

March 15, 2022

Dear Mr. President:

As you know, I have devoted decades of my career to public service and have been proud to do so. I am grateful for the confidence you have shown in me by nominating me to serve as Vice Chair for Supervision at the Federal Reserve Board. Having spent many years as a Governor on the Federal Reserve, as Deputy Secretary of the Treasury and as a state banking commissioner in Maryland, I was honored and moved again to answer the call of public duty.

I fear, however, many in and outside the Senate are unwilling to acknowledge the economic complications of climate change and the toll it has placed, and will continue to place, on Americans. Addressing the transition of the economy as it grapples with the effects of climate change is critical to the future of American prosperity. I stand with the vast majority of financial regulators and central banks in the United States and abroad recognizing these facts.

While my prior presidential nominations in 2010 and 2014 were greeted with overwhelming bipartisan support and Senate confirmation, this time, beginning even before you announced my nomination, I became the subject of relentless attacks by special interests, culminating weeks ago in the boycott of a routine Senate Banking Committee vote to advance your Federal Reserve Board nominees. Rather than simply voting against the nominees if they disapproved, the Republicans on the committee held hostage not only my nomination but those of Chair Jerome Powell, Governor Lael Brainard, and professors Lisa Cook and Phillip Jefferson.

Their point of contention was my frank public discussion of climate change and the economic costs associated with it. It was — and is — my considered view that the perils of climate change must be added to the list of serious risks that the Federal Reserve considers as it works to ensure the stability and resiliency of our economy and financial system.

This is not a novel or radical position. The Department of Defense has been systematically analyzing the energy security risks of climate change for years, developing mitigation strategies to confront them. Banks and insurance companies incorporate financial aspects of extreme weather events into their plans. Farmers, ranchers and businesses across the country already are struggling to adapt to extreme floods, hurricanes, rising sea levels and wildfires. Central banks around the world have already begun acting on these issues. Chairman Powell has recognized climate change as a significant risk that needs to be incorporated into the supervisory process. Any vice chair for supervision who ignored these realities — which are manifesting every day across this country — would be guilty of gross dereliction of duty.

The identification and prioritization of economic threats is not only within the mandate of the Federal Reserve but essential to the well-being of the country. Most Americans know that; millions of businesses, farmers and households have already experienced devastation, loss, and

destruction caused by extreme weather events. They have suffered the consequences and shouldered the costs of prior episodes of government inattention to financial risks. The public understands that it will pay the price again for deliberate indifference by government to harsh scientific and economic truths.

Had the boycotting senators simply challenged my belief in the need to integrate climate-based risks and costs into the financial regulatory apparatus, I would have welcomed the opportunity for this important discussion. My experience as a financial regulator and lawyer have taught me to value serious policy debate and dialogue in the process of developing the best regulatory policies within the boundaries of law. But rather than a productive and informed discussion about climate and financial risk, the country was treated to diversionary attacks on my ethics and character. These attacks have been fully refuted and have no basis in law or fact. I have had a long career in which my integrity and character are matters of public record, and therefore I am not concerned with attacks on my character. I am deeply concerned, however, with the danger that this practice poses to the common good and the willingness of competent and devoted people to serve in government.

Our nation is facing financial economic warfare. Much of this warfare will put our financial sector in the crosshairs of sophisticated cyber attacks. Our ability to defend ourselves against these potentially destabilizing attacks is critical to the resiliency of our economy. As with climate related risks, the Federal Reserve needs to be clear-eyed about how cyber-related risks affect the durability of our economy, especially at a moment when the banking sector is playing the role of stalwart soldier in an economic war.

Despite these urgencies, we are witnessing a drive to make financial risk a tawdry political issue. The Senate confirmation process is now stuck in this polarized condition, depriving us of the social cohesion and professional expertise we need to have a future economy that is strong, resilient and inclusive. We are entering an era of financial economic war, inflation, and climate transition. These risks cannot be dismissed for political reasons, certainly at this moment when the possibilities of mitigating them still exist.

There is hard and urgent work ahead for the Federal Reserve. If I step away from this confirmation process, there can be no excuse left for a continued boycott of the Constitution's "advice and consent" process and the Senate's corresponding refusal to attend to our nation's real economic needs. With a heavy heart, I therefore hereby withdraw my candidacy.

I have made this decision also with a heart full of gratitude, not only to you and your Administration, but to Ohio Senator Sherrod Brown, Chairman of the Senate Banking Committee, and to his colleagues on that Committee: my home Senator Chris Van Hollen, Senators Jack Reed, Robert Menendez, Jon Tester, Mark Warner, Elizabeth Warren, Catherine Cortez-Masto, Tina Smith, Krysten Sinema, Jon Ossoff, and Raphael Warnock.

I express my profuse thanks to consumers and to bankers from all across the country, with whom I have worked in the past and from whom I continue to learn. The resources they provide to their communities keep our regions thriving. I am in awe of the remarkable people from across the political spectrum with whom I have served in and out of government, particularly those who have worked to respond to cyber threats and understand the operations of financial warfare. I also thank the forward-leaning people from around the world who have been working for decades to deepen our understanding of extreme risk; their expertise helps us prepare economically for the growing costs exacted by climate change and the process of transitioning to a secure economy.

As always, I thank my beloved husband and daughters and family, who have been, alas, sharing with me the hostility that this process unleashed, but who still manage to keep a sense of humor.

Although I will not be returning to the Fed, I look forward to continuing to work with many friends and colleagues on transformational ways to assure the stability, equity and resiliency of an economy that works for all Americans. And I look forward to mentoring a new generation of leaders who will master the impartial functions of financial regulation and supervision — and who will be prepared to understand and confront the monumental and unique challenges of our time.

