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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

LAURA SWANSON, STAFF DIRECTOR
BRAD GRANTZ, REPUBLICAN STAFF DIRECTOR

May 23, 2021

Raphael Bostic
President and Chief Executive Officer
Federal Reserve Bank of Atlanta
1000 Peachtree Street N.E.
Atlanta, GA 30309

Dear President Bostic:

I am writing regarding the recent focus of the Federal Reserve Bank of Atlanta (Atlanta 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 Atlanta 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 Atlanta 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 Atlanta 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 Atlanta 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 Atlanta Fed’s obsession with race is apparent in the various materials that the Atlanta Fed publicizes on its website as well as the public statements made by its leaders. For example, the Atlanta 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,” features prominently on the Atlanta Fed’s website.⁴ 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.⁵ 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”;⁶ (2) *Racism and the Economy: Focus on Education*,⁷ in which the invited presenters advocated for expanding the welfare state and imposing new mandates on private employers;⁸ (3) *Racism and the Economy: Focus on 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;⁹ and (4) the initial *Racism and*

³ See e.g., Federal Reserve Bank of Atlanta, *Racism and the Economy: Focus on the Housing* (Mar. 1, 2021), <https://www.atlantafed.org/news/conferences-and-events/conferences/2021/03/01/racism-and-the-economy-focus-on-housing.aspx>; Federal Reserve Bank of Atlanta, *Racism and the Economy: Series kickoff event* (Oct. 7, 2020); <https://www.atlantafed.org/news/conferences-and-events/conferences/2020/10/07/racism-and-the-economy.aspx>; Raphael Bostic, President and CEO, Federal Reserve Bank of Atlanta, *A Moral and Economic Imperative to End Racism*, <https://www.atlantafed.org/about/feature/2020/06/12/bostic-a-moral-and-economic-imperative-to-end-racism>.

⁴ The Federal Reserve Banks of Atlanta, Minneapolis, and Boston have partnered to present this series. See e.g., Federal Reserve Bank of Atlanta, *Racism and the Economy* (last accessed May 20, 2021), <https://www.atlantafed.org/news/conferences-and-events/conferences/racism-and-the-economy>; see also 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>.

⁵ Federal Reserve Bank of Minneapolis, *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>.

⁶ Federal Reserve Bank of Atlanta, *Racism and the Economy: Focus on the Housing* (Mar. 1, 2021), <https://www.atlantafed.org/news/conferences-and-events/conferences/2021/03/01/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>.

⁷ Federal Reserve Bank of Atlanta, *Racism and the Economy: Focus on Education* (Jan. 12, 2021), <https://www.atlantafed.org/news/conferences-and-events/conferences/2021/01/12/racism-and-the-economy-focus-on-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>.

⁸ Setting aside the propriety of the forum itself, none of the participants discussed alternatives to greater government control of education, such as parental choice.

⁹ Federal Reserve Bank of Atlanta, *Racism and the Economy: Focus on Employment* (Nov. 17, 2020), <https://www.atlantafed.org/news/conferences-and-events/conferences/2020/11/17/racism-and-the-economy-focus-on-employment.aspx>; Federal Reserve Bank of Minneapolis, Fed’s “*Racism and the Economy*” series explores

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.”¹⁰

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 Atlanta Fed also features on its website a “Message from the President” entitled, *A Moral and Economic Imperative to End Racism* that currently occupies a central place on the Office of the President’s webpage.¹¹ In this message, you write that recent “events [of police brutality] are yet another reminder that many of our fellow citizens endure the burden of unjust, exploitative, and abusive treatment by institutions in this country” and that these institutions “hurt not only the African Americans they’ve targeted, but the systemic racism they’ve codified also hurt, and continues to hurt, America and its economy.”¹² You then assert that “the [racist] legacies of these institutions remain, and we continue to experience misguided bias and prejudices that stem from these stains on our history.”¹³ You go on to state that the “Atlanta Fed can contribute to a more inclusive economy . . . by addressing the economic inequality that persists in this country” as “economic inequality adds fuel to the underlying oppression that is now driving the protestors.”¹⁴ Finally, in a call to political advocacy, you write that, “It is time for this cycle to stop. It is time for us to collectively embrace the promise of an inclusive America, one where everyone can participate fully. . . . All of us, especially our white allies, must learn the history of systemic racism and the ways it continues to manifest in our lives today . . . [and] we must all reflect on what we can do to effect change at every turn.”¹⁵

As should be obvious, many of the above writings and activities of the Atlanta 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

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>.

¹⁰ Federal Reserve Bank of Atlanta, *Racism and the Economy: Series kickoff event* (Oct. 7, 2020); <https://www.atlantafed.org/news/conferences-and-events/conferences/2020/10/07/racism-and-the-economy.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>.

¹¹ Federal Reserve Bank of Atlanta, Office of the President (last accessed May 20, 2021), https://www.atlantafed.org/about/atlantafed/officers/executive_office/bostic-raphael?d=1&s=ad.

¹² Raphael Bostic, President and CEO, Federal Reserve Bank of Atlanta, *A Moral and Economic Imperative to End Racism*, <https://www.atlantafed.org/about/feature/2020/06/12/bostic-a-moral-and-economic-imperative-to-end-racism>.

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.*

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 Atlanta 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 Atlanta Fed's website, including your "Message from the President" described above and the *Racism and the Economy* series that you have personally endorsed and promoted,¹⁶ I am left with the impression that you believe that a primary role of the Atlanta Fed is to thrust itself into highly charged issues of race and politics rather than focusing on carrying out the Federal Reserve's dual mandate enshrined in statute.¹⁷

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.¹⁸ Moreover, I would caution you on the reputational damage being inflicted on the Atlanta Fed and the Federal Reserve as a whole by pursuing a highly politicized social agenda unrelated to monetary policy.

In light of the Atlanta Fed's sudden and alarming preoccupation with the political advocacy described above, I request that the Atlanta 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 Atlanta 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 Atlanta Fed's planning for any of its *Racism and the Economy* events;¹⁹
2. All records related to the drafting and/or publicizing of your "Message from the President" entitled *A Moral and Economic Imperative to End Racism*;

¹⁶ Not only is the *Racism and the Economy* series prominently featured on the Atlanta Fed's website, but you have made the Atlanta Fed a lead sponsor of these events, along with the Federal Reserve Banks of Minneapolis and Boston, 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>.

¹⁷ While I condemn racism in the strongest terms and would not fault you for publicly 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.

¹⁸ 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. 8, 2020) (introduced by Sen. Elizabeth Warren), available at <https://www.congress.gov/bill/116th-congress/senate-bill/4464?r=4&s=1>.

¹⁹ 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.

3. All memoranda and emails created or generated between July 1, 2019, and the present that describe or refer to the impetus behind the Atlanta Fed's focus on racial justice issues;
4. Annual expenses of the Atlanta Fed over the past 10 years dedicated to research; and
5. Annual expenses of the Atlanta Fed over the past 10 years dedicated to Community Development.

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, looping initial "P".

Pat Toomey
Ranking Member

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