MEMO

TO: Interested Parties
FR: Dennis Kelleher, Co-founder, President & CEO
Phillip Basil, Director of Banking Policy
RE: Sarah Bloom Raskin Is Highly Qualified for the Fed and Attacks on Her Record Are Baseless
DATE: January 31, 2022

President Biden has nominated Sarah Bloom Raskin to be Vice Chair for Supervision of the Federal Reserve Board. Her experience, record, and statements make clear that she is highly qualified to carry out the mandates of the Fed. She has nonetheless been attacked by some who have misleadingly cherry-picked and distorted some of her statements, particularly regarding climate. Others, including Sen. Toomey in a letter to President Biden no less, have just made up inflammatory statements and attributed them to Raskin. Those attacks, however, ignore that her views and statements on climate are fully aligned with Chair Powell, former Vice Chair Randy Quarles, Wall Street's biggest banks, and financial industry and other business leaders, all as detailed below.

As Rep. Andy Barr (R-Ky.), a member of the House Financial Services Committee, which oversees the Fed, recently said,

> "The job of bank regulators is to ensure the safety and soundness of financial institutions and promote financial stability. It is not to pick winners and losers in credit markets, politicize the allocation of capital, or solve climate change."

As is clear from the details below, Raskin's views fully align with Mr. Barr's statements, and the criticisms of her should be dismissed as lacking merit.

Notably, in contrast, it was President Trump's administration and other Republicans who lobbied the Fed during the pandemic in 2020 for certain industries to receive special treatment (oil and gas companies in particular)—*that* was picking "winners and losers in credit markets" and "politiciz[ing] the allocation of capital," as detailed below. Moreover, the oil and gas industry's allies are attempting to de facto prohibit the Fed from considering the known and widely recognized risks from climate. That dangerously politicizes the Fed because it is a political directive to the Fed to ***not*** consider the risks associated with climate even though the Fed is mandated by statute to address risks regardless of origin. Such action also risks repeating a prior catastrophic political prohibition on financial regulators (including the Fed) from considering certain risks: in 2000 politicians prohibited regulators from regulating the risks posed by derivatives. But *politically unregulated risks* don't go away; they get bigger and more dangerous until they explode as those unregulated derivatives did when they were causing, intensifying, and spreading the 2008 global financial crash, resulting in trillions of dollars of bailouts and damage and greatly harming tens of millions of Americans.

Raskin has been clear that she will focus on the Fed's legal mandates to ensure safety and soundness, financial stability, and risk identification and mitigation regardless of the source, just like Chair Powell and former Vice Chair Quarles. Additionally, she will not politicize the Fed, and she will not allow others to do so either.

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1. ***<u>The Fed's Legal Mandates Include Identifying and Mitigating Risks to the Financial System Regardless of Their Source</u>***

   a. <u>The Fed's statutory mandates include</u>:
      i. Promoting the safety and soundness of individual financial institutions (primarily bank holding companies) and monitoring their impact on the financial system as a whole, and
      ii. Promoting the overall stability of the financial system to help ensure the system supports a healthy economy for U.S. households, communities, and businesses.
   b. <u>The statutorily defined role of the Vice Chair for Supervision includes (Dodd-Frank Act, Sec. 1108)</u>:
      i. Developing policy recommendations for the Board regarding supervision and regulation of depository institution holding companies and other financial firms supervised by the Board, and
      ii. Overseeing the supervision and regulation of such firms.

