux	UC Berkeley
Claudia Sahm	Jain Family Institute
Clifford Armstrong Robb	University of Wisconsin-Madison
Cristobal Young	Cornell University
Daniel Carpenter	Harvard University
Daniel Reck	London School of Economics
Daniel Tannenbaum	University of Nebraska - Lincoln
Daniel Valderrrama	Georgetown University
Daron Acemoglu	Massachusetts Institute of Technology
David Alexander	Illinois Action for Children
David Autor	Massachusetts Institute of Technology
David Grusky	Stanford University

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David I. Levine	Haas School, University of California, Berkeley
David R. Howell	The New School
David S. Johnson	University of Michigan
Douglas A Wolf	Syracuse University
Edmund J. Malesky	Duke University
Elissa Braunstein	Colorado State University Fort Collins
Ellen Mutari	Stockton University
Elliott Sclar	Columbia University Climate School
Ellora Derenoncourt	Princeton University
Elton Mykerezi	University of Minnesota, Twin Cities
Emily Hoffman	Western Michigan university
Emmanuel Saez	University of California Berkeley
Eric Bottorff	Oakton Community College
Eric Hilt	Wellesley College
Eric Ohrn	Grinnell College
Farida Chowdhury Khan	University of Colorado, Colorado Springs
Gabriel Mathy	American University
Gabriel Zucman	UC Berkeley
Gauti B. Eggertsson	Brown University
Gerald Epstein	University of Massachusetts Amherst
Gernot Wagner	Columbia Business School
Guido Imbens	Stanford University
Haider A. Khan	JKSIS, University of Denver
Hilary Hoynes	UC Berkeley
Ihsaan Bassier	University of Massachusetts Amherst
Ina Ganguli	University of Massachusetts Amherst
Ioana Marinescu	University of Pennsylvania
Isaiah Andrews	Harvard University
J. W. Mason	John Jay College - City University of New York
Jacob Robbins	University of Illinois at Chicago
Jamein Cunningham	Cornell University
Jane Waldfogel	Columbia university
Janet Currie	Princeton University
Janet Gornick	Graduate Center, City University of New York
Jeffrey A. Frankel	Harvard University
Jennifer Romich	University of Washington
Jess Benhabib	New York University
Joanna Venator	University of Rochester
Joaquin Lopez	University of Memphis
Johanna Catherine Maclean	Temple University

The opinions expressed here reflect the personal views of the signees and should not be understood to reflect the views of any institutions with which they are affiliated.

John Luke Gallup	Portland State University
John Schmitt	Economic Policy Institute
Jonathan Borowsky	University of Minnesota
Jonathan Colmer	University of Virginia
Jonathan Fisher	Washington Center for Equitable Growth
Jonathan Garita	Central Bank of Costa Rica
Josh Bivens	Economic Policy Institute
Joya Misra	University of Massachusetts, Amherst
Julia R. Henly	University of Chicago Crown Family School of Social Work, Policy, and Practice
Juliana Londono-Velez	UCLA
Julie A. Nelson	University of Massachusetts Boston
June Carbone	University of Minnesota
Justin C. Wiltshire	University of California, Davis
Kate Bahn	Washington Center for Equitable Growth
Kate Bronfenbrenner	Cornell School of Industrial and Labor Relations
Kimberly Christensen	Sarah Lawrence College
Kristen Harknett	University of California, San Francisco
Kristina Sargent	Middlebury College
Kritika Goel	Boston College
Kyle K Moore	Economic Policy Institute
Lauren Russell	Harvard University
Lawrence Mishel	Economic Policy Institute
Lee Badgett	University of Massachusetts Amherst
Linda Loubert	Morgan State University
Loujaina Abdelwahed	The Cooper Union
Luigi Guiso	Einaudi Institute for Economics and Finance
Luigi Pistaferri	Stanford university
Manisha Padi	UC Berkeley
Manuel Pastor	University of Southern California
Marc Jarsulic	Center for American Progress
Marc L. Nerlove	University of Maryland
Marcus Casey	University of Illinois at Chicago
Mark Duggan	Stanford University
Mark Edward Votruba	Case Western Reserve University
Mark Paul	New College of Florida
Mary Huff Stevenson	University of Massachusetts Boston
Matthew Darling	Niskanen Center
Matthew S. Johnson	Duke University
Matthew Snipp	Stanford University

The opinions expressed here reflect the personal views of the signees and should not be understood to reflect the views of any institutions with which they are affiliated.

Max Risch	Carnegie Mellon University
Maya Rossin-Slater	Stanford University
Melody C. Barnes	Karsh Institute of Democracy, University of Virginia Former Director, White House Domestic Policy Council
Michael Reich	University of California, Berkeley
Michele Naples	The College of New Jersey
Miguel Anton Sancho	IESE Business School
Mona Ali	State University of New York
Monique Morrissey	Economic Policy Institute
Munir Quddus	Prairie View A&M University
Nancy Birdsall	Center for Global Development
Nancy Folbre	University of Massachusetts Amherst
Nathan Miller	Georgetown University
Nirupama L. Rao	University of Michigan
Owen Zidar	Princeton University
Pascal Noel	University of Chicago Booth School of Business
Peter Hans Matthews	Middlebury College
Phanindra V. Wunnava	Middlebury College, IZA, GLO
Rachel Atkins	New York University
Rakeen Mabud	Groundwork Collaborative
Randall Akee	UCLA
Randy Albelda	University of Massachusetts Boston
Rick Eichhorn	Coe College
Robert E. Scott	Economic Policy Institute
Robert Haveman	University of Wisconsin- Madison
Robert Pollin	University of Massachusetts Amherst
Robert Seamans	New York University
Robynn Cox	University of Southern California
Rodney Andrews	The University of Texas at Dallas
Samir Sonti	CUNY School of Labor and Urban Studies
Sarah Jacobson	Williams College
Scott Duke Kominers	Harvard Business School
Sheldon Danziger	University of Michigan
Sir Christopher Pissarides	London School of Economics
Stephanie Didwania	University of Wisconsin
Stephanie Seguino	University of Vermont
Susan Lambert	University of Chicago
Tara Sinclair	The George Washington University
Thomas E. Weisskopf	University of Michigan
Timothy Bartik	Upjohn Institute for Employment Research

The opinions expressed here reflect the personal views of the signees and should not be understood to reflect the views of any institutions with which they are affiliated.

Timothy M Smeeding	University of Wisconsin
Trevon D. Logan	The Ohio State University
Valerie Wilson	Economic Policy Institute
W Bentley Macleod	Columbia University
Xavier Jaravel	London School of Economics
Yana van der Meulen Rodgers	Rutgers University
Yao Lu	Columbia University
Zachary Moller	Third Way
Zachary Parolin	Bocconi University

The opinions expressed here reflect the personal views of the signees and should not be understood to reflect the views of any institutions with which they are affiliated.

NATIONAL HOUSING CONFERENCE

1900 M Street NW, Suite 550
Washington, DC 20036

p 202 466 2121
f 202 466 2122

www.nhc.org

February 14, 2022

Honorable Sherrod Brown
Chairman
Senate Banking Committee
United States Senate
Washington, D.C. 25010

Honorable Pat Toomey
Ranking Member
Senate Banking Committee
United States Senate
Washington, D.C. 25010

Dear Chairman Brown and Ranking Member Toomey:

I am writing on behalf of the National Housing Conference in strong support of the nomination of Sarah Bloom Raskin for Vice Chair for Supervision on the Federal Reserve Board of Governors.

I served with Ms. Raskin at the Treasury Department during her time as Deputy Secretary. She brought a refreshing and deep commitment to the needs of underserved communities while balancing it with the requirements of well-functioning markets. I expect her to bring that same balance and judgement to the Fed. She will help the Fed ensure that our financial system remains healthy and strong as we emerge from the pandemic and financial institutions navigate the risk of rising interest rates necessary to get inflation under control. She is the right person to balance the health of Wall Street with that of Main Street.

In addition, Ms. Raskin has been a critical supporter of CRA modernization, recognizing the importance of unified rulemaking among the prudential regulators. If confirmed, she will be an important contributor in this process. We look forward to working with her and the Fed on bringing CRA into the 21st century.

Sincerely,

David M. Dworkin

David M. Dworkin

President and CEO

About NHC: The National Housing Conference has been defending the American Home since 1931. NHC is a diverse continuum of affordable housing stakeholders that convene and collaborate through dialogue, advocacy, research, and education, to develop equitable solutions that serve our common interest. Our vision is an America where everyone is able to live in a quality, affordable home in a thriving community. Politically diverse and nonpartisan, NHC is a 501(c)3 nonprofit organization.

TENNESSEE STATE UNIVERSITY

UNIVERSITY of MARYLAND EASTERN SHORE

TUSKEGEE UNIVERSITY

Alcorn State University

February 1, 2022

The Honorable Sherrod Brown
Chairman
Senate Banking, Housing and Urban Affairs Committee
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Pat Toomey
Ranking Member
Senate Banking, Housing and Urban Affairs Committee
534 Dirsken Senate Office Building
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey:

We applaud President Biden's nomination of Dr. Lisa Cook to serve as a Member of the Board of Governors of the Federal Reserve System (Fed). When confirmed, Dr. Cook will be the first Black woman to serve as a Fed Governor. As a world-class economist who understands the importance of ensuring that all Americans achieve their fullest potential, Dr. Cook is well-suited to help ensure that the Federal Reserve is able to meet its mandate of price stability, full employment and moderate long-term interest rates. For these reasons, we urge the Committee and the Senate to promptly approve this historic nominee without delay.

As women leaders of nationally recognized institutions of higher education, we know the importance of preparation meeting opportunity. Just as it is essential that all Americans have a pathway to attaining higher education, it is imperative that there be a pathway so that the Federal Reserve System better reflects our nation's diversity. The confirmation of Dr. Cook (and Dr. Philip Jefferson) will help inspire future generations of students from all walks of life to pursue careers in economics generally, and in the Federal Reserve system, specifically.

Many Americans may not be aware of the important role that Coretta Scott King played in the passage of the 1978 Full Employment and Balanced Growth Act (commonly referred to as the Humphrey-Hawkins Act). As a magna cum laude graduate, Truman Scholar and the first Marshall Scholar from Spelman College, Dr. Cook is well aware of the Fed's mission to pursue maximum employment. She is an economics scholar and possesses not only impeccable academic credentials, but also deep practical experience.

TENNESSEE STATE UNIVERSITY

UNIVERSITY of MARYLAND EASTERN SHORE

TUSKEGEE UNIVERSITY

Alcorn State University

In addition to professional stints at Harvard, Stanford, and Michigan State Universities, she has worked on the frontlines of making our economy work for all people. During President Obama's administration at the U.S. Department of the Treasury, she served as a senior advisor of finance and development during a period of economic development, and also served at the White House Council of Economic Advisors. Applying the same understanding of macroeconomic policy she utilized when serving in government, she has spent much of her career examining how economic inequality, due to racial and gender disparities, prevents our nation from achieving its full economic potential. Her expertise today is deeply needed at the Fed.

With the confirmation of Dr. Cook, along with Dr. Lael Brainard and Sarah Bloom Raskin, the Fed Board will be a majority female body for the first time since the Bank's founding in 1913. "Historic" is a term too often uttered about events and individuals that are anything but deserving of the term. Yet, this slate of nominees – led by Drs. Cook and Jefferson – represent a historic achievement. We commend President Biden for nominating individuals with deep understanding of economic policy and a passion for harnessing this nation's promise for all Americans. We urge the Senate to swiftly confirm all five nominees to the Federal Reserve Board of Governors.

Sincerely,

Glenda Glover

Glenda Glover, Ph.D
President
Tennessee State University

Heidi M. Anderson

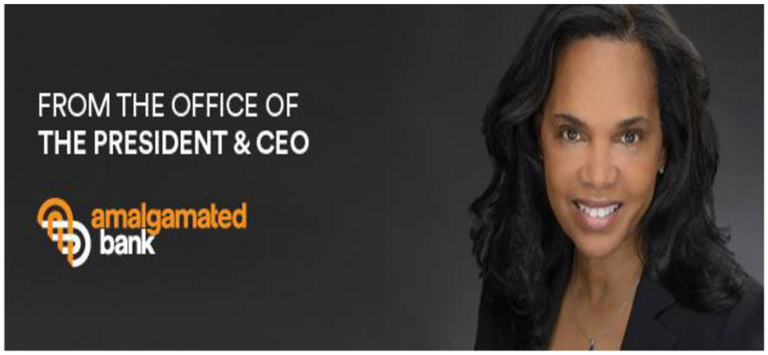
Heidi Anderson, Ph.D
President
University of Maryland Eastern Shore

Charlotte P. Morris

Charlotte Morris, Ph.D.
President
Tuskegee University

Felecia M. Nave

Felecia Nave, Ph.D
President
Alcorn State University



The Honorable Sherrod Brown, Chairman
United States Senate Committee on Banking, Housing, and Urban
Affairs U534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Brown, Ranking Member Toomey, and committee members,

As you continue to discuss President Joe Biden's nominees to the Federal Reserve—Sara Bloom Raskin as vice chair for supervision and economists Lisa Cook and Philip Jefferson as governors—Amalgamated Bank offers you our strong support for their swift confirmation.

Amalgamated Bank has a 99-year history of providing quality and affordable banking services aimed at creating a more inclusive economy and a just and compassionate society. Our customers are individuals, labor unions, nonprofits, organizations, and businesses who share a vision of economic, racial and social justice. We are committed to improving our world—and President Biden's nominees have the deep experience, academic excellence, and commitment that will help our nation build an economy that works for all Americans.

With a doctorate in economics from the University of California, Berkeley, Lisa Cook has spent years studying inflation in developing economies and has researched the effects of racial and gender inequality on economic growth. An outstanding and experienced economist, she served on the White House Council of Economic Advisers under President Barack Obama. We applaud her historic nomination to become the first Black woman to serve on the Board of Governors of the Federal Reserve.

Philip Jefferson, a former research economist at the Federal Reserve and dean of faculty at Davidson College, also brings a deep understanding of monetary theory and policy. His research addresses links between inequality, poverty and business cycles – areas of critical concern in today's economy and growing polarization of wealth.

Finally, Sarah Bloom Raskin provides relevant experience from her work at the U.S. Department of Treasury and her prior experience as a governor of the Federal Reserve Board. She is also a strong proponent of the common-sense measure of requiring financial firms to consider climate risk.

As demonstrated by their impressive careers, these three qualified candidates embody the values of Amalgamated Bank and our customers: economic and racial justice, combating poverty to ensure the dignity of work for all Americans, and confronting climate risk in our financial system. We are proud to include our organization among those supporting them, and we urge the Senate to move quickly to confirm them.

Sincerely,

Priscilla Sims Brown,
President and Chief Executive Officer
Amalgamated Bank

BUSINESS**FORWARD**

January 31, 2022

The Honorable Sherrod Brown
Chairman
Committee on Banking, Housing, and
Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Patrick J. Toomey
Ranking Member
Committee on Banking, Housing, and
Urban Affairs
United States Senate
Washington, D.C. 20510

Dear Chairman Brown and Ranking Member Toomey:

As the U.S. rebounds from the pandemic, we urge the Committee to swiftly confirm President Biden's nominees to the Federal Reserve to ensure successful management of the economy during this critical period.

The five Fed nominees represent a highly qualified, diverse, and respected slate. The nominees understand that the central bank's primary focus is to keep inflation low and maximize employment opportunities in our labor market. They also recognize the potential tradeoffs that can occur when the Fed makes changes to monetary policy.

By confirming President Biden's nominees, the Senate has the opportunity to diversify leadership at the Fed and establish a group of policymakers that will successfully execute the delicate balance between controlling prices and avoiding unnecessary job losses.

All of the nominees are well-positioned to lead the Fed in the coming phase of the economic recovery and create a stronger, more inclusive labor market. We encourage the Committee to take swift action and confirm these nominees.

Sincerely,

Jim Doyle

Jim Doyle
President, Business Forward

CONGRESSIONAL BLACK CAUCUS
ESTABLISHED 1971

February 2, 2022

The Honorable Sherrod Brown
Chair
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Pat Toomey
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D.C. 20510

Dear Chairman Brown and Ranking Member Toomey:

I write in strong support of Dr. Lisa D. Cook, to be a Member of the Board of Governors of the Federal Reserve System, Sarah Bloom Raskin to be Vice Chairman for Supervision and a Member of the Board of Governors of the Federal Reserve System, and Dr. Philip N. Jefferson to be a Member of the Board of Governors of the Federal Reserve System and urge the Senate Committee on Banking, Housing, and Urban Affairs to move swiftly to confirm these nominees.

Dr. Cook, Ms. Bloom Raskin, and Dr. Jefferson are all superbly qualified to serve as Governors on the Board of Governors of the Federal Reserve System (Board). I have great confidence in the ability of Dr. Cook to augment the Board as a Governor with her background as a world-class economist, with broad public policy experience, and a deep appreciation of the impact of how economic policy intersects with our nation's history of racial discrimination. Ms. Raskin has served both as a Governor of the Board and a Deputy Secretary of the U.S. Department of the Treasury and based on her history, will serve with distinction and honor. Dr. Jefferson was an economist at the Board and held visiting appointments at the Federal Reserve Bank of New York, and will bring a thoughtful, erudite financial background to the Board. These three nominations, along with those announced in November, provide an opportunity for President Biden to assemble a Board that is a prudent and tough regulator, committed to strong ethics, and prepared to act decisively to combat rising inflation.

Congress has charged the Federal Reserve with a dual mandate of full employment and price stability, while seeking to foster economic growth and promote social welfare. The Federal Reserve will continue to face pressing challenges such as climate change, the potential of digital currencies and blockchain technology, and the use of artificial intelligence in our Fintech age. The Federal Reserve will have to continue its critical work of collaborating with other prudent regulators to ensure that an appropriate balance exists between proper oversight and robust regulation and promoting responsible innovation so that new financial products and services can help all consumers. I am confident that the slate the President has put forth has the requisite experience to tackle these issues.

In addition, I firmly believe that this slate of Board nominees has the intellectual stamina, educational background, and experience to appreciate that the economy must work for all Americans. While the labor market continues to improve with the addition of 6.4 million new jobs in 2021, history has proven that Black Americans are the last hired in any economic recovery. The Bureau of Labor Statistics recently reported that the Black unemployment rate rose month-over-month, from 6.5% to 7.1%, while every other racial or ethnic group measured by the Bureau saw unemployment rates decrease in December.

Though the Federal Reserve cannot solve all economic woes as many are due to long-term structural inequities and historic discrimination, it has the power to make significant inroads in reducing racial disparities and helping to promote a more equitable, inclusive, and fair economy.

