

NOMINATION OF ADEWALE O. ADEYEMO

HEARING

BEFORE THE

COMMITTEE ON FINANCE UNITED STATES SENATE

ONE HUNDRED SEVENTEENTH CONGRESS

FIRST SESSION

ON THE

NOMINATION OF

ADEWALE O. ADEYEMO, TO BE DEPUTY SECRETARY,
DEPARTMENT OF THE TREASURY

FEBRUARY 23, 2021



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**NOMINATION OF ADEWALE O. ADEYEMO,
TO BE DEPUTY SECRETARY,
DEPARTMENT OF THE TREASURY**

TUESDAY, FEBRUARY 23, 2021

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, DC.

The WebEx hearing was convened, pursuant to notice, at 10 a.m., in Room SD-215, Dirksen Senate Office Building, Hon. Ron Wyden (chairman of the committee) presiding.

Present: Senators Stabenow, Cantwell, Menendez, Carper, Cardin, Brown, Bennet, Casey, Warner, Whitehouse, Hassan, Cortez Masto, Warren, Grassley, Crapo, Thune, Young, and Barrasso.

Also present: Democratic staff: Daniel Goshorn, Chief Investigative Counsel; Ian Nicholson, Investigator and Nominations Advisor; and Joshua Sheinkman, Staff Director. Republican staff: Brandon Beall, Senior Policy Advisor; Catherine Fuchs, Senior Counsel; Gregg Richard, Staff Director; and Nicholas Wyatt, Tax, Infrastructure, and Nominations Policy Advisor.

**OPENING STATEMENT OF HON. RON WYDEN, A U.S. SENATOR
FROM OREGON, CHAIRMAN, COMMITTEE ON FINANCE**

The CHAIRMAN. Welcome, everyone, to nominations week here in the Senate Finance Committee. This is the first of three hearings. We are very pleased to be able to welcome to the committee Wally Adeyemo, whom President Biden has nominated to serve as Deputy Treasury Secretary. This is one of the widest-ranging economic jobs in the executive branch, so we have a lot to discuss today.

I would also like to welcome our newest members of the Finance Committee: Senator Elizabeth Warren of Massachusetts and John Barrasso of Wyoming. We are pleased that they are joining the committee. And Senator Warren is not going to waste any time. In a few minutes, she will be introducing Mr. Adeyemo.

So I want to start by talking about the COVID crisis, and the COVID jobs crisis. The COVID crisis is unlike any this Nation has seen before. It is defined by a sustained level of turmoil for working Americans that no one has seen in generations, while those at the top are doing much better.

The COVID economy is essentially split in two. There are long lines at million-dollar open houses, but there are also long lines at America's food banks.

Now, with respect to the COVID jobs crisis, you can find some rosy predictions about GDP growth and jobs if you just spend a lit-

tle time online. Some say that that is a reason to go small with COVID economic relief. In my view, those estimates wildly underestimate the level of economic pain that people in Oregon and across America are feeling a full year into the pandemic.

So, a few facts as we get started. The Fed Chair, Mr. Powell, said recently the January unemployment rate was not really 6.3 percent. It was closer to 10 percent for this country. And for working Americans, particularly those in modestly paid positions, it was 17 percent. Five million workers have dropped out of the workforce since the pandemic hit. Most of them are women who have had to sacrifice jobs to provide their own child care. In terms of women's participation in the labor force, the pandemic wiped out all the gains going back 35 years.

New data showed last week that jobless claims jumped unexpectedly yet again. Before the pandemic, the highest number of new unemployment claims ever filed in a week came in October 1982. It was 695,000. The number of new jobless claims has now been higher than the pre-pandemic previous week every single week for 48 weeks in a row. And obviously the pandemic has taken a terrible human toll: half a million lives lost.

It has infected and shredded the economic fabric of our country at its most vulnerable points. There is an epidemic of child hunger. Families who were struggling to pay for housing before the pandemic are now months behind on rent or mortgages. Millions and millions of mothers are facing the prospect of an irreversible setback to their incomes, their savings, and their careers.

Our goal for the months and years ahead cannot be to simply return to the economy of January 2020. For too many people, the cost of living a dignified life in America was unaffordable even before the pandemic. So the Congress and the Biden administration need to go big with a focus on fresh policies that are going to get more families off this country's economic tightrope, and get them off for good.

Now, the Treasury Department is going to be right at the center of that effort, and my view is Wally Adeyemo is an ideal choice to serve as Deputy Secretary. You can look high and low, colleagues, for somebody who might say something that is not positive about Mr. Adeyemo, but you cannot find him or her, because he has such a strong track record of working with people in a positive way. He knows the Treasury inside and out. He brings an extensive economic policy background, including on key international issues, that will help us recover here at home and rebuild our alliances abroad. He knows from firsthand experience, having been in the Obama administration, that going small is a big risk.

Perhaps most importantly, he has worked closely with members of this committee and staff on a range of issues. And as I say, he has always left the impression that he is knowledgeable and dedicated and effective. I very much enjoyed my meeting with Mr. Adeyemo in December. We talked about the COVID recovery and Treasury's central role in fighting climate change, and talked about new approaches to address racial disparities baked into our economic policies. As colleagues know, that is going to be a special priority of the Senate Finance Committee in this session.

So I am looking forward to working with Mr. Adeyemo and the Treasury Department on a host of issues, including shell companies—something that did not get a whole lot of front-page headlines, but last year Congress passed landmark legislation to end the use of anonymous shell companies in the United States. It took a lot of hard work. Senator Whitehouse was very involved. Senator Crapo was very involved. Senator Grassley was very involved. Senator Rubio and I were heavily involved. So there was a lot of bipartisan effort, and now that the legislation is law, it is up to the Treasury Department to write strong rules and implement it. We are going to want to talk about those challenges this morning.

I will close with this one last point. When Mr. Adeyemo is confirmed, he will be making history as part of a history-making duo: the first African American Deputy Treasury Secretary will be serving under the first woman Treasury Secretary. And I am glad that the Senate Finance Committee has been part of helping to boost that long, long, long overdue progress.

Mr. Adeyemo, thank you for your willingness to return to public service. And I think now we will recognize Ranking Member Crapo. The Pacific Northwest is pleased that Oregon and Idaho are going to have a real role in this committee.

[The prepared statement of Chairman Wyden appears in the appendix.]

The CHAIRMAN. Senator Crapo?

**OPENING STATEMENT OF HON. MIKE CRAPO,
A U.S. SENATOR FROM IDAHO**

Senator CRAPO. Thank you, Senator Wyden. And I really appreciate the opportunity to be in this position to work with you on this committee. I appreciate our friendship and our collaboration and our successful efforts in the past to build bipartisan solutions.

Welcome, Mr. Adeyemo. I appreciate your being here as well. And before I go on, I want to also welcome our two new members, Senator Warren and Senator Barrasso. This is the best committee in the Senate, in my opinion.

The CHAIRMAN. Very objective. [Laughter.]

Senator CRAPO. Well, some of my friends on the Banking Committee that I was just the chair of in the last Congress might say that I am being untrue to them, but maybe I will say those two committees are tied to be the two best committees in the United States Senate.

The Treasury Department leads and oversees a vast array of issues of importance to Americans and to the United States economy, including economic policies such as tax policy and economic stability; managing the U.S. Government's finances and debt; financial markets and institutions; illicit finance and financial sanctions; trade and global organizations like the G7, G20, and the IMF; and the Social Security and Medicare trust funds, to name just some of its important jurisdictional influence.

The Deputy Secretary of the Treasury stands at the forefront of many of these issues, advising the Treasury Secretary on the activities and policies of the Treasury's departments and programs and even sometimes serving as a liaison between the Secretary and Congress.

In the last administration, I worked very closely with former Deputy Secretary Justin Muzinich on a number of matters, including the economic support for individuals, business, and financial markets impacted by the COVID-19 crisis in the CARES Act; combating money laundering and illicit finance as a part of the beneficial ownership and BSA/AML reform; and many more.

If confirmed as Deputy Secretary of the Treasury, Mr. Adeyemo would be no exception in actively engaging in many initiatives with Congress. Mr. Adeyemo has served throughout his career in a number of different roles in the government related to economic and financial issues such as the Treasury Department, the National Economic Council of the White House, and the Consumer Financial Protection Bureau.

During his time at the Treasury and the NEC under the Obama administration, he was involved in international policy, engaging with foreign officials and advocating for U.S. interests abroad, including as the President's representative to the G7 and G20, as well as the chief negotiator for the macroeconomic aspects of the Trans-Pacific Partnership.

He has also held positions at private and nonprofit organizations, including as a senior advisor at BlackRock between 2017 and 2019, and as the editor of the Hamilton Project at the Brookings Institution.

In addition to accumulating diverse relevant experiences, it is important to understand the framework through which nominees think about and formulate policy. During this hearing, I look forward to understanding more about Mr. Adeyemo's thoughts on his priorities at Treasury; how the U.S. can stay competitive globally through tax policy; additional COVID-19 funding and its potential impacts on the U.S. economy and fiscal sustainability going forward; protecting national and financial security and curbing illicit activities; and promoting U.S. interests abroad and curbing bad actors.

Even since his time in the Obama administration, there has been an evolution in the challenges facing the Nation's economy and the national and financial security. For example, the U.S. has grappled with the COVID-19 pandemic, which Chairman Wyden discussed, and the economic consequences of government-mandated shutdowns since the beginning of last year, which have since eased.

Congress worked across the aisle multiple times in 2020 to provide unprecedented economic support to individuals, families, and businesses most affected by COVID-19, including the CARES Act in March, additional PPP funding in the summer, and the most recent COVID-19 relief package in December.

Senator Wyden indicated this crisis has exacted a terrible toll on America, and he is right. I agree with that, and agree that another COVID package is appropriate. There are some disagreements on the scope and content of that package though.

Unfortunately, Democrat leadership has apparently chartered a path toward a massive, untargeted \$1.9-trillion package that may even bypass this committee. And there remain many questions about it—not necessarily the need for a package, but for the potential impact of the many non-COVID partisan policies that are included in the package.

COVID relief is just one example of an area where the Deputy Secretary has played an active role in the past toward bipartisan solutions, and I look forward to working with you, Mr. Adeyemo, to achieve that same result this time as we move forward.

Mr. Adeyemo also comes with private-sector experience that can help him in dealing with these issues and providing the kind of advice and support that we need on these critical issues.

Finally, in your past government roles you played a role in the international and national security space, working on various international economic issues, including trade and investment policy agendas, CFIUS, and engagement with multilateral development banks. It has also been noted that you were the chief negotiator in the Trans-Pacific Partnership.

Among these issues, I am interested to hear your views on the work we did last Congress on beneficial ownership and anti-money-laundering, your views on sanctions, and how you will include the views of Congress from both sides of the aisle in deliberations at international forums.

Again, Mr. Adeyemo, thank you for being willing to serve, and thank you for joining the committee today. I look forward to your testimony.

The CHAIRMAN. Thank you, Senator Crapo.

[The prepared statement of Senator Crapo appears in the appendix.]

The CHAIRMAN. Senator Warren?

**OPENING STATEMENT OF HON. ELIZABETH WARREN,
A U.S. SENATOR FROM MASSACHUSETTS**

Senator WARREN. Thank you, Mr. Chairman. And thank you, Ranking Member Crapo. I appreciate your warm welcome. I am happy to be joining a committee that has such principled leadership. So thank you very much.

I have the privilege of introducing Wally Adeyemo, who has been nominated to be our next Deputy Secretary of the Treasury. I have known Wally for more than a decade. We worked closely together when we were standing up the Consumer Financial Protection Bureau, and I have trusted his counsel ever since.

Wally understands the American Dream up close and personal. He and his family immigrated to the U.S. from Nigeria, laying down roots in California's Inland Empire. He grew up in a working-class neighborhood, where he learned about hard work and righteous values from his mother, who is a nurse, and his father, who is an elementary school principal.

Now perhaps one of the most important things to know about Wally is that he was named most likely to succeed by his classmates at Eisenhower High School in Rialto, CA. This is a very perceptive group of high school kids. He then headed off to U.C. Berkeley, and then to Yale Law School.

He was working at the Treasury Department when President Obama asked me to set up the newly passed Consumer Financial Protection Bureau. Wally became the CFPB's first Chief of Staff, where he worked miracle after miracle. During his years in the Obama administration, he lent his talents to just about every crit-

ical economic policy-making position. He has a wealth of experience for this job.

Wally is smart. His talent for making things happen and his skill as a natural diplomat prepare him well for this role. He has a firm command of the array of domestic and international policies under the Treasury's purview, and I believe that he can be trusted to effectively advance our economic and national security interests abroad.

But the thing about Wally that makes him so remarkable is that he knows deep in his bones that America's interests lie in our shared prosperity. If confirmed, he will fight to ensure that every family has a fair shot at getting ahead, and that every kid has access to the opportunities that he enjoyed.

Wally always remembers where he came from, and for that reason, I know he will always stand up for hardworking people who are trying to build a future. Wally cares deeply about our country. He truly believes in the good that America can do around the world, and he will fight day and night to ensure that this is a better country for America's workers and families.

So welcome, Wally. Congratulations on your nomination, and we look forward to today's discussion.

The CHAIRMAN. Thank you, Senator Warren, for the strong launch of the nomination's consideration. We have a little bit more to do. The Assistant Senate Majority Leader, Senator Durbin, would like to make a statement. We are going to put that into the record, without objection.

[The prepared statement of Senator Durbin appears in the appendix.]

The CHAIRMAN. And that then brings us to, Mr. Adeyemo, your opening statement. Please, go ahead.

STATEMENT OF ADEWALE O. ADEYEMO, NOMINATED TO BE DEPUTY SECRETARY, DEPARTMENT OF THE TREASURY, WASHINGTON, DC

Mr. ADEYEMO. Chairman Wyden, Ranking Member Crapo, and members of this committee, it is a privilege to come before you today as President Biden's nominee to be Deputy Secretary of the Treasury. I want to thank Senator Warren for the generous introduction, and I want to thank the members of this committee for considering my nomination. I also want to express my gratitude to the President, Vice President, and Secretary Yellen for putting their confidence in me.

I have spent the majority of my working life in public service, inspired by my parents, who came to this country to provide their children with an opportunity. My parents emphasized the need to give back to a country that has given us so much, demonstrating the value of service every day as an educator and a nurse, helping to provide opportunity and care to members of our community.

If confirmed as Deputy Secretary of the Treasury, my focus will be advancing policies that provide everyone access to the same economic opportunities I have enjoyed. Taking steps to ensure that all Americans share in our prosperity is not only a moral imperative, it is essential to our long-term economic growth.

Today, the most immediate threat to our shared prosperity is COVID-19. Until we contain the pandemic, economic policy must remain focused on providing relief to those harmed by the public health crisis, especially those disproportionately impacted: low-income Americans and communities of color.

The pandemic has exacerbated inequality, strained families, and exposed disparities in opportunities throughout our country that existed long before COVID-19. Without additional relief, this hardship will become even more acute and will inflict long-lasting pain on countless Americans.

Containing the pandemic is not only critical to our economic prosperity, it is also critical to advancing our national security. I spent a great deal of time working at the intersection of economic policy and national security, including my time as Deputy National Security Advisor for National Economics. If confirmed, I have been asked by Secretary Yellen to work on a number of Treasury's national security priorities. I will focus on three critical areas.

First, we need to invest in America's competitiveness. To ensure the future is made in America, we must fuel innovation; make smart, targeted investments in critical industries and technologies; and pursue policies to protect American workers and industries from anticompetitive trade practices. Taking steps to invest at home will put our firms and workers in the best position to compete globally.

Second, we must reclaim America's credibility as a global leader, advocating for economic fairness and democratic values. As the President has said, America's alliances are our greatest asset. We must work hand-in-hand with our allies to confront those who threaten our economic and national security. This is the only way to build a global economy, where the rules of the road reward hard work and innovation, not unfair practices and abuse.

Finally, we need to work with Congress and strategically use the Treasury Department's tools to protect our citizens from threats, foreign and domestic. Treasury's tools must play a role in responding to authoritarian governments that seek to subvert our democratic institutions, combating unfair economic practices in China and elsewhere, and detecting and eliminating terrorist organizations that seek to do us harm.

These are not Democratic or Republican challenges; they are American challenges. And I know the ways that we address these challenges have real-life consequences. I have seen this firsthand, coming from a working-class part of California called the Inland Empire. It was devastated by the Great Recession.

Many of those same neighbors and friends are struggling today to survive the public health and economic crisis created by COVID-19. Addressing the challenges faced by people in the Inland Empire and communities like it all over the country is in our economic and national security interests. And the actions we take today must not only protect Americans from COVID-19, but should also lay the groundwork for years of economic prosperity and opportunity.

At this critical time for our country, I hope to join you in fighting to give others the same opportunity my family had. Today, just as when I joined the Treasury in 2009, I feel called to serve my coun-

try and will be honored to do so as Deputy Secretary of the Treasury.

I look forward to collaborating with the members of this committee and Congress to rebuild the American economy from this historic crisis.

Mr. Chairman, Ranking Member Crapo, members of the committee, thank you so much for considering my nomination, and I am happy to take your questions.

[The prepared statement of Mr. Adeyemo appears in the appendix.]

The CHAIRMAN. Very good, Mr. Adeyemo. We have some obligatory matters we have to deal with. We are going to ask you four questions.

Let me first ask, is there anything that you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. ADEYEMO. No, Senator.

The CHAIRMAN. Do you know of any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. ADEYEMO. No, Senator.

The CHAIRMAN. Do you agree, without reservation, to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress, if you are confirmed?

Mr. ADEYEMO. Yes, I do.

The CHAIRMAN. Finally, do you commit to provide a prompt response in writing to any questions addressed to you by any Senator of this committee?

Mr. ADEYEMO. Yes, I do.

The CHAIRMAN. Very good. Let me turn to my questions now, and then we will go to Senator Crapo.

What is very striking about this committee, Mr. Adeyemo, is that it has a number of members who serve on Finance and Intelligence. And your background has a very impressive intersection between those two areas: economics and intelligence. And in our meeting, we discussed your national security experience and how Treasury's purview through the Financial Crimes Enforcement Network, the Committee on Foreign Investment in the United States, and sanctions policy would be an important part of your duties, and also to make sure that any money laundering efforts are ones that we examine very carefully, because we only want transactions that are held to a high standard.

So I have a couple of items I want to touch on, but in the context of how you plan to address this part of Treasury's portfolio on Day One. I am struck by this matter of widespread interest on sanctions stemming from the executive order on China in November. That obviously had national security implications. And I would be interested, as part of your answer with respect to this part of your portfolio, in what kind of approaches you would recommend to go after the top Chinese firms in this area and what kinds of targets would be appropriate.

So give us your general views, and then specifically that question, because a lot of members are getting asked that.

