



Mutual Alert

Senator Toomey Challenges Biden Administration FRB Nominees on Basis of Diversity

As the Biden Administration prepares to nominate several new FRB Governors in key positions, Ranking Member Toomey, of the Senate Banking, Housing, and Urban Affairs Committee [noted opposition to the lack of geographical diversity of the nominees](#). Toomey pointed to the Federal Reserve Act which contains language that the President pick no more than one nominee per Fed district, and take into account the “fair representation of the financial, agricultural, industrial, and commercial interests, and geographical divisions of the country.” Senator Toomey pointed out that most of the nominees reside in the Fed’s Fifth district, and lack industry experience given that the nominees are mostly academics. Senator Toomey is particularly concerned with the Administration’s pick for Vice Chairman, Sarah Bloom Raskin. Her position as Vice Chair would put her in charge of the Fed’s bank regulatory policies which her opponents believe would be influenced by a social rather than economic agenda. She has been vocal on climate change and published articles critical of the oil and gas industry.

However, the Administration relies on a 1977 opinion by the Office of Legal Counsel that determined that the Federal Reserve Act does not contain a strict residency requirement, and as such FRB governors have been allowed to represent districts other than where they reside. [AMB has previously predicted](#) that the Administration’s re-nomination of Jerome Powell would be accompanied by the nomination of several progressive candidates for Fed governor. These nominations will almost certainly be resisted by committee Republicans, and this is the first sign of a serious challenge. AMB will strive to assure that any shift in Fed regulatory policies influenced by a social agenda be informed by the social merit of the mutual model.