Lastly, it is important to note that the Federal Reserve System has lacked diversity in nearly every aspect in its more than one-hundred-year history. The confirmation of these nominees to the Board, including two women and two Black economists will help to ameliorate the unfortunate vestiges of sexism and racism that still plague our financial system.

Throughout its history our banking and financial systems have systemically denied Black people equal access to the credit, capital, and banking services that enable families to pursue opportunities, grow and build wealth, and prosper. I support these nominees because I firmly believe that they will work to counter these abject failures.

Again, I urge swift confirmation of this historic slate of nominees.

Sincerely,

Joyce Beatty

Joyce Beatty
Chair
Congressional Black Caucus

February 1, 2022

Chairman Sherrod Brown
Committee on Banking, Housing,
and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, DC 20510

Ranking Member Pat Toomey
Committee on Banking, Housing,
and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, DC 20510

Re: Strong Support for Senate Confirmation of Dr. Lisa Cook and Dr. Philip Jefferson for Federal Reserve Board

Dear Chairman Brown, Ranking Member Toomey, and Committee Members:

We write to express our strong support for Dr. Lisa Cook and Dr. Philip Jefferson to serve on the Board of Governors of the Federal Reserve System, and we urge the Senate to confirm them. These economists bring essential experiences and expertise necessary to grow an economy that works for all Americans.

Dr. Lisa Cook is one of the country's most esteemed macroeconomists as well as an international authority on banking systems, economic growth, innovation, markets, and global finance. She is a tenured professor at Michigan State University and serves on the board of the Federal Reserve Bank of Chicago, as well as the board of the Federal Home Loan Bank of Indianapolis. She has been a visiting scholar at the Federal Reserve Banks of Chicago, Minneapolis, New York, and Philadelphia. While on leave from Harvard University, Dr. Cook served at the Treasury Department under Presidents William J. Clinton and George W. Bush, and would later serve on the White House Council of Economic Advisers. She is a member of the Council on Foreign Relations and is accustomed to interacting with world leaders on economic analysis and policy, including at the Davos World Economic Forum.

Dr. Philip Jefferson is the vice president of academic affairs and dean of faculty at Davidson College in North Carolina, where he holds the Paul B. Freeland endowed professorship in economics. Dr. Jefferson has taught at Columbia University, the University of Virginia, and Swarthmore College, and he worked as a visiting research economist at the University of California, Berkeley. He served as an economist for the Federal Reserve's Board of Governors in Washington and for the Federal Reserve Bank in New York, and he currently serves on the Board of Advisors of the Opportunity and Inclusive Growth Institute at the Federal Reserve Bank of Minneapolis.

In addition to both nominees possessing the expertise and experiences to address the challenges facing our economy, Senate confirmation of Dr. Cook and Dr. Jefferson would add much needed diversity to the Federal Reserve Board of Governors. Since the Federal Reserve was created by Congress in 1913, only three Black people have served on the Board of Governors (of almost 100 governors). If confirmed, Dr. Cook would become the first Black woman to serve, and Dr. Jefferson would become only the fourth Black man to serve.

The undersigned organizations all strongly support Senate confirmation of Dr. Cook and Dr. Jefferson. At this critical moment when many Americans have been devastated by the economic impact of the pandemic, supply chain disruption, and stubborn inflation, the Federal Reserve serves a unique role in helping to facilitate our economic recovery. Senate confirmation of Dr. Cook and Dr. Jefferson would complement the Federal Reserve's leadership with the necessary perspective of esteemed economists who have the lived and professional experiences to ensure underrepresented communities are not left behind so our nation can enjoy an equitable recovery that strengthens and benefits the entire economy.

Sincerely,

David G. Clunie
Executive Director
Black Economic Alliance

Spencer Overton
President
Joint Center for Political and Economic Studies

Derrick Johnson
President/CEO
NAACP

Nicole Elam
President/CEO
National Bankers Association

Lisa Rice
President/CEO
National Fair Housing Alliance

Marc Morial
President/CEO
National Urban League

Ron Busby, Sr.
President/CEO
U.S. Black Chambers, Inc.

February 2nd, 2022

The Honorable Sherrod Brown
503 Hart Senate Office Building
120 Constitution Avenue, NE
Washington, D.C. 20002

Dear Senator Brown,

We are leaders of organizations fighting for racial, social, economic, and climate justice in the U.S. and globally. We write in strong support of the nominations of Lisa Cook, Sarah Bloom Raskin, and Philip Jefferson to the Federal Reserve Board of Governors. These nominees are committed to maintaining stability in our economy in the midst of the pandemic, encouraging economic growth that benefits all working people, and fighting the impacts of inflation, all while preserving the independence of the Fed.

Currently a professor of economics and international relations at Michigan State University, Dr. Cook's government service and her expertise as an economist in public service, research, and academia will bring a vital new perspective to the Fed. As a senior economist on President Obama's Council of Economic Advisers, Lisa Cook played a leading role in documenting the major economic issues in the aftermath of the 2008 financial crisis. Dr. Cook's extensive knowledge of the nuances of Black employment will provide much-needed input at the Fed in its efforts to achieve Chair Powell's priority of broad maximum employment. She is a highly respected economist and has held visiting appointments at the National Bureau of Economic Research and four Federal Reserve Regional Banks, in addition to sitting on the Board of the Federal Reserve Bank of Chicago. When confirmed, Dr. Cook will be the first African-American woman to join the Federal Reserve Board.

Dr. Jefferson will also bring valuable experience and expertise. His research has focused on the effects of macroeconomic and monetary policy on employment, economic growth, poverty rates, and household finances—issues at the center of the Fed's mandate. Dr. Jefferson has worked at the Fed twice, as an economist in the board's monetary affairs division and as a research assistant in the fiscal analysis department. He has also worked with regional Fed banks in Minneapolis, Washington, and New York. Drs. Jefferson and Cook would help as Chair Powell examines the role of race in the Federal Reserve's work.

A former Deputy Secretary of the Treasury and Fed Board governor, Sarah Bloom Raskin is an experienced public servant and bank supervisor, with a deep understanding of the supervisory process, who is also informed by her private sector experience. Bloom Raskin was deeply involved in the response to the 2008 financial crisis and shoring up the nation's critical financial infrastructure. In all of her public roles, Bloom Raskin has earned bipartisan praise for her competence, her willingness to take on tough problems, her ability to bring people together, and her attentiveness to the needs of small financial institutions. The Vice Chair for Supervision is vital to protecting the safety and soundness of individual banks and the stability of the financial system. Raskin is well-suited to look out for emerging risks to financial stability and determine how to respond to them, in addition to being versed in new potential threats such as climate change and cybersecurity. Her expertise on climate change and finance will help support Chair Powell's commitment to prioritize this issue and advance the Fed's mandate to protect financial stability.

We believe that these nominees' depth of scholarship combined with bipartisan experience and diverse coalition of supporters indicate that they would be powerful additions to the Federal Reserve Board of Governors. Please move to swiftly confirm this historic slate of nominees.

Thank you,

198 methods
20/20 Vision DC
350 Eugene
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350 Seattle
350 Seattle
350 Triangle
350.org
Accelerate Neighborhood Climate Action
ACES 4 Youth-Area Consortium of Educational Service for Our Youth
Action Center on Race & the Economy
AFL-CIO
American Federation of State, County and Municipal Employees (AFSCME)
Americans for Financial Reform
Animals Are Sentient Beings, Inc.
Atmos Financial
Banking for Climate
Businesses for a Livable Climate
California Reinvestment Coalition
Call to Action Colorado
Capitol Heights Presbyterian
CatholicNetwork US
Center for Digital Democracy
Center for Economic and Policy Research
Center for Responsible Lending
Clean Energy Action
Climate Action Rhode Island
Climate Hawks Vote
Climate Reality Project: Dallas-Fort Worth Chapter
CO Businesses for a Livable Climate

Color Of Change
Committee for Better Banks
Communications Workers of America
Community for Sustainable Energy
Consumer Action
Democratic Socialists of America
Empire Justice Center
Empower our Future
Evergreen Action
Extinction Rebellion San Francisco Bay Area
Fed Up
First Faith Baptist Church
Food & Water Watch
FreshWater Accountability Project
Friends of the Earth US
Greenpeace USA
Honor the Earth
Indigenous Environmental Network
Indivisible Ambassadors
Indivisible Colorado
Institute for Agriculture and Trade Policy
Institute for Local Self-Reliance
Institute for Market Transformation (IMT)
Joy Southfield Community Development Corporation
League of Conservation Voters
Liberation in a Generation
Main Street Alliance
Mayfair Park Neighborhood Association Board
Mental Health & Inclusion Ministries
National Community Reinvestment Coalition
National Housing Resource Center
National Urban League
New York Communities for Change
North Range Concerned Citizens
Oil Change International
Open Markets Institute
Our Climate
Positive Money US
Progressive Change Campaign Committee
Prosperity Now
Public Citizen
Public Good Law Center
RapidShift Network
Revolving Door Project
Save EPA
Seiu local 26
Service Employees International Union
Sierra Club
Small Business Alliance
SoCal 350 Climate Action
Society of Native Nations
Stand.earth
Strong Economy For All Coalition
Sunrise Movement
System Change Not Climate Change
Take on Wall Street
Terra Advocati
Texas Campaign for the Environment
The Freedom BLOC
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THURGOOD MARSHALL
COLLEGE FUND

February 1, 2022

The Honorable Sherrod Brown
Chairman
Senate Banking, Housing and Urban Affairs Committee
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Pat Toomey
Ranking Member
Senate Banking, Housing and Urban Affairs Committee
534 Dirsken Senate Office Building
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey:

We are writing to urge swift Senate confirmation of Drs. Lisa Cook and Philip Jefferson to the Federal Reserve Board of Governors (Fed). Their nominations to the Fed are historic milestones and we applaud them on their achievements.

We believe that the confirmation of these two dedicated public intellectuals will help ensure that our nation meets the critical economic challenges it faces. During this ongoing global pandemic, we have seen how the combination of strong, inclusive economic leadership in government – leadership based upon fact and science – can help improve the quality of life and access to opportunity for all Americans. Such leadership is necessary, but it is not sufficient. In our increasingly complex economy, the Federal Reserve also plays a key role in ensuring price stability and full employment. The Fed must be led by talented, insightful leaders – leaders who can ensure that the Fed remains independent and focused on its mandate of serving all Americans.

Drs. Cook and Jefferson understand – through their lived experiences and their academic expertise – the harmful role that economic disparities continue to play in our economy. Their combination of academic and professional expertise will bring critical voices to the public square about how the Fed can implement policies that can help our economy emerge from the present global crisis better than it was before the crisis.

For more than a century, America's HBCUs have provided educational excellence and access for some of our most vulnerable populations. We are proud of the fact that Dr. Cook, an HBCU graduate, will be the first Black woman to serve on the Fed. Yet her nomination, paired with Dr. Jefferson's – who is only the fourth Black male nominated to the Fed – reminds us of the work that remains to be done to make our country a more just and inclusive society.

We applaud President Biden for nominating both individuals to the Fed and urge their prompt confirmation by the United States Senate.

Sincerely,

Paul Jones, Ph.D Chairman Council of 1890 Universities	Michael L. Lomax, Ph.D President and CEO UNCF	Harry L. Williams, Ph.D President and CEO TMCF

cc:
The Honorable Charles Schumer, Majority Leader, U.S. Senate
The Honorable Mitch McConnell, Minority Leader, U.S. Senate

LIBERATION IN A GENERATION

27 January 2022

The Honorable Sherrod Brown
United States Senate
Washington, DC 20510

The Honorable Patrick J. Toomey
United States Senate
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey:

It is with great pleasure that we write you this letter to share with you our support of Lisa Cook, Phillip Jefferson, and Sarah Bloom Raskin, President Biden's picks to serve on the Federal Reserve.

Reimagining the Federal Reserve and making it a diverse body should be a priority in creating a more equitable and just economy for all — the type of economy that *Liberation in a Generation* and our partner organizations are fighting to create. One that closes the gap between dominant society and historically marginalized communities, especially communities of color. We believe that confirming President Biden's picks for the Federal Reserve is a step towards getting us there.

Each of the nominees being considered is credentialed and has all the necessary tools and expertise needed to help grow the economy. If confirmed, Dr. Cook would become the first Black woman to serve on the Federal Reserve Board and Dr. Jefferson would be the fourth Black man out of nearly 100 appointments on the Federal Reserve since it was created by Congress in 1913.

We urge the Senate, without delay, to immediately confirm this diverse slate of nominees to the Federal Reserve.

Thank you for your consideration.

Sincerely,

Solana Rice & Jeremie Greer
Co-Founders and Co-Executive Directors
Liberation in a Generation

cc: Hon. Charles E. Schumer
Majority Leader
United States Senate

National Economic Association

January 29, 2022

The Honorable Sherrod Brown, Chairman
United States Senate Committee on Banking, Housing, and Urban Affairs
U534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Brown, Ranking Member Toomey, and Committee Members,

The National Economic Association (NEA) wishes to express its support for the historic nominations of Lisa Cook and Philip Jefferson to serve on the Federal Reserve Board. Drs. Cook and Jefferson are both past presidents of the National Economic Association. The nomination of Lisa Cook is particularly significant as the first Black woman to be appointed to the Federal Reserve Board in its 108-year history.

The nomination of two African American economists to serve on the Federal Reserve Board is a welcome recognition of the important role that Black economists must play in determining economic priorities for our nation. Given their academic preparation and professional experience, both Drs. Cook and Jefferson have the economic tools needed to foster financial stability and full employment.

Each of these economists are uniquely and exceptionally qualified to address the challenges facing our nation. Dr. Cook's extensive knowledge of financial markets, gained initially from her research on Russian capital markets, enabled her to inform the Council of Economic Advisors on the U.S. policy implications and response to the Eurozone economic and financial crisis. Dr. Cook's path breaking research and publications focus on innovation and its links to productivity and economic growth. Given her expertise, Dr. Cook has been a presenter to central bank leaders here and abroad on banking systems, innovation, economic growth and monetary policies. Like Dr. Cook, Dr. Jefferson has had extensive experience with the Federal Reserve System where his work has focused on monetary policy and its potential distributional effects. Indeed, a prominent concern of Black American economists has been the uneven impact of macroeconomic policies on communities according to race and ethnicity. Dr. Jefferson has worked as a research economist for the Board of Governors, as well as a visiting economist for the Federal Reserve Bank of New York. He has published extensively on issues of monetary theory and policy. His research also addresses the links between inequality, poverty, and business cycles. Both Drs. Cook and Jefferson currently serve as advisors to the Opportunity and Inclusive Institute at the Federal Reserve Bank of Minneapolis.

Drs. Cook and Jefferson are well respected in the economics profession. In addition to their service as presidents of the National Economic Association, their peers have elected them into other leadership positions within the economics profession. Dr. Cook has served on the Executive Committee of the American Economic Association. Dr. Jefferson was Director of the Eastern Economic Association. The presence of these widely respected economists will encourage participation by other leading economists in Federal Reserve initiatives.

The NEA has just commemorated 100 Years of African American Economists in recognition of the first African American who received a doctorate degree in economics, Sadie T. M. Alexander, in 1921. Dr. Alexander was also the first economist in the U.S. publicly to support full employment policies through federal efforts. Over the past 100 years, Black American economists have remained steadfast in our support for federal policies that promote the fulfillment of full employment. Both of these candidates are eminently qualified to meet the responsibilities and professional expectations of supporting the Federal Reserve's Dual Mandate of Full Employment and Price Stability. In particular, their research and practical experience has helped them to identify means of achieving non-inflationary, inclusive growth that would benefit a wide swath of our nation.

On the day that Drs. Cook and Jefferson's nominations were announced, Bernard Anderson, Professor Emeritus of the Wharton School at the University of Pennsylvania and a founding member of the NEA stated that "As we honor Dr. Martin Luther King, Jr., it is well to remember his oft-repeated statement that the arc of the universe moves slowly, but bends toward justice. The door is now open for monetary policy implementation that helps eliminate racial inequality in American economic life."

Sincerely,

Nina Banks

Nina Banks, Ph.D.
NEA President
On Behalf of the NEA Board

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Sarah Cohodes, Teachers College Columbia University

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National Bankers Association

January 31, 2022

The Honorable Sherrod Brown
Chairman
Senate Committee on Banking, Housing and Urban Affairs
United States Senate
Washington, D.C. 20510

Dear Chairman Brown:

Since its founding in 1927, the National Bankers Association has served as a voice for Black and other minority-owned banks. Now, with membership that includes Hispanic-American, Asian-American, Native-American, and women-owned banks, our reach extends across the country. We believe strongly in advocating for not only our member banks, but also the communities they serve. Our members help low and moderate-income communities, and they are committed to providing economic revitalization to families in those neighborhoods. Many of our member institutions have become banks of last resort for consumers and businesses who are underserved by traditional banks and financial service providers.

Most of our member institutions are regulated by either the Federal Deposit Insurance Corporation or the Office of the Comptroller of the Currency. We are writing to provide our perspective regarding your impending consideration of nominations for important leadership posts within both agencies. Current federal statute requires these agencies to preserve and promote minority depository institutions by (i) preserving the number of MDIs, (ii) preserving the minority character of MDIs in case of merger or acquisition, (iii) providing technical assistance to prevent insolvency, (iv) promoting and encouraging creation of new MDIs, and (v) providing for training, technical assistance and educational programs. In the thirty years since the law was enacted, the agencies have done little to effectuate the critical purposes underlying the statute, as a result, minority communities have been significantly damaged on a nationwide basis.

We applaud President Biden's nomination of Dr. Lisa Cook, a longstanding supporter of minority depository institutions, to serve as the first Black woman and Dr. Phillip Jefferson to serve as the fourth Black man on the Board of Governors of the Federal Reserve System. Dr. Cook, known for her authority on banking systems and economic growth, and Dr. Jefferson, who has previously served at the Federal Reserve, are two outstanding and experienced economists. If confirmed, the NBA looks forward to working with the entire Board on efforts to enhance the agency's work to preserve and promote minority depository institutions (MDIs).

It has been 30 years since the current federal MDI statute was enacted. The Board's actions to date are essential steps in the right direction yet much work remains to reverse the significant damage to minority communities and the steady decline of minority-owned banks. The NBA looks forward to bank examiners increasing their understanding of the unique operating environments associated with our member institutions' economically distressed communities. We urge the Board to emphasize the current law's mandate of collaboration in the regulatory treatment of our banks, which have remained mission-focused while maintaining safe and sound institutions that protect the hard-earned resources of our customers. It is crucial that economic policymakers and regulators alike are not only diverse in thought and background but also lived experience. As critical decisions that impact the lives of all Americans are being made, it is essential that they are informed by a diversity of perspectives.