Mr. ADEYEMO. Well, sir, let me start by thanking the members of this committee and Congress for the work that was done in the NDAA to advance legislation that would give us additional authorities.

When I served in the Obama administration, on a regular basis when I was with international counterparts, they would ask why the United States did not have legislation that could look at beneficial ownership, and I could not give them a good answer. Now I can, and I am appreciative to the members who have worked on that.

If confirmed as Deputy Secretary of the Treasury, one of my primary goals will be implementing that legislation in order to put us in a position in which we can protect the country.

Stepping back and addressing the committee's interest in China, as the President has made clear, China is our top strategic competitor. Where China is willing to compete on a level playing field, I believe the American people, our companies, our firms will be more innovative and have the ability to be successful.

Where China is not willing to play on a level playing field, it is important that we hold them accountable to the rules that they have agreed to in the international system. I believe this needs to be done in some cases unilaterally but is always best to do multilaterally, working with other countries, especially our allies, to demonstrate to the Chinese that they are isolated when they violate the rules of the road. That is going to be my approach to dealing with the issues that relate to China.

With regard to the executive order that you mentioned, I look forward to sitting down with my colleagues in the Treasury Department and the government to understand the order and how it is being implemented, and to working with you and members of the committee to look at how we can use the tools that exist today to hold China accountable.

The CHAIRMAN. Good. And I understand you want to talk to your colleagues about that. We would be interested, if you want to add anything else for the record, about what kinds of approaches you might recommend with respect to going after those top Chinese firms. That is particularly my concern.

Let me ask about this issue of racial disparities. We are going to put a special focus during this session of Congress, here in the Finance Committee, on longstanding economic failures and inequities in our country.

And people of color were already disproportionately burdened by wage gaps before the pandemic. The communities of color have been disproportionately affected both in terms of illness, death, and financial devastation by the pandemic. And women are almost twice as likely as men to have lost a job, and this has been a priority for me in terms of getting economic equity for people of color, and women, for a long time.

Now my question is, if we are really going to correct those historical disparities, it is important for policy-makers to understand where tax benefits, really tax expenditures, are going. Unfortunately, Treasury's Office of Tax Analysis has consistently omitted analysis of tax expenditures by race and gender.

So my question is, Mr. Adeyemo—and I think we have talked to you about this—would you support including this important tax analysis by race and gender in Treasury publications, and commit to working with all of us, Senator Crapo and I and others, to obtain this important transparency in our tax system?

Mr. ADEYEMO. Senator, I am committed to working with you on this issue. I agree with you that it is critical that we understand how the policies that we are implementing have an impact on the American people, especially those most harmed, the marginalized communities.

I think it is critical, both morally for us to address this issue, but it is also a critical economic issue that we unlock the unrealized potential of marginalized people in this country in order to grow our economy and make sure they are competitive going forward.

The CHAIRMAN. Okay.

Senator Crapo?

Senator CRAPO. Thank you, Senator Wyden.

And, Mr. Adeyemo, I am going to try to go through three or four questions and skip around on topics, so bear with me here.

First, a number of countries have imposed or plan to impose discriminatory digital services taxes, or DST, that unfairly target U.S. companies. The Finance Committee has expressed bipartisan opposition to unilateral measures like DSTs and advocated for countries to reach a multilateral agreement at the Organisation for Economic Co-operation and Development, or the OECD.

Will you continue to negotiate toward a multilateral agreement at the OECD that does not unfairly target U.S. companies and compromise the U.S. tax base?

Mr. ADEYEMO. Senator, I am committed to working with Secretary Yellen, if confirmed, to engage in a multilateral negotiation that does not unfairly burden U.S. companies, but rather creates a level playing field for competition.

Senator CRAPO. Thank you. And then switching to the BSA/AML legislation that you just referenced, I appreciate your reference to it. It took us a while to get that through the Banking Committee. Senator Whitehouse and Senator Warner, and a number of others on this committee, were very interested in trying to make sure that got through. And I think it is very important, particularly the new beneficial ownership information relating to establishing a government database of such disclosures for the use of Federal authorities.

As you and I have discussed privately, there is some significant concern, particularly from the small business community, about the regulatory burden that might grow out of that data management, which I would like to see minimized to the maximum extent possible.

If confirmed, will you work with Congress to streamline that reporting process and to limit the burdens on industry, while we still make sure that we achieve the objectives of this legislation?

Mr. ADEYEMO. Senator, I am committed to making sure that we limit the burden on industry. I know that small businesses in America want to make sure that they help us protect this country, and I believe we can do that in a way that does not overburden

them. I look forward to working with you and the members of the committee to make sure that we do that.

Senator CRAPO. All right; thank you. I appreciate that.

I had a question on sanctions that was almost identical to the one that Senator Wyden already asked you, so I am just going to follow up on his sanctions question with a little bit of a different twist.

In the last, oh, two Congresses or so, a dynamic has developed that I think is relatively new in sanctions policy. And that is, Congress has begun going down the road of adopting mandatory sanctions, with high degrees of specificity, relating to certain countries or certain individuals or entities even, without giving the imposition of those sanctions the flexibility that we have had in previous sanctions regimes that we have established. In other words, not letting Treasury—and by the way, I think that the Treasury team that deals with sanctions is outstanding, and I have great confidence in them—but I have been concerned about the lack of flexibility in both kinds of congressional approaches that we have seen developing in the last few years that take the entire decision-making process and the fine-tuning and management of those sanctions away from the Department of Treasury and essentially create a rigid system.

Do you agree that the best approach is to have more flexibility so that the sanctions can be applied with much greater specificity? And could you comment, if you do agree with that, on the impact that lacking that has on our allies and our friends around the world who are not made a part of these sanctions decisions?

Mr. ADEYEMO. Senator, I appreciate the question, and I want to join you in commending the career people who work at Treasury on the sanctions policy on a regular basis. In my time in the Obama administration, I had a chance to work with a number of them. They are dedicated Americans looking to protect our national security.

With regard to sanctions policy writ large, Secretary Yellen has asked me to conduct a top-to-bottom review of sanctions that are currently in place, to look at how they are used, how we can make them more effective, how we can move forward.

I am looking forward to doing that work and then spending time with you and members of Congress to talk about what we can do to make sure that we improve the efficacy of the sanctions that we have and those policies that we use.

My view is that we are always best placed when we take these actions on a bipartisan basis. I am looking forward to talking to you about what we can do to advance our foreign policy interests.

You are right that, from my standpoint, our sanctions regimes are always best when we are able to do them multilaterally, not only for the economic impact, but also the political impact. That will require us to think through how we use these tools flexibly. So I am looking forward to working with you and other members of Congress to address these issues.

Senator CRAPO. Thank you. My time has expired, but I also have one further—or maybe a couple of other further ones—but one question I did not get to was with regard to the new CDFI/MDI fund that was created by the last COVID bill. I am very interested

in that. Senator Warner and a number of the others on this committee are very interested in making sure that that new program is rolled out quickly and effectively to help our minority financial institutions in this country be able to provide greater services.

So I will just note that to you, and I will ask for your commentary on that in your response after this hearing. Thank you.

Mr. ADEYEMO. Thank you, Senator.

Senator CARDIN [presiding]. I understand next we have Senator Stabenow by WebEx.

Senator STABENOW. Well, thank you very much, Mr. Chairman, Senator Cardin. And welcome to our wonderful, distinguished nominee, Mr. Adeyemo. It was wonderful to talk with you and to have a chance to go through a whole number of issues when we had an opportunity to first speak.

There are so many different issues related to Treasury, all very, very important ones that you, and the Secretary of course, are going to be responsible for. And I want to speak to one that I spoke with you about as well, which relates to part of, and a very important part of the American Rescue Plan that we are now working on. And that relates to pensions.

There are so many different ways in which Treasury impacts people's lives, business lives, our international status, and so on. And we also—you will be overseeing some very important personal issues that relate to people's ability to have a good life and put money aside. And you know, people who have followed the rules all their lives and done all the right things are now finding themselves, after they thought they had a pension that they had been saving for, in a situation where that is in jeopardy. And really their quality of life is in jeopardy.

We have in the Rescue Plan the Emergency Pension Plan Relief Act, which would, as you know, stabilize the multiemployer pension plans for more than a million people and their families. And in fact, in Michigan we have over 440,000 people who are in multiemployer pension plans, and tens of thousands are in danger right now of losing their plans, and many have already seen over half their pension eliminated—a very, very challenging and tragic situation.

So many of the workers who are covered are in industries on the front lines. As you know, in the pandemic there are truckers and delivery people, grocery store, food preparation workers, construction workers, all of the folks, again, working hard every day, playing by the rules, who now are in a situation where their futures and their retirement are in jeopardy.

So the time to act really is now, and I would like you to speak to the importance of this issue, and the importance of putting in place this part of the Rescue Plan.

Mr. ADEYEMO. Well, Senator, thank you so much for the time that we spent together talking about the issues that your constituents face. I think this is a critical issue. Addressing these pension issues is critical. As you know, President Biden, during the campaign, supported similar legislation, and I look forward to working with you to address the needs of this group of people, many of whom are on the front lines.

Addressing this challenge sooner rather than later is both important from the standpoint of meeting the needs of these people as they retire, but it also makes economic sense.

Senator STABENOW. Absolutely. Along this line of folks working hard every day and looking at the future jobs in our country, I want to speak about manufacturing for a moment. As we are moving forward, this certainly is a global competitiveness issue for us. It is an issue of jobs, good-paying jobs in America, and our committee of course is going to continue to be very involved in issues around clean energy tax incentives, how we are encouraging more job creation in the United States.

Senator Manchin and I are working on a reconstituted 48C of the tax code, which is an advanced energy manufacturing tax credit to help our companies create new jobs in clean energy manufacturing, retooling our plants, and so on.

We originally did that back in 2009. It was, at the time, very successful. It was something that really helped to turn Michigan around: clean energy manufacturing that we now really want to focus as well on other parts of the country that have lost jobs related to coal and mining and other kinds of manufacturing jobs.

So when we look at this—and you talk about China as a competitor with us—we know that on top of every other issue, we are also looking at China holding almost three-fourths of the world's manufacturing capacity for lithium ion battery cells, for instance, which are a vital component for us as we move forward on electric vehicles. And we need to be making those here in America.

So could you speak about the tax code, the clean energy manufacturing kinds of issues, in terms of the importance of moving forward and leading the globe and not ceding to China and other places in terms of the jobs in these important sectors?

Mr. ADEYEMO. Senator, I agree with you that making sure that the tax code is set up in a way that we are investing in innovation and encouraging companies in America to do that makes a great deal of sense, especially when it comes to clean energy. This is a place where we want to make sure that the future is made here in America, and not made somewhere else in the world. It is critically important to make sure that we get these incentives right in order to ensure that our companies are in a position to compete, not just in America but also abroad, in selling American goods and services.

I look forward to working with you and members of this committee to make sure that we are setting incentives in the right way, using the tax code but also using other policy levers as well.

Senator STABENOW. Thank you very much. I know my time is up, Mr. Chairman, but I look forward to working with you. This is such an important area for us to move forward on in terms of good-paying jobs and our place in the global economy as well. Thank you.

Senator CARDIN. Thank you, Senator Stabenow.

Senator Cantwell?

Senator CANTWELL. Thank you, Mr. Chairman. And, Mr. Adeyemo, congratulations on your nomination. I know that people have asked you about sanction issues, so I think I will just continue on that front.

Cybersecurity is one of the most important things I believe that we need to be working on from an infrastructure perspective. And I know that you will be leading a review of U.S. sanctions.

Should we be looking at working on an international basis to basically get U.S. allies to work together on sanctioning countries who initiate cyber-attacks?

Mr. ADEYEMO. Senator, my view is that it is critical that we work closely with our allies to hold those accountable who sponsor cyber-attacks, who look to destroy or disrupt services in the United States and around the world.

Senator CANTWELL. Thank you. We look forward to working with you on that.

Also, in President Biden's agenda is further investment in the affordable housing tax credit. This is something that Chairman Wyden and I have worked on to further investments in affordable housing.

My colleague, Senator Young, who is on this committee, and I have introduced legislation to increase by 50 percent the amount of money going into affordable housing, because the tax credit creates jobs, and it also helps provide important unit availability. And people think, well, if you don't build the housing, you know, you do not have the cost. Well, we do have the costs. We have the cost of housing and dealing with a population in different settings, which really actually ends up being more costly.

So what will you do to help carry out President Biden's agenda on the affordable housing tax credit agenda?

Mr. ADEYEMO. Senator, I look forward to working with my colleagues and the administration on affordable housing issues, but also with you and Senator Young on your proposal. I agree with you that this is a critical issue for us in terms of ensuring that we meet the affordable housing needs in this country.

That tax credit has been successful. We should look at ways to make sure that we are using it in the way that is effective going forward. I look forward to working with you and Senator Young on that.

Senator CANTWELL. And lastly, I know my colleague, Senator Crapo, the ranking member, will remember this, but we spent many hours last March in a room talking about how to better protect the economy during the COVID crisis. And part of it was an investment in aerospace manufacturing, particularly the supply chain.

As it turned out, those resources did not get adequately used to protect the supply chain. Our colleagues, Senator Moran and others, have been working, and the Commerce Committee overall has been working to try to get Treasury to focus on using the resource that it was given to help on supply chain support. We have lost something like over 100,000 jobs in aerospace already, and we could lose more.

So will Treasury work with the Congress to make sure that this important sector of the U.S. economy is helped during the COVID pandemic and that we are doing all we can to preserve those jobs so that we are competitive after the crisis in one of the biggest export sectors to our economy?

Mr. ADEYEMO. Senator, if confirmed I look forward to working with my colleagues at Treasury to address these issues. I agree with you that one of the things we need to pay a great deal of attention to is the supply chain. I think the supply chain in lots of industries, including aerospace, is going to change as a result of the pandemic. And the key for us is making sure that we make investments now that make sure that America is in a position to win the future when it comes to supply chain.

So I look forward to working with you, if confirmed, and my colleagues at Treasury to address this important issue.

Senator CANTWELL. And then I guess I would say that, one last point on that as it relates to the administration's infrastructure investment, I see there is a great opportunity to work collaboratively, both on the infrastructure dollars and on the job training and skilling of a workforce to be able to take advantage of those infrastructure jobs and infrastructure investments. And that is something Treasury Secretary Yellen mentioned at her confirmation hearing, that these kind of workforce training issues were something that Treasury was going to pay particular attention to.

I hope that, in the next COVID package, we can marry this up so that we are, again, both making the investment in very needed infrastructure, but also skilling a workforce that can take advantage of those high-wage jobs.

Mr. ADEYEMO. I completely agree, Senator. I think the things you mentioned are all critical to American competitiveness, and we need to make sure that our economy is competitive as we come out of COVID-19 in order to make sure that our workers and our firms have an opportunity to sell American goods here at home, and also abroad

Senator CANTWELL. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Cantwell.

Senator Grassley?

Senator GRASSLEY. Thank you, Mr. Chairman.

And welcome. Congratulations on your appointment. And this gives us a chance to discuss some policy, not necessarily whether you should have the job, because I believe that you probably will be confirmed. So just because we disagree on policy might not have anything to do with whether or not we think you ought to be in that job.

President Biden has proposed increasing the corporate rate from 21 to 28 percent. If enacted, our country would once again have one of the highest corporate tax rates among developed countries. In your view, how will raising the corporate tax rate above that of most developed countries affect the global competitiveness of the United States? And I ask that question because I thought at 35 it was just outlandish that we would expect our corporations and jobs in America to compete overseas. So we got it down to where now we are very competitive.

Mr. ADEYEMO. Senator, thank you for the question. I agree with you that one of the things we need to focus on is making sure that our companies in America remain competitive globally. I think the taxation has a lot to do with that, but also investment has a great deal to do with that. The President, as you mentioned, has proposed during the campaign raising the corporate rate to 28 percent.

But the President has also proposed making a number of important strategic investments in the United States that corporations have been calling for for a long time.

My goal, if confirmed, is to make sure that we work internationally through the OECD and the G20 tax process to make sure that we create a more level playing field for American companies, especially when it comes to taxation.

We need to end what has seemed like a race to the bottom in terms of international taxation, where countries are competing against each other, and create one in which they are working together to make sure that we are maintaining our tax base.

I look forward to working with you and members of this committee on these issues going forward.

Senator GRASSLEY. Thank you. There is an economic consensus that a portion of the corporate income tax rate falls on workers in the form of reduced wages and benefits. We even have what I consider a liberal tax policy center that assumes that 20 percent of the corporate tax falls on workers. Similarly, the Joint Committee on Taxation, and even our CBO, have both concluded that 25 percent of the corporate tax rate is borne by workers.

So if you raise the corporate tax rate, you are going to affect the jobs of that corporation. Do you agree that if the corporate tax rate is increased to 28 percent, as proposed, American workers will feel at least a part of the burden through fewer jobs, reduced wages, and less benefits?

Mr. ADEYEMO. Senator, I look forward, if confirmed, to looking at the data that we have collected from the last few years of corporate taxation, and looking at what the impact has been in terms of wages for employees and corporations, and the impact that it has had. And in looking at the data and looking at the research, I look forward to working with the President to advance a proposal that will advance the benefits for American workers.

Part of this is in showing that we not only think about the tax rate, but other proposals that we have that will hopefully strengthen the ability of corporations to continue to hire Americans and keep corporations here in the United States of America.

I think the holistic policy proposals that the President has proposed would create jobs in this country, and I look forward to working with you and members of this committee to make sure that, as we refine the President's tax proposals, that we do it in a way that is centered on making sure that America remains competitive.

Senator GRASSLEY. This will probably have to be my last question. Prior to the Trump administration, Chinese state-owned enterprises were buying American companies at a record clip to acquire technology and intellectual property. This included a number of Chinese state-owned enterprises purchasing U.S. agricultural operations.

How do you view the rise of the state-owned enterprises in the global economy over the last decade? And do you think special investment rules are necessary for such firms?

Mr. ADEYEMO. Senator, I think it is an important question and something we need to look at very closely. I think that since I have left government, Congress has enhanced the CFIUS process, which

I think has been a useful tool to making sure that we are able to protect U.S. companies and U.S. interests.

I think it is going to be critical that, as we do a holistic look at our policies within the U.S. Government, we look at what we can do to make sure that we protect American technology, and ensure that things made in America are protected as well.

I do not have a view on that particular issue, but I look forward to working with my colleagues in government, if confirmed, to look at that issue. I look forward to working with you as well on it.

Senator GRASSLEY. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Grassley.

Our next in the queue is Senator Thune, and then Senator Menendez.

Senator THUNE. Thank you, Mr. Chairman.

Mr. Adeyemo, welcome, and congratulations on your nomination. We will look forward to working with you.

