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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

LAURA SWANSON, STAFF DIRECTOR
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May 23, 2021

Eric Rosengren
President and Chief Executive Officer
Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, MA 02210

Dear President Rosengren:

I am writing regarding the recent focus of the Federal Reserve Bank of Boston (Boston Fed) on politically-charged issues that are outside the bounds of the mission and statutory mandate of the Federal Reserve System (Federal Reserve), particularly the Boston Fed's recent, intense interest in "racial justice" activism.

Of course, racism is abhorrent and has no place in our society. We have made tremendous strides on race as a nation, but a respectful dialogue on racial discrimination and institutional barriers to success, where they may exist, can serve to strengthen our democratic republic. Towards that end, I recognize the interest in studying economic disparities along demographic lines, such as race and gender. However, this subject matter is fraught with ideological assumptions and interpretations, and the work and analysis of the Boston Fed seems heavily laden with political and value judgments.

More importantly, it is not the proper role of the Federal Reserve to be engaging in political advocacy. As the nation's central bank, the Federal Reserve has an important, nonpartisan mission and statutory mandate: to "promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates."¹ As such, over the past century the activities of the Federal Reserve have been nonpartisan, independent, and broadly aimed at analyzing high-level economic data such as capital flows, asset prices, and employment in support of the Federal Reserve's monetary and regulatory policy duties.² Lately, however, certain Federal Reserve Banks, including the Boston Fed, have dedicated resources to social policy topics outside their area of expertise and that are reflective of the political and normative

¹ 12 U.S.C. § 225a.

² See e.g., Board of Governors of the Federal Reserve System, *The Federal Reserve System: Purposes & Functions*, https://www.federalreserve.gov/aboutthefed/files/pf_1.pdf; Federal Reserve Bank of San Francisco, *What kinds of research and analysis do economists at the Federal Reserve System do, what types of information do they use, and what kinds of presentations do they make?* (Jan. 2006), <https://www.frbsf.org/education/publications/doctor-econ/2006/january/economist-research-fed/>.

leanings of Federal Reserve Bank officials who are neither elected to political office nor confirmed by the Senate.³

Under your leadership, the Boston Fed increasingly has focused on politically-charged social causes, like racial justice activism, that are wholly unrelated to the Federal Reserve’s statutory mandate. The Boston Fed’s obsession with race is apparent in the various materials that it publicizes on its website as well as the public statements made by its leaders.⁴ For example, the Boston Fed’s *Racism and the Economy* series, which is premised upon the subjective opinion that “[r]acism forms the foundation of inequality in our society,”⁵ features prominently on the Boston Fed’s website, including occupying a central place on the Office of the President’s webpage.⁶ The fifth and most recent installment of this series, *Racism and the Economy: Focus on the Economics Profession*, examined “how racism affects the people and practice of economics” and included speakers such as the AFL-CIO’s chief economist.⁷ Past installments of this series included: (1) *Racism and the Economy: Focus on Housing*, which examined “structural racism in our housing markets” and proposed solutions such as abolishing single-family zoning and offering “restorative housing reparations”;⁸ (2) *Racism and the Economy: Focus on Education*,⁹ in which the invited presenters advocated for expanding the welfare state and imposing new mandates on private employers;¹⁰ (3) *Racism and the Economy: Focus on*

³ See e.g., Federal Reserve Bank of Boston, *Fed’s “Racism and the Economy” series examines racism’s impact on the economics profession* (Apr. 16, 2021), <https://www.bostonfed.org/news-and-events/news/2021/04/racism-and-the-economy-series-examines-racism-impact-on-the-economics-profession.aspx>; Federal Reserve Bank of Boston, *Racism and the Economy: Series Kickoff Event* (Oct. 7, 2020); <https://www.bostonfed.org/news-and-events/events/racism-and-the-economy/series-kickoff-event.aspx>; Federal Reserve Bank of Boston, *The Reckoning: When a Pandemic Collides with Systemic Racism* (Oct. 17, 2021), <https://www.bostonfed.org/publications/invested/2020/feature-four.aspx>; Federal Reserve Bank of Boston, *Turning the Floodlights on the Root Causes of Today’s Racialized Economic Disparities: Community Development Work at the Boston Fed Post-2020*, Field Note 2020-2 (Dec. 2020), <https://www.bostonfed.org/-/media/Documents/Community-Development-Field-Notes/cdfieldnote202002.pdf>.