Again, we offer our enthusiastic support of Dr. Cook and Dr. Jefferson's nominations and urge the Senate to move swiftly to confirm these nominations. Thank you for considering our position on these important appointments and we welcome the opportunity to engage with your committee on your overall plans to help the American economy rebuild in a more equitable, sustainable fashion.

Respectfully,

N Elam

Nicole A. Elam
President and CEO
National Bankers Association

February 1, 2022

Chairman Sherrod Brown
Committee on Banking, Housing,
and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, DC 20510

Ranking Member Patrick Toomey
Committee on Banking, Housing,
and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey:

We, the undersigned civil and human rights, housing, consumer, labor and faith organizations, and individuals, write to express our strong support for the nomination of Dr. Lisa D. Cook to a seat on the Board of Governors of the Federal Reserve ("Board"). Dr. Cook is eminently qualified. She is the experienced leader we need to help ensure the economy continues to expand and that the Board's decisions produce an equitable recovery so that more American families—including those living in rural communities, small towns, and underserved areas—have access to economic opportunity. Her breadth of research and experience will also help ensure underserved lending institutions, like community banks and minority-owned lending institutions, can fully participate in the economy. Moreover, if confirmed, Dr. Cook would become the first Black woman to serve on the Board in its 108-year history, which would bring the Board closer to representing the rich diversity of this nation. We urge your committee to act quickly to advance this historic nomination, and we urge the Senate to promptly confirm Dr. Lisa Cook.

We have recently heard some unfair and troubling criticisms that we would like to address. Some have incorrectly asserted that in order to be a Board Governor, Dr. Cook's experience and scholarship needs to be exclusively grounded in macroeconomic policy. Others have raised concerns that President Biden's selections need greater industry representation and geographic diversity. All of these criteria would be new standards not grounded in the reality of the Board's broad functions or the background of the Board's previous Governors. We will address each unfounded criticism in turn.

For those raising the wholly unfounded criticism that Dr. Cook is somehow less qualified than other Governors, we would offer this comparison to the experience of other recent Governors, who were nominated by previous administrations.

	Kevin Warsh	**Elizabeth Duke**	**Michelle Bowman**
Nominated By	President George W. Bush, January 2006	President George W. Bush, May 2007	President Donald J. Trump, April 2018
Age at Time of Nomination	35 years old (youngest nomination in history)	54 years old	46 years old
Education	• 1992: Stanford University, A.B. in Public Policy • 1995: Harvard Law School, J.D., *cum laude*	• 1974: University of North Carolina, Chapel Hill, B.F.A. in Drama • 1983: Old Dominion University, M.B.A.	• University of Kansas, B.S. in Advertising and Journalism • 1996: Washburn University School of Law, J.D.

Post-Graduate Experience	• 1995-2002: Morgan Stanley, Executive Director, Mergers and Acquisitions • 2002-2006: National Economic Council, Executive Secretary; Special Assistant to the President for Economic Policy	• 1985-2001: Bank of Tidewater, VP and Chief Financial Officer; President; CEO • 1998: Federal Reserve Bank of Richmond, Director • 1999: Virginia Bankers Association, President • 2001: SouthTrust Bank, EVP of Community Bank Development • 2004: Wachovia, EVP, Merger Project Office • TowneBank: Senior EVP and COO • 2004-2005: American Bankers Association, Chair	• 1997-2002: U.S. House Committee on Transportation and Infrastructure, U.S. House Committee on Government Reform and Oversight, Counsel • 2002: FEMA, Congressional and Governmental Affairs, Director • 2003: Department of Homeland Security, Deputy Assistant Secretary and Policy Advisor • 2004: Bowman Group (public affairs firm in London); Republicans Abroad UK, Chair • 2010: Farmers and Drovers Bank ($181 million in assets), VP • 2017: Kansas Banking Commissioner
Scholarship at Time of Nomination	• "Corporate Spinoffs and Mass Tort Liability," Columbia Business Law Review, 1995. • "Deciding to Run for Congress: An Opportunity Cost Model with Partisan Implications," American Political Science Association, 1992.	• None	• None

	Dr. Lisa D. Cook
Nominated By	President Joseph R. Biden, January 2022
Education	• Spelman College, B.A., Philosophy, *magna cum laude*, Truman Scholar • Oxford University (England), B.A., Philosophy, Politics, and Economics, Marshall Scholar • Université Cheikh Anta Diop (Senegal), Masters Thesis, Philosophy • University of California (Berkeley), Ph.D., Economics
Experience	• 1997-2002: Harvard University, Kennedy School of Government, Visiting Assistant Professor; Harvard Center for International Development, Africa Research, Deputy Director; Harvard Business School, "Making Markets Work," Faculty • 2000-2001: Treasury Department, Senior Advisor on Finance and Development; Council on Foreign Relations, International Affairs Fellow • 2002-2005: Stanford University, Hoover Institution, National Fellow, Research Fellow • 2005-Present: Michigan State University, Economics and International Relations, Assistant Professor, Associate Professor, Professor • 2011-2012: White House Council of Economic Advisors, Senior Economist • Previous Visiting Appointments: Federal Reserve Banks of New York, Chicago, Minneapolis, and Philadelphia; University of Michigan • Present: American Economic Association, Executive Committee; National Bureau of Economic Research, Research Associate; Journal of Economic Editors, Board of Editors; Board of Directors of

	the Federal Home Loan Bank of Indianapolis; Federal Reserve Bank of Chicago, Academic Advisory Council
Scholarship at Time of Nomination	• "The implications of U.S. gender and racial disparities in income and wealth inequality at each stage of the innovation process," (with Jan Gerson) Washington Center for Equitable Growth Policy Brief, July 2019. • "Dust, Drink, and Divergence: Summaries of Nevins Prize Doctoral Dissertations," Journal of Economic History, Volume 78, Issue 2, pp. 575-610, 2018. • "Rural Segregation and Racial Violence: Historical Effects of Spatial Racism," with Trevon Logan and John Parman, American Journal of Economics and Sociology Volume 1, Numbers 3 and 4, 2018. • "Racial Segregation and Southern Lynching," with Trevon Logan and John Parman, Social Science History, vol 42(4), pages 635-675, 2018. • "The Mortality Consequences of Distinctively Black Names," with Trevon D. Logan and John Parman, Explorations in Economic History, Volume 59(C), pp. 114-125 (January 2016). • "Violence and Economic Growth: Evidence from African American Patents, 1870- 1940," Journal of Economic Growth, Volume 19, Issue 2 (June 2014), pp. 221-257. • "Distinctively Black Names in the American Past," with Trevon D. Logan and John Parman, Explorations in Economic History, Volume 53 (July 2014), pp. 64-82. • "The Financial and Economic Crisis: Implications for Consumer Finance and for Households in Michigan," 2012, forthcoming, Journal of Consumer Education. • "Overcoming Discrimination by Consumers during the Age of Segregation: The Example of Garrett Morgan," Business History Review, Volume 86, Issue 2 (Summer 2012). • "Converging to a National Lynching Database: Recent Developments and the Way Forward," Historical Methods, Volume 45, Issue 2 (March 2012). • "Inventing Social Capital: Evidence from African American Inventors, 1843-1930," Explorations in Economic History, Volume 48, Issue 4 (December 2011), pp. 507- 518. • "Metals or Management? Explaining Recent Economic Growth in Africa," American Economic Review, 99(2): 26874 (May 2009), with Laura Beny. • "Trade Credit and Bank Finance: Financing Small Firms in Russia," Journal of Business Venturing, Volume 14, Numbers 5-6, (1999) pp. 493-518. • "The Next Battleground in the Terror War," Hoover Digest 2004, No. 1. • "Now the Hard Part," Hoover Digest 2003, No. 2. • Various Working Papers

In light of the background of these Governors, it is incorrect to assert that a candidate's experience and scholarship needs to be exclusively grounded in macroeconomic policy in order to bring effective judgment and important lived experience to the role of Board Governor. Governor Warsh's experience on Wall Street proved helpful when developing solutions to the financial crisis. Similarly, the experience of Governors Duke and Bowman have provided valuable insights into the role of community banks in the national economy. We strongly believe that Dr. Cook's breadth of scholarship regarding the U.S. and international economies, hands-on experience in service on the Indianapolis Federal Home Loan Bank Board, and extensive research on the impact of racial inequality in the U.S. economy, as well as her lived experience, would bring much-needed insight, intelligence, and judgment to a Board that has often been criticized for favoring Wall Street over Main Street and for ignoring the realities of certain sectors of the economy.

Further, it is incorrect to assert that industry ties or geographic diversity are necessary qualifications for a Board Governor. Indeed, arguments have been made that such industry ties have caused some of the missteps and oversights by the Board in recent years. Perhaps if more Governors were closer to consumer groups and community banks, and better understood the range of experiences in this nation, then the regulatory and supervisory failures causing the Great Recession could have been avoided. Indeed, in the lead up to the crisis, research conducted by some of the nation's most revered organizations demonstrated the nation would suffer a prolific foreclosure crisis. Based on this research, these organizations repeatedly requested that the Federal Reserve, including in meetings with two different Fed Chairs, use its authority under the Home Owners Equity Protection Act to restrict predatory, abusive, and discriminatory lending practices in order to prevent an epic crisis. The Federal Reserve Board ignored the research and information provided by civil rights and other groups, and the nation suffered a horrific crisis from which some communities are still trying to recover.

Finally, while geographic diversity can be helpful, it has never been a critical requirement, especially given that the Reserve Bank Presidents who serve on the Federal Open Market Committee are chosen in specific rotations designed to reflect geographic diversity (see chart below from the Board's website).

Federal Reserve Bank Rotation on the FOMC

Committee membership changes at the first regularly scheduled meeting of the year.

	2023	**2024**	**2025**
Members	New York	New York	New York
	Chicago	Cleveland	Chicago
	Philadelphia	Richmond	Boston
	Dallas	Atlanta	St. Louis
	Minneapolis	San Francisco	Kansas City

These criticisms may reflect a lack of understanding of the broad functions of the Board, which go well beyond monetary policy. The Board's dual mission of ensuring maximum employment and price stability, is accomplished through its five general functions. As stated on the Board's website:

About the Federal Reserve System

The Fed Explained

The Federal Reserve System is the central bank of the United States.

It performs five general functions to promote the effective operation of the U.S. economy and, more generally, the public interest. The Federal Reserve

- **conducts the nation's monetary policy** to promote maximum employment, stable prices, and moderate long-term interest rates in the U.S. economy;
- **promotes the stability of the financial system** and seeks to minimize and contain systemic risks through active monitoring and engagement in the U.S. and abroad;
- **promotes the safety and soundness of individual financial institutions** and monitors their impact on the financial system as a whole;
- **fosters payment and settlement system safety and efficiency** through services to the banking industry and the U.S. government that facilitate U.S.-dollar transactions and payments; and
- **promotes consumer protection and community development** through consumer-focused supervision and examination, research and analysis of emerging consumer issues and trends, community economic development activities, and the administration of consumer laws and regulations.

In addition, the Board has a very influential presence as a thought leader in addressing the economic challenges of our time. For example, Board Governors have recently used their platforms to address challenges relating to crypto currencies and whether there is a role for the central bank to play in establishing a Central Bank Digital Currency. However, the Board has done very little to concretely address the challenges and obstacles to economic equity despite its huge impact on the macroeconomy.

It is well past time for the Board to show leadership in addressing one of the greatest economic challenges of our day and to marshal its vast resources and tools to create an economy that benefits the entire nation, including communities of color. Research shows that, due to bias in the markets, the economy suffered a loss of $16 trillion dollars over the past 20 years and that eliminating racial inequity can generate $5 trillion dollars to the U.S. GDP over a five-year period.

We believe it is imperative to confirm Dr. Lisa Cook to bring innovative solutions to the Board as it grapples with ensuring a full recovery that benefits all segments of our society—including rural communities and small cities—and drives future economic growth. For these reasons, we urge you to promptly confirm Dr. Cook as a Board Governor. If you have any questions, please feel free to contact Nikitra Bailey, Senior Vice President of Public Policy at the National Fair Housing Alliance: NBailey@nationalfairhousing.org.

Sincerely,

Individuals

Dr. DeForest B. Soaries, Jr.
Dr. Darrick Hamilton
Dr. Rakeen Mabud

Local and State Organizations

State	City	Organization
AL	Birmingham	Fair Housing Center of Northern Alabama
AZ	Tucson	Southwest Fair Housing Council
CA	Riverside	Fair Housing Council of Riverside County, Inc.
CA	San Francisco	California Reinvestment Coalition
CA	San Rafael	Fair Housing Advocates of Northern California
CA	Santa Ana	Fair Housing Council of Orange County
CA	South San Francisco	Housing Equality Law Project (HELP)
CT	Hartford	Connecticut Fair Housing Center
FL	Lantana	Fair Housing Center of the Greater Palm Beaches
FL	Miami	Housing Opportunities Project for Excellence, Inc.
GA	Atlanta	Metro Fair Housing Services, Inc.
GA	Savannah	Savannah-Chatham County Fair Housing Council, Inc.
ID	Boise	Intermountain Fair Housing Council, Inc.
IL	Chicago	Chicago Area Fair Housing Alliance
LA	New Orleans	Louisiana Fair Housing Action Center
MA	Holyoke	Massachusetts Fair Housing Center, Inc.
MD	Baltimore	Maryland Consumer Rights Coalition
MI	Grand Rapids	Fair Housing Center of West Michigan
MI	Kalamazoo	Fair Housing Center of Southwest Michigan
MN	St Paul	MICAH (Metropolitan Interfaith Council on Affordable Housing)
NY	Bohemia	Long Island Housing Services, Inc.
NY	Long Island City	Fair Housing Justice Center
NY	New York	Center for New York City Neighborhoods, Inc.
OH	Akron	Fair Housing Advocates Association
OH	Cleveland	Housing Research & Advocacy Center dba Fair Housing Center for Rights & Research
OH	Dayton	Miami Valley Fair Housing Center, Inc.
OH	Toledo	The Fair Housing Center
PA	Philadelphia	Fair Housing Rights Center in Southeast Pennsylvania
PR	San Juan	Solo Por Hoy, Inc.
TX	Dallas	North Texas Fair Housing Center

VA	Richmond	Housing Opportunities Made Equal of Virginia
WA	Tacoma	Fair Housing Center of Washington

National Organizations

Americans for Democratic Action (ADA)
Americans for Financial Reform
Asian Pacific American Labor Alliance, AFL-CIO
Asian Real Estate Association of America
Black Economic Alliance
Center for Disability Rights
Center for Responsible Lending
Color Of Change
Consumer Federation of America
FairPlay
Integrated Community Solutions, Inc.
Joint Center for Political and Economic Studies
Lawyers' Committee for Civil Rights Under Law
Liberation in a Generation
NAACP
NAACP Legal Defense and Educational Fund, Inc. (LDF)
NAREB
National Action Network
National Baptist Convention Housing Commission
National CAPACD
National Center for Lesbian Rights
National Coalition For The Homeless
National Community Reinvestment Coalition (NCRC)
National Council of Asian Pacific Americans (NCAPA)
National Fair Housing Alliance
National Housng Resource Center
National Institute of Minority Economic Development
National Low Income Housing Coalition
National Urban League
Opportunity Finance Network
Revolving Door Project
The Equal Rights Center
The Leadership Conference on Civil and Human Rights
UnidosUS
Woodstock Institute

Sam Nunn
1180 Peachtree Street, NE
Atlanta, Georgia 30309
(404) 572- 4951

January 28, 2022

Honorable Sherrod Brown, Chairman
Honorable Patrick J. Toomey, Ranking Member
Honorable Jack Reed, Member
Honorable Richard C. Shelby, Member
Honorable Jon Ossoff, Member
Honorable Raphael Warnock, Member
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

Dear Senators:

I am writing in support of Dr. Lisa Cook's nomination to serve on the Federal Reserve Board of Governors. I am especially proud that Lisa is from Milledgeville, Georgia. I knew her father, Reverend Payton Cook, a very respected Baptist minister and a highly regarded leader in Milledgeville and in our state. Lisa is a graduate of Spelman College in Atlanta, where she was a Truman Scholar and Spelman's first Marshall Scholar. I am honored to strongly recommend Dr. Cook to the Senate Banking Committee, and to recommend that she be confirmed by the full Senate for the Federal Reserve System Board of Governors.

With the significant challenges and opportunities facing our nation, we would be fortunate to have someone with Dr. Cook's breadth and depth of experience and leadership skills serving on the Federal Reserve System Board of Governors. Dr. Cook currently serves as a Professor of Economics and International Relations at Michigan State University.

During her 30 years of teaching economics, Dr. Cook has taught macroeconomics, international economics, and economic history, all of which are relevant and important in decision-making related to monetary policy.

Dr. Cook was elected to the Federal Reserve Bank of Chicago Board of Directors in November 2021 and to the Federal Home Loan Bank of Indianapolis Board of Directors in 2020. As you well know, the Federal Home Loan Bank system was critical in helping to resolve the housing crisis during and following the Great Recession. As a member of the Board, Dr. Cook now advises bank management on macroeconomic policy and serves on the Budget Committee and the Finance and Risk Oversight Committee.

Dr. Cook is one of a few leading academic economists advising the leadership of two Federal Reserve Banks – through her service on the Academic Advisory Council of the Federal Reserve Bank of Chicago and the Advisory Board of the Opportunity and Growth Institute at the Federal Reserve Bank of Minneapolis.

Dr. Cook is the third African American to serve in a senior role at the Council of Economic Advisers (Obama-Biden Administration, 2011-2012) in its more than 50 years. While there, Dr. Cook was the Senior Economist responsible for analyzing and advising on the eurozone crisis, where she led and coordinated the CEA/NSC daily briefing on the eurozone for White House senior staff.

In her role at the CEA, working with Jeffrey Sachs, Dr. Cook advised President Obasanjo of Nigeria on economic policy during its debt crisis. She has also advised other senior officials in other countries, including the Minister of Finance of Rwanda and the Vice President of Burundi. Her exposure and experience in these economies helped to develop and hone her skills related to inclusive, people-centered, sustainable economies and economic policy.

Dr. Cook also has extensive experience in the financial services industry. She has interned and worked at a wide range of bank and non-bank institutions, including the World Bank, a commercial bank (NationsBank, now Bank of America), an investment bank (Salomon Brothers, now Citigroup), and several Federal Reserve Banks. In addition, her research and experience have included China, Russia, Brazil, South Africa, other emerging markets, OECD countries, and African countries. Dr. Cook's broad exposure is a valuable asset as she will deal with important questions concerning the global economy, the U.S. economy, and monetary and banking policy in the U.S., particularly in times of uncertainty.