I want to get to a couple of questions here quickly, starting with the fact that last year, as you all know, Congress allocated almost \$4 trillion on a bipartisan basis to help our Nation get through this public health and economic crisis. The legislation amounted to the largest Federal response to any crisis since the second world war. And while the administration talks about the need to go big on its \$1.9-trillion proposal that will come on top of the bipartisan \$900-billion relief bill that was signed into law less than 2 months ago, there is an early inflation warning sign, and I think that is last week's report of a 1.3-percent January increase in producer prices, which is a post-2009 high.

There is reporting that the increase in the quantity of money in the economy measured by M2 last year, year-over-year, was up \$4 trillion, or 26 percent. And the projection is that it is going to be up another 12 percent this year, which is twice what has been the average from 2000 to 2019.

When you get that kind of quantity of money out there chasing goods, typically what happens is, you get inflation. And when you get inflation, you start seeing an uptick in interest rates.

So I would just ask the question, given the massive, and I would say massive by historic standards, government spending paired with historically ultra-low interest rates, what types of risks do you expect from inflation in wages, assets, commodity prices? And how would price inflation impact wages and employment?

Mr. ADEYEMO. Senator, thank you for the question. And as we think through economic policy, it is important that we be mindful of all the risks. My view is the greatest risk we face right now is the downside risk of not doing enough to address the pandemic that we face.

Ten million Americans today are without jobs. Four million more have decided to drop out of the labor force for reasons like being unable to have child care. Two million have seen their wages decreased. Thirteen million Americans today are not able to make rental payments. And 83 million report that they are finding it difficult making necessary expenses.

The goal must be, until we have the pandemic controlled, that we will continue to provide relief to small businesses and American

workers and ensure that we can get the vaccine in people's arms. I think the greatest risk that we face is not doing enough to ensure that there is not scarring in the economy on the other side of the pandemic.

Senator THUNE. Well, if I might, it just seems to me that—and I do not disagree that there are people out there who are hurting. Clearly the unemployment rate is higher in some areas of the country than it is in others. My State of South Dakota is 3 percent. I think a lot of that probably has to do with our economy having stayed open.

But it does not strike me that you help people who are trying to come up the economic ladder, who are dependent today upon government, if you start getting inflation taking off. And runaway inflation drives up the cost of everything they have to buy.

Higher interest rates effect mortgage costs, car payments, all the sorts of things that people in this country are going to be making. And I do not know how you avoid that when you are shoving as much money out into the economy as we already have and what is being talked about here.

And so I would just, I guess pose a question. There is an awful lot of economic thought out there that suggests that another \$2 trillion, particularly when it is poorly targeted—and I argue that in many respects this is—is going to do more harm than good.

And I would ask the question too, when you talk about targeting the assistance, \$350 billion for the States, which on average last year—this is across the country, all 50 States, 1.6-percent decline in revenue. A lot of States had significant increases in revenue. Is that a wise use of dollars, when we are running \$25 to \$30 trillion in debt and we are worried about inflation and an increase in interest rates, which could have a very harmful impact on the very people you are trying to help?

Mr. ADEYEMO. Senator, the challenges that we face due to the COVID-19 pandemic are wide and varied. And we are fortunate that States have not been more affected in terms of their revenues. But a number of States around the country have had additional expenses, be it dealing with the health-care crisis that they are facing today or having to rethink the way that they do government services.

Many policy estimates are that over the next 2 years there will be over \$300 billion in additional expenses and revenue decreases for State governments. Addressing that is critical to do, because more than 18 million Americans work for these State governments.

These State governments provide essential services that allow our children to go to school, that allow people to collect unemployment. So I do look forward to working with you and with other members to make sure that we are able to provide what needs to be targeted to the American people to ensure that we can get to the other side of the pandemic, and making critical investments in the American economy to keep it competitive.

Senator THUNE. I would, Mr. Chairman, just in closing, argue that the reason our kids are not in school is not, in most cases—it is decisions made by, in many cases, school boards, governments. There is a lot of money out there already in schools. There is more coming. And I just think it is time to re-evaluate how we do this.

I think \$1.9 trillion on top of the almost \$5 trillion that we have already done has the potential to create lots of disruptions in an economy that we are trying to get back on its feet, and perhaps could do more harm than good.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Menendez?

Senator MENENDEZ. Thank you, Mr. Chairman.

Mr. Adeyemo, congratulations. I look forward to your stewardship there at Treasury, along with Secretary Yellen. And just a comment on my distinguished colleague's point about States. We often forget State, local, and county governments.

The numbers we have seen from States do not include the fourth quarter of last year, or anything in this year. So there is a continuing challenge. I can tell you that from a New Jersey perspective. I have had one of the highest rates of infections and deaths in the Nation as a result of COVID. But counties and municipalities, which are also part of the equation of the administration's plan, they have received very little and have great challenges as a result of COVID. So I commend that to people's attention.

We had a good conversation yesterday. I just want to go through some of the highlights.

In my role as the chairman of the Senate Foreign Relations Committee, we have a handful of peaceful diplomacy tools: the use of our international opinion that we can generate, the use of our aid and trade to induce people and nations to act in a certain way, and the denial of aid and trade and access to our financial institutions as sanctions.

So, if confirmed, would you commit to using sanctions as a—I am sorry, I cannot hear myself, colleagues—

The CHAIRMAN. Senator Menendez could not hear himself.

Senator MENENDEZ. Would you commit to using sanctions as a foreign policy tool?

Mr. ADEYEMO. Senator, I completely agree with you that sanctions are a tool, and they need to be in service of a foreign policy strategy. And I look forward to doing that and to working with you and the committee to enhance those tools.

Senator MENENDEZ. Thank you. And if confirmed, would you commit that you and your staff will meaningfully consult with and provide advance notice to Congress on any significant changes to sanctions programs administered by Treasury, including for example Iran, Russia, Cuba, just to mention some?

Mr. ADEYEMO. Senator, I look forward to consulting with you and members of the committee and Congress on any changes that we make.

Senator MENENDEZ. Thank you.

Now as you know, the 2017 Trump tax bill gutted the State and local tax deduction, and the Republicans used the money from this tax increase on middle-class families in many States—New Jersey, New York, California, and others—to give even bigger tax breaks to corporate America and the very wealthy.

Repealing this partisan attack on what I call “blue chip States” like New Jersey that spur innovation, that drive the Nation's economy, that subsidize most of other States—we would be very happy

to get every dollar we pay to the Federal Government back and ask for no more. But we have many of our colleagues who get billions of dollars to their States, more than they pay the Federal Government.

So this is one of my top priorities this year. According to *U.S. News and World Report*, New Jersey has the second best public school system in the country, and the highest per-capita income in the country. In other words, we do a great job of educating our children and giving them the ability to reach their potential. And it is not just because New Jerseyans are smarter than their fellow Americans; it is because we invest.

Well, I would say they are, but I will reserve that. My colleague from Indiana is chuckling. But it is because we invest in our people. And because we invest in our schools and roads and bridges and other critical infrastructure, we are one of the hardest-hit by the SALT cap.

So while I support a full repeal of the SALT cap, I do appreciate the Biden administration's plan, which would significantly restore the deduction and would be a big improvement over the status quo.

So just a couple of quick points. Do you think it is just a coincidence that the States hardest hit by the cap like New Jersey are also the same States that have some of the best public education systems, the highest per-capita incomes, and also contribute most to the Federal Government?

Mr. ADEYEMO. Senator, I know that those things are true because States like New Jersey have made investments in those things that have been needed and well funded. I look forward to working with you on this important issue.

Senator MENENDEZ. Does it make sense to punish taxpayers in States like New Jersey that choose to make investments in their people and, as a result, pay more to the Federal Government than they take out?

Mr. ADEYEMO. Senator, again I think it is critical to work with you on this issue, and I am looking forward to doing it.

Senator MENENDEZ. I will look forward to working with you to fulfill the administration's plan.

Finally, in 2018 I led the effort to pass the Trafficking Victims Protection Reauthorization Act, which passed Congress unanimously. One section of that bill requires the Treasury Secretary to promote anti-trafficking policies of international financial institutions, such as integrating anti-trafficking interventions into projects and requiring government action against trafficking as a condition of making loans.

Would you commit to advance anti-trafficking efforts at the international financial institutions and regularly brief my staff on the work that is being done?

Mr. ADEYEMO. Senator, I am committed to continuing this important work, and to regularly briefing your staff.

Senator MENENDEZ. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Menendez.

Senator Young?

Senator YOUNG. Thank you, Mr. Chairman.

This morning I sent a letter to Secretary Yellen concerning the need to combat the Chinese Communist Party and its affiliated en-

terprises from being able to access capital and profit from American retail investors. Mr. Chairman, I would like to request that my letter be included in the hearing record.

The CHAIRMAN. Without objection.

[The letter appears in the appendix on p. 80.]

Senator YOUNG. Mr. Adeyemo, as the chairman mentioned earlier in the hearing, last November President Trump signed Executive Order 13959, which builds upon a longstanding requirement established in section 1237 of the National Defense Authorization Act of 1999, and involves the Treasury Department's Office of Foreign Asset Control lists.

This EO will help to protect U.S. investors from unintentionally providing capital that ultimately goes towards enhancing the capabilities of the Chinese Communist Party and its armed forces and intelligence services, both of which routinely target American citizens and businesses through cyber-operations and directly threaten the critical infrastructure, economy, and military of the United States and its allies and partners around the world.

Mr. Adeyemo, what is the current status of Executive Order 13959? And do you believe it is an important step in protecting Americans from investing in Chinese companies that are involved in these kinds of activities?

Mr. ADEYEMO. Senator, thank you for that important question. If confirmed to be Deputy Secretary of the Treasury, I will be looking into the current status of that EO and its implementation. But stepping back and talking about the importance of this issue, I want to make clear to you that I think that it is critical that we use the tools, the Treasury's tools and other tools, to hold China accountable for actions they take that are not consistent with international law and that put our national security at risk.

I think that part of this for us is going to be making sure that we take a critical look at how Chinese firms may be using our financial system to do just that. And I look forward to doing that, if confirmed.

Senator YOUNG. Well, thank you for that. They are utilizing our financial system. We have the broadest and deepest capital markets in the world, and frankly they are dependent upon our financial system to help fund their slaveholder state.

If confirmed, would you work with me to see that this executive order is codified in the law, including any improvements that the administration, working with me, would like to make in order to further strengthen its effect?

Mr. ADEYEMO. Senator, I agree with you that our capital markets are a strength. They are one that we need to make sure that we use to advance the interests of the American people. I look forward to working with you on this issue and looking at what legislation makes sense in terms of ensuring that we protect the American economy from those who seek to harm us.

Senator YOUNG. I hope that we can work together on codifying that executive order.

In addition to the Communist Chinese military companies, another major concern is U.S. investment in Chinese companies that are linked to or affiliated with egregious human rights abuses, including the aiding and abetting of genocide against the Uyghur

population in Xinjiang. Do you support Secretary Yellen and Secretary Blinken's description of the Uyghur's treatment in Xinjiang as genocide? "Yes" or "no," please.

Mr. ADEYEMO. Senator, I agree with Secretary Yellen that the human rights abuses conducted by the Chinese Communist Party—

Senator YOUNG. She used the term "genocide."

Mr. ADEYEMO. I agree with Secretary Yellen's statement when it came to her reference to the Uyghurs.

Senator YOUNG. Okay; thank you.

If confirmed, what other steps will you take to ensure U.S. investors are not unwittingly funding Chinese companies responsible for things such as forced abortions, forced labor, concentration camps, and other horrific human rights abuses?

Mr. ADEYEMO. Senator, I think that it is critical that we step back and we think about what we can do as a country to hold those accountable who violate international law, but that we do not do it alone. And I think President Biden has made this clear, that it is important that we need an alliance of countries that share our values to hold those people accountable. And I look forward, if confirmed in this role, to working on those sets of issues and doing that with you and members of this committee, and also members of Congress.

Senator YOUNG. I will look forward to that as well. I would close by noting that U.S. investment in Chinese companies, as well as Chinese investment in the United States, including in dollar denominated bonds, is a web that is growing more tangled by the day. One of China's most glaring weaknesses is access to the kind of large-scale financing that only U.S. capital markets can adequately provide.

As this is one of our country's greatest strengths, we must make sure that we take every measure necessary to protect it. I look forward to working with you, sir, and will have some additional questions on the topic for the record.

[The questions appear in the appendix.]

The CHAIRMAN. Thank you, Senator Young.

Now, next in order is Senator Carper. Is he on the web?

[No response.]

The CHAIRMAN. Okay. Next would be Senator Cardin.

[No response.]

The CHAIRMAN. Is Senator Cardin out there in cyberspace?

[No response.]

The CHAIRMAN. All right, next would be Senator Brown on the web.

[No response.]

The CHAIRMAN. Next would be Senator Casey on the web.

[No response.]

The CHAIRMAN. Next would be Senator Warner on the web.

[No response.]

The CHAIRMAN. And then the very patient Sheldon Whitehouse. Senator WHITEHOUSE. In the room.

The CHAIRMAN. In the room.

Senator WHITEHOUSE. In the room. Welcome, Mr. Adeyemo. Congratulations on your appointment. I have a little present for you

that I have mentioned that I am going to give you [holding up a thick binder]. As you know, we are at this point engaged in a planetary experiment to create physical, biological, and chemical changes in the way earth operates that are unprecedented in human history: the problem of climate change from carbon emissions. And that is not only going to happen in the physical, chemical, and biological world, but it is also going to happen in the economic world.

And what this is is a list, a summation if you will, of many of the warnings that have come out from a great many different sources about the economic crash prospects associated with uncontrolled climate change. And because it is a big—I have given it to every single one of my colleagues, by the way—and because it is a big book, let me just run you through the highlights reel. As you know, Director Carney of the Bank of England was one of the earliest warners. He warned that climate change will threaten financial resilience and longer-term prosperity.

The 34 central banks in the network for the financial sector estimate losses of up to \$20 trillion in the broad economy. The bank of banks, the Bank of International Settlements, has said that exceeding climate tipping points could lead to catastrophic and irreversible impacts that would make quantifying financial damages impossible.

Let that phrase sink in just a moment: catastrophic and irreversible impacts that would make quantifying financial damages impossible.

The recent CFTC report brought out under the Trump administration warned that climate change poses a major risk to the stability of the U.S. financial system. The consulting firm McKinsey has warned that climate change could make long-duration borrowing unavailable. Standard and Poor's Global has warned the higher the temperature, the more damaging climate change will be, and in a nonlinear way. And Freddie Mac, important to my coastal State of Rhode Island, has warned that rising sea levels and spreading flood plains appear likely to destroy billions of dollars in property and to displace millions of people. The economic losses and social disruptions are likely to be greater in total than those experienced in the housing crisis and the Great Recession.

We have been well and truly warned, Mr. Adeyemo, and it is on this administration to heed those warnings and take action. Is it your view that continuing, as the IMF has calculated, to subsidize the fossil fuel industry to the tune of \$600 billion a year in the United States alone is consistent with heading off the crashes that are so warned of?

Mr. ADEYEMO. Senator, thank you so much for providing that information, and I look forward to working with you on this important issue. I agree with President Biden that this is a critical crisis that we need to address as a country, and it is an economic crisis as well, one in which we need to bring to bear our full array of tools to ensure that, not only are we dealing with the risk but also making sure that we are investing in innovation in order to ensure that American companies and firms are at the leading edges of helping us solve this challenge.

Senator WHITEHOUSE. Do you doubt, Mr. Adeyemo, the IMF calculation that the carbon problem stands on a \$600-billion annual subsidy to fossil fuels in the U.S. alone?

Mr. ADEYEMO. Senator, I am not familiar with the IMF number, but I am familiar with the fact that there are subsidies that are provided to those firms by the U.S. Government. And President Biden has made very clear his position on those subsidies going forward.

Senator WHITEHOUSE. Last point. We have talked about the beneficial ownership reform that many of us in this committee worked on making happen. I just want to flag for you—I think this is important, not just because of the beneficial ownership reform that we did, but because there is a larger, in my view, clash of civilizations happening in the world. And that clash of civilizations is between rule-of-law countries and kleptocracies and countries run by criminals, and countries run by cruel, tyrannical autocrats. And in between those two spaces is an enormous dark economy that allows the bad guys—the bad guys from the bad world—to hide their stolen assets behind rule-of-law protections that we give them—give them. And I think it is a critical national security priority—priority—for us to do everything we can to degrade that dark economy so that the kleptocrats and the criminals and the autocrats do not find shelter in our rule-of-law sanctuaries.

Mr. ADEYEMO. Senator, I completely agree with you. Transparency is critical to both democracy, but also to exposing those who seek to abuse people and abuse the privileges that democracies provide. So I look forward to working with you and members of this committee on those critical issues.

Senator WHITEHOUSE. Thank you. You will find, I think, bipartisan interest in that.

The CHAIRMAN. My colleague next in line is Senator Carper.

[No response.]

The CHAIRMAN. Senator Carper is on the list——

Senator CARPER. Mr. Chairman?

The CHAIRMAN. There you are.

Senator CARPER. Good morning, everyone.

The CHAIRMAN. Good morning.

Senator CARPER. Thank you so much.

Mr. Adeyemo, has anyone ever mispronounced your name?
[Laughter.]

Mr. ADEYEMO. Just a few people, Senator.

Senator CARPER. Do we get extra credit if we pronounce it correctly? I greatly enjoyed visiting with you a couple of weeks ago. I am delighted that you will be serving. And I am encouraged that we will have some success in getting you confirmed before long.

Like a number of my colleagues, throughout our time in public service we have sought to live our lives in the spirit of Matthew 25, which calls on us to look out for the least of these among us. As we respond to the dual public health and economic crisis that we face, I believe, and I think most of us would agree, we have an obligation to make sure that our help gets to those who are most in need. I know that you and I share a commitment to ensuring that economic relief is equitable, especially as this pandemic has

revealed racial inequalities in too many of our systems and communities.

When debating what policies will best spur economic recovery, I believe in the three Ts—and we were reminded of this by Leon Panetta just the other day—timely, targeted, and temporary. In other words, we need to deliver resources to those most in need as quickly as we can.

In addition, while the worst of the pandemic will hopefully be over this summer—and a number of our economists were getting encouraging words of late as we step up the vaccination process, with encouraging words that the pandemic could actually, the worst of it, at least, could be over sometime this summer—we always have to keep in mind the potential long-term effects of the pandemic and work to prevent lasting damage to our economy and the American people.

So let me just ask you a couple of questions, if I could, Mr. Adeyemo. Can you share with us some of your thoughts on how best to address the unique effects of this pandemic on vulnerable communities as we consider future relief proposals, please?

Mr. ADEYEMO. Senator, thank you for the question. My view is that one of the most important things we can do is make sure that we provide relief to those most impacted by the pandemic. And that is largely low-income Americans and communities of color, and other marginalized communities.