2. ***<u>The Fed's Legal Mandates Require It to Address Climate-Related Risks Just as with Other Material Risks</u>***

   a. Like crypto, cyber and other risks, climate change is widely recognized here in the U.S. and internationally as a threat to the economy and financial system.
      i. It introduces risks to the banking system and to financial stability through both so-called physical and transition risks.
      ii. These risks can even ultimately manifest as more "traditional" risks such as credit risk — for example, if changes in weather patterns affect the value of a property that collateralizes a loan, such as a farm or homes in areas more prone to hurricanes, tornadoes, or flooding.
   b. Therefore, the identification, assessment, and management of climate-related risks are clearly within the mandates of the Fed and the responsibilities of the Vice Chair for Supervision, just as with any other risk the Fed is mandated to address.
      i. For banking supervision and regulation that currently means including in its supervisory activities an assessment of banks' ability to manage climate-related risks as well as performing scenario analysis to support the identification and assessment of climate-related risks.
      ii. This is also consistent with the efforts of the regulatory authorities of other developed economies such as the United Kingdom, France, Germany, Japan, and the European Central Bank.

3. ***<u>Fed Chairman Powell Agrees that the Fed Must Consider and Assess Climate-Related Risks Alongside Other Material Risks</u>***

   a. Powell's confirmation hearing on January 11, 2022:
      i. "Our role on climate change . . . is to ensure that banking institutions we regulate understand their risks and can manage them, and it's also to look after financial stability."
      ii. "The issue really is, can something from climate change rise to the level that would threaten the stability of the entire financial system."

iii. “Our role on climate change is a limited one but it is an important one—and it is to assure that the banking institutions that we regulate understand their risks and can manage them.”
iv. “Within supervision, as I mentioned, [climate] is likely to be a very important priority over the coming years.”

b. Powell’s public statement upon the release of the FSOC climate report in October 2021:
   i. “Climate change poses significant challenges for the global economy and the financial system. The public rightly expects us to work to ensure the financial system is resilient to climate-related financial risks.”
   ii. “We are working to better understand and address climate-related risks for financial institutions and the broader financial system.”
   iii. “We will also continue to identify links between climate change and financial stability, including by investigating how climate change can increase financial-sector vulnerabilities and looking for climate-related amplification channels.”

c. Powell’s statements on Panel S at the Green Swan conference in June 2021:
   i. “There’s no doubt that climate change poses profound challenges for the global economy and increased uncertainty for the financial system.”
   ii. “What is needed is a sustained, global response.”
   iii. “At the Fed, we see our role as an important one that is tied tightly to our existing mandate . . . We view climate-related financial risk as a risk that falls under our existing mandates related to bank supervision and financial stability.”

4. ***Trump’s Former Vice Chair for Supervision Randal Quarles Agrees that the Climate-Related Risks Must be Considered and Assessed Alongside Other Material Risks***

a. As Vice Chair for Supervision, Randal Quarles gave a speech on July 11, 2021 entitled “Disclosures and Data: Building Strong Foundations for Addressing Climate-Related Financial Risks” which coincided with the release of the Financial Stability Board’s “Roadmap for Addressing Climate-Related Financial Risks,” which was published while he was also Chair of the FSB:
   i. “One [issue] of increasing focus is understanding and monitoring climate-related financial risks. Given the global nature of climate change, this demands a coordinated international effort.”
   ii. “The FSB was an early leader in bringing attention to the importance of reliable, entity-level disclosures to assess and manage climate-related financial risks and opportunities.”
   iii. “International initiatives are needed to improve data quality and address data gaps, and ultimately to establish a basis of comprehensive, consistent, and comparable data for global monitoring and assessing climate-related financial risks.”
   iv. “The FSB is exploring how to assess the degree to which climate-related risks might be transferred or amplified by different financial sectors, including the interdependence of banks and insurance firms. Climate-related risks vary across jurisdictions, and we need to look at how risks might be amplified by feedback loops with the real economy. Such analysis will contribute to a more comprehensive and global understanding of how to assess climate change and potential effects on the financial system.”

b. To Mr. Quarles’ credit, he is walking his talk:

        i. “Notwithstanding my Republican credentials, I drive an electric car. I live in a solar house," and added climate issues "are important issues for society to be thinking about."