Over the course of her career, Dr. Cook has been afforded many opportunities. One of the most meaningful was receiving the prestigious National Fellowship at the Hoover Institution at Stanford University, which recognizes top young economists in the U.S. and provides resources for fellows to do research on cutting-edge topics. Dr. Cook's interaction with Nobel laureates Ken Arrow, Milton Friedman, and Paul Romer while at Stanford was a unique experience and greatly influenced her recent research on innovation and economic growth.

I know that your schedules are packed, but I hope that you will be able to meet with Dr. Cook personally in the near future. I am confident that, like me, you will enjoy getting to know her and that you will be impressed with her experience, her knowledge, and her strong qualifications for this important position. Dr. Cook is one of our nation's most experienced and accomplished macroeconomists and a leading authority on banking systems and international economic growth. If confirmed for the Federal Reserve System Board of Governors, Dr. Cook would be the first Black woman to serve in this role. I urge you to recommend that she be confirmed by the full Senate.

With my best wishes to you all in your important responsibilities. Thank you for your service to the Senate and to our nation.

Sincerely,

Sam

Sam Nunn

February 1, 2022

The Honorable Sherrod C. Brown, Chairman
Committee on Banking, Housing, and Urban Affairs
503 Hart Senate Office Building.
Washington, D.C, 20510

The Honorable Patrick J. Toomey, Jr., Ranking Member
Committee on Banking, Housing, and Urban Affairs
248 Russell Senate Office Building.
Washington, D.C, 20510

U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Brown and Ranking Member Toomey,

We are writing today to express our support for the nomination of Sarah Bloom Raskin to serve as Vice Chair of Supervision of the Board of Governors of the Federal Reserve System as well as the nominations of Dr. Lisa Cook and Dr. Philip Jefferson to serve on the Board of Governors of the Federal Reserve System. We encourage the United States Senate to expeditiously confirm all three nominees.

As stewards of our city and state's budgets, we acknowledge and appreciate the vital importance of strong leadership at the Federal Reserve. This leadership is more important than ever, as our country struggles to recover from the dual economic and public health crises brought on by the pandemic, exacerbating existing social and economic inequalities. The economy has made great strides over the last year under the Biden Administration. American workers are benefiting from a healthier labor market that is bringing relief to families across the country. However, we must carefully navigate our way through the complicated economic impacts of the pandemic that continue to put a strain on many families' household budgets. We believe that President Biden's nominees are more than ready for this task and would welcome the opportunity to work with them in this effort.

In addition to the continued imperative to shepherd the U.S. economy and financial system into a healthy post-pandemic recovery, we are also aware of the need to prepare for systemic risks on the horizon that could cause instability in the future. The looming threats of climate change, cybersecurity and other potentially risky phenomena require diligence and forward-thinking leadership. We urge you to not only meet this moment in our country's history, but to also help prepare us for the future by confirming these highly qualified candidates.

We endorse President Biden's nominees not only for their unparalleled expertise and impressive experience, but also for the diversity they would bring to the Federal Reserve. At this unique moment in the history of our country, it is critical that those directing the country's financial infrastructure represent and reflect the diversity of the American experience. Improved diversity at the Federal Reserve will ensure stronger and more equitable policies that will in turn, improve the overall health of our economy.

Dr. Lisa Cook represents the dynamic leadership our country needs at the Federal Reserve. Her exceptional background includes years of experience in public service, academia, and macroeconomics, combined with a demonstrated deep understanding of racial disparities in our economy. Before her current position as professor of economics and international relations at Michigan State University, she was on the faculty at Harvard University's Kennedy School of Government and a National Fellow for research in economics at the Hoover Institution at Stanford University. In addition to her impressive academic credentials, she brings a wide range of experience in government - from appointments at the National Bureau of Economic Research to four Federal Reserve Regional Banks. As senior economist on President Obama's Council of Economic Advisors, Dr. Cook dealt with key economic issues and pragmatic policymaking, including experience in the 2008 financial crisis and the Eurozone crisis, which makes her well-poised to navigate our unprecedented challenges. With her extensive research on Black unemployment and how barriers to economic opportunity in Black communities have harmed our economy, Dr. Cook will provide much-needed input to achieve maximum employment and price stability.

Sarah Bloom Raskin is a lifelong public servant with an exceptional track record as a champion for consumer protection, prudent regulation, and financial risk mitigation. As the former Deputy Secretary of the Treasury and Federal Reserve Governor, Bloom Raskin is well-suited to help lead regulation at the Federal Reserve as Vice Chair for Supervision. During her previous tenure at the Federal Reserve and Treasury Department, she was deeply involved in developing the response to the 2008 financial crisis and safeguarding the country's financial infrastructure. In addition to this high-level leadership, Bloom Raskin gained intimate familiarity with the everyday challenges facing state and community-level banks and financial institutions as Maryland's chief financial regulator. Her leadership in identifying and mitigating current, as well as future risks, to the economy and financial system demonstrates her unparalleled aptitude and suitability for the role to which she has been nominated.

With an impressive resume and a breadth of expertise, Dr. Philip Jefferson will be an excellent Federal Reserve Governor. Currently, he is Vice President for Academic Affairs, Dean of Faculty, and the Paul B. Freeland Professor of Economics at Davidson College. Dr. Jefferson has served as an economist at the Federal Reserve, and worked with Federal Reserve Regional Banks in Minneapolis and New York. His research on how macroeconomic and monetary policy impacts employment, economic growth, and household finances make him well-qualified. Further, his deep understanding of inequality and poverty stands out to us, such as his research on how business cycles impact poverty rates and his examination of the role of monetary policy in raising employment opportunities for historically underserved workers. Dr. Jefferson will bring strong policy and research experience, sound judgement, and unique perspectives to the Board.

We appreciate your continued leadership in safeguarding our country's banking and financial system, and trust that you will confirm these exceptional nominees.

Sincerely,

Brad Lander
New York City Comptroller

Thomas P. DiNapoli
New York State Comptroller

Zach Conine
Nevada State Treasurer

Tim Eichenberg
New Mexico State Treasurer

Sarah A. Godlewski
Wisconsin State Treasurer

Deborah B. Goldberg
Treasurer and Receiver-General
of Massachusetts

Beth Pearce
Vermont State Treasurer

Michael J. Pellicciotti
Washington State Treasurer

Tobias Read
Oregon State Treasurer

David L. Young
Colorado State Treasurer

Henry E. M. Beck
Maine State Treasurer

Julie Blaha
Minnesota State Auditor

Colleen C. Davis
Delaware State Treasurer

Seth Magaziner
Rhode Island General Treasurer

Natalie Braswell
Connecticut State Comptroller

Fiona Ma
California State Treasurer

Darius Shahinfar
Treasurer and CFO, Albany (NY)

Bill Henry
Baltimore City (MD) Comptroller

Darlene Green
St. Louis (MO) Comptroller

Kevin R. Hardwick
Erie County (NY) Comptroller

Mark Pinsley
Lehigh County (NY) Controller

Kimberly Davis
Clinton County (NY) Treasurer

March Gallagher
Ulster County (NY) Comptroller

Dr. Dorcey L. Applyrs
Chief City Auditor, Albany (NY)

cc: Members of the Senate Committee on Banking, Housing and Urban Affairs

THE EXECUTIVE LEADERSHIP COUNCIL
The Power of Inclusive Leadership

February 2, 2022

The Honorable Sherrod Brown
Chairman
U.S. Senate Committee on Banking, Housing, and Urban Affairs
SD-534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Pat Toomey
Ranking Member
U.S. Senate Committee on Banking, Housing, and Urban Affairs
SD-534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Brown, Ranking Member Toomey, and Committee Members:

As the preeminent global membership organization for Black current and former CEOs, senior executives and board members of Fortune 1000 and equivalent companies, The Executive Leadership Council (ELC) would like to express our support for the historic nominations of Drs. Lisa Cook and Philip Jefferson to serve on the Federal Reserve Board. The ELC advocates for advancing Black leadership by increasing the number of Black corporate CEOs, C-Suite executives, and board members, and building the pipeline of the next generation of Black corporate leaders.

In conjunction with our advocacy efforts on behalf of Black executives, we also acknowledge the forward advancement of leaders like Dr. Cook who would be the first Black woman, and Dr. Jefferson, who would be the fourth Black man, to be appointed to the Federal Reserve Board in its 108-year history. The nomination of these two Black Americans, both noted economists, to serve on the Federal Reserve Board is a welcome recognition of the important role that people of color must play in determining economic priorities for our nation. This historic appointment will impact all companies in the United States and the executives who serve those organizations.

Dr. Lisa Cook currently serves as a Professor of Economics and International Relations at Michigan State University. Her talent was apparent at an early age, as she was the first Marshall scholar from Spelman College, a historically Black college in Atlanta, Georgia. Since then, she has gone on to advise the Council of Economic Advisors on policy issues, sit on the board of the Federal Reserve Bank of Chicago and become one of the most acclaimed economists in the United States. Dr. Cook is widely regarded as an expert on international banking systems, innovation, economic growth and monetary policies.

Dr. Philip Jefferson also has extensive experience with the Federal Reserve System where his work has focused on monetary policy and its potential distributional effects. Dr. Jefferson has worked as a research economist for the Board of Governors and a visiting economist for the Federal Reserve Bank of New York. He has published extensively on issues of monetary theory and his research addresses the links between inequality, poverty, and business cycles.

Both nominees currently serve as advisors to the Opportunity and Inclusive Institute at the Federal Reserve Bank of Minneapolis. Dr. Cook has served on the Executive Committee of the American Economic Association and Dr. Jefferson was Director of the Eastern Economic Association. Both nominees are uniquely qualified to meet the standard of the Federal Reserve's Dual Mandate to effectively promote the goals of maximum employment, stable prices, and moderate long term interest rates – set by Congress in 1977.

The Executive Leadership Council applauds President Biden's nomination, and we urge the Senate to move swiftly to confirm these nominations. Thank you for your consideration and we welcome the opportunity to engage with the committee on other important matters.

Best regards,

Mike

Michael C. Hyter
President and CEO
The Executive Leadership Council

Spelman College®
OFFICE OF THE PRESIDENT
PHONE: 404-270-5001
FAX: 404-270-5010

MARY SCHMIDT CAMPBELL, Ph.D.
President

February 1, 2022

The Honorable Sherrod Brown
Chairman
Senate Banking, Housing and Urban Affairs Committee
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Pat Toomey
Ranking Member
Senate Banking, Housing and Urban Affairs Committee
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey:

Spelman College celebrates Board of Governors of the Federal Reserve System nominee Lisa D. Cook, Ph.D., C'86. As the global leader in the education of young African American women, we could not be more proud of Dr. Cook's accomplishments and if her nomination is confirmed by the Senate, Dr. Cook will be the first Black woman to serve on the Federal Reserve Board. Dr. Cook earned a Bachelor of Arts degree in physics and philosophy (magna cum laude) from Spelman, where she received the highly competitive Harry S. Truman Scholarship and the Charles E. Merrill Study Abroad Scholarship. She proceeded to St. Hilda's College, Oxford as Spelman's first Marshall Scholar where she earned another B.A. in philosophy, politics, and economics in 1988.

As I have stated in the past, this achievement for Dr. Cook comes at a particularly auspicious time for Spelman. For the past several years, with support from the Alfred P. Sloan Foundation, Dr. Cook has worked in partnership with the economics department, chaired by Marionette Holmes, Ph.D., to increase the number of Black women, who earn Ph.Ds. in economics. Dr. Cook is a stellar role model for our aspiring economists. From serving on the faculty of Harvard University's Kennedy School of Government, to serving on the Board of Directors of the Federal Home Loan Bank of Indianapolis, and the Board of the Federal Reserve Bank of Chicago, Dr. Cook has amassed a broad range of experiences in academia, across the financial sector, and in economic policymaking.

Dr. Cook has held senior positions across the federal government, first at the U.S. Department of Treasury and then at the White House Council of Economic Advisers. She is beyond qualified for this appointment and I know she will serve our country with integrity and a strong commitment to supporting policies that will strengthen our financial systems and build a healthy economy that will ensure all Americans can have a chance at achieving the American dream.

The Honorable Sherrod Brown | The Honorable Pat Toomey
Senate Banking, Housing and Urban Affairs Committee
February 1, 2022
Page 2:

The Spelman community stands with Dr. Cook as she moves forward in this historic nomination process. She has dedicated her professional life to academic excellence and leadership. Spelman encourages our graduates to be global leaders and certainly Dr. Cook has met this standard. She inspires us to use our gifts to have a positive impact on our communities, our nation, and the world. It is my hope she will be confirmed swiftly, for I know her expertise will make an invaluable contribution to the Board of Governors.

Sincerely,

Mary Schmidt Campbell, Ph.D.
President
Spelman College

THIRD WAY

January 31, 2022

The Honorable Sherrod Brown
U.S. Senate Committee on Banking,
Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Patrick Toomey
U.S. Senate Committee on Banking,
Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey,

As the Committee continues consideration of President Joe Biden's nominees to the Federal Reserve, we want to reiterate our organization's strong support of the President's entire slate of nominees.

The leadership at the Fed impacts all of us. It matters for the ongoing progress in the labor market and for guarding against any persistent rise in the cost of living for Americans. And the Fed has a vital role to play in ensuring that our economy is prepared to battle the threat of climate change. Because of that, we support the renomination of Jay Powell as Chair of the Federal Reserve for another four-year term. We are also delighted to see Federal Reserve Governor Lael Brainard nominated to the position of Vice Chair. The continuity in leadership at this important time is vital.

Third Way also supports the nomination of Dr. Lisa Cook, Sarah Bloom Raskin, and Dr. Phillip Jefferson to the Board of Governors of the Federal Reserve. These nominees exemplify the deep expertise and breadth needed at the Federal Reserve in their conduct of monetary policy and financial system stability.

Dr. Lisa Cook brings a wealth of knowledge and expertise to the Fed, with research in many areas important to the dual mandate of maximum employment and price stability. Her Ph.D. in economics included graduate fields in macroeconomics and international economics, two fields that are critical for monetary policymaking. Her recent research has centered on economic growth and development, innovation, financial institutions and markets, and economic history. Dr. Cook will bring a diverse perspective to the Fed, which will inform the assessment of impacts associated with the implementation of monetary policy.

Sarah Bloom Raskin has extremely relevant experience from her prior Fed governor tenure, as well as her work at the US Department of Treasury. She is well positioned to lead the Fed's effort on economic and financial risk assessment associated with climate change.

Dr. Phillip Jefferson's research on poverty and income inequality, including his experience as a researcher at the Federal Reserve, is particularly pertinent at this

1025 Connecticut Ave NW, Suite 400 • Washington, D.C. 20036 • 202.384.1700 • 202.775.0430 fax

juncture. With the unemployment rate at 3.9%, the Fed has an important opportunity ahead to solidify these gains in the labor market and ensure that job opportunities expand to all communities, not just those at the top.

President Biden's steady economic leadership has added millions of jobs to the US economy, brought unemployment down, and opened the economy while keeping the country safe from the pandemic. This experienced team will ensure the Fed's independence and offer a steady hand on the rudder. We urge your swift consideration and support.

Sincerely,

Gabe Horwitz
Senior Vice President, Economic Program
Third Way

Ellen Hughes-Cromwick
Senior Resident Fellow for Climate and Energy
Third Way

February 11, 2022

The Honorable Sherrod Brown
Chairman, U.S. Senate Committee on
Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Patrick Toomey
Ranking Member, U.S. Senate Committee on
Banking, Housing, and Urban Affairs
455 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey:

We the undersigned Marshall and Truman scholars wish to express our support for the nomination of one of our own, Dr. Lisa D. Cook, to serve as a Member of the Board of Governors of the Federal Reserve.

Dr. Cook's distinguished career in macroeconomics and years of experiences would make her an outstanding Governor. Her exceptional background includes years of macroeconomic policy experience in the private sector, public service, and academia, as well as extensive work within the Federal Reserve system. She has taught at Harvard University's Kennedy School of Government; was a National Fellow for research in economics at the Hoover Institution at Stanford University; and currently is a research associate at the National Bureau of Economic Research.

We are especially pleased that amongst her many achievements is her service as the first Marshall Scholar from Spelman College, where she graduated magna cum laude, and where she was named a Harry S. Truman Scholar.

Her policy-making experiences in government include work with four Federal Reserve regional banks; service on the White House Council of Economic Advisers, where she led the Eurozone crisis response team; and her positions with both Republican and Democratic administrations. Community and regional bankers in the Midwest elected her to serve on the Board of the Federal Home Loan Bank of Indianapolis as well as to the Board of the Federal Reserve Bank of Chicago. She also serves on the board of a Community Development Financial Institution (CDFI) in Michigan.

We are pleased to join the Midwestern community bankers, Nobel-prize winning economists and bipartisan leaders across the spectrum who have recognized Dr. Cook's experiences will be a crucial addition to the Federal Reserve as it fulfills its mandate of price stability and maximum employment.