The critical piece of this for us is ensuring that we provide relief to the individuals—so that includes unemployment relief, and also providing them with resources to meet some of their basic needs—but also to the small businesses and companies they work for. I think what Congress has done with regard to PPP has been helpful to small businesses in providing them with the ability to make it through the pandemic and look to the other side. And the key, the critical piece here is that we continue to provide relief until we are on the other side of the pandemic, in order to ensure that there is not scarring in the economy and that we are able to ensure that the economy is in a position to grow, not only over the next year, but over the next several years, and that we are able to make critical investments that keep America's economy competitive going forward.

Senator CARPER. All right. Mr. Chairman, how much time do I still have left, please?

The CHAIRMAN. One minute and 30 seconds.

Senator CARPER. Really quickly, if I could, Mr. Adeyemo, with respect to OECD digital tax negotiations, what approach do you plan to take to the OECD digital tax negotiations? For example, in your view should any digital tax regime be optional for multinational companies?

Mr. ADEYEMO. Senator, I appreciate the question. As Secretary Yellen has made clear, we look forward to engaging in these multi-lateral discussions to reach a conclusion that will hopefully level the playing field. And our goal will be to ensure that we protect America's tax revenues and make sure that American companies can compete on a level playing field.

Senator CARPER. That was perfect, at least in terms of the timing. Thank you so much. Mr. Chairman, back to you.

The CHAIRMAN. Thank you. We have some votes coming up, and we are going to have to keep juggling.

Senator Cardin?

Senator CARDIN. Well, thank you, Mr. Chairman. Let me thank you for your willingness to serve our Nation, Mr. Adeyemo.

It is interesting that several of our colleagues have talked about sanctions, and I am going to talk a little bit more about sanctions. It is important that we do work with our allies, as you point out, on a sanctions regime. I strongly support that.

But U.S. leadership is vitally important, as we have seen with the enactment of the global Magnitsky statute. I was proud to work with Senator McCain to get that enacted. And under the Trump administration, it has been a year and a half since there has been any use of the global Magnitsky. And I understand you are doing the review, and that is certainly something that needs to be done, but I would urge you to try to work as quickly as possible.

Yesterday, the European Union announced sanctions against Russian oligarchs in regards to the arrest of Mr. Navalny. It is interesting that before imposing those sanctions, there was a conversation including Secretary Blinken, so there is the coordination with the United States. We very much appreciate that. But we need to move forward.

I want to mention one specific case in which the Trump administration in its last days gave relief to Dan Gertler, who had been sanctioned by the United States for his activities in DRC. We have written you a letter urging you to take a look at that immediately. This is an injustice that was done during the last days of the Trump administration. And your review, timely review, of this is critical because, if the sanction relief is given, a lot of the purpose for which that sanction was imposed will be irreversibly unable to deal with that.

So I would ask your commitment that you would immediately take a look at this issue. There are bipartisan efforts to make sure that our sanctions are imposed properly, and the relief given to Mr. Gertler appears not to have been warranted.

So can we get your commitment that you will make a timely review of that particular case?

Mr. ADEYEMO. Senator, if confirmed by the Senate, I am committed to looking at that case in particular—but stepping back to talk about the fact that I am also committed to doing a top-to-bottom review of our sanctions policy in general in order to make sure that we are effectively using the tools provided by Congress to advance our national security interests.

After that review, I look forward to working with you to make sure that we are in a position to advance America's goals. You are right that oftentimes America needs to lead, and we are best when we lead accompanied by our allies. I think the case that you cited, in terms of the actions that Europe has taken, is a great example of where we can coordinate better to demonstrate to the world that we stand together in holding those who seek to abuse the international system accountable for that.

Senator CARDIN. And again, I do not disagree with a top-to-bottom review. I think that makes sense. But recognize that these sanction regimes have been imposed not only with bipartisan, but

near-unanimous support in the Congress of the United States and that we need to step forward as quickly as possible. And I was glad to see yesterday that we did some of that.

You have also talked about dealing with marginalized communities, which again I support. I am the chair of the Small Business and Entrepreneurship Committee. I can tell you, as Chairman Wyden said in regards to this committee's focus on the under-served communities, our Small Business Committee is going to focus on how the small business tools can be better focused on the under-served communities.

We also on this committee have jurisdiction over the tax code, and we can do a better job in targeting the tools that are available in regards to the under-served communities.

So can you just tell me your game plan on how you plan to implement President Biden's commitment to help those communities that have been left behind?

Mr. ADEYEMO. Senator, thank you for the question. I look forward to working with you and the Small Business Committee on these issues. I think that a big piece of this is ensuring that we get credit into these communities in order to make sure that we are creating jobs for small businesses in these communities.

I think what Congress did in terms of providing additional resources for CDFIs will be helpful, frankly, in terms of making sure that credit gets into these communities. The Small Business Credit Initiative that is currently part of the relief efforts that Congress is currently debating will also be helpful. But part of this will be us stepping back and making sure that we are using all the tools at the Treasury Department and across the government, per the President's instruction, to advance these issues.

My view is that this is not only something that is morally important, but it is critical to our economic future. Unlocking the unrealized potential of marginalized communities is critical to growing the economy and making sure that we are in position where we can compete globally.

Senator CARDIN. I would just point out, you can do a lot by executive order, and we are pleased to see yesterday's announcement in regards to small businesses, a 14-day window for the smaller of the small businesses, removing the prohibitions on returning citizens, dealing with the self-employed, a more generous definition of the aid. They are the types of things that you can do.

And I was pleased you worked with us on those executive orders, and I would just encourage you to do the same as you do your review as to how we can better target help to the traditionally under-served communities.

The CHAIRMAN. I very much agree with Senator Cardin, and we have to move on.

Senator Brown, on the web.

Senator BROWN. Thank you, Mr. Chairman. And I respect that you are trying to move quickly and get people to vote, and I really only have one question.

Mr. Adeyemo, you and I and Secretary Yellen discussed the enactment in early January, over President Trump's veto, of landmark bipartisan legislation to help create U.S. anti-money laundering laws and to finally end abuses by anonymous shell corpora-

tions by requiring firms to register their beneficial ownership information.

Senators Warner and Crapo were prominent players in that. Both of them sit on the Banking and Housing Committee and on this committee. They were integral in this law's passage. As you know, the bill establishes tight timelines for new rules that must be written for establishing a new beneficial ownership database, alongside the SAR database at FinCEN, and otherwise implement the many requirements of the new law.

So my question is, will you commit to continuing to work with us to implement this new law promptly, effectively, completely, and to ensure adequate funding to implement the new AML law?

Mr. ADEYEMO. Senator, thank you for your work on this important issue. And I can commit to you that, if I am confirmed by the Senate, this will be one of my top priorities. And I look forward to working with you and members of this committee, and of the Banking Committee, to make sure that we implement that law in keeping with congressional intent, and that we use those authorities to protect the national security of the United States of America.

Senator BROWN. Thank you, Mr. Adeyemo. My only slight correction is we now, as chairman of this committee, we now call it the Banking and Housing Committee, not just the Banking Committee. It has too long been known as just the "Banking Committee" on Capitol Hill, so a slight correction in your comments, but I look very much forward to working with you on this issue, and Senator Warner, and Senator Crapo.

I yield back my time, Mr. Chairman. Thank you.

The CHAIRMAN. Thank you, Senator Brown.

We have a number of very patient members. Senator Casey is next.

Senator CASEY. Mr. Chairman, thanks very much. And I want to commend Mr. Adeyemo for his willingness to serve again. We are grateful for this opportunity to ask a couple questions. I will try to get to two, if I can.

As you know, in our earlier discussion we discussed the need to work with our allies to address the challenges posed by China—that is the focus of my question. We must engage, I believe, in a coordinated effort to address market distortions, subsidies, anti-competitive behavior from China, through the Finance Committee's Trade Subcommittee.

Senator Cornyn and I worked on a multi-faceted approach to focusing on China. We included in our hearings a focus on the Belt and Road Initiative, extra-territorial censorship, as well as the market access challenge. We worked in a bipartisan way on policies to address some of these practices. These are, of course, cross-cutting issues which will require both coordination and communication, as well as cooperation.

Can you discuss how your professional experience will inform your work with respect to China, and how you will engage with the interagency through multi-lateral cooperation to address the challenges posed by China, especially threats to the core principles of our economic system?

Mr. ADEYEMO. Senator, thank you for the question. In the Obama administration, I had the opportunity to serve as the Dep-

uty National Security Advisor for International Economics. In that role, I was the President's representative at the G7 and the G20. But in addition to doing that, I was also the person who coordinated international economic policy within the White House.

That role gave me the perspective that it is going to be critical for us as an administration to make sure that we look at the competition with China holistically. We cannot separate the economic from the pure security. We have to look at it all, because that is the way the Chinese look at these issues.

I look forward to working with my colleagues throughout the U.S. Government to address these important issues, but also to ensuring that as we think about how we address them at home, we are also mindful about bringing our allies along with us.

Fundamentally, what we need to do is demonstrate to those who seek to take advantage of the international trade system, that those countries that worked with them to create the system will hold them accountable for following the rules of the road and making sure that we compete on a level playing field.

Senator CASEY. Thanks very much. And my last question is about a proposal I have to have in place a reverse CFIUS, a legislative proposal to establish an outbound investment screen for critical national capabilities.

This would enhance our visibility on supply chain vulnerabilities. We are obviously too reliant right now on China for critical supplies, whether it is medical equipment or PPE. We have to make sure we are doing everything possible to have more visibility on these vulnerabilities with respect to production dependencies and other critical sectors, whether it is core industrial manufacturing or infrastructure, semiconductors, medical supplies, or others.

So my legislation would establish a process to conduct ongoing reviews of supply chains, and domestic production and manufacturing capacities. Could you discuss your views of this proposal?

Mr. ADEYEMO. Senator, I think it is critically important that we understand our supply chain and what vulnerabilities exist in that supply chain in order to protect America's national security interests, defined broadly.

When we look at the pandemic, no one would have imagined that we would have been so dependent on another country to protect the United States of America. It is critical that, as we think about a review of our supply chains, we think about threats that we face today, but also to imagine how those threats can morph going into the future.

So I look forward to working with you on these important issues, and to doing it from a whole-of-government perspective to ensure that we are meeting our national security interests.

Senator CASEY. Thanks very much. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Casey. We are going to try to finish before we go and vote, and at this point we have Senator Warner on the web, and we have Senator Warren here. And we have put out an all-points alert, if there are any other Senators.

So, Senator Warner next, and then Senator Warren.

Senator WARNER. Well, thank you, Mr. Chairman. And, Mr. Adeyemo, it is great to see you again. You seem to have been very calm through this whole hearing, and I know you have been thank-

ing us for all of our questions. So I will try to get my couple in very quickly, knowing the time constraints.

One of the things we have talked about in the past is something that Senator Crapo and I, and the chairman and others, worked on to get support in for—CDFIs and MDIs, Minority Depository Institutions and Community Development Financial Institutions—in the last COVID-related bill.

We have seen disproportionate harm to black and brown businesses coming out of COVID. This program, which will put \$9 billion of tier one capital into these institutions, can be leveraged for up to \$90 billion of additional lending, as well as the grant program put forward.

Can you speak to that a bit, and how you will make it a priority that this gets implemented appropriately?

Mr. ADEYEMO. Senator, this is a critically important issue to, I know, members of this committee, but also to President Biden and to the Biden administration. And if confirmed, it will be one of my top priorities to ensure that we implement this effectively, and in a way that is additive to the number of things that Congress has already done, including PPP, to get money into the hands of people in these communities.

Fundamentally, this is about getting credit to low-income and minority communities in order to make sure that they can grow those economies. Doing this well and effectively will require us to partner with CDFIs and minority-owned depositor institutions, which I am committed to doing, and to working with you and the committee on.

Senator WARNER. Well, I will say, I appreciate the answer, but you did not thank me for my question. So I was a little concerned on that. [Laughter.]

Let me move to my other question. A number of members have asked about the ILLICIT CASH Act, the beneficial ownership issues, and I appreciate the broad bipartisan work that went on on that legislation. I have two questions.

One, trying to get the rules in place before June, before the next meeting of the U.N. General Assembly—can we get that done?

And then, another part in the ILLICIT CASH Act created a new financial crimes symposium. I think this is very important, and will you work to make this symposium a success and make sure that we are continuing to work on these AML activities?

Mr. ADEYEMO. Well, Senator, thank you for your question. [Laughter.]

I think my view is, Senator, that, if confirmed, I look forward to working hard to try and get those rules in place as soon as possible. I am not aware—

Senator WARNER. Before June?

Mr. ADEYEMO. Senator, if I am confirmed, I look forward to trying to get them done as soon as possible, and hopefully before June. I look forward to spending time with my colleagues at Treasury who are already working on these issues and understanding where they stand, and I will come back and brief you on those as soon as I am confirmed.

With regard to the second piece of your question, yes, I completely agree that this is an important piece of legislation that I look forward to working on.

Senator WARNER. Thank you. I look forward to supporting you. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Warner.

Senator Warren?

Senator WARREN. Thank you, Mr. Chairman.

So the Trump administration did not even pretend to have a strategy for containing the coronavirus and rebuilding our economy, and it is why we surpassed half a million deaths and unemployment is currently around 10 percent. So I am glad to see action, decisive action, from President Biden on both fronts. He is demonstrating a leadership that we have been waiting for, and Treasury has a really important role to play here, including engaging with our allies.

The International Monetary Fund issues special drawing rights, a kind of currency that members like the U.S. can use to provide resources to countries that need help. Now it is no surprise that the Trump administration blocked efforts to issue new SDRs, withholding a critical tool that would help support a global pandemic response.

Mr. Adeyemo, can you help explain why providing low-income countries with the resources they need to fight this pandemic and its economic fallout is so important to our own safety and economic recovery?

Mr. ADEYEMO. Senator, thank you for the question. My view—and it is a view that is shared by, I know, members of this committee—is that in order to address this pandemic and contain the pandemic, we need to contain it globally.

Fundamentally, the pandemic does not respect borders. It does not respect counties, or cities, or States. It is global in nature, and we need to ensure that countries around the world are put in a position to deal with the pandemic and its results.

Part of this is going to require money, as we discovered in our own country, and providing financial resources to some of the poorest countries in the world is going to be critical to our national security if we seek to make sure that COVID-19 is not something that continues to affect us.

Senator WARREN. Good. Thank you. I appreciate that answer, and I hope Treasury will commit to delivering this crucial support. This pandemic will not be over for us until it is over for everyone, and our economy will not fully recover until other countries are back on their feet as well.

Right now the pandemic and economic recovery need to be your top priorities. I understand that. But I also want to ask about how to ensure the financial system serves the needs of families going forward.

Our financial system has been rigged for a long time to help the wealthy and the well-connected. Private equity firms get rich off stripping assets from companies, loading them up with a bunch of debt, and then leaving workers behind, leaving consumers behind, leaving whole communities in the dust. This business model is based on creating even more massive inequality in our economy.

Treasury has the tools to address this head-on, including through the Financial Stability Oversight Committee itself.

Mr. Adeyemo, one of FSOC's responsibilities is addressing the risks financial activities impose on low-income and under-developed communities. Will you commit to using FSOC authorities to address economic inequality, including by recommending more regulatory scrutiny of private equity funds?

Mr. ADEYEMO. Senator, I am committed to working with Secretary Yellen to address issues that face minority communities marginalized in this country, using all the tools of the Treasury Department. Some of these are regulatory, but I think we have a number of other tools that we can use also to address these challenges.

They are issues that I care about personally, and I look forward to working with the Secretary on those issues, and also working with you to address them going forward.

Senator WARREN. Well—and I appreciate that. But I really do want to bear down on this one. You have an FSOC tool here that is powerfully important. All it takes is the courage to step up and use that tool. So I appreciate that there are other tools as well, and I want to see you use them all, but will you commit to using this tool?

Mr. ADEYEMO. I am committed, Senator, to talking to Secretary Yellen about this tool and making sure that, on the top of our agenda is thinking about how the financial system can best serve all Americans, including marginalized communities.

In terms of how the FSOC does that, I am looking forward to talking to her about that and making sure that we come back to you.

Senator WARREN. Mr. Adeyemo, I just want to say on this one, I do not think you should waiver about this. If you and the administration are committed to taking a whole-of-government approach to advancing economic and racial equality, then Treasury cannot be a bystander in this.

Treasury has a lot of tools, especially FSOC, and I urge you to use them.

Mr. ADEYEMO. Thank you, Senator, and I look forward to using all of our tools to address this very important issue.

Senator WARREN. I like hearing you will use all your tools.

Mr. ADEYEMO. Thank you.

Senator WARREN. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Warren.

I believe now we have Senator Cortez Masto on the web. Senator?

Senator CORTEZ MASTO. Thank you, Mr. Chairman. Thank you, Mr. Ranking Member. Mr. Adeyemo, thank you so much for your willingness to serve and taking the time to speak with me.

Let me just start up very quickly, because I know everybody wants to—we have a vote going on as well. But 3 years ago, Congress reformed the CFIUS process, which has helped address the impact of Chinese investment in critical sectors.

While some countries have started developing similar processes, many strategic partners are only getting to review Chinese invest-

ments in critical sectors. How can we help those allies emulate a CFIUS-like process?

Mr. ADEYEMO. Senator, it is good to see you. Thank you for the question. My view is that we have tools in the United States that have put us in a position to protect our national security. And it is critical that we work with our allies to develop those tools as well.

A number of our allies have taken steps to make sure that they protect their investments, but what we know is that those who seek to take advantage of our national security, if they are unable to gain access to the U.S. economy and to critical technologies here, they will look to other countries.

So a big piece of running the CFIUS process through the Treasury Department, from my perspective, is making sure that we work with our allies to ensure that they have the same type of authorities in their countries to address these critical issues going forward. It is going to be something that I will be focused on, if confirmed, and I look forward to working with you to address these important issues.

Senator CORTEZ MASTO. I do as well. And I also hope that you would also consider leading a comprehensive interagency campaign as well around these issues.

Let me move on to an issue that is important for my State: hospitality, gaming, and the service industries. In Nevada, resort operators support a whole community. The economic impacts of this pandemic have been a direct hit to its employees and the small businesses that depend on the resorts, and the revenue generated for the State. These are ripple effects that we have seen and felt throughout our entire economy in my State, as well as in the country.

I brought up this concern of mine with Secretary Yellen during her confirmation hearing, but can you give me your thoughts on the importance of robust and safe tourism to the general economy, and State and local economies that rely on revenues?

Mr. ADEYEMO. Senator, the tourism industry, like a number of industries in the United States, has been dramatically impacted by the coronavirus. The industries are critical to our long-term economic growth, and critical to American workers.

We need to make sure that we provide the resources to help the small businesses and workers who are struggling because of the coronavirus to get through to the other side and that we continue to invest in some of the things that make America great, which include the industries that you spoke about.

I look forward to working with you on these issues going forward.

