

# Townhall

## **Biden's Banking Regulator is an Extremist Who Will Tank Economy**

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Saule Omarova, President Biden's pick to head the Office of the Comptroller of the Currency (OCC), will institute a cultural shift in the banking industry that will drive private financial institutions out of business; centralize all financial power with the federal government; advocate for the elimination of private digital tokens and fintech charters; and cut off capital to small businesses throughout the country.

Fortunately, a collection of organizations recently voiced their opposition to Omarova's nomination.

Lawmakers on both sides of the aisle have also questioned her suitability for the role. Senator Pat Toomey (R-PA), the ranking member on the Senate Banking Committee, stated that he has never seen a "more radical choice for any regulatory spot in our federal government" and that she "clearly has an aversion to anything like free market capitalism." Sen. Jon Tester (D-Mont.), who also sits on the Banking Committee, is concerned about Omarova taking the reins at the OCC. And even Sen. Mark Warner (D-Va.) has yet to give Omarova his blessing.

Skepticism over Omarova's nomination from both sides of the aisle is warranted and could terminate her consideration altogether. With the tightest of margins in the Senate, Omarova needs all Democrats on the Banking Committee to vote in her favor to at least have a tie vote of 12-12, which would qualify her to be discharged from committee for floor consideration. But any deviation from any one Democrat on the committee will sink her nomination.

If Omarova is confirmed to the position, she would serve a five-year term as the head of the regulator for national banks and federal savings associations.

The Cornell University law professor graduated from Moscow State University and is a recipient of the Lenin Personal Academic Scholarship.

What is most concerning about Omarova is she has explicitly stated her support for replacing private bank deposits with the Federal Reserve. She stated that “the ultimate ‘end-state’” in her writing is where “FedAccounts fully replace—rather than compete with—private bank deposits.” This would be a total overhaul of the banking system in the United States. Effectively eliminating all free market competition in the banking system.

Consolidating all deposits within the Federal Reserve would devastate community banks. The Federal Deposit Insurance Corporation (FDIC) pointed out that in 2019 on average 84 percent of community banks’ assets were funded with deposits. Omarova would effectively eliminate the main source of financing for small businesses and rural communities while Wall Street banks would continue to thrive off underwriting fees, M&A, and securities trading.

Omarova also harbors resentment toward the banking industry she has been tapped to regulate. In a CBC produced documentary entitled, Assholes: A Theory, Omarova expresses her bias toward the private banking industry. Omarova describes the financial services industry as “a quintessential asshole industry” with the goal of making “certain types of asshole behavior systemically unprofitable” so that this “behavior will naturally kind of fall away.”

Additionally, Omarova is not shy about expanding the size of the federal government at the expense of a stable economy. In a 2016 paper she co-authored, Omarova stated her belief that the federal government of the United States is best suited to regulate prices of commodities such as “fuels, foodstuffs, and some other raw materials” and “wage or salary indices.” However, this radical proposal would convey unprecedented authority to federal financial regulators to the extent that the financial markets in the United States would be totally controlled by the federal government. With inflation at a 30-year high, purchasing power eroding drastically for low-income Americans, and supply chains malfunctioning, the last thing that needs to be done is let the federal government artificially take control of all aspects of the U.S. economy.

Omarova is also critical of cryptocurrencies and fintechs. In one article Omarova wrote, she claims that cryptocurrencies contribute to financial instability, fail to produce “activity in the real

economy,” and “fuel financial speculation on an unprecedented scale.” Because of her opinions on cryptocurrencies, it is unlikely that Omarova would likely support the development of a central bank digital currency to crowd out private tokens and push all crypto innovation out of the United States. Moreover, George Selgin of the CATO Institute stated that Omarova would likely hamper fintechs by “doing away with special purpose charters.”

Both Democrats and Republicans should vote against Omarova’s nomination. The Senate should avoid confirming a radical to the helm of the OCC that will overhaul the national banking system and alter the free market economy that is the foundation for wealth generation and prosperity.