⁴ Based on its body of work, the Boston Fed appears to believe that economic disparities—from educational opportunity to unemployment—can only be explained by racial animus.

⁵ The Federal Reserve Banks of Boston, Minneapolis, and Atlanta have partnered to present this series. See Federal Reserve Bank of Minneapolis, *Racism and the Economy: Series kickoff event* (Oct. 7, 2020), <https://www.minneapolisfed.org/events/2020/racism-and-the-economy-series-kickoff-event>.

⁶ Federal Reserve Bank of Boston, Office of the President (last accessed May 20, 2021), <https://www.bostonfed.org/people/bank/eric-rosengren.aspx>.

⁷ Federal Reserve Bank of Boston, *Fed’s “Racism and the Economy” series examines racism’s impact on the economics profession* (Apr. 16, 2021), <https://www.bostonfed.org/news-and-events/news/2021/04/racism-and-the-economy-series-examines-racism-impact-on-the-economics-profession.aspx>; Federal Reserve Bank of Minneapolis virtual video event, *Racism and the Economy: Focus on the Economics Profession* (Apr. 13, 2021), <https://www.minneapolisfed.org/events/2021/racism-and-the-economy-focus-on-the-economics-profession>.

⁸ Federal Reserve Bank of Boston, *Racism and the Economy: Focus on the Housing* (Mar. 1, 2021), <https://www.bostonfed.org/news-and-events/events/racism-and-the-economy/focus-on-housing.aspx>; Federal Reserve Bank of Minneapolis, *Racism and the Economy: Focus on the Housing* (Mar. 1, 2021), <https://www.minneapolisfed.org/events/2021/racism-and-the-economy-focus-on-housing>.

⁹ Federal Reserve Bank of Boston, *Fed’s “Racism and the Economy” series explores racial inequity in the education system* (Jan. 15, 2021), <https://www.bostonfed.org/news-and-events/news/2021/01/racism-and-the-economy-education.aspx>; Federal Reserve Bank of Minneapolis, *Racism and the Economy: Focus on Education* (Jan. 12, 2021), <https://www.minneapolisfed.org/events/2021/racism-and-the-economy-focus-on-education>.

¹⁰ Setting aside the propriety of the forum itself, none of the participants discussed alternatives to greater government control of education, such as parental choice.

Unemployment, which examined proposals to “remove barriers to equity and improve employment outcomes for workers of color,” such as fostering “enlightened self-interest in the corporate sector,” strengthening the Equal Employment Opportunity Commission, and rethinking job applicant screening policies and algorithms;¹¹ and (4) the initial *Racism and the Economy* series event, which examined “structural racism in America’s economy” and proposed solutions such as “better engaging communities of color, acknowledging the nation’s history [of racism], and prioritizing diversity and inclusion in hiring.”¹²

Some may welcome these events as useful or needed discussions, but it is perplexing as to why they would be undertaken by a regional Federal Reserve Bank. These events represent a dubious use of federal resources, as the federal government has agencies and departments for education (Education), workforce (Labor), and prosecuting racial discrimination (Justice). Not only were these events far afield from the Federal Reserve’s mission and expertise, but many suffered from severe bias. All of the policy prescriptions recommended to treat the presumed ubiquity of racism required a more intrusive and expansive government.

The Boston Fed also recently featured on its website a blog post on the *Racism and the Economy* series that linked to a letter penned by the AFL-CIO’s chief economist entitled, “A Teachable moment? Will George Floyd’s death spur change in Economics?”¹³ In this letter, the AFL-CIO’s chief economist, among other things, expresses his hope that the “gut-wrenching brutal murder of George Floyd” will cause economists to: “join other social sciences and accept that race is a social construct”; “focus on how we achieve systemic change”; “ask the big questions about understanding the institutions that created our massive inequality”; and “accept the ugly reality that passively accepting [the view that race is an exogenous variable] leads to the ugly incidents of police misconduct we all observed.”¹⁴