Senator CORTEZ MASTO. Thank you. And then one final question. Do you believe Treasury should seek to update FinCEN's 2014 guidance on the Bank Secrecy Act's expectations for financial institutions that provide services to cannabis-related industries? And if so, what changes do you recommend?

Mr. ADEYEMO. Senator, I look forward, if confirmed, to talking to my colleagues at Treasury about this important issue, and thinking through what changes may be needed—and doing this in a way that is consistent with the interagency and the President's guidance.

In doing that, I look forward to consulting with you and members of this committee on our path forward.

Senator CORTEZ MASTO. Thank you. Thank you again for your willingness to serve, and congratulations.

Mr. ADEYEMO. Thank you.

The CHAIRMAN. Thank you, Senator Cortez Masto.

Senator Bennet?

Senator BENNET. Thank you, Mr. Chairman. I think you are running the most expeditious hearing in the history of the United States Senate. So I am grateful for that.

Mr. Adeyemo, it is wonderful to see you again. I am very grateful for your willingness to serve. We have missed you and are glad you are back.

As you know, incredibly the United States has one of the highest child poverty rates among our industrialized countries in the world. I think a recent report showed us 28th out of 32, an OECD report.

And I was thrilled that the Biden administration included in its next COVID package an expansion of the Child Tax Credit, along the lines of the bill that Senator Brown and I have been working on for so long, it seems.

The result of that, Mr. Chairman, is that we would cut childhood poverty in this country by almost 50 percent. I noticed that the House version of the bill contained a provision that we had to instruct the IRS to make this a monthly payment. And I just wondered if Congress ends up putting that on your doorstep, whether you will be able to champion that in the agency to make sure we are able to do it on a monthly basis, and maybe you could talk a little bit about the importance of families receiving that tax credit on a monthly basis, as opposed to the annual basis they receive it on today.

Mr. ADEYEMO. Senator, the evidence of what it would do for income smoothing by receiving these payments on a monthly basis is convincing. If confirmed, I would look to work with the IRS to figure out how we could make this happen, because the reality is that one of the things that we need to do is to address poverty in this country, especially among children. It is not only an investment in the children today, but it is an investment in America's future and making sure that we are building the most competitive America possible.

So I look forward to working with you on this issue and to, if confirmed, working with my colleagues at the IRS to try to figure out a way to make sure we can get these payments to Americans on a more regular basis.

Senator BENNET. I agree with everything that you just said. I will add that an institute at Columbia University just put out a study last week about the proposal that the Biden administration has made. And it says that it would pay back eight times, on an annual basis, if we did this. So it is not only about the future, it is about the present as well.

I wonder if you could say a few words about affordable housing. Our housing in Colorado and across the country has become incredibly expensive. In many mountain towns, there is really very little workforce housing at this point. And in many rural areas in the State, there is very little workforce housing.

I just wondered if you could say a few words about that.

Mr. ADEYEMO. Senator, affordable housing is often the gateway to opportunity. Having affordable housing be in the city center, or near jobs, or near good education for children, is critical to ensuring that people have the ability to, in many ways, access the American Dream and social mobility.

There are a number of tools that the Treasury Department and the executive branch have to address this challenge. I think it is critical that we do it in a way that is strategic and comprehensive.

I look forward to, if confirmed, working on this set of issues with my colleagues at Treasury, with my colleagues at HUD, but also with my colleagues at CFPB and across the government, because I think that one of the things that we discovered long before this crisis is that we do not have enough affordable housing in America. So we need to make sure we find ways to expand it.

Senator BENNET. We have had such a challenge with our mobility rates for so long, and that is showing up in people's inability to afford housing, health care, higher ed, early childhood ed. And it is another reason why I think that the Child Tax Credit is so important.

I am going to reserve the last minute, Mr. Chairman, in the interests of the schedule and my colleague from New Hampshire. But let me just say how much I look forward to working with you on automatic stabilizers, something the chairman and I have been working together on as we try to get out of the politics and into a place where we are actually helping working families.

So thank you, Mr. Chairman, and thank you, Mr. Adeyemo.

The CHAIRMAN. True on all counts.

Senator Hassan?

Senator HASSAN. Well, thank you, Mr. Chairman. I am going to see if I can get close enough to the mic. There we go. And thank you, Mr. Adeyemo, for joining us and for your willingness to serve. It is a difficult time in our country, so we are really grateful for your interest and willingness to serve, and we thank your family for the joint commitment that that reflects.

Mr. Adeyemo, the year-end COVID relief package contained a bipartisan bill that I introduced with Senator Burr that made small businesses eligible for both the Paycheck Protection Program and the Employee Retention Tax Credit, with guardrails to prevent double-dipping.

Recently, I joined Senator Burr to urge the Treasury to ensure that PPP participants have full access to the Employee Retention Tax Credit by issuing much-needed guidance. Treasury can also facilitate small business assistance by increasing educational outreach around the Employee Retention Tax Credit.

Mr. Adeyemo, if confirmed, will you work to ensure that small businesses promptly receive the guidance that they need to take full advantage of the Employee Retention Tax Credit? And will you work to increase educational outreach around the credit?

Mr. ADEYEMO. Senator, I am committed to doing those things. As you know, 98 percent of small businesses in America employ less than 20 people. These small businesses need to be informed about the benefits they have that will help them get through to the other side of the pandemic, and I look forward to doing this with my col-

leagues at Treasury, if confirmed, and to working with you on this issue.

Senator HASSAN. Thank you, very much.

Let's move to a different issue that is of great concern to my constituents. Earlier this month, I called on Senate leadership to protect Granite Staters from out-of-State income taxes in the next legislative package.

Currently, other States are trying to impose income taxes on New Hampshire residents who normally commute to those States, but they are working from home during the pandemic. I strongly oppose these unconstitutional out-of-State taxes, and I will continue working with the committee and my colleagues to build on a bipartisan proposal to provide strict limits on a State's authority to tax workers outside their borders.

Mr. Adeyemo, as this committee considers proposals to limit out-of-State taxes, will you work with Treasury staff to provide technical feedback on any legislation?

Mr. ADEYEMO. Senator, in confirmed, I look forward to providing technical assistance.

Senator HASSAN. Thank you so much. I look forward to working with you and with the committee to protect my constituents who are working remotely from what are really over-reaching efforts by other States.

I want to turn to another subject. In previous Finance hearings, I have stressed the importance of Treasury programs that combat the financing of terrorist and criminal organizations.

In the previous few years, there have been highly concerning reports that the Islamic State looted antiquities to help fund their campaign of terror. To address this, last year's bipartisan National Defense Authorization Act extended antiterrorism finance requirements to the trade of antiquities and artifacts. The NDAA also required a study of money laundering in the art market by the Financial Crimes Enforcement Network.

Can you speak to how the updated requirements for antiquity dealers will help combat terrorist and criminal financing, and will you keep the committee apprised of the findings of FinCEN's study on money laundering?

Mr. ADEYEMO. Senator, I am committed to keeping the committee abreast of the work my colleagues in FinCEN do, if I am confirmed to the position of Deputy Secretary of the Treasury. I agree that this is an important issue, and one that requires our attention in order to make sure that those who seek to take advantage of our financial system are unable to.

Senator HASSAN. Great. Thank you. Last question: startups and new businesses will play a central role in job creation and economic growth during the recovery from COVID-19. Unfortunately, many new businesses have limited access to current small business assistance programs, including the Paycheck Protection Program and the Employee Retention Tax Credit. And it was nice to hear you speak about the importance of small businesses in answer to my first question.

I strongly support addressing this in upcoming relief legislation by providing assistance through the tax code that is tailored to startup businesses.

Mr. Adeyemo, if confirmed, will you work with me and this committee to evaluate ways to direct assistance to new businesses and support new business job creation during the recovery from COVID-19?

Mr. ADEYEMO. Senator, I am committed to working with you and members of this committee to think about how we build innovative small businesses in America. They are the key to our long-term success, and we need to invest in that sooner rather than later.

Senator HASSAN. Well, thank you very much, Mr. Adeyemo. I appreciate that.

The CHAIRMAN. I thank you, colleagues.

Mr. Adeyemo, they are holding the vote for Senator Hassan and me, but two quick points. One, it is easy to see why you have so many fans, and I look forward to doing everything I can to move this nomination as quickly as possible. And, colleagues, we have a really hectic week.

With respect to the questions for the record on this nominee, Mr. Adeyemo, the deadline for members to do that will be Thursday, February 25th, at 5 p.m. That deadline is firm.

And with that, the Finance Committee is adjourned.

[Whereupon, at 11:57 a.m., the hearing was concluded.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF ADEWALE O. ADEYEMO, NOMINATED TO BE DEPUTY SECRETARY, DEPARTMENT OF THE TREASURY

Chairman Wyden, Ranking Member Crapo, and members of the committee, it is a privilege to come before you today as President Biden's nominee for Deputy Secretary of the Treasury. I want to thank Senator Warren for her generous introduction, and I want to express my gratitude to the committee for considering my nomination. I also want to thank President Biden, Vice President Harris, and Secretary Yellen for placing their confidence in me.

I have spent the majority of my career working in public service, inspired by my parents, who came to this country to provide their children with opportunity. My parents emphasized the need to give back to a country that has given us so much, demonstrating the value of service every day as an educator and a nurse, helping to provide opportunity and care to members of our community.

If confirmed as Deputy Secretary of the Department of the Treasury, my focus will be advancing policies that provide everyone access to the same economic opportunities I have enjoyed. Taking steps to ensure that all Americans share in our prosperity is not only a moral imperative, it is essential to our long-term economic growth.

Today, the most immediate threat to our shared prosperity is COVID-19. Until we contain the pandemic, economic policy must remain focused on providing relief to those harmed by the public health crisis, especially those disproportionately impacted—low-income communities and communities of color. The pandemic has exacerbated inequality, strained families, and exposed disparities in opportunity throughout our country that existed long before COVID-19. Without additional relief, this hardship will become even more acute and will inflict long-lasting pain on countless Americans.

Containing the pandemic is not only critical to our economic prosperity, it is also critical to advancing our national security. I have spent a great deal of time working at the intersection of economic policy and national security, including during my time as Deputy National Security Advisor for International Economics. If confirmed, I have been asked by Secretary Yellen to work on a number of Treasury's national security priorities. This will involve a focus on three critical areas.

First, we need to invest in America's competitiveness. To ensure the future is made in America, we must fuel innovation; make smart, targeted investments in critical industries and technologies; and pursue policies that protect American workers and industries from anti-competitive trade practices. Taking steps to invest at home will put our firms and workers in the best position to compete globally. American companies and workers are the most innovative in the world and have always thrived when allowed to compete on a level playing field.

Second, we must reclaim America's credibility as a global leader, advocating for economic fairness and democratic values. As the President has said, America's alliances are one of our greatest assets. We must work hand-in-hand with our allies to confront those who threaten our economic and national security. This is the only way to build a global economy where the rules of the road reward hard work and innovation, not unfair practices and abuse.

Finally, we need to work with Congress and strategically use the Treasury Department's tools to protect our citizens from threats, foreign and domestic. Treas-

ury's tools must play a role in responding to authoritarian governments that seek to subvert our democratic institutions, combating unfair economic practices in China and elsewhere, and detecting and eliminating terrorist organizations that seek to do us harm.

These are not Democratic or Republican challenges; they are American challenges.

I know the ways we address these challenges have real-life consequences. I have seen this directly, coming from a working-class part of California called the Inland Empire that was devastated by the Great Recession. Many of those same neighbors and friends are struggling to survive the public health and economic crisis created by COVID-19. Addressing the challenges faced by people in the Inland Empire, and communities like it all over this country, is in our economic and national security interest. The actions we take today must not only protect these Americans from COVID-19 but should also lay the groundwork for years of economic prosperity and opportunity.

At this critical time for the country, I hope to join President Biden, Vice President Harris, Secretary Yellen, and Congress in fighting to give others the same opportunity my family had. Today, just as when I joined the Treasury in 2009, I feel called to serve my country and would be honored to do so as Deputy Secretary of the Treasury.

I look forward to collaborating with members of this committee and Congress as we rebuild the American economy from this historic crisis.

Mr. Chairman, Ranking Member Crapo, members of the committee, thank you for considering my nomination. I am happy to take your questions.

SENATE FINANCE COMMITTEE

STATEMENT OF INFORMATION REQUESTED OF NOMINEE

A. BIOGRAPHICAL INFORMATION

1. Name: Adewale "Wally" Adeyemo.
2. Position to which nominated: Deputy Secretary of Treasury.
3. Date of nomination: January 20, 2021.
4. Address (list current residence, office, and mailing addresses):
5. Date and place of birth: May 20, 1981, Ibadan, Nigeria.
6. Marital status:
7. Names and ages of children:
8. Education (list all secondary and higher education institutions, dates attended, degree received, and date degree granted):
Eisenhower High School September 1995–June 1999, High School Diploma; UC Berkeley August 1999–August 2004, Bachelor of Arts Degree; UC Berkeley Graduate School of Education August 2004–May 2005, No Degree; and Yale Law School August 2005–May 2009, J.D.
9. Employment record (list all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment for each job):
Obama Foundation, president, August 2019 to present. Manage the day-to-day operations of the Obama Foundation. This included work to develop 5-year strategic plan for the Foundation focused on the development of the Obama Presidential Center on the south side of Chicago, IL.
BlackRock, senior advisor, May 2017 to September 2019. Advised BlackRock leadership on the establishment of the BlackRock Institute, the Firm's in-house think tank; provided macroeconomic and geopolitical advice to BlackRock port-

folio managers and clients. Previously served as interim chief of staff to Larry Fink, CEO and chairman, New York, NY.

White House, Deputy National Security Advisor and Deputy Director of the National Economic Council, September 2015 to January 2017. Served as President Obama's international economic advisor and the President's representative to the G20 and G7, Washington, DC.

U.S. Treasury Department, Senior Advisor and Deputy Chief of Staff, October 2011 to September 2015. Advised the Secretary of Treasury on strategic priorities, assisted in the oversight of Treasury personnel, and served as the chief negotiator for the Trans-Pacific Partnership's provisions on macroeconomic policy, Washington, DC.

Consumer Financial Protection Bureau (CFPB), Chief of Staff, July 2010 to October 2011. Built the Bureau's initial executive leadership team and served as a senior advisor to Elizabeth Warren on policy and operational issues, Washington, DC.

U.S. Treasury Department, Deputy Executive Secretary, February 2009 to July 2011. Assisted the Treasury Department's Chief of Staff in coordination of the policy-making process, Washington, DC.

Brookings Institution, editor of the Hamilton Project, August 2008 to February 2009. Assisted in the publication of policy proposals to foster long-term economic growth, Washington, DC.

Irell and Manella LLP, summer associate, August 2008. Served as a legal intern for the summer, Irvine, CA.

Skadden, Arps LLP, summer associate, June to July 2008. Served as a legal intern for the summer, New York, NY.

John Edwards for President, Deputy State Director, May 2007 to February 2008. Served as the number two official for the campaign in New Hampshire, Manchester, NH.

Law Office of Rob McDuff, legal intern, June to August 2006. Served as a legal intern for the summer, Irvine, CA.

Irell and Manella LLP, summer associate, May to June 2006. Served as a legal intern for the summer, Irvine, CA.

UC Berkeley Labor Center, graduate student researcher, January 2005 to May 2005. Did economic research on the California Central Valley.

Educational Democracy for Youth, executive director and consultant, May 2002–August 2004. Provided high school seniors with civic education, Berkeley, CA.

California Association of Student Councils, consultant, January, 2002 to May 2007. Provided advice and consulting to various young leader programs, Oakland, CA.

Associated Students of the University of California, president, May 2001–May 2002. Served as student body president at the University of California at Berkeley, Berkeley, CA.

UC Berkeley Summer Student Orientation, counselor, 2000. Provided new students with advice on course selection, Berkeley, CA.

UC Berkeley Stern Hall, security guard, September 1999–March 2001. Provided security to students within the dorm in order to pay for school, Berkeley, CA.

10. Government experience (list any current and former advisory, consultative, honorary, or other part-time service or positions with Federal, State, or local governments held since college, including dates, other than those listed above):

None.

11. Business relationships (list all current and former positions held as an officer, director, trustee, partner (*e.g.*, limited partner, non-voting, etc.), proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, or educational or other institution):

Demos (nonprofit), board of trustees.

Comer Education Campus (nonprofit), board of directors.

Golden State opportunity (nonprofit), board of directors.

Adewale Adeyemo Consulting, LLC, governor. The business has been inactive for years, and it will be fully dissolved before January 20, 2021.

12. Memberships (list all current and former memberships, as well as any current and former offices held in professional, fraternal, scholarly, civic, business, charitable, and other organizations dating back to college, including dates for these memberships and offices):

Member, Aspen Institute Economic Strategy Group.

Senior adviser, Center for Strategic and International Studies.

Advisory board chair, JustHomes Faith Based Affordable Housing Group.

Advisory board member, Aspen Institute Future of Work Initiative.

Non-resident senior fellow, New York University Reiss Center for Law and Security.

Advisory board member, National Security Action.

13. Political affiliations and activities:

- a. List all public offices for which you have been a candidate dating back to the age of 18.

None.

- b. List all memberships and offices held in and services rendered to all political parties or election committees, currently and during the last 10 years prior to the date of your nomination.

John Kerry for President 2004, volunteer. Helped with African American outreach in California and voter protection in Ohio for the general election.

Harold Ford for Senate 2006, volunteer. Helped with get-out-the-vote efforts for the campaign in Memphis, TN.

John Edwards for President 2008, New Hampshire Deputy State Director. Served as the number two official for the campaign in New Hampshire.

Barack Obama for President 2008 and 2012, volunteer. Helped with get-out-the-vote efforts in Ohio for the general election in 2008, and in Virginia for the general election in 2012.

- c. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 10 years prior to the date of your nomination.

Biden Victory Fund, \$1,400.

Laura Capps for Supervisor, \$500.

Friends of Dan Feehan, \$250.

Friends of Lois Capps, \$250.

14. Honors and awards (list all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievement received since the age of 18):

UC Berkeley, Robert Gordon Sproul and Ida W. Sproul Award for Outstanding Scholar and Leader.

UC Berkeley, Mark Bingham Award for Excellence in Achievement by Young Alumni.

Yale Law School, John Fletcher Caskey Prize for Best Trial Advocate.

15. Published writings (list the titles, publishers, dates, and hyperlinks (as applicable) of all books, articles, reports, blog posts, or other published materials you have written):

"Remarks: Memorial Service, September 17, 2001," UC Berkeley Memorial to the Victims of 911, September 17, 2001.

"September 2010: Transfer Date Announced," Consumer Financial Protection Bureau Blog, February 18, 2011.

"The G7 and the Global Economy," Peterson Institute for International Economics, May 19, 2016.

“China and the G20,” The Center on Strategic and International Studies, July 20, 2016.