5. ***Wall Street’s Biggest Banks — All Supervised and Regulated by the Fed — Agree that Climate-Related Risks Are Real and Must be Addressed***

   a. Bank of America (environmental and social risk policy framework):
      i. “Climate change is no longer a far-off risk but rather a global concern with impacts that are already beginning to unfold, including increased frequency and severity of extreme weather conditions, melting glaciers, loss of sea ice, accelerated sea level rise and longer, more intense heat waves and droughts . . . urgent action is needed to address climate change and prevent its increasingly devastating impacts from accelerating further.”
      ii. “At Bank of America, we recognize that climate change poses a significant risk to our business, our clients and the communities where we live and work.”
      iii. “As one of the world’s largest financial institutions, we have a responsibility and an important role to play in helping to mitigate and build resilience to climate change by using our expertise, resources and influence.”
   b. JP Morgan Chase (statement on Paris-aligned commitment and report on climate risks and opportunities):
      i. “There must be collective ambition and cooperation by business and government to tackle climate change,” said Jamie Dimon.
      ii. “Climate change is a global challenge that has presented — and will continue to present — risks for businesses and communities around the world.”
      iii. “We are strengthening our understanding of how climate change impacts our day-to-day business activities, risks and processes.”
   c. Citigroup (environmental and social policy framework and 2020 ESG report):
      i. “Citi understands the scale of the risks that climate change poses and the need for our society to successfully transition to a low-carbon economy and invest in mitigation and adaptation solutions.”
      ii. “The financial sector has an important role to play in addressing this crisis by supporting the transition to a sustainable, low-carbon economy that balances the environmental, social and economic needs of society.”
      iii. “Citi is committed to managing climate risks . . . we will further test the resilience of Citi’s lending portfolios to transition and physical risks related to climate change.”
   d. Wells Fargo (issue brief on climate change and 2021 ESG report):
      i. “Wells Fargo believes that climate change is one of the most urgent environmental and social issues of our time.”
      ii. “It is critical to understand how various potential and predicted climate scenarios may impact different industries, geographies, and portfolios.”
      iii. “Climate change is one of the most urgent threats we all face. We believe collective action is needed to transition to a low-carbon economy and minimize the impact on our most vulnerable communities.”
   e. Goldman Sachs (environmental policy framework and 2020 sustainability report):
      i. “We believe that climate change is one of the most significant environmental challenges of the 21st century and is linked to other important issues, including

economic growth and development, poverty alleviation, access to clean water, food security and adequate energy supplies."

   ii. "We remain committed to deepening our understanding and knowledge of managing climate risks."
   iii. ". . . our approach to managing climate-related risks and opportunities across our businesses and operations, including the initial steps we have taken on transition and physical climate-risk scenario analysis."

f. Morgan Stanley (2020 sustainability report and 2020 task force on climate-related financial disclosures report):
   i. "With respect to climate change, the science is clear. It is a reality that demands urgent attention. The impacts of rising global temperatures are already affecting economies and communities worldwide . . . all sectors, including financial services, must work alongside international, national and local governments on sound policies and solutions for a sustainable path forward."
   ii. "By harnessing the power of capital markets to support low-carbon transition, we are driving new opportunities for our business and our clients."
   iii. "Managing risks and pursuing the next generation of opportunities in a world faced with uncertain climate impacts is imperative to the way we shape our products, services, operations and policies."

6. ***Other Industry Executives Agree that Climate-Related Risks are Real and Action Must be Taken***

a. BlackRock CEO Larry Fink (2020 letter to CEOs) — "Climate risk is investment risk"; "Climate change has become a defining factor in companies' long-term prospects . . . [and is] a risk that markets to date have been slower to reflect."
b. Open letter from the Alliance of CEO Climate Leaders with over 70 global companies — "Climate change is an immediate and growing threat to people, ecosystems, and economies. . .To avoid the worst impacts of climate change we need to limit warming to 1.5°C."
c. Open letter to President Biden from the We Mean Business Coalition of over 400 business and investors — "Millions of Americans are already feeling the impacts of climate change. From recent extreme weather to deadly wildfires and record-breaking hurricanes, the human and economic losses of the past 12 months alone are profound. Tragically, these devastating climate impacts also disproportionately hit marginalized and low-income communities who are least able to withstand them. We must act now to slow and turn the tide."

