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Progressives Are Seething Over Biden's Likely Pick for Banking Regulator

A former Obama administration official is the front-runner to be comptroller of the currency. The prospect has angered groups hoping for more dramatic reform.





Michael S. Barr, center, was a trusted deputy of former Treasury Secretary Timothy Geithner and is the leading contender to be comptroller of the currency. Bill O'Leary/The Washington Post, via Getty Images



By **Emily Flitter**

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The internal fight among Democrats about how far left the party should lean has spilled over into the arcane world of financial regulation.

President Biden is leaning toward nominating Michael S. Barr, a law professor and a former Obama administration official, to the position of comptroller of the currency, according to two people familiar with the process. The post is a relatively obscure but highly influential regulator of banks.

The prospect has dismayed many progressive groups that would prefer Mehrsa Baradaran, a law professor who has written about how banks treat Black people and the poor.

On Friday, one supporter of Ms. Baradaran emailed the entire Biden transition team announcing that he would go on a hunger strike if Mr. Barr was confirmed.

The unfolding drama reflects the high stakes around regulation of the banking industry. It's also the latest example of the challenges facing President Biden, who will have to manage the divisions between progressives and moderates within his own party even as he tries to gain bipartisan support for his agenda.

The Office of the Comptroller of the Currency decides which companies can do banking business in the United States and sets standards for banks' activities in poor and minority communities. The office also monitors banks to make sure they are following rules for keeping criminals out of the financial system, managing risk and treating customers fairly.

The person leading the agency will have the choice of applying a moderate touch to banking regulation — modifying little beyond reversing some of the Trump administration's most dramatic rule changes — or fundamentally altering how the government influences banks' everyday business when it comes to racial equality, climate change and the industry's deepening links to giant technology companies.

Since Politico and The Wall Street Journal first identified him as the top candidate earlier this week, Mr. Barr has drawn praise from people close to the industry, as well as from large community advocacy groups.

“Michael Barr will be the most progressive comptroller in my lifetime, maybe ever,” Jesse Van Tol, the chief executive of the National Community Reinvestment Coalition, an advocacy organization, said in an interview on Friday. “He's smart, committed, passionate. I think he's up to the task.”

A former assistant Treasury secretary during the Obama administration, Mr. Barr is a law professor at the University of Michigan. He was a trusted deputy of former Treasury Secretary Timothy Geithner, and was the main liaison between Mr. Geithner and the lawmakers crafting [the Dodd-Frank](#)

[Financial Reform law](#) passed in the wake of the 2008 financial crisis. Since leaving the government he has advised financial technology firms and spent two years as an adviser to Ripple Labs, a cryptocurrency company.



Progressive groups have pushed for Mehrsa Baradaran for the comptroller role, which is an influential regulator of banks. U.S. Senate Committee on Banking, Housing, and Urban Affairs

But opposition to Mr. Barr's potential appointment has grown in recent days. Michael Greenberger, a law professor at the University of Maryland who was an adviser on financial regulation to former President Bill Clinton and helped craft some of the Dodd-Frank legislation in 2010, said he remembered Mr. Barr as being resistant to the more strident limitations lawmakers wanted to impose on big banks. Mr. Greenberger said community groups and academics he is in touch with also don't like that Mr. Barr opposed a stricter version of [the Volcker Rule](#), which bans banks from making risky bets with depositors' money.

"Michael Barr is a very bright, well-informed, knowledgeable expert on financial markets, but he and Geithner were not aggressive pushers of

Dodd-Frank as it moved through Congress,” Mr. Greenberger said. “In the last few days, the sudden hesitancy about Barr is focused on what he did with Volcker.”

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Other opponents of Mr. Barr are focused on his ties to fintech firms. From 2015 to 2017, Mr. Barr served on an advisory board for Ripple, which uses digital currency to transfer payments around the world. Mr. Barr was long gone when, last month, Ripple and its two top executives [were sued by the Securities and Exchange Commission](#) for selling unregistered securities in the form of digital currency to raise money for the company's operations.

Mr. Barr also recently served as an adviser to the Alliance for Innovative Regulation, a trade group that tries to influence policymakers and regulators on behalf of fintech companies. Critics say his connection to the industry should disqualify him from the job, since one of the biggest issues Mr. Barr would face as comptroller is deciding whether to grant banking charters to fintech firms.

Reached by email on Friday, Mr. Barr declined to comment.

This past week, progressive groups like Revolving Door, Demand Progress and the Action Center on Race and Economy released statements condemning Mr. Barr and arguing that Ms. Baradaran, a law professor at the University of California, Irvine, was a better choice.

“Black, Brown and Native communities are often the first victims of predatory banking and financing,” Vasudha Desikan, the Action Center’s political director, said in a statement emailed to journalists on Thursday. “We need a longtime advocate for racial and economic justice, like Mehrsa Baradaran, who understands this and can close the deepening racial wealth gap.”

The fight reached a new pitch on Friday when Al Pina, the co-founder of the National Minority Community Reinvestment Cooperative, emailed 8,300 people, including everyone serving on President Biden’s transition team, and declared he would go on a hunger strike if Mr. Barr was confirmed.

“I for one have had enough and will not allow my economic civil rights advocacy to end up where we did not make one difference,” Mr. Pina wrote. “I would rather die trying to build true racial economic inclusion than live knowing we made no difference to the hundreds of millions of Blacks and Latinos who dream of a better life economically.”

Although she is far less likely to get the job, Ms. Baradaran also has support from at least one powerful lawmaker, the chairman of the Senate Banking Committee, Senator Sherrod Brown of Ohio, according to a member of Mr. Brown’s staff who spoke on the condition of anonymity.

Ms. Baradaran declined to comment.

Mr. Barr’s supporters say he will be a more palatable choice than Ms. Baradaran for moderate Democrats and Republicans in the Senate who have the power over whether Mr. Biden’s choice for the job is confirmed. Ms. Baradaran, they say, also lacks the experience in government that Mr. Barr got during his time at the Treasury Department.

They also point to a legacy his critics concede is significant: Mr. Barr was instrumental in creating the Consumer Financial Protection Bureau, which is devoted specifically to monitoring how financial institutions treat their customers and punishing them when they go astray. While at the Treasury

Department, Mr. Barr played a big role in drafting plans for the new regulator, which were included in the Dodd-Frank reform law.

Adam Levitin, a professor at Georgetown Law School, said that although Ms. Baradaran is known for her work on the racial wealth gap, Mr. Barr has his own chops there.

“Barr has been working on financial inclusion and poverty law for 30 years,” Mr. Levitin said. “He was doing it before it was woke.”

And in Mr. Greenberger's view, the difference between the two choices is not between good and evil. Rather, he said, it is akin to whether the office's leader will be an activist, striking out in a new direction, or whether the agency will hew closer to the status quo.

“He will not be a bad regulator,” Mr. Greenberger said. “But he will not be a leading reform regulator.”

Alan Rappeport contributed reporting from Washington.

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