“Protectionism Is Rising the World Over. Our Best Defense Is Fighting Inequality,” *The Guardian*, April 21, 2017.

“To Defeat ISIS, Trump Needs an Economic Strategy for Iraq,” *The Hill*, May 25, 2017.

“China: Quality Over Quantity,” The BlackRock Investment Institute, June 2018, with Jean Boivin and Tara Rice.

“Coronavirus, the Global Economy and Geopolitics,” Reiss Center for Law and Security, July 22, 2020.

16. Speeches (list all formal speeches and presentations (*e.g.*, PowerPoint) you have delivered during the past 5 years which are on topics relevant to the position for which you have been nominated, including dates):

“Collective Amnesia,” The 15th Annual European Financial Services Conference, February 7, 2017.

“A New World Order?: American Security in an Era of Global Challenge,” New York University Law School, April 26, 2017.

Employability Speaker Series 2017, University of Glasgow, November 3, 2017.

“A Road Less Traveled: National Security Careers After Law School,” New York University Law School March 26, 2019 (provided law students with information on public service careers).

“Geopolitical Risk in the MENA Region,” 2019 ABANA Summit @ Bloomberg LP, May 2, 2019.

“Ahead of the G20 Conversation With Mark Sobel,” Official Monetary and Financial Institutions Forum, June 25, 2019.

Keynote Speaker at the Omaha The Empower Network, Omaha, Nebraska October, 24, 2019.

“Can Economics Save the World? A Panel Discussion With 2019 Nobel Laureate Abhijit Banerjee,” University of Chicago, November 19, 2019.

“Higher Education, the Economy and COVID-19,” World Projects at Columbia University, May 7, 2020.

“Challenges and Change at Home and Abroad,” Economy Disrupted Program at the Center for Strategic and International Studies, July 27, 2020.

Fels Public Policy in Practice Speaker Series with Elizabeth Vale featuring President of the Obama Foundation, Wally Adeyemo, University of Pennsylvania September 11, 2020.

17. Qualifications (state what, in your opinion, qualifies you to serve in the position to which you have been nominated):

I bring a broad array of management and policy expertise, having held several senior management positions across the executive branch, including Deputy National Security Advisor and Deputy Director of the NEC at the White House, Senior Advisor at the Treasury Department, and Chief of Staff at CFPB where I helped stand up the Bureau in the aftermath of the financial crisis to protect consumers and working people from unfair, deceptive, or abusive financial practices.

I also have deep experience in the international and national security space and will apply this skill set to Treasury’s critical work on financial sanctions, counter-terrorist financing, and the Department’s all-important role of overseeing CFIUS. Even during an economic crisis, we must stay vigilant on our national security objectives, and as the global community understands, protecting the integrity of the financial system is a critical element of that. I have the institutional knowledge to ensure these crucial areas of Treasury’s work are running on all cylinders from Day One.

I also bring a sophisticated understanding of the financial markets, further honed during my time in the private sector, and an extensive network of international relationships forged during my time at Treasury and as President Obama’s representative to the G7 and G20.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections (including participation in future benefit arrangements) with your present employers, business firms, associations, or organizations if you are confirmed by the Senate? If not, provide details.
Yes.
2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, provide details.
No.
3. Has any person or entity made a commitment or agreement to employ your services in any capacity after you leave government service? If so, provide details.
No.
4. If you are confirmed by the Senate, do you expect to serve out your full term or until the next presidential election, whichever is applicable? If not, explain.
Yes.

C. POTENTIAL CONFLICTS OF INTEREST

1. Indicate any current and former investments, obligations, liabilities, or other personal relationships, including spousal or family employment, which could involve potential conflicts of interest in the position to which you have been nominated.
None.
2. Describe any business relationship, dealing, or financial transaction which you have had during the last 10 years (prior to the date of your nomination), whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.
None.
3. Describe any activity during the past 10 years (prior to the date of your nomination) in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy. Activities performed as an employee of the Federal government need not be listed.
I signed on to a letter with a number of former national security professionals that stated our opposition to Executive Order 13769 because in my view it put our national security at risk and did not align with our values.
4. Explain how you will resolve any potential conflict of interest, including any that are disclosed by your responses to the above items. (Provide the committee with two copies of any trust or other agreements.)
Any potential conflict of interest will be resolved in accordance with the terms of my ethics agreement, which was developed in consultation with ethics officials at the Department of the Treasury and the Office of Government Ethics. I understand that my ethics agreement has been provided to the committee. I am not aware of any potential conflict other than those addressed by my ethics agreement.
5. Two copies of written opinions should be provided directly to the committee by the designated agency ethics officer of the agency to which you have been nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position.

D. LEGAL AND OTHER MATTERS

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency (*e.g.*, an Inspector General's office), professional association, disciplinary committee, or other ethics enforcement entity at any time? Have you ever been interviewed regarding your own conduct as part of

any such inquiry or investigation? If so, provide details, regardless of the outcome.

No.

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county, or municipal law, regulation, or ordinance, other than a minor traffic offense? Have you ever been interviewed regarding your own conduct as part of any such inquiry or investigation? If so, provide details.

No.

3. Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

Yes. I was a party to *Alex Kipnis, et al. vs. The Associated Students of the University of California* (California Superior Court, County of Alameda). I, and a number of similarly situated plaintiffs, brought a case against the Associated Students of the University of California (ASUC) for violating our free speech rights. We ultimately withdrew the case after settling out of court with the ASUC.

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, provide details.

No.

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

None.

E. TESTIFYING BEFORE CONGRESS

1. If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?

Yes.

2. If you are confirmed by the Senate, are you willing to provide such information as is requested by such committees?

Yes.

QUESTIONS SUBMITTED FOR THE RECORD TO ADEWALE O. ADEYEMO

QUESTIONS SUBMITTED BY HON. JOHN BARRASSO

Question. On his first day in office, President Biden issued an executive order halting construction of the Keystone XL pipeline. Thousands of American jobs were eliminated with the stroke of President Biden's pen.

From an economic standpoint, do you believe the workers who lost their jobs and the communities they lived in are better or worse off today as a result of President Biden's action?

What action can Treasury take *today* to help energy workers who lost their job as a result of President Biden's executive order, or those energy workers whose jobs are threatened by policy statements made by the President and individuals he has nominated for positions within the executive branch?

Answer. Climate change is an existential threat to the health and safety of the American people, the environment, as well as our economy. It is critical that we mitigate these risks in a manner that is consistent with our interest in creating a better future for our children.

As Secretary Yellen has said, as we work to solve the climate crisis and move toward a low-carbon future, we must ensure that American families—especially the most vulnerable and those exposed to the costs of the energy transition—share in the economic gains that can come from a clean energy economy. The President's agenda includes investments in clean energy and energy efficiency technologies that create good-paying jobs. If confirmed, I look forward to working with you and other

members of Congress to make investments in the energy transition that will help create jobs.

Question. There is strong bipartisan support in Congress for the implementation of sanctions related to the Nord Stream 2 project.

Failing to implement U.S. sanctions strengthens President Putin's influence in the region and will create long-term instability for many of our allies in the region and their economies.

A broad, encompassing sanctions regime will strengthen the interests of the United States as well as our allies and their people.

It sends a message to our allies and partners that we will stand beside them against Russian aggression.

Do you support robust and timely implementation of U.S. sanctions on Nord Stream 2?

What additional sanctions must be put in place to prevent the completion of the dangerous pipeline?

What will be the impact on Baltic countries and other allies in the region if the United States is perceived to willfully ignore its own laws or enact ineffective sanctions on Russia?

Answer. If confirmed, I will work closely with counterparts across the administration on these issues. I am committed to effectively enforcing sanctions targeting Russian actors and other threats to U.S. national security. As I said in my opening statement, we need to work with Congress to strategically use the Treasury Department's tools to protect our citizens from threats, foreign and domestic. If confirmed, I look forward to working with you on this important issue.

Question. President Biden has indicated he will push to halt U.S. and world organizations, such as the World Bank, from financing global fossil fuel projects. Many of these projects would be in poor, underdeveloped nations.

We know providing a nation with reliable and affordable power generation improves the quality of life for their citizens exponentially.

We also know helping nations develop their natural resources by using them domestically will raise the standard of living through economic activity and employment.

By pushing to block funding for energy projects in poor nations, President Biden will open the door for China to finance fossil energy power generation projects through its Belt and Road Initiative.

Do you believe it is appropriate for the United States to tell poor countries we will not help them to address poverty in their nations unless they do it as we demand?

Answer. It is important that the United States, our allies, and international financial institutions take steps to ensure developing countries have the resources they need for public health and economic recovery during this time of crisis. If confirmed, I will work with Secretary Yellen and Treasury staff to analyze the full range of ways that the international community can strengthen its support for the most vulnerable countries during this time. I believe this can be done in a way that is consistent with ensuring these countries have access to the tools needed to mitigate and adapt to the impact of climate change.

Question. Do you agree China will step in with their Belt and Road Initiative to provide the assistance President Biden has indicated he will not provide?

Answer. Competition with China is one of the central challenges of the 21st century, including competition with China's economic statecraft. For a number of countries, the pandemic has exposed the challenges that come with accepting economic assistance from China. I believe it is critical social, economic, and environmental safeguards are built into development programs we support, and we work to offer countries an opportunity to pursue sustainable growth. If confirmed, I look forward to working with President Biden, Secretary Yellen, and Congress to craft an economic and diplomatic agenda that promotes economic fairness and democratic values.

Question. I have heard from multiple accountants and tax preparers about problems they have connecting with a live person at the Internal Revenue Service.

When eventually reaching a live person, more often than not, the individual is unable to provide assistance and directs the customer to other divisions where the routine repeats itself. The situation has only gotten worse as the COVID-19 pandemic continues.

While most people are understanding of delays during the pandemic and the need to safely return people to their work sites, lack of timely and useful responses is beginning to create serious problems for America's taxpayers.

What steps do you plan to implement to get IRS workers within all units of the IRS back in the office, and improve the level of service currently being encountered?

Answer. If confirmed, one of my goals will be to review the services the Department of the Treasury provides to the American people. I would, if confirmed, move quickly to be briefed on this issue and work to understand the health, safety, and resource constraints that the IRS faces. That understanding would underpin future steps I would take, if confirmed, toward improving service for taxpayers in this and future filing seasons. I understand that this past year has been incredibly challenging for all Americans and all organizations, and the IRS is no exception. American taxpayers are right to expect high levels of service from their government, including the IRS.

Question. What is your timeline to institute these steps?

Answer. If confirmed, I am committed to providing you with a briefing on what it will take to address these service issues after I have completed my review.

Question. The Chinese Communist Party continues to commit terrible human rights abuses.

Prior to leaving office, Secretary of State Pompeo issued a formal declaration that China is committing genocide through its wide-scale repression of Xinjiang's ethnic minorities.

China's actions include incarceration of the Uyghur people in "re-education camps," forced sterilization of Uyghur women, and efforts to eliminate the existence of the Uyghur people, their dignity, and culture from recorded history.

During his confirmation hearing, now Secretary of State Antony Blinken agreed with Secretary Pompeo's genocide determination and condemned the Xinjiang "concentration camps."

Given President Biden and Secretary Blinken agree that the Chinese Government is engaged in genocide against the Uyghur people, what sanctions do you suggest the U.S. Department of Treasury impose against China?

How quickly can those sanctions be implemented?

Will the sanctions be implemented before the genocide is completed?

Answer. If confirmed, I look forward to learning how my colleagues at the Treasury Department are thinking about using the Department's tools to address these challenges. I am committed to working to hold China accountable for its violation of international law.

QUESTIONS SUBMITTED BY HON. SHERROD BROWN

MULTILATERAL DIPLOMACY ON ANTI-CORRUPTION EFFORTS

Question. As part of its foreign policy platform, the Biden administration has both promised to reinvigorate U.S. multilateral diplomacy and identified global anti-corruption as a priority for its diplomatic engagement. There are several opportunities within the next year—the G7, G20, Summit of the Americas, APEC, UN and the General Assembly Special Session on Corruption, as well as the proposed Summit of Democracy, to name a few—in which the United States can collaborate with our allies to strengthen the international anti-corruption framework. As the United States has itself just passed a landmark anti-corruption law—the Anti-Money Laundering Act, which would give U.S. law enforcement a powerful tool to identify the true, "beneficial" owner of U.S. shell companies—it would seemingly behoove us to work in multilateral forums to promote similar transparency measures, as well as to strengthen the enforcement of existing commitments against corruption, fraud, waste, and abuse. How and in which forums will the Treasury Department plan to play a unique role in implementing President Biden's anti-corruption agenda? What

mutual accountability mechanisms between nations might be used to ensure *existing commitments* are implemented, in addition to new commitments?

Answer. If confirmed, I will work to ensure that the Treasury Department continues and expands its role promoting anti-corruption efforts in international forums, such as the G7, G20, and Financial Action Task Force. The Treasury Department can share best practices, promote strong legislation across jurisdictions, and encourage collaboration with the private sector to improve awareness of and counter corrupt practices worldwide. I welcome the opportunity, if confirmed, to work with colleagues at Treasury and around the U.S. government to implement the Anti-Money Laundering Act recently passed by Congress. The Treasury Department can also play an important role in encouraging other countries to adopt similar transparency measures and enforce legal requirements related to corruption, fraud, and other forms of illicit finance.

AML OBLIGATIONS FOR PRIVATE EQUITY

Question. In an internal report¹ leaked last summer, the FBI assessed with “high confidence” that the \$15-trillion private investment fund market is increasingly used by criminals, kleptocrats, and tax cheats to circumvent the U.S. regulatory system. While registered investment advisers (RIAs) overseeing hedge funds, private equity funds, and other private investment vehicles report some information on their own ownership to the Securities and Exchange Commission (SEC), many currently have no obligations to know their customer or fulfill basic anti-money laundering (AML) requirements. In 2015, Obama’s Treasury Secretary Jack Lew initiated²—but never finalized—a rule³ that would bring registered investment advisers under the same AML obligations as similar financial institutions (*e.g.*, mutual funds, broker-dealers in securities, banks, and insurance companies). Do you intend to update and finalize the Obama-era rule requiring registered investment advisers to fulfill basic anti-money laundering obligations, as a way to mitigate risks of fraud, money-laundering, and sanctions evasion in the U.S. private investment fund market?

Answer. If confirmed, I will make safeguarding America’s financial integrity a top priority and will work to remove malign actors and illicit financial flows from our financial system. If confirmed, I look forward to being briefed by my colleagues at the Treasury Department on the status of this rulemaking and would welcome the opportunity to collaborate with you on this very important issue.

HUMANITARIAN TRADE WITH IRAN

Question. There are a lot of complicated issues surrounding U.S.-Iranian relations, including how to engineer the administration’s stated desire to re-enter the Iran nuclear agreement on a compliance—for compliance basis. But one issue which should not be complicated, especially during the COVID–19 crisis, is how to better ensure delivery of humanitarian goods—food, medicines and medical supplies—to the people of Iran, and how to mitigate sanctions over-compliance by financial institutions and allow basic humanitarian trade finance for these products to continue. Will you work at Treasury to do everything necessary to allow the free flow of licensed humanitarian goods to Iran, an especially urgent priority during the ongoing COVID–19 pandemic?

Answer. If confirmed, I will work with my colleagues at Treasury and throughout the Federal government to allow the free flow of licensed humanitarian trade to countries that are subject to U.S. sanctions, recognizing the unique circumstances of the COVID–19 crisis.

CROSS-BORDER RULE

Question. The Intelligence Reform and Terrorism Prevention Act of 2004 directed the Secretary of the Treasury to prescribe regulations to require the reporting to FinCEN of certain cross-border electronic transmittals of funds to help detect and prevent the proceeds of financial crimes and terrorist financing from flowing across America’s borders. The Act required the Secretary to issue these regulations by De-

¹ <https://blueleaks.io/jric/files/DDF/200501%20LES%20FBI%20Intelligence%20Bulletin%20%20Threat%20Actors%20Likely%20Use%20Private%20Investment%20Funds%20to%20Launder%20Money,%20Circumventing%20Regulatory%20Tripwires.pdf>.

² <https://www.fincen.gov/news/news-releases/fincen-proposes-aml-regulations-investment-advisers>.

³ https://drive.google.com/file/d/1wyW_MhoSXC8IC9GZCatfS-3g_zbIKT-r/view.

ember of 2007, if Treasury could certify that the technical capability to receive, store, analyze, and disseminate the information was in place prior to any such regulations taking effect. The Act also required that, in preparation for implementing the regulation and data collection system, the Treasury Department study the feasibility of such a program and report its conclusions to Congress. In 2006, FinCEN published a feasibility study detailing the costs and benefits of collecting cross border wire transfers. In September 2010, FinCEN published a notice of proposed rule-making (NPRM) that would require certain depository institutions and money services businesses to affirmatively provide records to FinCEN of certain cross-border electronic transmittals of funds. To my knowledge, nothing further has been published on the issue. Can you provide a status update on where the cross border electronic transmittal of funds reporting regulation currently stands, and whether FinCEN or the Treasury Department plans to pursue a final regulation on this topic in the near future?

Answer. If confirmed, I look forward to being briefed by my colleagues at FinCEN and across the Treasury Department and to working with you on this very important issue.

QUESTIONS SUBMITTED BY HON. MARIA CANTWELL

Question. Although you didn't mention it in your opening remarks, I believe the Treasury Department can play a key role in helping decarbonize our economy. Whether that is making sure financial markets assess and disclose climate risks, to effective distribution of clean energy tax incentives, to maybe someday soon issuing monthly dividends to every American as part of a carbon pricing program.

Do you share Secretary Yellen's view that she expressed during her January 21, 2021 confirmation hearing that climate change poses an "existential threat" and support her plans to make the Treasury Department a leader in addressing the risks it poses to our economy?

Answer. Climate change is an existential threat to our health and safety, the environment, and also our economy. If confirmed, I look forward to working with Secretary Yellen and the rest of the Treasury Department to deliver on President's Biden's plans to combat climate change, including investing in sustainable infrastructure and working to create new, green jobs. Investing in these industries of the future will be critical to ensuring America's long-term economic competitiveness.

Question. Do you believe that an economy-wide price on carbon, applied upstream where fossil fuels enter the economy, is the most efficient mechanism to decrease carbon emissions at the necessary scale and speed?

Answer. I agree with Secretary Yellen that we cannot solve the climate crisis without effective carbon pricing. During the campaign, President Biden made clear he supports an enforcement mechanism that requires polluters to bear the full cost of the carbon pollution they emit. I am committed to working on this issue and, if confirmed, look forward to working with you on this issue.

Question. Do you believe that a predictable, market-based carbon price will incentivize the markets to reduce carbon emissions faster and more efficiently than could be achieved through direct regulation of emissions within specific industry sectors?

Answer. Please see my answer above. Thank you.

