

Ranking Member Pat Toomey (R-Pa.)
Opening Statement
Full Committee Hearing: Nomination Hearing
November 18, 2021 at 9:30 AM

Thank you, Mr. Chairman.

I've read a variety of Prof. Omarova's writings and watched videos of her speaking. I have no doubt that she's an intelligent, knowledgeable, and experienced law professor.

My concern with Prof. Omarova is her long history of promoting ideas that she herself describes as "radical." I agree that they are radical. But I'd also describe them as socialist. In fact, I've never seen a more radical nominee to be a federal regulator.

Let's talk about some of Prof. Omarova's radical ideas. For starters, she wants to "effectively 'end banking' as we know it." What does that mean? Well, she's told us.

In "The People's Ledger," a paper she published just last month, she outlined her plan for nationalizing retail banking. Under her plan, "central bank accounts fully replace—rather than uneasily co-exist with—private bank deposits."

In other words, you couldn't have an account with your local community bank. Your money would be held by the government at the Federal Reserve.

Countless Americans were outraged over recent Democrat plans for the IRS to get their personal bank account information. Imagine their reaction to having the government actually take over their bank accounts.

Prof. Omarova also has a proposal to control the money supply through these individual FedAccounts, including when necessary "implementing a contractionary monetary policy by debiting" those accounts. For those of us who are not accountants, debiting means subtracting.

This, she allows, could be "perceived as the government 'taking away' people's money." I think I know why—because it is the government taking away people's money.

Prof. Omarova's plan would devastate all banks, but especially community ones that rely on deposit-taking for lending money to local businesses and residents. What would happen to these banks under Prof. Omarova's plan to outlaw their business model?

According to "The People's Ledger," Prof. Omarova might allow these community banks to continue to exist but only as "franchisees" for the government, if they qualify for a license to "operate physical branches and ATMs on the Fed's behalf." I see.

Except that Prof. Omarova would deny these banks their source of funding—deposits. And without a source of funding, banks can't lend to a woman opening a new restaurant in town, a tool and die shop looking to expand, or newlyweds buying their first home, or anything else.

Given that she wants community banks to become vassals of the government, it's no wonder the Independent Community Bankers of America and banking associations from 41 states so far oppose her nomination.

As Ricky Leal, Senior Vice President at First Community Bank in Texas stated: "The entire theory in banking, especially local community banking, is based on gathering up deposits from the local community and loaning back out into the local community so that those dollars are cycled through and stay local. . . . You'd lose all that. A world without the local deposit, it would change banking as we know it." But, of course, that's the idea.

Prof. Omarova says in "The People's Ledger" that one reason she wants the Fed to become everyone's bank is to "maximize its capacity to channel credit to productive uses in the nation's economy." It's troubling to ponder how she—or anyone in the government—would define productive uses in our economy.

How about loans to oil, gas, and coal companies—would Prof. Omarova consider them productive? Well, we actually know the answer.

Earlier this year, at a Social Wealth Seminar she said publicly of these energy businesses: "We want them to go bankrupt if we want to tackle climate change."

She also said at an Investment and Decarbonization seminar this year: “the way we basically get rid of those carbon financiers is we starve them of their source of capital.”

And she’s created an entire blueprint for how the government could do this and she has advocated her plan in testimony to Congress.

The last thing we need now—with some Americans paying \$5 a gallon for gas and home heating costs soaring due to the Biden administration’s disastrous energy policies—is a banking regulator who wants to push perfectly legal, and economically necessary, companies that employ millions of Americans into bankruptcy.

Prof. Omarova’s radical ideas don’t stop there. She has a plan for the government, through the Fed, to replace the free market in setting what she calls “systemically important prices” for things like food, wages, and energy. And since the administration’s done a great job on inflation, I’m sure Americans can’t wait until the Fed starts directly controlling prices for eggs, milk, and rent, too.

This isn’t the only time Prof. Omarova has expressed support for government controls on wages. As she tweeted in 2019: “Say what you will about old USSR, there was no gender pay gap there. Market doesn’t always ‘know best’.”

I suspect Prof. Omarova may claim that as Comptroller she wouldn’t have the power to act on all of her radical views. But the truth is the Comptroller is a powerful regulator.

It wields enormous powers through bank chartering, regulation, enforcement, and, especially through its opaque supervision process. The Comptroller is also a member of the FDIC Board and the Financial Stability Oversight Council, America’s financial super-regulator.

Prof. Omarova may also claim her writings are just thought experiments. But for the last decade, she’s been a consistent, forceful advocate for these radical ideas in her writings, public statements, and in testimony before Congress.

Taken in their totality, her ideas amount to a socialist manifesto for American financial services: nationalizing the banking system, putting in

price controls, and creating a command-and-control economy where the government allocates resources instead of free men and women making their own decisions about the goods and services they want to buy and sell in an open market.

These are exactly the kind of socialist ideas that have failed everywhere in the world they've been tried. In my view, Prof. Omarova's policy views are too radical, and preserving the prosperity that our free market economy makes possible is too important, to make her our nation's top banking regulator.