Sincerely,

Dr. Byron Auguste, Truman Scholar, 1987; Marshall Scholar, 1989
Amar Bhardwaj, Marshall Scholar, 2020
Simon Boehme, Truman Scholar, 2013
Dr. Christopher Carpenter, Truman Scholar, 1996
Pamela Y. Cook, Truman Scholar, 1983
Dr. William Darity, Marshall Scholar, 1974
Dr. Jared English, Truman Scholar 2003; Marshall Scholar 2004
Dr. Rebecca Farnum, Marshall Scholar, 2012
Dr. Cheryl Foster, Truman Scholar, 1981; Marshall Scholar, 1986
Margaret Hu, Truman Scholars, 1993
Dr. Pamela McElwee, Truman Scholar, 1990

Monisha Merchant, Truman Scholar, 1998
Kemi Oyewole, Truman Scholar, 2013
Rebecca Peters, Truman Scholar, 2013; Marshall Scholar, 2014
Dara Purvis, Truman Scholar, 2002
Dr. Julia Rafal-Baer, Marshall Scholar, 2006
Warwick Sabin, Truman Scholar, 1997; Marshall Scholar, 1998
Dr. Kevin M. Short, Marshall Scholar, 1985
Dr. Rujuta Srivastava, Truman Scholar, 1992
Dr. Song Tan, Marshall Scholar, 1985
Donna Thompson-Bennett, Truman Scholar, 1985
Dr. Mary Tolar, Truman Scholar, 1988
Will Tucker-Ray, Truman Scholar, 2003
Marisa B. Van Saaned, Truman Scholar 2000; Marshall Scholar 2002
Dayne Walling, Truman Scholar, 1995
Tracy Williams, Marshall Scholar, 2004
Max Yates, Truman Scholar, 2020; Marshall Scholar, 2022
Nada Zohdy, Truman Scholar, 2009

Added February 14, 2022:
Dr. Brian Babcock-Lumish, Truman Scholar, 2001; Marshall Scholar, 2002
Dr. Monica Bell, Truman Scholar 2002
Sheryll Cashin, Marshall Scholar, 1984
Georgie Boge Geraghty, Truman Scholar, 1987
Dr. Tarek Ghani, Truman Scholar, 2003
Rahul Rekhi, Truman Scholar, 2012; Marshall Scholar, 2013
Ebun Taiwo, Truman Scholar, 2002

February 14, 2022

Chairman Sherrod Brown
Committee on Banking, Housing,
and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, DC 20510

Ranking Member Patrick Toomey
Committee on Banking, Housing,
and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey:

We, the undersigned civil and human rights, housing, consumer, labor and faith organizations, and individuals, write to express our strong support for the nomination of Dr. Lisa D. Cook to a seat on the Board of Governors of the Federal Reserve ("Board"). Dr. Cook is eminently qualified. She is the experienced leader we need to help ensure the economy continues to expand and that the Board's decisions produce an equitable recovery so that more American families—including those living in rural communities, small towns, and underserved areas—have access to economic opportunity. Her breadth of research and experience will also help ensure underserved lending institutions, like community banks and minority-owned lending institutions, can fully participate in the economy. Moreover, if confirmed, Dr. Cook would become the first Black woman to serve on the Board in its 108-year history, which would bring the Board closer to representing the rich diversity of this nation. We urge your committee to act quickly to advance this historic nomination, and we urge the Senate to promptly confirm Dr. Lisa Cook.

We have recently heard some unfair and troubling criticisms that we would like to address. Some have incorrectly asserted that in order to be a Board Governor, Dr. Cook's experience and scholarship needs to be exclusively grounded in macroeconomic policy. Others have raised concerns that President Biden's selections need greater industry representation and geographic diversity. All of these criteria would be new standards not grounded in the reality of the Board's broad functions or the background of the Board's previous Governors. We will address each unfounded criticism in turn.

For those raising the wholly unfounded criticism that Dr. Cook is somehow less qualified than other Governors, we would offer this comparison to the experience of other recent Governors, who were nominated by previous administrations.

	Kevin Warsh	**Elizabeth Duke**	**Michelle Bowman**
Nominated By	President George W. Bush, January 2006	President George W. Bush, May 2007	President Donald J. Trump, April 2018
Age at Time of Nomination	35 years old (youngest nomination in history)	54 years old	46 years old
Education	• 1992: Stanford University, A.B. in Public Policy • 1995: Harvard Law School, J.D., *cum laude*	• 1974: University of North Carolina, Chapel Hill, B.F.A. in Drama • 1983: Old Dominion University, M.B.A.	• University of Kansas, B.S. in Advertising and Journalism • 1996: Washburn University School of Law, J.D.

Post-Graduate Experience	• 1995-2002: Morgan Stanley, Executive Director, Mergers and Acquisitions • 2002-2006: National Economic Council, Executive Secretary; Special Assistant to the President for Economic Policy	• 1985-2001: Bank of Tidewater, VP and Chief Financial Officer; President; CEO • 1998: Federal Reserve Bank of Richmond, Director • 1999: Virginia Bankers Association, President • 2001: SouthTrust Bank, EVP of Community Bank Development • 2004: Wachovia, EVP, Merger Project Office • TowneBank: Senior EVP and COO • 2004-2005: American Bankers Association, Chair	• 1997-2002: U.S. House Committee on Transportation and Infrastructure, U.S. House Committee on Government Reform and Oversight, Counsel • 2002: FEMA, Congressional and Governmental Affairs, Director • 2003: Department of Homeland Security, Deputy Assistant Secretary and Policy Advisor • 2004: Bowman Group (public affairs firm in London); Republicans Abroad UK, Chair • 2010: Farmers and Drovers Bank ($181 million in assets), VP • 2017: Kansas Banking Commissioner
Scholarship at Time of Nomination	• "Corporate Spinoffs and Mass Tort Liability," Columbia Business Law Review, 1995. • "Deciding to Run for Congress: An Opportunity Cost Model with Partisan Implications," American Political Science Association, 1992.	• None	• None

	Dr. Lisa D. Cook
Nominated By	President Joseph R. Biden, January 2022
Education	• Spelman College, B.A., Philosophy, *magna cum laude*, Truman Scholar • Oxford University (England), B.A., Philosophy, Politics, and Economics, Marshall Scholar • Université Cheikh Anta Diop (Senegal), Masters Thesis, Philosophy • University of California (Berkeley), Ph.D., Economics
Experience	• 1997-2002: Harvard University, Kennedy School of Government, Visiting Assistant Professor; Harvard Center for International Development, Africa Research, Deputy Director; Harvard Business School, "Making Markets Work," Faculty • 2000-2001: Treasury Department, Senior Advisor on Finance and Development; Council on Foreign Relations, International Affairs Fellow • 2002-2005: Stanford University, Hoover Institution, National Fellow, Research Fellow • 2005-Present: Michigan State University, Economics and International Relations, Assistant Professor, Associate Professor, Professor • 2011-2012: White House Council of Economic Advisors, Senior Economist • Previous Visiting Appointments: Federal Reserve Banks of New York, Chicago, Minneapolis, and Philadelphia; University of Michigan • Present: American Economic Association, Executive Committee; National Bureau of Economic Research, Research Associate; Journal of Economic Editors, Board of Editors; Board of Directors of

	the Federal Home Loan Bank of Indianapolis; Federal Reserve Bank of Chicago, Academic Advisory Council
Scholarship at Time of Nomination	• "The implications of U.S. gender and racial disparities in income and wealth inequality at each stage of the innovation process," (with Jan Gerson) Washington Center for Equitable Growth Policy Brief, July 2019. • "Dust, Drink, and Divergence: Summaries of Nevins Prize Doctoral Dissertations," Journal of Economic History, Volume 78, Issue 2, pp. 575-610, 2018. • "Rural Segregation and Racial Violence: Historical Effects of Spatial Racism," with Trevon Logan and John Parman, American Journal of Economics and Sociology Volume 1, Numbers 3 and 4, 2018. • "Racial Segregation and Southern Lynching," with Trevon Logan and John Parman, Social Science History, vol 42(4), pages 635-675, 2018. • "The Mortality Consequences of Distinctively Black Names," with Trevon D. Logan and John Parman, Explorations in Economic History, Volume 59(C), pp. 114-125 (January 2016). • "Violence and Economic Growth: Evidence from African American Patents, 1870- 1940," Journal of Economic Growth, Volume 19, Issue 2 (June 2014), pp. 221-257. • "Distinctively Black Names in the American Past," with Trevon D. Logan and John Parman, Explorations in Economic History, Volume 53 (July 2014), pp. 64-82. • "The Financial and Economic Crisis: Implications for Consumer Finance and for Households in Michigan," 2012, forthcoming, Journal of Consumer Education. • "Overcoming Discrimination by Consumers during the Age of Segregation: The Example of Garrett Morgan," Business History Review, Volume 86, Issue 2 (Summer 2012). • "Converging to a National Lynching Database: Recent Developments and the Way Forward," Historical Methods, Volume 45, Issue 2 (March 2012). • "Inventing Social Capital: Evidence from African American Inventors, 1843-1930," Explorations in Economic History, Volume 48, Issue 4 (December 2011), pp. 507- 518. • "Metals or Management? Explaining Recent Economic Growth in Africa," American Economic Review, 99(2): 26874 (May 2009), with Laura Beny. • "Trade Credit and Bank Finance: Financing Small Firms in Russia," Journal of Business Venturing, Volume 14, Numbers 5-6, (1999) pp. 493-518. • "The Next Battleground in the Terror War," Hoover Digest 2004, No. 1. • "Now the Hard Part," Hoover Digest 2003, No. 2. • Various Working Papers

In light of the background of these Governors, it is incorrect to assert that a candidate's experience and scholarship needs to be exclusively grounded in macroeconomic policy in order to bring effective judgment and important lived experience to the role of Board Governor. Governor Warsh's experience on Wall Street proved helpful when developing solutions to the financial crisis. Similarly, the experience of Governors Duke and Bowman have provided valuable insights into the role of community banks in the national economy. We strongly believe that Dr. Cook's breadth of scholarship regarding the U.S. and international economies, hands-on experience in service on the Indianapolis Federal Home Loan Bank Board, and extensive research on the impact of racial inequality in the U.S. economy, as well as her lived experience, would bring much-needed insight, intelligence, and judgment to a Board that has often been criticized for favoring Wall Street over Main Street and for ignoring the realities of certain sectors of the economy.

Further, it is incorrect to assert that industry ties or geographic diversity are necessary qualifications for a Board Governor. Indeed, arguments have been made that such industry ties have caused some of the missteps and oversights by the Board in recent years. Perhaps if more Governors were closer to consumer groups and community banks, and better understood the range of experiences in this nation, then the regulatory and supervisory failures causing the Great Recession could have been avoided. Indeed, in the lead up to the crisis, research conducted by some of the nation's most revered organizations demonstrated the nation would suffer a prolific foreclosure crisis. Based on this research, these organizations repeatedly requested that the Federal Reserve, including in meetings with two different Fed Chairs, use its authority under the Home Owners Equity Protection Act to restrict predatory, abusive, and discriminatory lending practices in order to prevent an epic crisis. The Federal Reserve Board ignored the research and information provided by civil rights and other groups, and the nation suffered a horrific crisis from which some communities are still trying to recover.

Finally, while geographic diversity can be helpful, it has never been a critical requirement, especially given that the Reserve Bank Presidents who serve on the Federal Open Market Committee are chosen in specific rotations designed to reflect geographic diversity (see chart below from the Board's website).

Federal Reserve Bank Rotation on the FOMC

Committee membership changes at the first regularly scheduled meeting of the year.

	2023	2024	2025
Members	New York Chicago Philadelphia Dallas Minneapolis	New York Cleveland Richmond Atlanta San Francisco	New York Chicago Boston St. Louis Kansas City

These criticisms may reflect a lack of understanding of the broad functions of the Board, which go well beyond monetary policy. The Board's dual mission of ensuring maximum employment and price stability, is accomplished through its five general functions. As stated on the Board's website:

About the Federal Reserve System

The Fed Explained

The Federal Reserve System is the central bank of the United States.

It performs five general functions to promote the effective operation of the U.S. economy and, more generally, the public interest. The Federal Reserve

- **conducts the nation's monetary policy** to promote maximum employment, stable prices, and moderate long-term interest rates in the U.S. economy;
- **promotes the stability of the financial system** and seeks to minimize and contain systemic risks through active monitoring and engagement in the U.S. and abroad;
- **promotes the safety and soundness of individual financial institutions** and monitors their impact on the financial system as a whole;
- **fosters payment and settlement system safety and efficiency** through services to the banking industry and the U.S. government that facilitate U.S.-dollar transactions and payments; and
- **promotes consumer protection and community development** through consumer-focused supervision and examination, research and analysis of emerging consumer issues and trends, community economic development activities, and the administration of consumer laws and regulations.

In addition, the Board has a very influential presence as a thought leader in addressing the economic challenges of our time. For example, Board Governors have recently used their platforms to address challenges relating to crypto currencies and whether there is a role for the central bank to play in establishing a Central Bank Digital Currency. However, the Board has done very little to concretely address the challenges and obstacles to economic equity despite its huge impact on the macroeconomy.

It is well past time for the Board to show leadership in addressing one of the greatest economic challenges of our day and to marshal its vast resources and tools to create an economy that benefits the entire nation, including communities of color. Research shows that, due to bias in the markets, the economy suffered a loss of $16 trillion dollars over the past 20 years and that eliminating racial inequity can generate $5 trillion dollars to the U.S. GDP over a five-year period.

We believe it is imperative to confirm Dr. Lisa Cook to bring innovative solutions to the Board as it grapples with ensuring a full recovery that benefits all segments of our society—including rural communities and small cities—and drives future economic growth. For these reasons, we urge you to promptly confirm Dr. Cook as a Board Governor. If you have any questions, please feel free to contact Nikitra Bailey, Senior Vice President of Public Policy at the National Fair Housing Alliance: NBailey@nationalfairhousing.org.

Sincerely,

Individuals

Dr. DeForest B. Soaries, Jr.
Paul Carden
Angela J. Couseillant, P.A.
Latonia Donaldson
Stephanie Ferris
Bill Flagg
Dr. Darrick Hamilton
Dr. Michelle Holder
Jayati Jenkins
Lea Lagueux
Dr. Rakeen Mabud
Bruce E. McDonald
Janet Palacio
Barbara S. Potts
Victoria Silvano
Chris Spaulding
Stephen T. Webb

Local and State Organizations

State	City	Organization
AL	Birmingham	Fair Housing Center of Northern Alabama
AZ	Scottsdale	RE/MAX Excalibur
AZ	Tucson	Southwest Fair Housing Council
CA	Napa	Greater Napa Valley Fair Housing Center
CA	North Hollywood	Summit Realty
CA	Riverside	Fair Housing Council of Riverside County, Inc.
CA	San Francisco	California Reinvestment Coalition
CA	San Rafael	Fair Housing Advocates of Northern California
CA	Santa Ana	Fair Housing Council of Orange County
CA	South San Francisco	Housing Equality Law Project (HELP)
CO	Denver	AREAA, Greater Denver
CT	Hartford	Connecticut Fair Housing Center
FL	Lantana	Fair Housing Center of the Greater Palm Beaches
FL	Miami	Housing Opportunities Project for Excellence, Inc.
GA	Atlanta	Metro Fair Housing Services, Inc.
GA	Savannah	Savannah-Chatham County Fair Housing Council, Inc.
HI	Makawao	AREAA Aloha Chapter
ID	Boise	Intermountain Fair Housing Council, Inc.

IL	Chicago	Chicago Area Fair Housing Alliance
LA	New Orleans	Louisiana Fair Housing Action Center
MA	Holyoke	Massachusetts Fair Housing Center, Inc.
MD	Baltimore	Maryland Consumer Rights Coalition
MD	Clarksville	AREAA DC Metro Chapter
MI	Grand Rapids	Fair Housing Center of West Michigan
MI	Kalamazoo	Fair Housing Center of Southwest Michigan
MI	Shelby Township	Mayo Real Estate Group
MN	St Paul	MICAH (Metropolitan Interfaith Council on Affordable Housing)
NY	Bohemia	Long Island Housing Services, Inc.
NY	Long Island City	Fair Housing Justice Center
NY	New York	Center for New York City Neighborhoods, Inc.
OH	Akron	Fair Housing Advocates Association
OH	Cleveland	Housing Research & Advocacy Center dba Fair Housing Center for Rights & Research
OH	Cleveland Heights	Heights Community Congress
OH	Dayton	Miami Valley Fair Housing Center, Inc.
OH	Toledo	The Fair Housing Center
OR	Portland	Vela Projects LLC
PA	Philadelphia	Fair Housing Rights Center in Southeastern Pennsylvania
PR	San Jaun	Solo Por Hoy, Inc.
TX	Dallas	North Texas Fair Housing Center
VA	Richmond	Housing Opportunities Made Equal of Virginia
WA	Tacoma	Fair Housing Center of Washington

National Organizations

Americans for Democratic Action (ADA)
Americans for Financial Reform
Asian Pacific American Labor Alliance, AFL-CIO
Asian Real Estate Association of America
Black Economic Alliance
Center for Disability Rights
Center for Responsible Lending
Centered International Realty Corp
Coldwell Banker Realty
Color Of Change
Consumer Federation of America
Ellington Alliance of Keller Williams Realty

FairPlay
Gilchrest Group LLC
Global Realty Resource Corp.
Integrated Community Solutions, Inc.
Joint Center for Political and Economic Studies
Lawyers' Committee for Civil Rights Under Law
Liberation in a Generation
NAACP
NAACP Legal Defense and Educational Fund, Inc. (LDF)
National Action Network
National Association of Hispanic Real Estate Professionals (NAHREP)
National Association of Real Estate Brokers (NAREB)
National Baptist Convention Housing Commission
National CAPACD
National Center for Lesbian Rights
National Coalition For The Homeless
National Community Reinvestment Coalition (NCRC)
National Council of Asian Pacific Americans (NCAPA)
National Fair Housing Alliance
National Housing Resource Center
National Institute of Minority Economic Development
National Low Income Housing Coalition
National Urban League
Opportunity Finance Network
PolicyLink
Revolving Door Project
The Equal Rights Center
The International Group at RE/MAX Professionals
The Leadership Conference on Civil and Human Rights
UnidosUS
Woodstock Institute

March 3, 2022

The Honorable Charles Schumer
Majority Leader, U.S. Senate
322 Hart Senate Office Building
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader, U.S. Senate
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
Chairman, U.S. Senate Committee on
Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Patrick J. Toomey
Ranking Member, U.S. Senate
Committee on Banking, Housing, and
Urban Affairs
455 Dirksen Senate Office Building
Washington, DC 20510

Dear Majority Leader Schumer, Minority Leader McConnell, Chairman Brown, and Ranking Member Toomey:

As careful observes know well, the Federal Reserve is about more than monetary policy. Under the leadership of the Vice Chair for Supervision, the Fed must be laser focused on emerging risks to financial stability and individual institutions and guide the Fed's responses to mitigate and manage those risks.

One such large and growing threat to financial stability involves malicious cyber activity impacting, directly or indirectly, the country's critical financial infrastructure. This threat became even more real as the Department of Homeland Security recently warned U.S. businesses of all sizes to be on high alert for potential cyber-attacks as the Russian invasion of Ukraine continues.

Fortunately, President Biden's nominee for the Vice Chair position, Sarah Bloom Raskin, is well-suited to address the threat of malicious cyber activity impacting the financial sector. Ms. Bloom Raskin understands how such a threat could manifest itself through the U.S. financial system. As the deputy secretary of Treasury from 2014 to 2017, she quickly grasped that cybersecurity posed a significant threat for which the financial sector, and governments around the world, were under-prepared. Under Ms. Bloom Raskin's leadership, the United States spearheaded a global response to the challenge and delivered results in six months, an astonishing feat of financial-cyber diplomacy.

