

A Collaboration to Strengthen the United States Federal Reserve System

April 16, 2018

Alexander R. Mehran
Chair of the Board
Federal Reserve Bank of San Francisco

Dear Mr. Mehran:

We are writing to offer you our view about the urgency of appointing an individual who deeply understands the economic realities facing working class Americans to serve as President of the Federal Reserve Bank of San Francisco.

For all of the dynamism and strength of the US economy, it has come to be characterized most fundamentally by enormous disparities in wealth, income and opportunity that strongly correlate to race, ethnicity and geography. Failing to address significant disparities in income and net worth between major segments of our population, and particularly in segments that are driving our nation's demographic growth, will result in a less globally competitive US economy. This is a significant economic risk for the 12th District and the United States.

The San Francisco Fed will be strengthened by having a President whose experience and expertise better reflect the large segments of our population that are not proportionally experiencing the benefits of our economy. Ensuring that this expertise and perspective is represented within the Fed is a critical way to prepare for the challenges and opportunities in our economic future. This will require considering candidates with more diverse experience including in the fields of community development and philanthropy. We submit that the San Francisco Fed has a historic opportunity to name the first Hispanic, East Asian American or Pacific Islander President of a Federal Reserve Bank.

We applaud Chairman Powell's insightful comments on the necessity for diversity in Federal Reserve System and the larger economics profession. In his testimony before the Senate Banking, Housing and Urban Affairs Committee on November 28th, 2017, he stated, "We make better decisions when we have diverse voices around the table—both at the Board of Governors and at the Reserve Banks... We've seen what works. It's about recruiting. It's about going out of your way. It's about bringing people in. Once they're in, it's about giving them paths for success. And it's about having an overall culture and company that is very focused on diversity and sticks with that focus for a long period of time. That works." This recognition must be coupled with bold leadership and action.

In order to decide the course of monetary policy through an informed assessment of different regional economic conditions from diverse points of view, the Federal Reserve System was designed to be decentralized, independent and include representatives of the public in its governance. The Fed's mission is undermined when regional Reserve Banks fail to recruit leaders who live up to the mandate to "represent the public." Selections that fail to allow meaningful opportunities for public input and engagement have tended to result in the elevation of Fed insiders. This insularity undermines the Fed's public credibility and increases the likelihood that Congress

will ultimately intervene to reform the process. The process for selecting the President of the New York Fed perpetuated the status quo. We urge the San Francisco Fed to avoid the same mistake. As a first step, we call on the San Francisco Fed to include the Chair of its own Community Advisory Board in the official selection committee for the next President.

Please accept this letter as an offer of support. We will do anything we can to help identify strong candidates as well as to publicly support actions that the San Francisco Fed takes to ensure progress on diversifying its Board of Directors and executive leadership.

Thank you for your service to the 12th District and our nation.

Respectfully submitted,

California Reinvestment Coalition

Center for Popular Democracy

Chicanos Por La Causa

Community Council of Idaho

Greenlining Institute

NALCAB – National Association for Latino Community Asset Builders

National Coalition for Asian Pacific American Community Development

TELACU

cc:

Jerome Powell, Chairman, Board of Governors of the Federal Reserve

Lael Brainard, Governor, Board of Governors of the Federal Reserve

Randal Quarles, Vice Chairman for Supervision, Board of Governors of the Federal Reserve