7. ***Raskin's Views on Climate Align with Powell, Quarles, Wall Street's Biggest Banks, and Other Industry Leaders***

a. As with Chair Powell, former Vice Chair for Supervision Quarles, Wall Street's biggest banks, and other industry leaders, Raskin takes a risk-based approach to the analysis and recognizes that climate change poses risks to our banking system, greater financial system, and economy.
b. For bank supervision and regulation, Raskin's positions on climate-related risks align with the Fed's statutory mandate of managing material risks for the safety and soundness of

the banking system and for overall financial stability and align with the current efforts to manage climate-related risks.

c. Raskin's focus is on ensuring the identification and assessment of climate-related risks so that they can be managed, all within the existing mandates.

d. She affirmed this pointedly and expressly in Politico in July 2020.

    i. "I'm not looking at this as a social policy. I'm looking at this as economic resilience and financial institution resilience. I see it as integral to how we actually manage risk."

e. In an introduction to a report by Ceres, Raskin stated that the report's "recommendations outline the affirmative steps that regulators should take," which were related to the Fed's supervision and regulation:

    i. Acknowledging that climate change poses risks to financial market stability and immediately begin assessing their impacts,
    ii. Ensuring banks are adequately addressing climate change as part of their risk management,
    iii. Having banks conduct their own stress tests/scenario analysis,
    iv. Requiring disclosure of climate risks, and
    v. Coordinating with international counterparts on sources of climate risk.

f. Importantly, the only specific bank supervision and regulation policy recommendations she herself has made were in testimony to the Senate Banking Committee in March 2020 and during the 2021 Green Swan Conference, which were:

    i. Enhanced data and disclosures:
        1. "It is essential that the financial industry and its regulators understand what the industry is holding and establish the correct valuations for these holdings."
        2. "Clear expectations need to be laid out for regulated firms . . . [such as] supervisory guidance."
        3. Regulated firms should "calculate and disclose their carbon exposures."
    ii. Climate scenario analysis:
        1. "Regulators should begin to collect data and create models that would enable them to carry out meaningful climate-related stress tests."
        2. "We learned that the stress tests were tools that could actually be very effective in mitigating the length and duration of a financial crisis. Now, to do that they need to be credible . . . They need to hypothesize conditions that could actually happen."
        3. Raskin's reference to "stress tests" is referring to scenario analysis without capital requirements — "climate-related stress tests would permit regulators to assess how banks would respond to the sudden implementation of a large carbon tax, or what would happen in the event of a fire sale of carbon-based assets."
    iii. Internal Bank Risk Monitoring and Limits:
        1. "Considering whether high emission assets will require limits in order to keep them from creating unsafe and unsound conditions to the financial institution that holds them."

2. This is a recommendation that is in-line with proposed climate risk management principles by the OCC and BIS.

8. ***As Is Clear from Raskin's Actual Statements, Critics Distort Her Views by Cherry Picking Them out of Context (or Just Make Baseless Inflammatory Claims)***

a. Raskin's statements above rebut the critics who have nonetheless claimed that her views on climate would exceed the Fed's mandates and are extreme or out the mainstream.
   i. That criticism also ignores her clear alignment with Powell, Quarles, Wall Street's biggest banks, and others, including industry Leaders.

b. Disregarding context and completeness, these critics have misrepresented or cherry-picked statements of hers to make it seem like Raskin wants to politicize the Fed by going beyond the Fed's mandate on climate-related risks and by using the Fed's authority to direct capital allocation away from the fossil fuel industry, again contrary to her actual statements quoted above.