Her approach relied on evidence and followed principles of effective risk management. She brought together federal and state financial regulators to develop a common risk-based approach to cybersecurity for the sector – an approach that also respected those regulators' independence and distinct jurisdictions. Through the G7 process, Ms. Bloom Raskin took it a step further. The result was a set of guidelines that unified major economies in the fight against hacking of the financial system.

Under Ms. Bloom Raskin, Treasury also worked effectively with the private sector, which owns and operates the vast majority of the country's critical financial infrastructure. She pressed for expanded use of a privately run, industry-wide information sharing hub – the Financial Services Information Sharing and Analysis Center. Now widely acknowledged as an industry leader, the hub shares intelligence on cyber-incidents, threats, and vulnerabilities with trusted financial institutions in more than 70 countries around the world.

Congress created the Fed's vice chair for supervision position after the Fed had failed to safeguard the financial system before the 2008 financial crisis. Lawmakers believed that making a single Fed governor responsible for the Fed's regulatory agenda would promote sustained, high-level attention, and spot emerging risks. Though many did not see the 2008 crisis coming, the potential for significant cyber impacts is ever more apparent and urgent. The Senate must act quickly to confirm Ms. Bloom Raskin and ensure that the Fed has the key leaders in place to tackle these emerging risks.

Signed,

Michael Daniel
Former Assistant to the President and Cybersecurity Coordinator
National Security Council

Jane Holl Lute
Former Deputy Secretary
U.S. Department of Homeland Security

Suzanne Spaulding
Former Under Secretary
U.S. Department of Homeland Security

Christopher Painter
Former Coordinator for Cyber Issues
U.S. Department of State

March 2, 2022

The Honorable Chuck Schumer
Majority Leader, U.S. Senate
322 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader, U.S. Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Sherrod Brown
Chairman, U.S. Senate Committee on
Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Patrick J. Toomey
Ranking Member, U.S. Senate Committee
on Banking, Housing, and Urban Affairs
455 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Majority Leader Schumer, Minority Leader McConnell, Chairman Brown, and Ranking Member Toomey:

As Russia's unwarranted assault on Ukraine threatens to cause increased global economic unrest, drive up energy costs, and deepen the inflation crisis, it is more important than ever that the Senate immediately confirm the full slate of President Biden's nominees to the Federal Reserve.

From our combined years at the U.S. Department of Treasury, we know how vital it is to have a full team at the Federal Reserve Board to deal with the economic and financial turbulence that comes with geopolitical crisis. As our nation continues its economic recovery from the pandemic, deals with rising inflation, and faces an end to decades of peace and security in Europe with Russia's unjust invasion of Ukraine, we need the Federal Reserve to be at full force.

In a time of much uncertainty, the confirmation of Chairman Powell to a new term, Governor Lael Brainard to Vice Chair and former Governor and former Deputy Secretary of the Treasury Sarah Bloom Raskin to Vice Chair for Supervision are crucial, as is the confirmation of new governors Dr. Lisa Cook, and Dr. Philip Jefferson. All are qualified, and their confirmation will give the Fed the breadth of experience and resources it needs to tackle the many challenges on the agenda today. They have been endorsed by 180 of the top economists in the country and their nominations should be put up for a majority vote.

The nominees for Chair and Vice Chair were both previously confirmed by the Senate for positions of great responsibility, and have served with distinction. Sarah Bloom Raskin, who is nominated to be Vice Chair for Supervision was an esteemed colleague of ours at the Department of Treasury, where she played a leadership role on regulatory matters in the aftermath of the global financial crisis. That experience is needed at the Fed today as we emerge from a health crisis and enter into a geopolitical crisis that calls for all hands on deck. She also played a major role in Treasury's cybersecurity efforts, working with U.S. financial institutions to coordinate more effectively with each other and with government agencies to see and respond to risks in real time. She coordinated with G7 nations to work cooperatively on these rapidly evolving challenges. At a moment when cyber risk is heightened, that expertise is again very much needed.

There is nothing financial markets hate more than uncertainty. President Biden's nominees have the background, expertise, and judgment needed to help our nation continue its recovery from the pandemic, curb rising prices and protect the U.S. labor market and economy from the many outside risks we face today.

These nominees understand and respect the Fed's independence in implementing monetary policy and the role it plays in ensuring economic stability here at home. At the same time, they bring much needed diversity, and additional experience and perspectives to the Board of Governors.

The Senate must act on these nominees now or risk damaging our economic recovery and the financial security of American workers and their families. It is time for Senate Republicans to end their senseless boycott and allow a vote on these highly qualified nominees. The American people deserve to have all of the expertise and experience of these nominees brought to bear immediately to address this challenging time.

Signed,

Jacob J. Lew
Former U.S. Treasury Secretary

Mary Miller
Former Under Secretary for Domestic Finance
U.S. Treasury

Antonio Weiss
Former Counselor to the U.S. Treasury Secretary

CSBS

February 2, 2022

The Honorable Sherrod Brown
Chairman
Committee on Banking, Housing and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Pat Toomey
Ranking Member
Committee on Banking, Housing and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey,

The Conference of State Bank Supervisors (CSBS)[1] is pleased to support Sarah Bloom Raskin's nomination to be Vice Chairman for Supervision of the Board of Governors of the Federal Reserve System.

As Commissioner of the Maryland Office of Financial Regulation, Ms. Raskin oversaw insured depository institutions, money services businesses, and an array of other financial service providers. She proved herself to be a strong advocate of the state system of financial regulation, an opponent of federal preemption of state laws, and a state regulator committed to protecting citizens while ensuring a safe and sound financial system.

As Deputy Secretary of the Treasury, Ms. Raskin led on cybersecurity matters and worked extensively with federal and state regulators as the chair of the Financial and Banking Information Infrastructure Committee (FBIIC). Her work enhanced coordination and information sharing between industry participants, state and federal regulators, and law enforcement agencies. Recognizing the important role played by state banking regulators, Ms. Raskin supported state leaders to ensure they were full participants in briefings and workstreams that enhanced state preparedness and industry resilience.

Perhaps most importantly, if confirmed, Ms. Raskin will bring the valuable perspective of a former state supervisor to the role of Vice Chairman for Supervision of the Board of Governors of the Federal Reserve System. Ms. Raskin understands first-hand how decisions made in

[1] The Conference of State Bank Supervisors (CSBS) is the national organization of bank regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico and U.S. Virgin Islands. State regulators supervise roughly three-quarters of all U.S. banks and a variety of non-depository financial services. CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance and debt industries.

CONFERENCE OF STATE BANK SUPERVISORS
1129 20th Street NW / 9th Floor / Washington, DC 20036 / p: (202) 296-2840 / f: (202) 296-1928
www.csbs.org
@csbsnews

Congress and within the Beltway have significant implications for the financial industry, local communities, and consumers.

Sincerely,

John W. Ryan
President and CEO

SENT VIA ELECTRONIC MAIL
February 1, 2022

The Honorable Sherrod Brown and Patrick Toomey
US Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Re: Federal Reserve Board Nomination of Sarah Bloom Raskin

Dear Chairman Brown and Ranking Member Toomey:

The undersigned bankers, representing banks with diverse asset sizes and geographies, hereby submit this letter in support of the nomination of Sarah Bloom Raskin to serve as the next Vice Chair for Supervision of the Board of Governors of the Federal Reserve System.

Former Deputy Treasury Secretary Raskin has a demonstrated track record of approaching regulation through pragmatic solutions and collaboration. She is uniquely suited to fill the current vacancy and we are confident that she will serve with a thoughtful approach to addressing the current challenges faced by financial institutions in the United States.

We offer our support without reservation and are available to answer any questions that you may have. If you require additional information please contact James Anthony, President and Chief Executive Officer of Martha's Vineyard Bank, available at janthony@mvbank.com; Anne Balcer, General Counsel for Forbright Bank, available at abalcer@forbrightbank.com; or any of those listed below.

Very truly yours,

Anne Balcer
General Counsel
Forbright Bank
Chevy Chase, Maryland

James Anthony
President and Chief Executive Officer
Martha's Vineyard Bank
Edgartown, Massachusetts

Raymond M. Thompson
President and Chief Executive Officer
Taylor Bank
Berlin, Maryland

James Wang
President and Chief Executive Officer
Asian Bank
Philadelphia, Pennsylvania

Donald E. Gibson
President & CEO
Bank of Greene County
Catskill, New York

Craig Howie
President and Chief Executive Officer
Atlantic Community Bankers Bank
Camp Hill, Pennsylvania

William Moss
Director
Atlantic Community Bankers Bank
Glasgow, Connecticut

Lynda Messick
Director
County Bank
Rehoboth Beach, Delaware

Mary Ann Scully
Chief Executive Officer
Howard Bank
Baltimore, Maryland

Marcie Barber
President and Chief Executive Officer
Juniata Valley Bank
Mifflintown, Pennsylvania

Joseph T. Baptista, Jr.
President and Chief Executive Officer
Mechanics Cooperative Bank
Taunton, Massachusetts

David R. Hunsicker
President and Chief Executive Officer
New Tripoli Bank
New Tripoli, Pennsylvania

Lloyd L. ("Scott") Beatty Jr.
President and Chief Executive Officer
Shore United Bank
Easton, Maryland

Alan Hyatt
Chairman, President, and Chief Executive Officer
Severn Bank
Annapolis, Maryland

Daniel J. Schrider
Vice Chairman, President, and Chief Executive Officer
Sandy Spring Bank
Olney, Maryland

Robert Terravecchia
President and Chief Executive Officer
Coastal Heritage Bank
Weymouth, Massachusetts

Cc: The Honorable Jack Reed
The Honorable Richard Shelby
The Honorable Robert Menendez
The Honorable Mike Crapo
The Honorable Jon Tester
The Honorable Tim Scott
The Honorable Mark Warner
The Honorable Mike Rounds
The Honorable Elizabeth Warren
The Honorable Thom Tillis
The Honorable Chris Van Hollen
The Honorable John Kennedy
The Honorable Catherine Cortez Masto
The Honorable Bill Hagerty
The Honorable Tina Smith
The Honorable Cynthia Lummis
The Honorable Kyrsten Sinema
The Honorable Jerry Moran
The Honorable Jon Ossoff
The Honorable Kevin Cramer
The Honorable Raphael Warnock
The Honorable Steve Daines

Forbright™

4445 Willard Avenue, Suite 1000
Chevy Chase, MD 20815
301.299.8810

SENT VIA ELECTRONIC MAIL
January 31, 2022

The Honorable Sherrod Brown and Patrick Toomey
US Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Re: Federal Reserve Board Nomination of Sarah Bloom Raskin

Dear Chairman Brown and Ranking Member Toomey:

As a banker and former state financial regulator, I am honored to have the opportunity to offer this letter in support of Sarah Bloom Raskin, nominated to serve as the Vice Chair for Supervision of the Board of Governors of the Federal Reserve System.

It is a rare and unique opportunity for those of us directly impacted by the regulations and policy promulgated by the Federal Reserve to find a regulator with both the requisite experience and the willingness to once again serve the country and financial system. From roles in the private sector and as a state and federal regulator, Ms. Raskin has applied sound decision making and public policy to support economic development while protecting consumers, including leading community banks in Maryland through the worst financial crisis that most of us have ever faced in our lifetimes.

After leaving her post as the Commissioner of Financial Regulation for the state of Maryland, Ms. Raskin's steadfast leadership as a Federal Reserve Board Governor was once again evident. As a Governor in the post-financial crisis era, Ms. Raskin worked tirelessly to understand the pressure and challenges faced by banks and the communities they served. She made it clear that access to credit, critical to supporting and stabilizing a strong economy, must be approached with thoughtful and informed discipline not to be threatened by political whims and winds. In doing so, she understood that one size does not fit all when it comes to bank regulation and oversight. Bankers witnessed firsthand from her direct interactions with community banks and bankers during and after the Great Recession that approaching supervision of a community bank differs from that of a large bank, especially one whose failure could impact the global economy.

And while today's challenges are different than those that faced Governor Bloom Raskin during her tenure at the Fed, I am optimistic for the positive impact that she will have on banks and the financial system today through the same careful and disciplined approach to oversight and regulation which ensures that community banks remain viable outlets ensuring access to credit. Some of the risks that banks of all sizes must be prepared to address in coming years, including impact of climate change on our loan portfolios, emerging technologies, cyber threats, and others that are yet unseen, are all areas of risk that demonstrate the need for common sense supervision. Ms. Raskin's track record of becoming an informed and effective policymaker make her ideally suited for this role. She is uniquely qualified

Forbright

4445 Willard Avenue, Suite 1000
Chevy Chase, MD 20815
301.299.8810

to address the very real challenges that threaten the stability of our financial system and she will do so without overreach.

The devastating effects of severe weather events brought on by climate change pose a quantifiable risk to the safety and soundness of banks of all sizes. Like any other risk, banks must purposely identify, mitigate, and monitor their portfolios pursuant to sound oversight practices. These practices and internal controls have been required of federally insured depository institutions for decades. Statements that have been made asserting that Ms. Raskin's nomination would pose a threat to credit access are misinformed and unfounded. Assuming that she would take a broad-brush approach that would harm the flow of credit to credit worthy bank borrowers fails to take into account both her track record of disciplined regulatory oversight and the risk management practices employed by any healthy bank for years.

A risk based and right sized approach to understanding and addressing the current challenges that our banks and communities face today is central to the role of Vice Chair. Accordingly, former Governor Bloom Raskin's leadership will have an invaluable positive impact for years to come and is in line with safe and sound banking practices critical to a stable financial system.

This Committee must further take steps to fill the vacancies in the prudential regulatory agencies, including the current position that Ms. Raskin has been nominated to fill. Banks rely on clear guidance, policies, and communication from our regulators. The relationship between regulators and banks must be collaborative. Both banks and regulators want the same result - a safe and sound depository institution that meets the credit needs of the communities we serve. Having multiple seats open for extended terms creates uncertainty that ultimately translates into wasted resources as banks try to predict and fill in details when guidance is absent. Vacancies only lead to disruption and lost opportunities for those of us trying to predict future regulatory responses. As Vice Chair, I am confident that Ms. Raskin's approach to common sense and collaborative supervision will remedy some of this uncertainty while strengthening the health and safety of our nation's banks and financial system.

For the reasons set-forth above, I offer this letter in support and without reservation. I am available to provide additional information or answer any questions that you have.

Respectfully,

Anne M. Balcer
General Counsel
Abalcer@forbrightbank.com

Cc: Senate Committee on Banking, Housing, and Urban Affairs

LETTERS SUBMITTED IN OPPOSITION TO NOMINEES

The American Energy Alliance
1155 15th Street NW, Suite 900
Washington, DC 20005

February 1, 2022

The Honorable Sherrod Brown
Chairman

The Honorable Patrick Toomey
Ranking Member

Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Building
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey,

As public policy groups who fight for free markets, sound science, and affordable energy, we write in opposition to the nomination of Sarah Bloom Raskin as Vice Chair for Supervision at the Federal Reserve. With inflation at the highest level in years, it seems like a particularly poor time for the Federal Reserve Board of Governors to be distracted from its primary mission and take on a dubious authority more suited to a centrally-planned economy than that of the central bank in the world's largest market economy. The nomination of Sarah Bloom Raskin threatens just that.

Ms. Raskin endorses using the powers of the Federal Reserve outside of its statutorily-defined role. Anyone confirmed by the Senate should be committed to executing the law, rather than to pursuing a personal vendetta against certain types of energy.

Currently, 79 percent of primary energy consumption in the United States comes from natural gas, oil, and coal.[1] Ms. Raskin would have the Federal Reserve discriminate against these sources of energy—condemning America and the rest of the world to higher energy prices and greater dependence on Russia, OPEC, and China.

In May 2020, Ms. Raskin wrote, "The Fed is ignoring clear warning signs about the economic repercussions of the impending climate crisis by taking action that will lead to increases in greenhouse gas emissions at a time when even in the short term, fossil fuels are a terrible investment."[2] The world is currently experiencing high energy prices and economic repercussions precisely because of thinking similar to that of Ms. Raskin. Oil and natural gas production is a capital-intensive business and currently it is considered "unwoke" by some in the finance world to fund these businesses. As the pandemic wanes and economic growth increases, we are seeing increasing demand, but supply is not increasing as rapidly—leading to the highest global oil prices in more than seven years.

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[1] See Energy Information Administration, *Monthly Energy Review December 2021*, Table 1.1. https://www.eia.gov/totalenergy/data/monthly/pdf/sec1_3.pdf
[2] Sarah Bloom Raskin, *Why Is the Fed Spending So Much Money on a Dying Industry?*, New York Times, May 28, 2020.

Ms. Raskin was incorrect when she stated in May 2020 that "even in the short term, fossil fuels are a terrible investment." The stock prices of many oil companies have doubled since then. The stock price of Peabody Energy, the largest private coal company in the world, has tripled since then. Generally, fossil fuels have become a great investment in the brief time period since Ms. Raskin claimed they were a terrible investment.

Ms. Raskin's terrible investment advice is one reason why the Federal Reserve should not be in the business of trying to pick winner and loser industries. The Federal Reserve Act did not charge the Federal Reserve with trying to pick winners and losers and there is no reason to believe it would choose wisely.

As noted above, nearly 80 percent of America's energy currently comes from natural gas, oil, and coal. Precipitous action to end financing for these industries would have dire economic consequences such as we are currently seeing in Europe. In Europe, natural gas prices have recently been eight times as high as here in the United States, and more and more energy-intensive industries are halting production. For example, Alcoa recently announced it is halting primary aluminum production in Spain for two years because of high energy prices.[3] The halting of industrial activity in the United States is exactly the type of action that would occur if Ms. Raskin's advice is followed to deny funding to natural gas, oil, and coal companies.

We urge President Biden to withdraw the nomination of Ms. Raskin, and if he does not do so, we urge the committee to vote against her confirmation. Congress has charged the Federal Reserve with maintaining a stable environment for the effective operation of the financial system, but this is very different from actually directing the flow of capital as Ms. Raskin would like to do. Ms. Raskin's confirmation would be a recipe for financial instability.