Additionally, the Boston Fed is actively promoting racial justice activism through a publication on its website, *Invested*, that ostensibly “focuses on issues important to low- and moderate-income New Englanders.”¹⁵ In a multi-part feature entitled, *The Reckoning: When a Pandemic Collides with Systemic Racism*, the Boston Fed through its *Invested* publication examined “the

¹¹ Federal Reserve Bank of Boston, *Racism and the Economy: Focus on Employment* (Nov. 17, 2020), <https://www.bostonfed.org/news-and-events/events/racism-and-the-economy/focus-on-employment.aspx>; Federal Reserve Bank of Minneapolis, *Fed’s “Racism and the Economy” series explores racial inequities in labor markets* (Dec. 2, 2020), <https://www.minneapolisfed.org/article/2020/feds-racism-and-the-economy-series-explores-racial-inequities-in-labor-markets>.

¹² Federal Reserve Bank of Boston, *Racism and the Economy: Series kickoff event* (Oct. 7, 2020); <https://www.bostonfed.org/news-and-events/events/racism-and-the-economy/series-kickoff-event.aspx>; Federal Reserve Bank of Minneapolis, “*Racism and the Economy*” series launched (Oct. 22, 2020), <https://www.minneapolisfed.org/article/2020/racism-and-the-economy-series-launched>.

¹³ Federal Reserve Bank of Boston, *Fed’s “Racism and the Economy” series examines racism’s impact on the economics profession* (Apr. 16, 2021), <https://www.bostonfed.org/news-and-events/news/2021/04/racism-and-the-economy-series-examines-racism-impact-on-the-economics-profession.aspx>.

¹⁴ Williams Spriggs, *A Teachable Moment? Will George Floyd’s death spur change in economics?*, FOR ALL, Federal Reserve Bank of Minneapolis (Jun. 9, 2020), <https://www.minneapolisfed.org/article/2020/a-teachable-moment-will-george-floyds-death-spur-change-in-economics>.

¹⁵ Federal Reserve Bank of Boston, *Invested* (last accessed May 20, 2021), <https://www.bostonfed.org/publications/invested.aspx>.

health and wellbeing issues and system conditions surrounding the[] intersecting threats” of coronavirus and “the continuous epidemic of racially motivated systemic violence against Black lives.”¹⁶ In the first part of this series, the Boston Fed examined the “coronavirus pandemic’s impact on Black Americans and the health and access disparities that left Black Americans more vulnerable to coronavirus.”¹⁷ In the second part of this series entitled, “It hurts my soul to really have to explain to somebody that I deserve to live,” the Boston Fed focused on “[h]ow the stress and trauma of racism and racially motivated violence against Black bodies and minds contribute to and exacerbate vulnerability to epidemics and chronic health issues in Black communities.”¹⁸ Finally, in a third installment of the series entitled, “Let’s look at the extent to which racism is embedded in policies and then hold people accountable,” the Boston Fed considered “some of the changes needed [to address racism in America]” and included an embedded video entitled “Redeeming the Black Lives Matter Moment.”¹⁹

Similar in its focus on racial justice activism, the Boston Fed published a document on its website in December 2020 entitled, *Turning the Floodlights on the Root Causes of Today’s Racialized Economic Disparities* that highlighted the Boston Fed’s planned Community Development work post-2020.²⁰ This *Turning the Floodlights* document begins by declaring that “2020 has dramatically exposed the pervasive structural racism in U.S. policies, practices and institutions in ways that cannot be ignored, neatly conveyed, conveniently rationalized, or quietly addressed” and that “COVID-19 spotlighted the values, policies, and systems insisting that Black, Latinx, and Indigenous people live each day on the brink of socioeconomic collapse.”²¹ The document goes on to say that the “murders of Ahmaud Arbery, George Floyd, Breonna Taylor, Rayshard Brooks, Walter Wallace, and so many others turned the floodlights on anti-Blackness and the devaluation of Black lives in our society” and that “[t]his neglect and brutality stems directly from the intertwined, blighted branches that continue to grow from the firm racist roots of this country.”²² In a call to political advocacy, the document then proclaims that “[a]s

¹⁶ Federal Reserve Bank of Boston, *The Reckoning: When a Pandemic Collides with Systemic Racism* (Oct. 17, 2021), <https://www.bostonfed.org/publications/invested/2020/feature-four.aspx>.

