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United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

January 25, 2022

The Honorable Joseph R. Biden, Jr.
President of the United States of America
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President:

I write to express my concerns with the significant lack of diversity in geography and professional experience in your recent slate of nominees to serve on the Board of Governors of the Federal Reserve System (Federal Reserve Board).

Section 10 of the Federal Reserve Act mandates that “[i]n selecting the members of the Board, not more than one of whom shall be selected from any one Federal Reserve district, the President shall have due regard to a fair representation of the financial, agricultural, industrial, and commercial interests, and geographical divisions of the country.”¹ Congress included this requirement to prevent the concentration of the Federal Reserve’s immense economic power within one region of the country. And further, Congress sought to ensure that our country’s diverse economy was well represented.

The legislative history of the Federal Reserve Act bolsters this interpretation. The author of the geographic diversity requirement explained the important rationale for having geographically diverse board members: “[T]hey must represent every section of this country. This board, if selected east of Washington, would know little and care less about the agricultural and other interests in the Western and Southern States.”² This concern is equally valid today, though one might replace the phrase “east of Washington” with “inside the beltway.” If the current slate were to be confirmed, a majority of board members would hail from the Fifth District (Richmond), with three residing in the Washington, D.C. metropolitan area, and a majority would be professors from academia.

I am particularly concerned that the Federal Reserve Board would lack “fair representation” of America’s diverse economy. If your current slate of nominees were to be confirmed, only two board members would have any significant experience in the private economy, and no board member would have any experience in one of the country’s largest economic sectors: energy. The United States is the global leader in natural gas and crude oil production according to the U.S. Energy Information Administration. While a lack of expertise at the Federal Reserve Board in any particular industry is inevitable, the demonstrated hostility of one nominee, Sarah Bloom Raskin, towards a sector that supports employment for millions of Americans, is unacceptable. In May 2020, Ms. Raskin called the country’s traditional energy sector “a dying industry” and insisted the

¹ 12 U.S.C. § 241.

² 50 Cong. Rec. 5021 (1913) (statement of Rep. William Murray (D-OK)).

Federal Reserve should specifically preclude fossil fuel companies from accessing its emergency broad-based lending facilities, which were established to help restore liquidity to businesses and save jobs when credit markets froze during the COVID pandemic.³ She has also advocated for the Federal Reserve to pressure banks into choking off credit to traditional energy companies.⁴

With these concerns in mind, I respectfully request that you respond to the following questions in advance of possible Senate Banking Committee consideration of these nominees:

1. Your nominations to the Senate list Jerome Powell and Sarah Bloom Raskin as “of Maryland”; Lael Brainard as “of the District of Columbia”; and Philip Jefferson as “of North Carolina.” All of those locations are within the Fifth District. What District do you believe each of these individuals will represent, and what specific characteristics qualify each of them as being from that District?
2. In general, what specific characteristics qualify a nominee as being “from any one Federal Reserve district”?
3. In what circumstances can a current board member’s District be changed and how?
4. In what circumstances can an individual who previously served on the Federal Reserve Board be nominated to serve from a District other than the District represented in his or her previous service?
5. Please describe how you complied with the law’s requirement that you have shown “due regard to a fair representation of the financial, agricultural, industrial, and commercial interests, and geographical divisions of the country” in selecting nominees to serve on the Federal Reserve Board.

I thank you in advance for your prompt response.

Sincerely,



Pat Toomey
Ranking Member

cc: The Honorable Sherrod Brown, Chairman, Senate Committee on Banking, Housing, and Urban Affairs

³ Sarah Bloom Raskin, *Why Is the Fed Spending So Much Money on a Dying Industry*, N.Y. Times, May 28, 2020, <https://www.nytimes.com/2020/05/28/opinion/fed-fossil-fuels.html>.

⁴ Sarah Bloom Raskin, *Climate Change and the Precautionary Imperative*, Speech at the Bank for International Settlements Green Swan Conference: Coordinating Finance on Climate (June 3, 2021), <https://www.youtube.com/watch?v=NhiWgJdiMSM>.