c. **Climate-related risks and capital reallocation – bank supervision and regulation:**
   i. *Critics say Raskin wants to use bank regulation for the purposes of capital allocation away from fossil fuels* purportedly based on the two pieces she wrote and a speech at the 2021 Green Swan Conference, all discussed below.
   ii. *But Raskin's commentary is about three key themes* — 1) mitigating climate-related risks, 2) ensuring those risks are appropriately priced, and 3) doing so within existing agency mandates.
   iii. **Raskin Piece #1** – An introduction she wrote to a report by Ceres.
      1. *Raskin focuses on risk mitigation* — "These recommendations outline the affirmative steps that regulators should take to protect the financial system and economy from potential climate-related shocks that can flatten an economy," where the report's main recommendations related to the Fed's supervision and regulation are:
         a. Ensuring banks are adequately addressing climate change as part of their risk management,
         b. Having banks conduct their own stress tests/scenario analysis, and
         c. Requiring disclosure of climate risks.
      2. *And appropriately pricing risks* — "We must rebuild with an economy where the values of sustainability are explicitly embedded in market valuation."
      3. *Ignoring that, critics point to one quote out of context* — "Our financial regulatory bodies [should] 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."
         a. *Read in context, her views fully align with the Fed's mandate and the views of Powell and others cited above.*
   iv. **Raskin Piece #2** – An opinion piece she wrote in Project Syndicate

1. *Raskin focuses on risk mitigation* — "All US regulators can — and should — be looking at their existing powers and considering how they might be brought to bear on efforts to mitigate climate risk;" and "regulators must move faster in preparing firms within their jurisdiction to weather climate effects that are not being eliminated by markets."
2. *And appropriately pricing risks* — "In light of the changing climate's unpredictable — but clearly intensifying — effects on the economy, US regulators will need to leave their comfort zone and act early before the problem worsens and becomes even more expensive to address."
3. *And doing so within mandates* — "All US regulators can — and should — be looking at their existing powers and considering how they might be brought to bear on efforts to mitigate climate risk;" and "each [regulatory agency] has a mandate broad enough to encompass these risks within the scope of the instruments already given to it by Congress;" and "Institutions like the European Central Bank, the Bank of England, the Bank of Japan, and the Bank for International Settlements are actively working to repurpose instruments like stress tests, living wills, and risk-based capital standards — all within their existing mandates."
4. *Ignoring that, critics point to one quote out of context* — "[Regulators] need to ask themselves how their existing instruments can be used to incentivize a rapid, orderly, and just transition away from high-emission and biodiversity-destroying investments."
   a. *Read in context, her views fully align with the Fed's mandate and the views of Powell and others cited above.*

v. Raskin at the 2021 Green Swan Conference

1. *Raskin focuses on risk mitigation* — "Preparing the financial system to weather climate change effects that can't be eliminated by markets" and "considering whether high emission assets will require limits in order to keep them from creating unsafe and unsound conditions to the financial institution that holds them."
2. *And appropriately pricing risks* — "[Financial institutions] will need guidance as to how to price or value what they find. Without any source of regulatory or accounting guidance, without any reference to a standardized, credible framework, they will be [navigating] without a rudder."
3. *Ignoring what Raskin actually said at the conference, **Sen. Toomey, citing and linking to that conference speech, claimed in a January 25, 2022 letter to the President** that Raskin* "has also advocated for the Federal Reserve to pressure banks into choking off credit to traditional energy companies."
   a. ***Raskin has never made any such statement and no such statement is made by Raskin in the speech or at the conference Sen. Toomey cites.***

i. **Thus, Sen. Toomey's statement to the President, notwithstanding the citation, is made up.**

b. Raskin said at the conference the following rather pedestrian observation that "The financial regulators, together with the financial auditors and the standard-setting bodies, need to help the financial firms *mitigate climate-related threats* by stepping forward and incentivizing a rapid, orderly, and just transition away from high emission assets. This they can do in various ways. For example, by considering whether high emission assets will require limits in order to keep them from creating unsafe and unsound conditions to the financial institution that holds them."