¹⁷ Federal Reserve Bank of Boston, *Part One: “It was very easy to see who was bearing the brunt of COVID-19.”* (Oct. 1, 2020), <https://www.bostonfed.org/publications/invested/2020/feature-four/part-one.aspx>.

¹⁸ Federal Reserve Bank of Boston, *Part Two: “It hurts my soul to really have to explain to somebody that I deserve to live.”* (Oct. 1, 2020), <https://www.bostonfed.org/publications/invested/2020/feature-four/part-two.aspx>.

¹⁹ Federal Reserve Bank of Boston, *Part Three: “Let’s look at the extent to which racism is embedded in policies and then hold people accountable.”* (Oct. 1, 2020), <https://www.bostonfed.org/publications/invested/2020/feature-four/part-three.aspx>.

²⁰ Federal Reserve Bank of Boston, *Turning the Floodlights on the Root Causes of Today’s Racialized Economic Disparities: Community Development Work at the Boston Fed Post-2020*, Field Note 2020-2 (hereinafter, *Turning the Floodlights*) (Dec. 2020), <https://www.bostonfed.org/-/media/Documents/Community-Development-Field-Notes/cdfieldnote202002.pdf>. Notwithstanding the fact that this document is on the Boston Fed’s webpage, bears the official Boston Fed logo, is represented as a “joint statement of Community development staff” of the Boston Fed after undergoing a drafting, review, and feedback process involving “the full department,” the document is disclaimed by a statement indicating that “The views expressed in this paper are those of the authors and do not necessarily reflect the views of the Federal Reserve Bank of Boston or the Federal Reserve System.”

²¹ *Id.* at 3.

²² *Id.*

2020 closes, we must seize the important opportunity arising from this simultaneous awakening” that “our present-day society was and still is intentionally shaped by racism.”²³

The *Turning the Floodlights* document also attempts to lay out the case for how white people created a system of intentional economic oppression in the U.S., and cites as support for this proposition a 2020 book by William Darity Jr. and Kirsten Mullen entitled, *From Here to Equality: Reparations for Black Americans in the Twenty-First Century* and Ibram X. Kendi’s *Stamped from the Beginning: The Definitive History of Racist Ideas in America*, among other far-Left resources.²⁴ The Boston Fed-authored document then asserts that “[t]here is robust evidence that suggests racial bias in policy making has and continues to prevent [Black, and Indigenous people and people of color] from achieving economic stability and power,” but cites as its sole source for this statement a book authored by three individuals from the Roosevelt Institute, a Leftist think tank, entitled *The Hidden Rules of Race*.²⁵ Finally, it concludes by announcing that “[i]n these and all of our efforts, our team stands committed to calling out racist policies and practices wherever they seep into or out of our economy and society, with the aim of permanently abolishing systemic abuse and neglect of Black, Indigenous, and Latinx people and other people of color after generations of deep and reverberating injustice.”²⁶

As should be obvious, many of the above writings and activities of the Boston Fed under your leadership are extremely political in nature and fall well outside the mission and expertise of the Federal Reserve. Historically, the Federal Reserve’s independence and careful adherence to nonpartisanship have allowed it to avoid being seen as a politicized body in the course of carrying out its dual mandate of maintaining price stability and full employment. However, the Boston Fed’s intense interest in social and political advocacy under your leadership regrettably has had the opposite effect. Indeed, after examining the contents of the Boston Fed’s website, including the *Racism and the Economy* series that you have personally endorsed and promoted,²⁷ I am left with the impression that you believe that a primary purpose of the Boston Fed is to thrust itself into highly charged issues of race and politics rather than focusing on carrying out

²³ *Id.*

²⁴ *Id.* at 3-6.

