

JEROME POWELL LET WALL STREET RUN WILD

Isn't Randal Quarles responsible for the Fed's deregulatory moves?

Powell said at his Fed Chair confirmation hearing “my relationship with Randy Quarles goes back so far, I cannot think of what a first meeting would be like. [...] I think we are very well aligned on our approach to the issues that he will face as Vice Chair for Supervision.”¹

Powell manages Fed staff and decides what measures come up for a vote. Quarles' effectiveness at deregulation depended on Powell's support.²

Powell voted for every single deregulation of the Trump era.³

Quarles doesn't want to leave the Fed in October. If Powell remains Chair, Quarles will most likely remain the *de facto* Vice Chair for Supervision, leaving four Trump Republicans in control of the seven member Board of Governors.⁴

Who cares about the Fed's finreg powers? Monetary policy is what's important!

Bad regulation makes recessions deeper and more likely. Low rates without strict regulation is like a fire department that puts out fires, but never tries to prevent them.⁵

Powell also deregulated the Fed's monetary policy framework by removing independent employment targets. Only the Fed decides if it thinks we've hit full employment now.⁶

Can't Biden just appoint good regulators to the regulatory agencies, and leave the Fed to focus on monetary policy?

Regulators aren't interchangeable. Only the Fed can take certain, big actions like mandating carbon divestiture and breaking up big banks.⁷

¹ Nomination of Jerome H. Powell of Maryland to be Chairman, Board of Governors of the Federal Reserve System, Senate Committee on Banking Housing and Urban Affairs

² 12 U.S. Code § 242 and 12 U.S. Code § 244

³ Federal Reserve Actions Under The Trump Administration Have Significantly Weakened Post-Crisis Banking Protection Rules, Tim Clark and Dennis Kelleher, Better Markets

⁴ “Quarles Floats Staying At Fed After Vice Chair Stint Expires”, Sylvan Lane, The Hill

⁵ “Easy Money Requires Tougher Financial Regulation,” Marcus Stanley, MarketWatch

⁶ “Statement On Longer-Run Goals And Monetary Policy Strategy,” Federal Reserve

⁷ New Federal Reserve Governors Must Deploy All Of The Institution's Tools To Advance The Public Interest, Eleanor Eagan, Revolving Door Project