   i. This is a recommendation that is in-line with proposed climate risk management principles by the OCC and BIS.

c. *Read in context, her views fully align with the Fed's mandate and the views of Powell and others cited above.*

d. Baseless Claims re climate-related risks and capital reallocation – monetary policy:

i. *Critics baseless claims* (apparently mostly based on an opinion piece Raskin published in the New York Times in May 2020):

   1. Wall Street Journal Editorial Board: "Ms. Raskin wanted the Fed to exclude fossil-fuel companies from [the Federal Reserve's emergency lending] facilities . . . This showed colossally bad judgment. The crisis of the hour was Covid and a potential depression, not climate. Yet at that perilous moment Ms. Raskin was urging the Fed to discriminate against an industry that employed hundreds of thousands of people."

   2. Sen. Toomey: "Sarah Bloom Raskin has specifically called for the Fed to pressure banks to choke off credit to traditional energy companies and to exclude those employers from any Fed emergency lending facilities. I have serious concerns that she would abuse the Fed's narrow statutory mandates on monetary policy and banking supervision to have the central bank actively engaged in capital allocation."

      a. More recently, Sen Toomey has amped up his criticism by claiming that Raskin has "demonstrated hostility . . . towards a sector that supports employment for millions of Americans," citing the New York Times Op Ed.

   3. Tom Quaadman, executive vice president of the Chamber of Commerce's Center for Capital Markets Competitiveness: "If you have someone who is coming up for the lead position on safety and soundness regulations, and they actually want to cut off an industry from the banking system, that starts to raise questions."

ii. *But those claims are not true and lack support. Raskin's views were based on objective criteria* — that providing government assistance to high-risk, high-debt companies is a bad investment for the American taxpayer and the future of the U.S. economy.

1. Raskin's focus in the NYT opinion piece was on the risk posed by oil and gas, but her thesis would also include other high-risk, high-debt companies, including so-called "zombie" companies.
2. The issue she highlights is whether government support should be used to save companies who have recklessly, irresponsibly, or otherwise put themselves in a precarious financial condition pre-pandemic, as she points out with facts about the poor financial condition of many oil and gas companies:
    a. "Parts of the [oil and gas] industry are awash in hundreds of billions in risky debt."
    b. "Among those eligible for government assistance are many fossil fuel companies that were in deep financial trouble *long before* the pandemic began."

iii. *And Raskin is especially focused on the many high-risk, high-debt companies that would not have been — and should not have been — eligible for assistance without the* ***lobbying that led to modification of the Fed's facilities****.*

1. Such efforts by Members of Congress and the administration compromised the Fed's independence, politicized the Fed's agenda by "picking winners and losers," and resulted in the Fed allocating capital to companies the Fed otherwise would not have based on its original, objective risk management thresholds.
2. Compounding that, the Fed modified and expanded the availability of its Main Street Lending Program in response to comments and lobbying by the then-Secretary of the Treasury and the then-Energy Secretary (and former Governor of oil state Texas) in particular, who were reportedly directed by President Trump to get the Fed to support the oil and gas industry, as reported by Bloomberg:
    a. "The Trump administration asked the Federal Reserve to modify its Main Street Lending Program to include more mid-size companies in order ***to help oil firms cope*** with the plunge in crude prices, Energy Secretary Dan Brouillette said. Treasury Secretary Steven Mnuchin 'worked very closely with the Federal Reserve. ***We adjusted the program*** — ***the Main Street Lending Program*** — and made that program available to what we refer to as mid-cap size companies,' Brouillette said Tuesday on Bloomberg TV."
3. The expansion of the facility allowed larger companies and those with higher debt to be eligible than were under the original, non-politically influenced decisions by the Fed.
    a. "[Energy Secretary] Brouillette said the president directed both him and Mnuchin "to evaluate the programs that were passed by the Congress and ensure that there is access for these energy industries to those programs. And that's what we've done," he said. (From Bloomberg article)