Sincerely,

A handwritten signature in black ink that reads "Sarah Bloom Raskin". The signature is written in a cursive, flowing style.

Sarah Bloom Raskin

NEWS DESK

SARAH BLOOM RASKIN WITHDRAWS HER NOMINATION TO THE FEDERAL RESERVE BOARD

Biden's nominee had publicly encouraged measures to mitigate climate change, including a transition to cleaner energy, which triggered a backlash from America's powerful oil, gas, and coal industries.

By Jane Mayer

March 15, 2022



Illustration by Nicholas Konrad / The New Yorker; Source photographs from Getty

On Tuesday, in the face of what she described as “relentless attacks by special interests” who oppose her frank acknowledgment that climate change could pose a threat to economic stability, Sarah Bloom Raskin submitted a letter to President Joe Biden withdrawing as his nominee to become the vice-chair for supervision of the Federal Reserve Board. For weeks, Raskin noted, the Republicans on the Senate Banking Committee “held hostage” not only her nomination but those of Biden’s four other picks to run the Fed, including the reappointment of its chair, Jerome Powell.

In commentary last September, Bloom Raskin suggested that regulators should “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.” She was merely echoing the position taken by top central bankers and economists all over the world. But her expressed hope of encouraging a potential transition to cleaner energy triggered a backlash from America’s powerful oil, gas, and coal industries. Her withdrawal will likely enable the Senate’s confirmation of the rest of Biden’s slate of nominees to the Fed, at a time of roaring inflation and mounting perils abroad. But it dooms the most powerful central bank in the world to a state of willful blindness regarding the looming chaos that scientists predict climate change will unleash.

Bloom Raskin’s fate was sealed on Monday, when Joe Manchin, the Democratic senator from West Virginia, signalled that he would oppose her confirmation because she “failed to satisfactorily address my concerns about the critical importance of financing an all-of-the-above

energy policy to meet our nation's critical energy needs." Manchin's family fortune is largely derived from coal, and he has taken more money from fossil-fuel interests than any other senator during the current cycle. Every Republican member of the Senate Banking Committee has also taken money from fossil-fuel interests, cumulatively accepting more than eight million dollars during their political careers from the producers of the carbon emissions that are helping to cause climate change. Given Democrats' single-vote advantage in the Senate, Manchin's opposition has all but killed the Bloom Raskin nomination, relegating her to having to find a Republican vote, which seemed especially unlikely after Susan Collins, of Maine, also signalled her opposition on Monday.

Bloom Raskin, who is a law professor at Duke University, is not a new or untested figure on the national economic stage. She was unanimously confirmed by the Senate to top economic positions twice before, serving a term as a member of the Board of Governors of the Federal Reserve, from 2010 to 2014, and as Deputy Secretary of the Treasury during the Obama Administration. Her previous nomination to the Fed's Board of Governors had wide support from the banking industry. But, in her letter to Biden, she noted that the difference this time was that "my frank public discussion of climate change and the economic costs associated with it" had become a point of contention with the Republicans on the Banking Committee: "It was—and is—my considered view that the perils of climate change must be added to the list of serious risks that the Federal Reserve considers as it works to ensure the stability and resiliency of our economy and financial system." (The full text of Bloom Raskin's letter is below.)

"This is not a novel or radical position," Bloom Raskin says in her letter. "The Department of Defense has been systematically analyzing the energy security risks of climate change for years, developing mitigation strategies to confront them. Banks and insurance companies incorporate financial aspects of extreme weather events into their plans. Farmers, ranchers and businesses across the country already are struggling to adapt to extreme floods, hurricanes, rising sea levels and wildfires. Central banks around the world have already begun acting on these issues. Chairman Powell has recognized climate change as a significant risk that needs to be incorporated into the supervisory process. Any vice chair for supervision who ignored these realities—which are manifesting every day across this country—would be guilty of gross dereliction of duty."

Bloom Raskin notes that her opponents, rather than forthrightly debating how the Fed should prepare for climate risks, engaged in baseless "diversionary attacks on my ethics and character." The Senate Banking Committee's ranking Republican, Pat Toomey, of Pennsylvania, led an effort to badger Bloom Raskin over what he claimed was her failure to sufficiently answer more

than a hundred questions, many of which concerned her time serving as a director of a Colorado trust company. Toomey implied, with no persuasive evidence, that she improperly used her influence as a former governor of the Fed to help the trust get undue preferential treatment. (The allegations against Bloom Raskin, who has denied any improper behavior, dissolved under closer examination.) A conservative dark-money group that calls itself the American Accountability Foundation—which is co-founded by the former opposition-research director for the 2016 Presidential campaign of Senator Ted Cruz, a Republican of Texas—has since taken credit for the opposition campaign. The American Accountability Foundation is an offshoot of another dark-money group, the Conservative Partnership Institute, which Mark Meadows, Donald Trump's former chief of staff, joined shortly after leaving the White House. Both are registered as charities under the tax code, and therefore cannot legally participate in political campaigns. Yet, in 2021, Trump's leadership PAC, Save America, donated a million dollars to the latter group.

“This is a campaign that's been manufactured against Sarah Bloom Raskin by the fossil-fuel industry for the sin she's committed of telling the truth about the dangers of carbon emissions,” Sheldon Whitehouse, a Democratic senator from Rhode Island, told me. “And, as usual, the fossil-fuel industry is hiding behind a bunch of phony front groups to hide their hand.”