Sincerely,

Thomas J. Pyle
President
American Energy Alliance

AEA AMERICAN ENERGY ALLIANCE

Myron Ebell
Director, Center for Energy and Environment
Competitive Enterprise Institute

COMPETITIVE ENTERPRISE INSTITUTE

John Berlau
Senior Fellow and Director of Finance Policy
Competitive Enterprise Institute

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[3] Nathan Allen, *Alcoa to halt primary aluminum production in Spain for two years,* Nasdaq, Dec. 29, 2021, https://www.nasdaq.com/articles/alcoa-to-halt-primary-aluminium-production-in-spain-for-two-years

Chet M. Thompson
President and CEO

**American
Fuel & Petrochemical
Manufacturers**

1800 M Street, NW
Suite 900 North
Washington, DC
20036

202.457.0480 office
202.844-5505 direct
202.457.0486 fax
Cthompson@afpm.org

February 2, 2022

The Honorable Sherrod Brown
Chair
Committee on Banking, Housing
and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Pat Toomey
Ranking Member
Committee on Banking, Housing
and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey,

On behalf of the American Fuel & Petrochemical Manufacturers (AFPM), I write to express my concern with the views of Sarah Bloom Raskin as they relate to the role of the Federal Reserve in addressing climate change. I'm particularly troubled by Ms. Bloom Raskin's public advocacy for using the Federal Reserve's authorities to direct capital markets away from traditional energy companies, which, in 2020, she said were part of a "dying industry."

Far from dying, last year, our industries supported 3 million jobs, supplied more 19 million bpd of products, and invested billions of dollars in sustaining high-quality U.S. manufacturing jobs. Under virtually every scenario considered by the Energy Information Administration, the International Panel on Climate Change, and the International Energy Agency, the world will need traditional fuels and petrochemicals for decades to come even as nations diversify their energy mix. These uses include not only transport, but the thousands of products that come from fossil fuels, including the base chemicals used in renewable energy projects, medical equipment, pharmaceuticals, food packaging, infrastructure, and materials that promote energy efficiency.

Climate policies should be developed by Congress, not the Federal Reserve. Starving the domestic energy sector of the ability to access capital will not only impact near-term energy prices and security, but in the longer term will hamper if not outright preclude companies from financing the transition to lower-carbon fuels and processes, carbon capture and storage, and advanced recycling to reduce plastic waste. These types of projects are highly capital intensive and may not be viable if the cost of that capital is artificially high because of the policies advocated by Ms. Bloom Raskin.

AFPM urges the Committee to thoroughly examine Ms. Bloom Raskin's views to ensure the Federal Reserve operates within its statutory mandate and that the U.S. refining and petrochemical industries are treated fairly and can sustainably provide the fuels and petrochemicals our country and economy need to thrive.

Sincerely,

Chet Thompson

January 31, 2022

The Honorable Sherrod Brown
Chairman
Senate Banking Committee
Washington, D.C. 20510

The Honorable Pat Toomey
Ranking Member
Senate Banking Committee
Washington, D.C. 20510

Dear Chairman Brown and Ranking Member Toomey:

The undersigned organizations write to express our concerns with some of the views of Ms. Sarah Bloom Raskin, nominated by President Biden on January 14, 2022, to serve as Vice Chair for Supervision of the Board of Governors of the Federal Reserve System; specifically, views that the Federal Reserve should take action to discriminate against American energy companies. On behalf of the millions of Americans employed by domestic energy industry, we urge the Senate Banking Committee to ensure that nominees for the Federal Reserve will not use the power of the Federal Reserve and other regulatory means to disadvantage American energy companies in the global energy marketplace.

We are troubled that Ms. Bloom Raskin, a former Member of the Board of Governors, has advocated for the Federal Reserve to pursue policies to discriminate against American energy producers. Specifically, in a 2020 New York Times op-ed, Ms. Bloom Raskin called traditional energy a "dying industry" and argued that American energy companies be ineligible for the Federal Reserve's Main Street Lending Program, the Small Business Administration's Paycheck Protection Program, and from broad-based business tax programs. These programs and tax code provisions are generally available to all businesses in all industries. Ms. Bloom Raskin also argued that the Federal Reserve should allocate capital to finance politically favored energy sources to combat climate change, even though this goal is at odds with the Federal Reserve's statutory mandate 12 U.S. Code § 225a. She has also supported using the Federal Reserve's "stress tests" for banks as a method to reduce capital to traditional energy companies.

At a time of record inflation, and energy-related geopolitical instability, it has never been more important to support the millions of Americans and small businesses that benefit from a strong domestic energy industry, and our international allies that value the stable source of energy that the U.S. provides them. We are concerned that the positions held by Ms. Bloom Raskin could result in fewer good-paying American jobs, raise Americans' energy costs, and harm our national security by increasing our dependence on foreign sources of energy. Moreover, policies that unilaterally target the American energy industry often have the unintended consequence of increasing global emissions by shifting production to countries with lower environmental standards than the U.S.

We urge the Committee to recognize the rapid private sector progress that our industry continues to make in reducing greenhouse gas emissions, and our commitment to building on this progress. American producers' commitment to environmental protection is clear, as the United States is a world leader in both energy production and CO2 emissions reductions over the past two decades. Economic policy and regulatory overreach that harm domestic producers will hurt our country's climate leadership around the world.

As the Banking Committee considers the nomination of Ms. Sarah Bloom Raskin, we urge Senators to support the traditional U.S. energy industry and the environmental, economic, and security benefits associated with Made-in-America energy production.

Thank you for your consideration of our views.

Sincerely,

CC:
Members of the Committee on Banking, Housing, and Urban Affairs

United States Senate

COMMITTEE ON
ENERGY AND NATURAL RESOURCES
WASHINGTON, DC 20510–6150

WWW.ENERGY.SENATE.GOV

January 31, 2022

The Honorable Sherrod Brown
Chairman
Committee on Banking, Housing, and Urban Affairs
U.S. Senate
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Pat Toomey
Ranking Member
Committee on Banking, Housing, and Urban Affairs
U.S. Senate
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey,

I am writing to you in strong opposition to the nomination of Ms. Sarah Bloom Raskin to be Vice Chair of Supervision at the Federal Reserve, a position that would give her tremendous regulatory power over banks and finance.

Ms. Raskin is the wrong choice at any time, but especially now when American families already are suffering from the hardship of policy-induced high energy prices.

This nomination is part of President Biden's war on American oil, natural gas, and coal—the source of nearly four-fifths of our nation's energy. If confirmed, Ms. Raskin has given every indication she will impede companies from raising capital for new energy projects.

We are already seeing signs of underinvestment in U.S. oil and natural gas projects, which is affecting the ability of U.S. energy producers to keep pace with post-COVID demand growth. Recently, I wrote in *Newsweek* on the dangers of the Biden administration's efforts to block investment in all types of American energy. I have attached that op-ed to this letter for your reference.

If this underinvestment continues, today's energy inflation will accelerate. Instead of looking for ways to encourage investment in traditional American energy, Ms. Raskin has said she would look for ways to block it.

In a May 28,2020 opinion piece in the *New York Times*, "Why Is the Fed Spending So Much Money on a Dying Industry?," she argued that that the Federal Reserve should have excluded fossil fuel companies from the emergency lending program that Congress authorized under the CARES Act. Congress designed this program specifically to prevent sound businesses from succumbing to the economic collapse the pandemic caused.

She claimed, "The Fed is ignoring clear warning signs about the economic repercussions of the impending climate crisis by taking action that will lead to increases in greenhouse gas emissions at a time when even in the short term, fossil fuels are a terrible investment."

Even President Biden's nominee for Federal Reserve Vice Chair, Lael Brainard, explained at her nomination hearing, that she understood that the Federal Reserve could not discriminate against businesses which the radical left considers unfashionable.

Ms. Raskin compounded her error when she added that, "The decisions the Fed makes on our behalf should build toward a stronger economy with more jobs in innovative industries—not prop up and enrich dying ones."

Far from dying, traditional American energy is essential today. Imagine how much worse the current inflation would be had the Federal Reserve taken Ms. Raskin's dreadful advice.

The country still will be using fossil fuels for many decades to come. We should work to make sure this American industry has access to capital to produce more domestic energy. Such investment is good for our economy, our workers, and our balance of trade. It is also better for the environment to produce energy here rather than import more of it from countries with lower environmental standards.

Ms. Raskin, however, has another agenda. Her support for using the Federal Reserve to bend the economy to her political objectives will influence every decision she makes as the top bank regulator, even if it means exceeding the authority granted by Congress.

Ms. Raskin followed up her *New York Times* piece with one in the January 11, 2021 *Financial* Times, declaring it was time for the Federal Reserve to encourage banks to stop investing in fossil energy companies. She proposes that, "Supervisory adjustments will have to take climate disclosures into account and the Fed will need to use climate risk data to make decisions on asset purchases . . . Fiduciary duty rules, too, may need to be reimagined."

In a June 3, 2021 speech, she also advocated for using bank stress tests to drive banks away from fossil fuel companies.: "Stress testing is exactly one of the . . . financial regulatory tools that regulators, in particular central banks, have at their disposal."

Her justification for these extreme views is the mistaken notion that continuing to capitalize traditional American energy will lead to unchecked climate change "bring about economic catastrophe" and "flatten an economy and grind it to dust." If we have learned anything over the past year, it that it the Biden Administration's assault on traditional energy has brought on the "economic catastrophe" of sky-high inflation and energy costs.

The American energy sector has been a leader in innovation reducing climate emissions. In the power sector, emissions in 2020 were 40 percent below their 2007 peak. Such innovation requires capital to continue.

Starving American companies of the resources they need to both power our country and reduce emissions is foolish. It is also outside the Federal Reserve's charter. The Federal Reserve is charged with two goals: stable prices and maximum employment. Congress did not authorize, and no one expects, the Federal Reserve to involve itself in regulating America's energy industry or directing investment in that industry toward certain types of fuels or technologies, either directly or indirectly.

Ms. Raskin's extreme public statements on the appropriate role of the Federal Reserve make it abundantly clear that her radical ideology has gotten the better of her judgment. Should the Senate confirm her, we cannot say we have not been warned when the Federal Reserve exceeds its authority, starves U.S. energy companies of capital, puts Americans out of work, and reinforces inflationary pressures. Indeed, the energy crisis roiling Europe should give us a preview of the economic fiasco that can be created from underinvesting in reliable and secure oil, natural gas, and coal.

Ms. Raskin is a dangerous choice for this important position. I ask that you and your colleagues reject her nomination.

Sincerely,

John Barrasso

John Barrasso, M.D.
Ranking Member

Newsweek

Investing in American Energy | Opinion

John Barrasso, Republican Senator, Wyoming
December 13, 2021

The Biden administration, "woke" banks and activist investors want to make it impossible to invest in traditional American energy. If their mission succeeds, today's 31-year-high inflation will seem tame.

Just look at Europe. Its energy crisis has been aggravated by policy choices designed to stifle investment in fossil fuel projects. The predictable results have been record-high energy prices, blackouts and economic dislocation.

We are seeing similar signs of chronic underinvestment here. Look no further than one of our biggest banks. Citigroup said earlier this year that it "will not provide financial services" for coal-fired power plants any longer.

This activist mindset means fewer U.S. energy projects and more expensive utility bills for American families. Underinvestment is affecting energy producers' ability to raise capital for new projects and keep pace with demand. This imbalance is contributing to today's rampant inflation. Democrats have compounded the problem by intentionally deterring investment in drilling and mining.

Just a few years ago, rapidly rising global crude oil prices would have sparked an immediate surge from U.S. producers. Not anymore. Oil and gas industry capital expenditures in the second quarter of 2021 were just $37.4 billion, a record low since 2008. In the third quarter, they rose to about $42.5 billion, but that was about 41 percent lower than in the same quarter of 2019.

Even after crude rose above $80 per barrel this fall, U.S. output is running about one million barrels per day less than in 2019. That's not enough to moderate spiking prices.

Things are only getting worse under President Biden. His administration's hostility to fossil fuels is breathtaking. He has killed pipelines, blocked drilling and mining, and planned an unprecedented regulatory assault on the energy that powers four-fifths of the economy. All of this has created enormous uncertainty for investors.

With Merrick Garland running the Justice Department, it's easy to imagine financial institutions being subjected to a new "Operation Choke Point." That was an Obama-era scheme targeting banks that did business with companies that administration officials simply did not like. Oil, gas and coal companies should expect nothing different from this cast of characters.

Fossil fuel producers are already in the crosshairs of the Securities and Exchange Commission, where climate disclosure is deemed a "top priority." Its upcoming rules to enhance "environmental, social, and governance"—or ESG—disclosures are sure to depress equity valuations and raise the cost of debt financing. This will make it more difficult for energy companies to raise capital. It will also reinforce inflationary pressures.

Some of the biggest U.S. banks are already on board with this anti-fossil fuel agenda. Goldman Sachs, Morgan Stanley, Chase, Wells Fargo and CitiBank will not finance oil and gas projects in the Arctic. Citibank has committed to ending financing for coal mining. And at the Glasgow climate talks, several large banks pledged to curb financing of fossil fuels.

Big banks' discrimination against fossil fuel companies got so bad that the Trump administration issued a rule preventing banks from refusing to lend to entire categories of businesses. At the urging of the banks, the Biden administration has put the rule on hold.

The same banks that find it unethical to fund unfashionable American energy are happy to send billions of dollars to communist China—the world's largest carbon emitter and a country that can count Uyghur genocide among its many crimes against human rights.

ESG schemes will increase the already large spread between the rates of return needed for oil and gas projects and for renewables. Profitable fossil projects will have to go begging.

The Western Energy Alliance's president Kathleen Sgamma recently gave this blunt assessment: "We can't get capital because they're putting so much pressure on banks not to lend to us in the name of climate change."

ESG is not only unfair to stockholders; it is inflationary. But the president is treating high energy prices as a political problem to manage, not an economic threat. Pleading with the OPEC cartel and Russia to boost their output is a humiliating sign of weakness. It also misses the point.

The solution to our energy woes is not in Riyadh or Moscow. It's in the many small- and medium-sized U.S. companies that unleashed the shale revolution and turned America into an energy superpower.

The upheaval in Europe is giving us a preview of the economic fiasco caused by underinvesting in reliable and secure fossil fuels. For Democrats, Europe is a model. For the rest of us, it should be a warning.

John Barrasso, a Republican, represents Wyoming in the U.S. Senate and is ranking member of the Senate Committee on Energy and Natural Resources.

AMERICANS for TAX REFORM

February 3, 2022

Dear Chairman Brown and Ranking Member Toomey:

ACI
The American Consumer Institute Center for Citizen Research

We write in opposition to the nominations of Sarah Bloom Raskin and Lisa D. Cook to serve on the board of the Federal Reserve. If confirmed by the Senate we are concerned that both individuals will prioritize politically partisan progressive policies over the Fed's dual mandate of price stability and maximum sustainable employment.

60 PLUS
AMERICAN ASSOCIATION OF SENIOR CITIZENS

Since his first day in office, President Biden has pursued a big government political agenda. In the middle of a raging pandemic and severe economic downturn, President Biden issued an executive order on "equity" instead of focusing on the economy. Now, one year into his tenure as president, inflation is at a 40-year high, businesses are seeing continued supply chain issues, and low- and middle-income Americans are seeing their purchasing power drop.

AMERICAN ACCOUNTABILITY FOUNDATION

If confirmed as vice chair for supervision on the board, Raskin will push for the Fed to prioritize climate change policies to the detriment of the economy. In one of her publications, Raskin argues that financial regulators in the United States need to follow the lead of foreign central banks, such as the European Central Bank (ECB) to "mitigate the risks of climate-related events."

LESS GOVERNMENT

However, even the ECB has admitted that transitioning away from fossil fuels to "greener" energy could lead to higher inflation and cripple price stability. The Financial Times reported that an ECB executive stated that policies such as a carbon tax and "green" subsidies to counterbalance higher energy costs "turn out to increase inflationary pressures." Pursuing these policies in the United States would be detrimental to lower-income households and further aggravate inflation.

SHAREHOLDER ADVOCACY FORUM

Raskin has called for using the Fed's authority to limit American energy production. The Fed supervises bank holding companies, state member banks, savings and loan holding companies, and foreign banks operating in the United States. If confirmed as the primary bank supervisor and regulator on the Fed's board, Raskin could influence decisions for the board to file cease and desist orders or shut down banking activities. Through these types of enforcement actions, Raskin can attempt to punish banks that provide financing to energy businesses, an act that will further cripple the United States' energy infrastructure and cede our energy independence to foreign powers. If Raskin is willing to target the oil and gas industry, it also calls into question what other industries might be targeted.

Raskin could also punish banks by requiring more stringent stress testing to account for climate risk. If Raskin's goal is to restrict the disbursement of capital from banks and make lending more expensive, this is the right approach. Requiring banks to disclose this information is incredibly burdensome, increases compliance costs, and will more than likely make lending more expensive for individuals and small businesses.

In the same vein, if Cook was confirmed, she would focus on pursuing socialist political goals such as "equity" instead of solving real problems that Americans are facing. Moreover, Cook has written very little about monetary policy, the central focus of the position to which she would be confirmed. Cook has made repeated inflammatory remarks on racial equity and fascism which exemplify her demeanor and where her focus would be at the Fed. Cook would likely expand the boundaries of the Fed's authority to focus on race and use big government to subsidize certain individuals over others.

Cook could influence the Fed to engage in programs and actions that go beyond the scope of the Fed's purview and use its power to pursue big government socialist policies. By nominating Cook, the Biden administration clearly wants to use the Community Reinvestment Act (CRA) to reallocate private financing to certain individuals or even persuade the Fed to alter the payments network to favor certain individuals over others.

It is impossible to see how Cook's preference for "equity" can be removed from her decision-making. As an agency that prides itself on being unbiased, apolitical, and independent from the influence of the White House, an individual such as Cook is unqualified to serve on the Fed's board.

We strongly oppose the nominations of Sarah Bloom Raskin and Lisa D. Cook to serve on the board of the Federal Reserve and urge senators to vote against their confirmation. The Fed needs board members who will focus on fulfilling its dual mandate of price stability and maximum employment in order to help curtail runaway inflation and ensure the economy recovers from the pandemic. The last thing Americans need are board members at the Fed who only care to focus on socialist, woke policy issues that will do nothing to improve Americans' lives right now.

Sincerely,

Grover Norquist
President
Americans for Tax Reform

Steve Pociask
President/CEO
American Consumer Institute

Jim Martin
Founder/Chairman
60 Plus Association

Saulius "Saul" Anuzis
President
60 Plus Association

Thomas Jones
Founder
American Accountability Foundation

Seton Motley
President
Less Government

Bryan Bashur
Executive Director
Shareholder Advocacy Forum

Ryan Ellis
President
Center for a Free Economy

Andrew F. Quinlan
President
Center for Freedom and Prosperity

Tom Hebert
Executive Director
Open Competition Center

Katie McAuliffe
Executive Director
Digital Liberty

Heather R. Higgins
CEO
Independent Women's Voice

January 28, 2022

The Honorable Sherrod Brown
Chairman

The Honorable Patrick Toomey
Ranking Member

Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Building
Washington, DC 20510

Re: Opposition to the Nomination of Sarah Bloom Raskin as Vice Chair for Supervision at the Federal Reserve

Dear Chairman Brown and Ranking Member Toomey:

We are 41 trade associations representing millions of workers all across the country. We provide 70% of the nation's energy that supports life-sustaining functions such as keeping Americans warm in the winter, getting them to work and school to better their lives, powering ICUs and enabling medical devices, and delivering food to the dinner table. Oil and natural gas provide the feedstock for thousands of products used every day, from anything with a computer chip to the COVID vaccines that have saved millions of lives across the globe. American oil and natural gas is developed under strict environmental controls with industry-driven technologies that make it the most sustainably produced in the world. Natural gas electricity generation is the number one reason our country has reduced more greenhouse gas emissions than any other over more than a decade. The world would truly be less healthy, safe, and environmentally protected without the energy we provide.

