

Statement by Sarah Bloom Raskin
Nominee to be a Member of the Board of Governor of the Federal Reserve System
Before the Committee on Banking, Housing and Urban Affairs
United States Senate
July 15, 2010

Chairman Dodd, Senator Shelby, Distinguished Members of the Committee, and to all the able staff who are sitting in seats I remember so well:

As a former banking counsel to your Committee, I cannot quite express what an honor it is to appear before you today. I never dreamed I would one day be here as a nominee to the Federal Reserve Board. (Or maybe I did dream it at some point, but I certainly never *believed* it.)

I must thank Senator Sarbanes who has been an extraordinary mentor to me over the course of my career and has shown me how one can be passionately committed both to the public interest and to one's family at the same time.

It is a great and humbling honor to be nominated by President Obama, and I am very grateful.

If confirmed, I will participate in the essential and difficult work of restraining inflation and maintaining price stability, maximizing sustainable employment and economic growth, and trying to continually reconcile and harmonize these two goals.

This is a challenging moment for the Federal Reserve. Every member of this Committee knows that even though the worst of the crisis is over, it remains a precarious time for far too many of our families and businesses. The Fed must do its part to restore the underlying strength and vibrancy of the American economy.

As Maryland's Commissioner for Financial Regulation over the last four years, I have worked day and night to counter the devastating effects on our communities of the national banking and liquidity crisis, the terrible spikes in home foreclosures, and persisting high unemployment and underemployment.

At the same time, as a front line banking regulator, I have worked to revise and replace ineffectual and counterproductive state regulations that do not put the government on the side of economic progress for our people.

If I am confirmed, my experience working through this crisis at the state level will deeply inform my actions as a member of the Federal Reserve Board.

The proper conduct of monetary policy by our central bank is essential to calming the waves of financial instability that have engulfed so many of our communities, businesses and households. Over the course of the last generation, the Federal Reserve has achieved price stability and successfully anchored long-term inflationary expectations. This achievement is critical to our economic strength, and it remains a central institutional objective that I subscribe to wholeheartedly.

But it is only a partial victory when many American households continue to face the perils of unemployment and many small businesses struggle with weakened consumer demand and reduced access to credit.

We need to strengthen this recovery by expanding its foundations. This means that, in addition to maintaining stable inflationary expectations and keeping a vigilant eye on the emergence of new bubbles, the Fed must seek to fulfill the other part of its statutory mandate by addressing unemployment, which has pervasive social costs. In my state, I have seen these costs in a loss of productive capacity, a weakened housing market, increased strain on state and local resources and services, and a nervous reluctance on the part of many businesses and banks to invest and make loans. The Fed must work for a broad and sustained recovery that not only controls inflation but facilitates growth and more robust business lending by banks.

In sum, I know that there is a lot of hard work to do at the Fed. If you choose to confirm me, I will bring all of the experience, knowledge and commitment I have gained over the course of my career to the task of fulfilling Congress's statutory expectations. And I will maintain the

standards of professionalism, independence and probity that I have always tried to uphold in my career and that, to my mind, are exemplified by the work of this Committee.

Thank you for the honor of hearing me today. I will be happy to respond to any and all questions you may have—verbally or promptly in writing—throughout this process and indeed throughout my tenure at the Fed if I am fortunate enough to be confirmed.