Question. Do you believe that concerns over carbon pricing disproportionately harming lower-income households would be addressed if the majority of revenue raised was distributed back to consumers through equal per-capita monthly dividends?

Answer. I believe it is essential that as we move toward a low-carbon future, we also ensure that American families share in the economic gains that can come from a clean energy economy. If confirmed, I share Secretary Yellen's commitment to working with you to advance the President's agenda for investments in clean energy and energy efficiency technologies that create good-paying jobs, and clean electricity standards that will achieve carbon-pollution-free electricity by 2035.

Question. Do you believe the experience gained by the Treasury Department issuing stimulus checks during the COVID crisis prove that the Treasury Department would be capable of efficiently and cost-effectively issuing monthly dividend payments to every American?

Answer. I share your interest in improving tax administration. If confirmed, I plan to review how the lessons learned from issuing Economic Impact Payments can inform future tax administration. I look forward to working with you on this issue.

QUESTIONS SUBMITTED BY HON. MIKE CRAPO

Question. As Deputy Secretary of the Treasury, you would have oversight over the Office of Terrorism and Financial Intelligence, which is charged with combating terrorist financing and money laundering. Last year alone, law enforcement seized over \$2 billion in illicit cryptocurrency from terrorist financing and money laundering campaigns. It is obvious that terrorist groups have adapted to technology and the digital world, and that includes the exploitation of cryptocurrencies. As Deputy Secretary, would you prioritize the Department's counter-terrorist financing and anti-money laundering tools to combat the illicit use of cryptocurrency?

Answer. The stability and integrity of the U.S. financial system are vital to our economic and national security. If confirmed, I will make it a priority to protect our financial system from illicit financial flows and malign actors, working closely with the dedicated staff of the Office of Terrorism and Financial Intelligence, the IRS Criminal Investigation Division, and others within the Treasury. When it comes to cryptocurrency and digital assets, as Secretary Yellen has said, we know they can be used to finance terrorism, facilitate money laundering, and support malign activities that threaten U.S. national security interests and the integrity of the U.S. and international financial systems. It is also important that we consider the benefits of cryptocurrencies and other digital assets. If confirmed, I will work closely with Secretary Yellen, the Federal Reserve Board, and other Federal banking and securities regulators, including the SEC and CFTC, on how to implement an effective regulatory framework for these and other fintech innovations. If confirmed, I also look forward to working with you and other members of Congress to address these issues.

Question. As Deputy Secretary of the Treasury, you would oversee the Internal Revenue Service, including its Criminal Investigation Division, IRS-CI. Do you support prioritizing existing funding and increasing future funding within IRS-CI to combat the illicit use of cryptocurrency which are used to fund terrorist and criminal networks?

Answer. If confirmed, I look forward to discussing the IRS's approach to the illicit use of cryptocurrency with the IRS Commissioner, as well as Secretary Yellen. If confirmed, I look forward to discussing with you and other members of Congress the role the IRS will play in addressing the illicit use of cryptocurrency.

Question. IRS-CI agents have partnered successfully with Blockchain analysis companies to investigate donations to terrorist groups and the larger underlying financial networks that facilitate their operations. These partnerships have uncovered the parties that have sent and laundered funds, as well as identified the goods and services bought with these illicit funds. As Deputy Secretary, would you support continued and increased partnerships between IRS-CI and Blockchain analysis companies?

Answer. I believe the strength of U.S. financial system is a critical asset for our country and, if confirmed, I will work to protect its stability and safeguard its integrity. I would support the efforts of the IRS-CI and other offices within the Treasury to root out malign actors and illicit activities from our financial system, including efforts to partner with outside organizations willing to assist their efforts. If confirmed, I look forward to briefing you on these partnerships and other innovative methods to protect national security.

Question. Do you believe it is in the U.S. interest to ensure fair access for financial services in foreign markets? Will you work with USTR to ensure that such access remains a priority for both agencies?

Answer. It is essential that American companies and workers be able to compete on a level playing field. American companies and workers are the most innovative in the world and have always been able to succeed and prosper when they are given a fair chance to compete. If confirmed, I will make American competitiveness a top priority and commit to working closely with USTR and others in the administration to address unfair practices that target American companies and to write rules of the road for trade that reward hard work and innovation, not abusive and unfair practices.

Question. One of the important international initiatives advanced by Treasury in the previous administration was promoting data connectivity in financial services. As you know, data flows are critical to secure and ensure efficient operations in this sector, and support innovation and choice in financial services for small businesses and workers. Will you commit to maintaining Treasury's global push for data connectivity in financial services, including through bilateral dialogues and in any new agreements negotiated by USTR?

Answer. It is critical that we work with our allies to create a global financial system that rewards innovation and supports American competitiveness. If confirmed, I will work to develop a robust regulatory and trade agenda that supports access to financial services for small businesses and workers. At the same time, we must remain cognizant of the importance of data security and work to safeguard Americans' personal information and private data from intrusions and misuses. If confirmed, I will work with USTR and others throughout the Biden-Harris administration to balance supporting data-driven innovation with the need to protect consumers' and companies' data.

Question. Economists Larry Summers and Olivier Blanchard have recently sounded numerous warnings about risks associated with President Biden's \$1.9-trillion COVID-19 plan. Blanchard succinctly wrote that, "I think this package is too much" and "The \$1.9tn program could overheat the economy so badly as to be counterproductive." Summers, identifying that the plan is at least three times the size of the "output shortfall" as projected by the Congressional Budget Office, wrote that, "If the stimulus proposed is enacted, Congress will have committed 15 percent of GDP with essentially no increase in public investment to address these challenges [economic injustice, slow growth, and inadequate public investment]. After resolving the coronavirus crisis, how will political and economic space be found for the public investments that should be the nation's highest priority?" He also wrote "The household saving rate almost doubled last year to 12.9 percent. This could translate into a potential \$1.5 trillion supporting pent-up consumer demand as the pandemic subsides." With that, Summers wrote that "there is likely to be further strengthening of demand as consumers spend down the approximately \$1.5 trillion they accumulated last year as the pandemic curtailed their ability to spend. . . . Judged relative to either the macroeconomic output gap or declines in family incomes, the proposed COVID-19 relief package appears very large."

Secretary Yellen has repeatedly advocated that Democrats "go big" with respect to stimulus, yet many prominent economists, including Summers and Blanchard who are typically strong proponents of stimulus, have put forward strong, data-based arguments that the President's proposed \$1.9 trillion stimulus is too big.

Do you acknowledge that the "go big" \$1.9-trillion proposed stimulus could pose significant risks stemming from going too big?

Answer. I agree that it is important that we consider all the risks of any policy approach. I believe the biggest risk we face is not making the investments we need to get Americans back on their feet and not doing enough to confront this crisis. Millions of Americans have lost their jobs or their businesses, are facing eviction or foreclosure, and are struggling to put food on the table. If we don't act in a way that meets this moment, we risk long-term economic scarring. If confirmed, it will be my responsibility, working with Secretary Yellen, to be vigilant and remain mindful of all risks to the economy, and I will closely monitor those risks now and going forward. If confirmed, I am also committed to providing you with regular updates on these risks.

Question. In the December COVID-19 relief package, I worked closely with Senator Warner, many of my other Senate and House colleagues, and the previous administration on a bipartisan basis to provide \$12 billion in funding for Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs), including \$9 billion for Treasury to establish an Emergency Capital Investment Program for low-cost, long-term capital investments in certain CDFIs and MDIs, and a \$3-billion infusion into the CDFI fund. It is important that both of these become operational quickly to ensure communities most suffering from the COVID-19 pandemic are getting the help that they need.

Do you commit to implementing these programs quickly and effectively to ensure that CDFIs and MDIs can start getting support to their communities as soon as possible?

Answer. I believe CDFIs and MDIs play a vital role in supporting some of our country's most underserved communities. I strongly support your efforts to provide

additional resources to these institutions. If confirmed, I commit to working expeditiously to implement these programs and deliver relief where it is badly needed, and I look forward to working with you and Congress to accomplish these goals.

Question. You have advocated for additional “stimulus” in response to the pandemic, and the administration, including Secretary Yellen, argues for additional “relief” funding for State, local, and other units of government, based partly on forecasts of “lost revenue.” Those forecasts, since the onset of the pandemic, have been far off the mark. As revenue realizations arrive, they have consistently shown either no or severely smaller revenue losses relative to earlier forecasts.

Do you advocate for additional State, local, and other government relief?

If so, what data on revenue realizations guide your advocacy, and what studies of lack of State, local, and other government “relief” in past recessions lead you to believe that without additional funding now, recovery from a recession would be held back in some ways.

Do you think that your assessment reflects a consensus from academic literature on the topic of efficacy of Federal relief aid to State, local, and other governments and the extent to which such relief influences medium-term growth? If so, please cite academic, peer-reviewed, studies guiding your thoughts.

Answer. I share Secretary Yellen’s view that relief for State and local governments remains essential to combat the pandemic, restart our economy, and reopen our schools. States and localities need funds for public health and education, and to keep front-line workers on the job. There are a number of researchers studying these issues. I find Tracy Gordon from the Urban-Brookings Tax Policy Center to have produced research that helps us better understand the benefits of providing fiscal support to State and local governments.

Question. Prior to the Tax Cuts and Jobs Act (TCJA), the United States had one of the highest corporate income tax rates among developed countries. TCJA lowered the corporate rate to ensure that our domestic businesses would remain globally competitive. Even at 21 percent, the United States still holds the 11th highest corporate tax rate out of the top 36 developed countries, according to the Tax Policy Center.⁴

President Biden has proposed increasing the 21-percent rate to 28 percent. If enacted, the United States once again would have one of the highest business tax rates among developed countries. Unfortunately, not just U.S. companies would be affected by the rate increase. The Joint Committee on Taxation and Congressional Budget Office have both concluded that 25 percent of the corporate tax is borne by workers. If the corporate tax rate is increased to 28 percent as proposed, American workers will also feel the burden through fewer jobs, reduced wages, and less benefits.

What are your views on increasing the corporate tax rate above that of most developed countries, particularly if a significant portion of the rate increase would also be borne by American workers?

Answer. My view is our goal must be to advance a policy mix that creates jobs while progressively raising revenues. This is why I support raising the corporate tax rate to 28 percent. At 28 percent, the corporate tax rate would be substantially below the level that had been in place for decades. The President has also proposed investments that would improve competitiveness. This includes investments in infrastructure, ranging from surface transportation to broadband to airports and waterways. The President’s plan would also support American workers by investing in worker training, college education, and apprenticeship programs.

Question. President Biden has claimed that the Tax Cuts and Jobs Act (TCJA) incentivizes U.S. companies to move manufacturing and intangible property overseas. However, the nonpartisan Joint Committee on Taxation has concluded that the TCJA international provisions “are expected to reduce the incentives for this ‘profit-shifting’ activity, resulting in an increase in the U.S. tax base.”

Further, available data confirms that TCJA is actually encouraging companies to invest more in the United States. Data from the Bureau of Economic Analysis (BEA) shows that, among U.S. multinationals, employment, investment, research, and production in the United States has increased at a faster rate in 2018 than the average rate over the past 20 years and faster than the growth rate of U.S. multinational

⁴<https://www.taxpolicycenter.org/fiscal-fact/oecd-corporate-tax-rate-ff-01042021>.

companies abroad. BEA data also illustrates that the quarterly average of dividend repatriations to the United States from foreign entities has tripled in the years since the enactment of the TCJA.

Do you agree that significant changes should not be made to the international tax system until the data on U.S. and foreign investment and repatriation are fully analyzed and understood, and it can be confirmed that any such change would not reduce the rate of employment, investment, research, and production in the United States?

Answer. If confirmed, I will work with Treasury Department staff to ground tax policy-making in the best available research and evidence. President Biden laid out a set of tax proposals during the campaign. If confirmed, I look forward to working with colleagues in the administration further develop these and other proposals, which will all benefit from the expertise of Treasury's professional tax staff.

Question. A multilateral agreement reached at the OECD may require Congress to ratify a multilateral treaty and enact implementing legislation. It will become increasingly important that Congress be closely engaged with the OECD process to ensure members are on board with any potential legislative changes that may be necessary. As negotiations continue at the OECD, will you commit to keeping the tax-writing committees apprised of negotiations and developments occurring at the OECD?

Answer. If confirmed, I very much look forward to working with the tax-writing committees as we work through the OECD to update global tax rules in ways that, as Secretary Yellen has said, stop the race to the bottom on corporate taxation and prevent global profit-shifting, while securing the competitiveness of U.S. companies.

Question. House and Senate Democrats have proposed lifting the limitation on the deduction for State and local taxes (SALT). Given the effect of the pandemic on our country and economy, Congress has passed significant relief bills that focus on unemployed Americans and smaller businesses that are struggling. The proposal to lift the SALT cap, on the other hand, would overwhelmingly benefit wealthy households. According to the Joint Committee on Taxation, over half the benefit from repealing the cap would go to taxpayers with incomes over \$1 million, and 94 percent of the benefit would go to taxpayers with incomes over \$200,000.

What is your view of lifting the SALT cap, and do you think now is the time for a tax break on high-income individuals and households?

Answer. I believe that the tax code should be fair and progressive, and I am committed to working with Congress to implement tax policies that achieve this goal. On this issue, as Secretary Yellen has said, it is important to consider the entire equation. For example, it is critical to study and evaluate what impact the SALT cap has had on State and local governments and those who rely upon their services. If confirmed, I will work with Treasury staff and others in the administration to understand this issue and to pursue tax policies that ensure the wealthy pay their fair share while balancing the needs of taxpayers, State and local governments, and other critical stakeholders.

Question. One area of bipartisan agreement is on the issue of retirement savings. Congress passed the SECURE Act in 2019. Many in the House and Senate on both sides of the aisle are working to develop further legislation to promote retirement savings, which should be a top priority for the Finance Committee. As Congress considers additional legislation, do you commit to working with Congress on a bipartisan basis to enact policies that will further enhance Americans' ability to save for retirement?

Answer. If confirmed, I look forward to working with Congress to ensure that Americans can retire with dignity.

Question. The Committee for a Responsible Federal Budget (CRFB) projects that even if all of the trillions of dollars in proposed Biden tax increases were enacted, the Biden plan would still increase deficits by \$5.6 trillion over the next 10 years, under their central estimate.

How sustainable is the current path of the U.S. debt and associated deficits, and what steps can be taken to put the U.S. on more stable fiscal footing in the long-term?

Answer. My view is the most pressing challenge to fiscal sustainability is overcoming the pandemic and rebuilding our economy. As I said in my opening statement, economic policy must remain focused on providing relief until we have con-

tained the pandemic. As Secretary Yellen has said, interest rates are at historically low levels, and our interest burden as a percentage of GDP is also quite low. Therefore, in the current environment, it makes sense to invest in the relief needed to support families and businesses. Over the longer term, we need to ensure that our country is on a sustainable path with respect to our debt burden. If confirmed, I look forward to working with Congress on these important issues.

Question. Do you support more Federal spending on infrastructure?

If so, how do you think the spending should be financed?

Also, if so, please define what you define to be “infrastructure,” using a definition that clearly delineates a distinction between what is regarded as infrastructure and what is not.

Answer. I strongly support the President’s plan to bolster America’s infrastructure, ranging from surface transportation to broadband to airports and waterways. This plan covers traditional physical infrastructure as well as technology infrastructure needed to enhance America’s competitiveness. President Biden has also proposed an array of reforms that would ensure the wealthiest taxpayers and corporations pay their fair share, including proposals to increase the corporate tax rate to 28 percent and ensure robust taxation of overseas profits.

Question. I am a strong opponent of Operation Chokepoint. During Chokepoint, we saw several politically disfavored industries, such as firearms and oil and gas, become essentially unbanked during this time, and in fact, it is still occurring today due to political pressure. I note all of this because I strongly support the OCC’s fair access rule and believe that legal industries should be banked.

How will you ensure that all Federally legal industries have fair access to banks, even with the political pressure that they face?

Answer. If confirmed, I plan to work with Secretary Yellen and other members of the Treasury’s staff to review all recently released rules and regulations. It is important to note that the fair access rule was promulgated by the OCC, an independent banking regulator.

Question. The Federal Government has agencies that are focused on the environment and agriculture, and therefore are uniquely focused on resources for addressing climate change. The Treasury Department is typically not one of those agencies, yet Secretary Yellen has decided to make fighting climate change a priority, presumably including devotion of Treasury Department resources to the fight, and perhaps including imposition of regulations through use of the FSOC. Do you agree with that decision and, if so, why do you think Treasury and/or financial regulation is a more appropriate avenue to curb climate change than Federal agencies already equipped to do so?

Answer. It is important to recognize that the finance ministries of all major economies are engaged in thinking about the impact climate change will have on their economies. Like President Biden, these leaders recognize that climate change is an existential threat not only to the environment but to their economies. If we want to ensure that American workers and businesses are able to compete globally, it is critical that Treasury is engaged in thinking about the economic challenges and opportunities created by climate change.

Question. The Treasury Secretary, who serves as the managing trustee of Social Security and Medicare trust funds, typically delegates others in the Treasury Department to participate in the formulation of annual trustee reports. If confirmed, you could play a role in helping to develop those reports. In 2017, allegations were made that a single public trustee for Social Security somehow forced insertion of assumptions into models used to project the future finances of Social Security that led to the “playing up the potential future insolvency of the program.” One piece of evidence to support the allegations was that the Chief Actuary for Social Security wrote a public statement of actuarial opinion containing some sort of public rebuke of questionable elements of the 2015 Social Security trustee report. The Chief Actuary’s Statement of Actuarial Opinion from the 2015 report is available on the Social Security Chief Actuary’s website (on pp. 256–257 of <https://www.ssa.gov/oact/TR/2015/tr2015.pdf>).

Given that the Treasury Secretary, whom you will assist, is the managing trustee of Social Security Trust Funds, it is important to know that you have knowledge of and sound judgement regarding Social Security trust funds. Do you agree that the Statement of Actuarial Opinion of the 2015 trustee report represents a public

rebuke of questionable elements of the trustee report—elements that represent assumptions used to project the future finances of Social Security to play up the potential future insolvency of the program?

Answer. I fully support unbiased, credible analysis of the trust funds' balances, and I believe that any actuarial analysis should be undertaken using objective economic assumptions. Social Security is the bedrock of the American retirement system. Continued monitoring of the health of the Social Security trust funds is an important element in ensuring the long-term health of the program.

Question. In response to a question on “stranded assets” as an alleged risk from climate change, Secretary Yellen identified that, “Stranded assets are a possible result when new forms of clean energy, transportation, and production displace those that have contributed to climate change.” Using that definition, stranded assets—which Secretary Yellen views as a risk from climate change—include assets such as those associated with development of the Keystone XL project that now lie dormant and stranded. The assets and associated jobs have become stranded in part because some believe they pose risks from climate change and ought to be shut down as part of a mandated transition from fossil fuels. The risk relates to a government-mandated shutdown of a productive activity. Not only are assets stranded, American jobs are lost.