We strongly oppose President Biden's nomination of Sarah Bloom Raskin as Vice Chairwoman for Supervision at the Federal Reserve, the government's most influential overseer of the American banking system. She is a strong advocate for debanking the very industry that powers America. Her multiple public statements indicate an agenda at odds with the President's goal of providing Americans with reliable, affordable energy.

Department of Energy projections show national and global oil and natural gas consumption increasing out to 2050, which belies Ms. Bloom Raskin's public statements that the industry is a "dying one" that does not deserve access to the financial system. Her alarmist statements about "an unlivably hot planet" are not supported by the gold standard for climate science, the Intergovernmental Panel on Climate Change (IPCC) assessment reports, indicating poor judgement and a crisis mentality ill-suited for sober, balanced regulation of the banking sector as it underpins the entire economy. Further, her public writings and speeches advocate for using Federal Reserve stress tests and other regulatory levers as a means to reshape the entire financial system in ways Congress never intended. Such "reimagining of the economy" is not the purview of regulators absent legal authority form Congress. Her activist approach to regulation is undemocratic and highly inappropriate for such an influential position.

Ms. Bloom Raskin's favored policies would wreak havoc with the economy, as financial systems would be reoriented around subjective, political factors rather than firm principles of maximizing returns and capitalizing productive human endeavors that create value in the marketplace. A free market is the correct arbiter of value to real people, not activism. The fact that oil and natural gas are used in just about every facet of modern life speaks to their intrinsic value, and hence, their investment worthiness. Further, activists pressure investors and banks to make financial decisions that reflect a political agenda which they have been unable to achieve through the normal democratic process. Activists have been able to convince neither the American people nor the majority of their representatives in Congress to stop using oil and natural gas in the absence of a viable, reliable alternative, as it would mean fundamentally altering Americans' healthy, safe, and prosperous lifestyles. As they are unable to convince Congress to pass laws that prevent Americans from using or producing oil and natural gas, activists such as Ms. Bloom Raskin are simply inappropriate for the Federal Reserve.

Our industries have already felt the impacts of such activism, as the decapitalization of oil and natural gas has meant that companies cannot adequately invest in new production to respond to the high price signals the market is sending. Whereas just a few years ago the American producer was able to meet new demand to keep prices low at the pump, lack of access to capital has artificially constrained supply and the White House now begs OPEC and Russia for more oil. In fact the biggest impact President Biden could make to lower prices for Americans would be to withdraw Ms. Bloom's nomination and call off the financial agencies from pursuing policies she promotes to choke off lending to oil and natural gas. Halting regulatory efforts to decapitalize oil and natural gas would send a strong signal to the market that it is safe to invest in the industry, thereby enabling American companies to increase production and lower prices for consumers.

We urge you to take an important step to lower energy prices for Americans by not advancing the nomination of Ms. Bloom Raskin to the Federal Reserve. Thank you for considering our combined voices representing millions of energy and manufacturing workers.

Sincerely,

Alaska Oil and Gas Association
Alaska Support Industry Alliance
American Association of Professional Landmen
Arkansas Independent Producers and Royalty Owners
Coalbed Methane Association of Alabama
Colorado Alliance of Mineral and Royalty Owners
Colorado Oil & Gas Association
Domestic Energy Producers Alliance
Energy Workforce & Technology Council
Gas and Oil Association of West Virginia
Gulf Energy Alliance
International Association of Drilling Contractors
Illinois Oil and Gas Association
Independent Oil Producers Agency
Independent Petroleum Association of America
Independent Petroleum Association of New Mexico
Kansas Independent Oil & Gas Association
Kentucky Oil and Gas Association
Louisiana Oil & Gas Association
Marcellus Shale Coalition
Montana Association of Oil, Gas, and Coal Counties
Montana Petroleum Association

National Stripper Well Association
New Mexico Oil and Gas Association
North Dakota Petroleum Council
Northern Montana Oil and Gas Association
Ohio Oil and Gas Association
Panhandle Producers & Royalty Owners Association
Pennsylvania Independent Oil and Gas Association
Pennsylvania Manufacturers' Association
Permian Basin Petroleum Association
Petroleum Alliance of Oklahoma
Petroleum Association of Wyoming
Southeast Oil and Gas Association
Texas Alliance of Energy Producers
Texas Independent Producers and Royalty Owners Association
The Energy Council
U.S. Oil & Gas Association
Utah Petroleum Association
Western Energy Alliance
West Slope Colorado Oil & Gas Association

NSSF
The Firearm Industry Trade Association

LAWRENCE G. KEANE
SVP Gov't & Public Affairs, Assist. Secretary and General Counsel
lkeane@nssf.org | 202-220-1340 x 249 | nssf.org
400 N. Capitol Street NW, Suite 475, Washington, D.C. 20001

February 2, 2022

The Honorable Sherrod Brown
Chairman
Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Patrick Toomey
Ranking Member
Committee on Banking, Housing, and Urban Affairs
455 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey:

The NSSF is the trade association for the firearm, ammunition, hunting and recreational shooting sports industry. On behalf of our more than 9,000 member companies nationwide, I write to express our strong opposition to the nomination of Sarah Bloom Raskin to serve as Vice Chair for Supervision of the Board of Governors of the Federal Reserve System and respectfully urge you to oppose advancing her nomination.

Mrs. Raskin's nomination to be Vice Chair for Supervision at the Federal Reserve, a powerful position responsible for leading the Federal Reserve's regulatory and supervisory work on banks is extremely concerning to the firearm and ammunition industry. Our industry was illegally targeted by the Obama-Biden Administration's *Operation Chokepoint* that weaponized banking regulators and the U.S. Department Justice to have financial institutions refuse to provide services to our members. This pattern of discrimination by large "too big to fail" financial institutions against member industry simply because they are engaged in the lawful and constitutionally protected commerce in firearm and ammunition products continues to this day.

Mrs. Raskin has a documented history of supporting efforts to circumvent congressional authority to empower administrative efforts to politically address social and economic issues she considers important. For example, Mrs. Raskin has publicly advocated for the federal government to penalize banks that provide lawful services to energy companies and favors adopting regulatory measures that included de-banking energy companies. Weaponizing the Federal Reserve to cause harm and encourage financial discrimination against legal and compliant American industries based solely on political views, and not individualized, objective economic criteria and data is unacceptable, undemocratic, and dangerous to our economy and personal liberties.

Given her track record, NSSF lacks confidence in Mrs. Rankin's ability to exercise the authority of the Federal Reserve to ensure fair treatment and access to financing to all legal industries. Therefore, we oppose her nomination to be the next Vice Chair for Supervision of the Board of Governors of the Federal Reserve System and urge the Senate Committee on Banking, Housing, and Urban Affairs to do the same. Thank you very much for your consideration of this request.

Sincerely,

Lawrence G. Keane

PIPELINERS UNION 798
UNITED ASSOCIATION

February 2, 2022

Attn. Senator Chuck Schumer
322 Hart Senate Office Building
Washington, D.C. 20510

RE: Sarah Bloom Raskin's Nomination for Federal Reserve Vice Chair

Dear Senator Schumer:

Attached please find a letter urging you and your colleagues to reject President Biden's nomination of Sarah Bloom Raskin for the Vice Chair position in the Federal Reserve. I'm submitting this on behalf of Pipeliners Local 798, a trades union representing thousands of the most highly skilled and trained energy industry workers.

Our members collected 2,066 signatures on the attached letter because we recognize that the person selected to this position will hold tremendous power over the nation's economic future. Given Ms. Raskin's outspoken views against the oil and gas industry, her nomination specifically threatens the livelihood of hundreds of thousands of dedicated men and women working on critical infrastructure projects, many of whom are Local 798 members.

As noted in our attached letter, a particular concern is Ms. Raskin's support of sweeping regulatory actions, including the proposal to penalize banks for serving oil and natural gas companies and her overall view of our industry as a "dying industry." I assure you this unfounded claim is quickly disputed among the men and women who continue to work tirelessly to modernize our aging infrastructure, as well as every American who depends on a reliable and affordable energy supply.

As Business Manager of Local 798, I thank you for your attention, and I urge you and your colleagues to consider the voices on the attached pages when discussing Ms. Raskin's nomination.

Sincerely,

Danny Hendrix
Business Manager

Pipeliners Local 798

SFOF
LOOK TO THE STATES

January 31, 2021

President Joe Biden
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

Dear Mr. President:

As State Treasurers, Auditors, and financial officers, we write to express our strong disapproval of Sarah Bloom Raskin as your choice for Vice-Chair for Supervision at the Federal Reserve Bank. We urge you to withdraw her nomination.

The role of the Federal Reserve, as stated in the 107th Annual Report of the Board of Governors of the Federal Reserve System (2020), is to promote "a safe, sound, and efficient banking and financial system that supports the growth and stability of the U.S. economy." Ms. Raskin, in a column published in September 2021 by Project Syndicate, demonstrated that she has a far different vision for the role of the Federal Reserve. In that column, she wrote," financial regulators must reimagine their own role so that they can play their part in the broader reimagining of the economy." It is clear that Ms. Raskin is willing to place the growth and stability of the U.S. economy at risk to achieve her preferred social outcomes.

All financial institutions should evaluate their relationships with reliable energy companies, just as they would any legal business, without prejudice or preference, based on risk and return. However, Ms. Raskin believes that capital allocation should not solely be based on risk and return. Instead, she argues for "the adoption of practices and policies that will allocate capital and align portfolios towards sustainable investments that do not depend on carbon and fossil fuels," as reported in the June 1, 2020, Ceres report.

The Energy Information Administration published the preliminary 2020 U.S. production of energy and found that the reliable energy produced from petroleum, natural gas, and coal accounted for about 79% of total U.S. primary energy production.[1]

Policies advocated by Ms. Raskin would place the U.S. reliable energy supply at risk. For example, she advocated in a June 2021 speech at the Green Swan Conference - Coordinating

[1] Natural gas, 36%; Petroleum (crude oil and natural gas plant liquids), 32%; Renewable energy, 12%; Coal, 11%; and Nuclear electric power, 9%.

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finance on climate, that the Federal Reserve stress tests should actively penalize banks that serve fossil fuel companies.

We, the undersigned, oppose Ms. Raskin's radical banking and economic views and are deeply concerned that she would use the supervisory authority as Vice-Chair for Supervision at the Federal Reserve Bank to disrupt the private banking sector, reliable energy supplies, and the U.S. economy.

As State Financial Officers Foundation (SFOF) state leaders, we join with many others and urge you to recognize the negative impacts this nominee would have on Federal Reserve mandates concerning monetary policy and banking supervision, America's financial institutions return on capital allocation, and America's reliable energy supply. We strongly recommend the immediate withdrawal of Ms. Raskin's nomination.

Sincerely,

John Murante
Nebraska State Treasurer
SFOF National Chair

Dennis Milligan
Arkansas Treasurer of State
SFOF Past National Chair

Scott Fitzpatrick
Missouri State Treasurer
SFOF National Vice Chair

John Dougall
Utah State Auditor
SFOF National Auditor-At-Large

John Schroder
Louisiana State Treasurer
SFOF National Policy Committee Chair

Derek Kreifels,
Chief Executive Officer
State Financial Officers Foundation

Kimberly Yee
Arizona State Treasurer

Jimmy Patronis
Florida Chief Financial Officer

Steve McCoy
Georgia State Treasurer

Julie Ellsworth
Idaho State Treasurer

Kelly Mitchell
Indiana State Treasurer

Mike Harmon
Kentucky State Auditor

Allison Ball
Kentucky State Treasurer

David McRae
Mississippi State Treasurer

Dale Folwell, CPA
North Carolina State Treasurer

Thomas Beadle
North Dakota State Treasurer

Robert Sprague
Ohio State Treasurer

Randy McDaniel
Oklahoma State Treasurer

Stacy Garrity
Pennsylvania State Treasurer

Curtis M. Loftis, Jr.
South Carolina State Treasurer

Josh Haeder
South Dakota State Treasurer

Richard Sattgast
South Dakota State Auditor

Marlo Oaks
Utah State Treasurer

Riley Moore
West Virginia State Treasurer

Curt Meier
Wyoming State Treasurer

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TENTH ANNIVERSARY ★ 2012-2022

U.S. Chamber of Commerce

1615 H Street, NW
Washington, DC 20062-2000
uschamber.com

January 27, 2022

The Honorable Sherrod Brown
Chair
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Pat Toomey
Ranking Member
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chair Brown and Ranking Member Toomey:

The Chamber urges the Committee to raise several important issues with Sarah Bloom Raskin when considering her nomination to serve as Vice Chair for Supervision of the Board of Governors of the Federal Reserve System. This position enforces and helps develop the regulations that are the bedrock of competitive financial markets. Some of Ms. Raskin's past actions and statements have raised concerns among the U.S. business community and merit the Committee's scrutiny.

COVID-19 Pandemic Response

Banks played an important role in supporting the U.S. economy throughout the economic shock brought about by COVID-19. They were critical to administering the Paycheck Protection Program, the Federal Reserve's 13(3) emergency lending facilities, and providing forbearance and other solutions on loans that helped millions of small businesses survive.

- Were bank holding companies able to comfortably weather the economic shock brought about by COVID-19? Was the existing regulatory framework adequate?

- Did bank holding companies and other financial institutions make concerted efforts to meet the needs of consumers, businesses, and their communities during this period of economic uncertainty?

Climate Change

Ms. Raskin has been critical of the Federal Reserve for allowing oil and gas companies to access the emergency 13(3) facilities during the COVID-19 pandemic.[1] She has also advocated for federal regulators to transition financing away from the fossil fuel industry in her writings and public comments.

- Is it the role of the Federal Reserve to direct capital away from certain industries that are politically disfavored or direct capital towards industries that are politically favored?

- Please explain her statements proposing to deny oil and gas companies access to the Federal Reserve's 13(3) emergency lending facilities, including those explicitly authorized by Congress via the CARES Act?

Independence of the Federal Reserve

The Federal Reserve is designed to adhere to its statutory mandate and remain independent from political influence. Governors have a long history of collegiality and professionalism in how they interact with each other and of deferring to the Chair on setting the agenda for the Board. After the recent push by Board members at the Federal Deposit Insurance Corporation (FDIC) to usurp the Chair's authority, we have serious concerns about similar politicization at the Federal Reserve. We encourage you to secure a commitment from Ms. Raskin to maintain the political independence of the Board and stay committed to its statutory mission.

Basel III Implementation and Small Businesses

In 2017, the Basel Committee on Banking Supervision (BCBS) made updates to the Basel III agreement (oftentimes referred to as the "Basel III endgame") that would require banks to change how they assess credit risk. These changes are expected to be implemented soon by the United States and could alter the availability of credit, especially for small businesses.

- Does Ms. Raskin support implementing Basel III in a manner that does not reduce the availability of or increase the cost of credit for small businesses?

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[1] Raskin, S. B. (2020, May 28). Why Is the Fed Spending So Much Money on a Dying Industry? *The New York Times*. Retrieved from https://www.nytimes.com/2020/05/28/opinion/fed-fossil-fuels.html.

- What observations does Ms. Raskin have regarding the implementation of these standards by the European Union? Does she support, or oppose, any steps they have taken to ensure that small businesses retain access to affordable credit?

Competition/Bank Mergers

The Biden Administration has broadly asserted that most major sectors of the United States have unsatisfactory competition as a justification for a myriad of new regulations.[2] The President's July 2021 Executive Order singled out a lack of competition in the banking industry and recommended updating regulations to limit mergers and acquisitions.

- Can bank mergers benefit competition and consumers, and if so, how? Are there any examples of past bank mergers that promoted competition?

- What standard does Ms. Raskin think is appropriate to measure competition?

- If Ms. Raskin believes guidelines for mergers and acquisitions should be updated, what would be the justification?

Financial Stability and International Standards for Financial Regulation

The Financial Stability Board (FSB) promotes global financial stability by coordinating the development of regulatory, supervisory, and other financial sector policies.

- Is the U.S. obligated to implement the standards proposed by the FSB and its subsidiary organizations (e.g. BCBS), or are they just recommendations and best practices for consideration by participating governments?

- Should the U.S. consider its existing regulatory structure and maintaining competitive financial markets when weighing implementation of standards agreed to by the FSB and its subsidiary organizations? Will the Vice-Chair for Supervision commit to not gold-plating (i.e. more stringent/conservative than the international agreement) these stands if implementing them in the U.S.?

- Will the Vice-Chair for Supervision commit to updating the public, including Congress, regarding the recommendations of the Federal Reserve Board to the FSB and BCBS?

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[2] The White House. Executive Order on Promoting Competition in the American Economy (July 9, 2021), available at https://www.whitehouse.gov/briefing-room/presidential-actions/2021/07/09/executive-order-on-promoting-competition-in-the-american-economy/

Financial Stability and Activities-Based Approach to Financial Regulation

Not long ago, many policymakers sought to apply bank-like regulation to entities that do not operate like a bank due to a perception of systemic risk. The Financial Stability Oversight Council (FSOC) subjected some nonbanks to regulation by the Federal Reserve Board, and the FSB deemed some nonbanks systemically important. In recent years, there has been a growing appreciation to shift away from an entities-based approach to systemic risk in favor of addressing discrete activities through targeted regulation. Secretary Yellen expressed her preference for an activities-based approach during her confirmation hearing. Thus far, she has pursued this approach during her time as Chair of the FSOC.

- Is an activities-based approach appropriate for addressing systemic risk?

- Is it inappropriate for the Financial Stability Board, the International Association of Insurance Supervisors, or the International Organization of Securities Commissions to issue a list of entities they consider to be systemically important?

Thank you for considering these important issues.

Sincerely,

Tom Quaadman
Executive Vice President
Center for Capital Markets Competitiveness
U.S. Chamber of Commerce

cc: Members of the Senate Committee on Banking, Housing, and Urban Affairs