   b. Put differently, they put political pressure on the Fed to change the design of the programs to include politically favored industries — *that* is "picking winners and losers" and "politicizing the allocation of capital."
4. As stated by Raskin in her [NYT opinion piece], the oil, gas, and coal company "[allies] in [Congress] and the administration have lobbied for changes to several of the Fed's lending programs, including relaxing the [Main Street Lending Program]."
   a. From the perspective of the Fed's mandates (risk, safety and soundness, and financial stability), this was unwise and unwarranted if not reckless.
   b. From the perspective of the Fed's independence, this was an egregious violation of historic norms and practices, if not the law itself.
   c. From the perspective that the Fed is supposed to be largely insulated from politics, this was unquestionably politicizing the Fed and forcing the Fed to pick winners and losers based on political choices and pressure.
5. In addition to seeking special favorable treatment, it is important to recognize that the oil and gas industry and their allies are in effect trying to pressure the Fed into ***ignoring*** known and widely recognized risks associated with climate. That violates the Fed's mandates to identify and mitigate risks regardless of origin. There should be no special interest industry carve out from the Fed's mandates due to political pressure.
   a. A politically motivated risk prohibition also risks repeating a prior catastrophic political prohibition on financial regulators (including the Fed) from considering specific risks:
      i. Politicians in 2000 enacted a law that de facto prohibited financial regulators from addressing the substantially growing and increasingly interconnected risks from derivatives.
         1. The result of that political interference with risk identification, analysis, and mitigation contributed significantly to the 2008 Global Financial Crisis and the trillions of dollars in bailouts and devastating losses to American families across the country.
         2. That's why risk identification and mitigation are assigned to the Fed and other financial regulators — it is supposed to be based on data and analysis, *not lobbying and political considerations*.

9. ***Raskin's Views and Her Many Other Qualifications Are Why Her Nomination for Vice Chair for Supervision Has Gained Such Broad Support***

a. The Bloomberg Editorial Board — "The nominee — Duke University law professor Sarah Bloom Raskin — is a good choice for what will be an immensely challenging assignment."
b. The Financial Times Editorial Board — "The job of the new Federal Reserve vice-chair of supervision is clear: keep the financial system stable. The harrowing experience of the 2008 financial crisis demonstrated the costs of failing to do this task properly. The much more successful navigation of the coronavirus pandemic by big US banks — supported by monetary largesse — showed, by contrast, what can be gained from stricter regulation of a sector that is so fundamental to the wider economy. For that reason, former Treasury official Sarah Bloom Raskin is a welcome choice by President Joe Biden for the nomination."
c. Senior Chair of Sullivan & Cromwell Rodgin Cohen — "If somebody sat down and tried to write the ideal specifications for the resume of a vice chairman for supervision, I think it would be Dr. Raskin . . . [she has] the full range of knowledge and skillset."
d. Former Federal Reserve Governor Elizabeth Duke (in the Financial Times) — "It's a really tough job. You face hard issues and at the same time the political pressure from both sides is enormous," said Betsy Duke, a former Fed governor who worked alongside Raskin. "Sarah is someone who can stand up to political pressure."
e. Former Federal Reserve Governor Elizabeth Duke (in Politico's Morning Money) — "The characterization of Sarah Bloom Raskin as someone who will use the powers of the Fed for political purposes is simply false. I saw every day Sarah's commitment to the Fed's dual mandate, its independence, and its culture of collegiality. It would be contrary to her nature to do anything else."
f. University of Michigan Professor Jeremy Kress (also in the Financial Times) — "She knows not only what needs to be done to get back to the Dodd-Frank baseline, but she is also aware of some of the initial weaknesses of the rules and how to strengthen them," said Kress, who is now a professor at the University of Michigan.
g. Former chair of the Council of Economic Advisors Glenn Hubbard (in Politico's Morning Money) — Raskin "brings a wealth of experience to a Fed role."