²⁵ *Id.* at 7. See also Andrea Flynn et al., *The Hidden Rules of Race: Barriers to an Inclusive Economy* (Sept. 8, 2017). In its description of the book, the Roosevelt Institute writes that “[w]ith *Hidden Rules*, the Roosevelt Institute seeks to do many ambitious things,” including “unit[ing] the conversations around economic inequality and racial injustices that have unfolded over the last few years, in large part because of important work by the Occupy movement and the leadership of the Movement of Black Lives” and “add[ing] to current political conversations” on race and economic well-being in America. The Roosevelt Institute, *The Hidden Rules of Race: Barriers to an Inclusive Economy* (Sept. 7, 2017), <https://rooseveltinstitute.org/2017/09/07/the-hidden-rules-of-race-barriers-to-an-inclusive-economy/>.

²⁶ *Turning the Floodlights* at 7-8.

²⁷ Not only is the *Racism and the Economy* series prominently featured on the Boston Fed’s website, including on the Office of the President webpage, but you have made the Boston Fed a lead sponsor of these events, along with the Federal Reserve Banks of Minneapolis and Atlanta, and you have personally been featured as a speaker at several of these events. See e.g., Federal Reserve Bank of Minneapolis, *Transcript for Racism and the Economy: Series kickoff event* (Oct. 22, 2020), <https://www.minneapolisfed.org/events/2020/racism-and-the-economy-series-kickoff-event/event-transcript>; Federal Reserve Bank of Minneapolis, *Racism and the Economy: Focus on Education* (Jan. 12, 2021), <https://www.minneapolisfed.org/events/2021/racism-and-the-economy-focus-on-education>.

the Federal Reserve's dual mandate enshrined in statute.²⁸

Whether or not this is your personal view, I would remind you that only Congress has the authority to reform the Federal Reserve or modify its statutory mission.²⁹ Moreover, I would caution you on the reputational damage being inflicted on the Boston Fed and the Federal Reserve as a whole by pursuing a highly politicized social agenda unrelated to monetary policy.

In light of the Boston Fed's sudden and alarming preoccupation with the political advocacy described above, I request that the Boston Fed provide a briefing to my Committee staff on this subject by no later than the week of June 7, 2021, to fully explain the impetus and intent behind the Boston Fed's departure from its historical mission.

In addition, please provide the following information by no later than June 7, 2021:

1. All records describing or relating to the Boston Fed's planning for any of its *Racism and the Economy* events;³⁰
2. All records related to the drafting and/or publicizing of the Boston Fed's multi-part feature entitled, *The Reckoning: When a Pandemic Collides with Systemic Racism*;
3. All records related to the drafting and/or publicizing of the Boston Fed's *Turning the Floodlights* document;
4. All memoranda and emails created or generated between July 1, 2019, and the present that describe or refer to the impetus behind the Boston Fed's focus on racial justice issues;
5. Annual expenses of the Boston Fed over the past 10 years dedicated to research; and
6. Annual expenses of the Boston Fed over the past 10 years dedicated to Community Development.

²⁸ While I condemn racism in the strongest terms and would not fault you for condemning acts of racism when they occur, it is quite another thing for you to leverage the resources of an ostensibly independent and nonpartisan Federal Reserve Bank to advance a particular political cause or movement.

²⁹ Although then-Presidential Candidate Joe Biden asked Congress in July 2020 to amend the Federal Reserve Act to "add to that responsibility and aggressively target persistent racial gaps in jobs, wages, and wealth," Congress never did so. See Jacob M. Schlesinger and Sabrina Siddiqui, *Biden Urges Bigger Role for Fed in Addressing Racial Wealth Gap*, THE WALL STREET JOURNAL (Jul. 28, 2020), <https://www.wsj.com/articles/biden-to-urge-federal-reserve-to-take-on-racial-wealth-gap-11595948475>; see also Federal Reserve Racial and Economic Equity Act, S. 4464, 116th Cong. § 2 (Aug. 6, 2020) (introduced by Sen. Elizabeth Warren), available at <https://www.congress.gov/bill/116th-congress/senate-bill/4464?r=4&s=1>.

³⁰ The term "records" means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded or preserved, and whether original or copy.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink that reads "Pat Toomey". The signature is written in a cursive style with a large, sweeping initial "P" that loops over the rest of the name.

Pat Toomey
Ranking Member

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