According to Secretary Yellen, the transition from fossil fuels “is not a decision or a choice.” That could mean it is a necessity, and must be done, whether through the democratic process or through administrative fiat.

Do you believe that stranded assets and job losses are not a decision or a choice when it comes to responding to climate change, and that the stranding of assets and jobs arising from administrative responses to climate change, such as shutting down the Keystone XL project, is simply a necessary consequence?

Is it your view that the only answer to the loss of workers' livelihoods is that they should learn other trades, such as solar-panel installation, or that somehow they will get jobs in other sectors because of some as-yet part of the administration's plans, like spending on infrastructure?

Answer. I agree with Secretary Yellen that stranded assets may result from the transitions necessary to mitigate climate risks. The best way to mitigate the risks associated with climate change, including stranded assets and other climate-related financial risks, is to begin to transition now and in a manner that facilitates long-term planning.

The new forms of clean energy, transportation, and production necessary to mitigate climate change are also an opportunity. As Secretary Yellen has said, as we work to solve the climate crisis and move toward a low-carbon future, we must ensure that American families—especially the most vulnerable and those exposed to the costs of the energy transition—share in the economic gains that can come from a clean energy economy. If confirmed, I look forward to working with you and other members of Congress to invest in clean energy jobs that will create new opportunities for all Americans.

FOLLOW-UP QUESTIONS SUBMITTED BY HON. MIKE CRAPO

Question. The response Mr. Adeyemo provided did not substantively address the specific questions asked with regard to data on revenue realization that guide the nominee's advocacy unless the nominee is putting forward that the single analyst from a DC think tank represents a consensus from academic literature from which the nominee believes his assessment corresponds. Please respond thoroughly and substantively.

Answer. As I stated previously, I share Secretary Yellen's view that relief for State and local governments remains essential to combat the pandemic, restart our economy, and reopen our schools. I find the data reported by the Center on Budget and Policy Priorities (CBPP) to be helpful in understanding the need for additional assistance to State and local governments. Analysis by CBPP estimates that States, localities, tribal nations, and U.S. territories face a revenue shortfall of approximately \$300 billion through 2022, without taking into account the additional costs borne by States—including the extra costs of fighting the pandemic, safely providing services, and delivering critical support to impacted families and businesses.

While each State and locality faces a different revenue picture, it appears many of them are facing new expenses due to the pandemic. These increased expenditures are needed to ensure rapid vaccine distribution, reopen schools, and keep vital public health and safety workers on the payroll and working. In short, these expenditures keep Americans safe. The last thing we would want is for States and localities to cut these essential services at the time they are needed most.

I have not done a comprehensive review of the academic literature, but I believe there is a significant body of work showing the harms of insufficient State and local funding during the Great Recession. In the words of Federal Reserve Chairman Jay Powell, “We have the evidence of the global financial crisis and the years afterward where State and local government layoffs and lack of hiring did weigh on economic growth.” In an article titled “State and Local Governments: Economic Shocks and Fiscal Challenges,” John Mullin and Santiago Pinto from the Federal Reserve Bank of Richmond argue that past downturns have meaningfully impacted State and local government finances, and raise concern that cuts introduced in the current downturn may have long-lasting negative effects. I also believe Tracy Gordon and her colleagues at the Urban-Brookings Tax Policy Center have highlighted the risks from State and local budget cuts. In addition, a forthcoming paper in the peer-reviewed *American Economic Journal: Economic Policy* shows that State cuts in school funding due to the Great Recession led to declines in test scores and other critical outcomes.

Question. The response Mr. Adeyemo provided did not address the question posed regarding Social Security trust funds. Specifically, the response did not answer the question posed of whether the nominee agrees that the Statement of Actuarial Opinion of the 2015 trustee report represents a public rebuke of questionable elements of the trustee report. Given the importance of Social Security programs, it is important to know whether the nominee agrees or not. Please be directly responsive to the question.

Answer. While I am unable to speak to the intentions of the Chief Actuary, I believe the Statement of Actuarial Opinion from the 2015 Trustees Report raises important concerns that speak to the crucial role of the Chief Actuary and the need to critically examine the assumptions underlying the Trustees Report. These concerns merit discussion to ensure Americans benefit from sound measurement and management of these funds. As I said previously, I support unbiased, credible analysis of the trust funds’ balances. I believe that any actuarial analysis should be undertaken using objective and reasonable economic assumptions.

QUESTIONS SUBMITTED BY HON. STEVE DAINES

Question. In 2016 you testified before the Senate on your view of CFIUS as a means to resolve national security concerns in order to promote foreign investment. Since that time, Congress has strengthened CFIUS in response to growing concerns over China, expanding its jurisdiction and providing for more substantive analysis of potential threats. How do you assess the current state of Chinese direct investment, and how would hedge against Chinese manipulation?

Answer. I strongly support Congress’s efforts to modernize CFIUS under the Foreign Investment Risk Review Modernization Act, and, if confirmed, I look forward to working with you and Congress to continue to strengthen investment security. As Secretary Yellen has said, China is America’s most serious economic competitor. Strategic competition with China is a defining feature of the 21st century. China poses challenges to our security, prosperity, and values. China is engaged in conduct that hurts American workers, blunts our technological edge, and threatens our alliances and our influence in international organizations. Winning the economic competition with China requires us to make transformative investments at home in American workers, infrastructure, education, and innovation. We cannot maintain our edge over the long term unless we run faster at home. As President Biden has said, we need to be far more effective in galvanizing allies to join with us to push back on unfair Chinese practices that threaten U.S. values and interests. And, if confirmed, I will be willing to make use of the full array of tools to counter China’s abusive economic practices and hold Beijing accountable.

Question. Officials in both the Trump and Biden administrations have recognized the growing threat posed by China, and labelling it as a “competitor” for global power and influence. Given China’s history of leveraging financial instruments to

gain access, harvest technology, and coerce its partners, how will you approach future dealings with Chinese businesses?

Answer. Please see my answer to the previous question. Thank you.

Question. As Treasury continues to promote the need for the next \$2-trillion bill, many individual Americans and business owners are entirely unaware of what is in the bill Congress passed in December 2020, or the four prior COVID relief bills. For example, a National Federation of Independent Business survey conducted last month found that only 4 percent of small businesses were very aware of the Employee Retention Tax Credit (ERTC), and 65 percent said they were “not at all familiar” with the ERTC.

Do you agree that the fastest way to help Americans in need would be raising awareness of the relief that Congress already passed for which they are eligible?

If confirmed, what will you do to raise awareness of provisions like the ERTC, net operating loss carrybacks, paid sick and family leave credits, and other tax relief that is available today for individuals and businesses in need?

Answer. I agree that it is essential that we work to raise awareness of existing programs and opportunities for relief. If confirmed, I will work to increase outreach to individuals and the small business community, especially in underserved areas, to ensure they know that relief is available. Raising awareness of these programs will ensure we get the most out of the money Congress has appropriated in prior legislation, alongside additional rounds of stimulus American individuals and businesses need to get through the difficult months ahead.

Question. The COVID Relief and Response Act provides \$2 billion in funding for grants for the motorcoach, school bus, and U.S.-flagged passenger vessel industries to be established by the Department of Treasury in consultation with the Department of Transportation. The named industries are in immediate need of this critical funding, yet we are hearing it may still be weeks before the program is operational.

Can you provide an update on the status of implementation?

Answer. Like other travel and tourism-related industries, domestic passenger travel businesses have suffered over the past year. I support Congress's efforts to provide relief to this industry, and others, and, if confirmed, I look forward to working with you to implement the Coronavirus Economic Relief for Transportation Services Act. If confirmed, I look forward to working with the dedicated public servants at the Treasury to understand their progress implementing this program.

Question. Can you commit to making this program a priority and ensuring this money is distributed as soon as possible?

Answer. As I mentioned above, I support Congress's passage of the Coronavirus Economic Relief for Transportation Services Act and, if confirmed, will work to ensure that the Department is prioritizing this program given the urgent need for fund disbursements.

QUESTIONS SUBMITTED BY HON. CHUCK GRASSLEY

Question. A common adage for stimulus and economic relief measures is that they should be timely, temporary, and targeted. However, according to analysis by the Committee for a Responsible Federal Budget, only about 6 percent the COVID reconciliation bill is dedicated to vaccine distribution and immediate pandemic public health needs. At the same time, more than 15 percent, or \$300 billion, is dedicated to long-term Democrat policies with little relation to the pandemic. This includes expanding refundable tax credits that in most cases won't provide any benefit to taxpayers until they file their taxes a year from now. If providing immediate relief is as urgent as the President has claimed, what justifies the focus on using the current crisis to enact long-term partisan policy priorities that won't benefit taxpayers for another year?

Answer. I agree with Secretary Yellen on this important issue. Our country is facing an unprecedented economic and public health crisis. Millions of Americans have lost their jobs or their businesses, are facing eviction or foreclosure, and are struggling to put food on the table. If we don't act in a way that meets this moment, we risk long-term economic scarring. Rising to this challenge requires economic relief to get Americans through the hard months ahead and to support them and their families as they get back on their feet. The President's economic stimulus plan en-

asures relief will not dry up before the economy has fully recovered and that Americans will receive the support they need until this pandemic is behind us.

Question. At Secretary Yellen's nomination hearing, I asked if she could inform me of the administration's position on repealing the State and local tax (SALT) deduction cap. As I pointed out to her at the time, repealing the SALT cap would overwhelmingly benefit the wealthy. In fact, according to the liberal Tax Policy Center, repealing the cap would provide the top 1/10 of 1 percent an average tax cut of about \$144,000. For an administration that has advocated tax increases, I would have thought the answer would have been a no brainer. However, I was informed the administration needed more time to review the issue. Please explain your understanding of the administration's position on repealing the SALT cap.

Answer. The President, during the campaign, proposed making changes to the tax code that make the system more progressive. If confirmed, I look forward to being briefed on the work Treasury is doing to evaluate the impact the SALT cap has on State and local governments. I agree with Secretary Yellen that it is important for us to consider the entire equation when making tax policy. If confirmed, I look forward to working with you and other members of Congress to pursue tax policies that promote fairness.

Question. During the campaign, President-elect Biden pledged not to increase taxes on anyone making under \$400,000. However, a significant tax increase will go into effect on millions of middle-class taxpayers in 2026 unless Congress acts to extend the tax cuts and reforms enacted in 2017. Given President-elect Biden's campaign pledge, will you, if confirmed, work with Republicans in Congress to make these tax cuts permanent in order to prevent a massive tax increase on American families?

Answer. As you noted, President Biden made clear during the campaign that no American taxpayer with income under this threshold will be subject to a tax increase. If confirmed, I will work with members of Congress to address the expiration of various aspects of the 2017 tax law, particularly those that impact middle-class taxpayers and families with incomes below the \$400,000 threshold.

Question. As I raised with Secretary Yellen during her nomination, the U.S. private motor coach, school bus, and domestic passenger vessel industries have suffered unprecedented economic losses and furloughed hundreds of thousands of employees over the past 10 months due to the pandemic. Collectively, these industries have furloughed or laid off an estimated 308,000 employees due to the COVID-19 pandemic. These businesses do not expect to see the start toward a return to "normal" business operations until mid- to late 2021, at the earliest, forcing their employees to remain out of work or be lost to other industries. Congress provided some relief for these industries in the legislation signed into law on December 27, 2020. That bill provided \$2 billion in grants for these industries to be jointly administered by the Department of Treasury and the Department of Transportation.

Please provide an update on the status of implementing this program and distribution of the funding.

Answer. Like other travel and tourism-related industries, domestic passenger travel businesses have suffered over the past year. I support Congress's efforts to provide relief to this industry, and others, and, if confirmed, I look forward to working with you to implement the Coronavirus Economic Relief for Transportation Services Act. If confirmed, I look forward to working with the dedicated public servants at the Treasury to understand their progress implementing this program.

Question. Is the Treasury Department making this new program a priority and ensuring that the money gets out the door as soon as possible?

Answer. I know firsthand that the dedicated career professionals at the Treasury Department are the best our government has to offer and that they are committed to getting relief out the door and into the hands of these businesses. If confirmed, I look forward to working with them and with you to continue to implement this program and ensure we get these businesses the support they need.

Question. If confirmed, will you commit to doing everything possible to expedite the implementation of the program and the allocation of funds to eligible recipients?

Answer. Yes.

QUESTIONS SUBMITTED BY HON. ROBERT MENENDEZ

INTERNATIONAL FINANCIAL CRISIS/WORLD BANK SDR

Question. COVID-19 spurred devastating health, social and economic crises that have had serious impacts everywhere, but especially in developing countries where the pandemic has deepened development and inequality challenges and erased years of progress on poverty reduction and women's rights. While wealthier countries have spent trillions of dollars on stimulus packages so far, many developing countries cannot afford expenditures that are vital to bring the pandemic under control—increasing the likelihood of prolonging the crisis further, and delaying a recovery that is equitable and resilient to future crisis. A multilateral solution—and one that will not push low- and middle- income countries into further distress—is urgently needed.

What is your plan to address this international financial crisis and how do you envision using the World Bank and the IMF—specifically in regards to a potential SDR allocation?

Answer. This crisis requires a coordinated international response. The virus does not respect borders—it is global in nature, and we need to ensure that countries around the world have the resources they need to confront it. If confirmed, I look forward to working with Secretary Yellen and our international counterparts to ensure that low-income and emerging market countries requiring assistance receive the aid they need. SDRs are one tool that could potentially offer significant aid to these countries, through coordinated action under the auspices of the IMF. To make this tool effective, a broad coalition of countries must work on a set of shared parameters for greater transparency and accountability in how SDRs are exchanged and used. If confirmed, I look forward to exploring options for such accountability mechanisms and to cooperating with you and other members of Congress to work toward providing low-income countries the aid they need during this time of crisis.

CRRSA PRIVATE TRANSPORTATION OPERATORS GRANT PROGRAM

Question. The private motorcoach, passenger ferry, and school bus industries are a vital component of the national public transportation network, providing critical services to communities in New Jersey and across the country. Unfortunately, these industries have been decimated by the COVID-19 pandemic and subsequent economic downturn. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) provides \$2 billion in funding for grants for the motorcoach, school bus, and U.S.-flagged passenger vessel industries to be established by the Department of Treasury in consultation with the Department of Transportation. However, guidance has not yet been released for this program. While we understand the challenges in setting up a new program, we also don't have a clear timeline for when it will be up and running.

If confirmed, will you provide an update on the status of implementing this program and distribution of the funding?

Answer. Like other travel and tourism-related industries, domestic passenger travel businesses have suffered over the past year. I support Congress's efforts to provide relief to this industry, and others. If confirmed, I will work with Treasury staff to implement the Coronavirus Economic Relief for Transportation Services Act and with Congress to continue to provide much-needed relief to these businesses. If confirmed, I will make it a priority to get up to speed on the status of this program and will make myself available to Congress to provide updates on the program as needed.

Question. If confirmed, will you commit to making this new program a priority and ensuring that the money gets out the door as soon as possible?

Answer. As I mentioned above, I support Congress's passage of the Coronavirus Economic Relief for Transportation Services Act and, if confirmed, will work to ensure that the Department is prioritizing this program given the urgent need for fund disbursements.

SANCTIONS

Question. When Congress passed my Venezuela Defense of Human Rights Act in 2014, we were deeply concerned about significant human rights abuses in Venezuela. Today, the crisis is exponentially worse, and the Maduro regime is now being investigated for crimes against humanity—including systemic cases of extrajudicial killings and torture.

If confirmed, will you continue to utilize targeted sanctions to hold members of the Maduro regime accountable for perpetrating gross violations of human rights and crimes against humanity?

Answer. If confirmed, I will work in collaboration with my colleagues across the Biden-Harris administration to hold the Maduro regime accountable for its human rights abuses. The Treasury Department has an array of tools at its disposal that can be deployed to address these challenges. If confirmed, I also look forward to working with you and other members of Congress on this issue.

Question. I have long been a proponent of unilateral and multilateral sanctions on Iran to pressure the government to come to the negotiating table. While I don't believe the previous administration's sanctions efforts had any meaningful impact in curtailing Iran's nuclear program or stopping Iran's other malign behavior, I believe they have built up some leverage.

Do you believe the United States should lift sanctions against Iran without meaningful action on the part of the Iranians?

Even if the United States engages in some diplomatic steps on Iran's nuclear program, do you believe the United States should continue to maintain sanctions on Iran for its support for terrorism, its ballistic missile program, and human rights abuses?

Answer. As Secretary Yellen has noted, the Biden-Harris administration is committed to ensuring that Iran takes the appropriate steps to resume compliance with its nuclear commitments, and I believe Iran should only enjoy sanctions relief if it does so. If confirmed, I will work to ensure that Treasury continues its important work to combat Iran's support for terrorism and abuse of human rights.

MULTILATERAL DEVELOPMENT BANKS

Question. The United States has long played a critical role in shaping the priorities of Multilateral Development Banks (MDBs) and promoting investments that fulfill a development mandate and reduce global poverty. We have led efforts to ensure that these institutions have strong social and environmental safeguards, provide the public with access to information regarding their investments, and uphold robust accountability frameworks.

As Deputy Treasury Secretary, how will you continue and build on efforts to advance U.S. values of transparency and accountability across the MDBs?

Answer. The Multilateral Development Banks (MDBs) play a critical role in promoting sustainable global economic growth. If confirmed, I will work with Treasury's staff and executive directors at the MDBs to continue the important ongoing oversight and optimization of procurement guidelines and evaluations of results. Furthermore, if confirmed, I will support Treasury's ongoing participation in the adjudication of MDB investments, including reaffirming the need for protections against corruption and bad governance, as well as requirements to support monitoring of investment progress.

QUESTIONS SUBMITTED BY HON. ROB PORTMAN

Question. In Secretary Yellen's response to one of my questions, she asserted that "The U.S. has strong and unique attractions as a residence for multinational corporations, and, as a result, U.S. companies would remain competitive even if they faced a somewhat higher 21-percent rate of tax on their foreign earnings irrespective of the outcome of the OECD negotiations." However, later in that same answer, Secretary Yellen acknowledged that "today, most other headquarters' jurisdictions impose no tax on the foreign earnings of their domestically headquartered multinationals."

There is a history of bipartisan agreement in this committee that international tax-related changes, specifically anti-base erosion measures, should not disadvantage U.S. companies. I note the 2015 report⁵ issued by the Senate Finance Committee bipartisan working group on international tax, co-chaired by Senator Schumer and myself, which stated that, "should there be a minimum tax, we believe that the type of income subject to a minimum level of tax and the rate applied to such

⁵ <https://www.finance.senate.gov/imo/media/doc/The%20International%20Tax%20Bipartisan%20Tax%20Working%20Group%20Report.pdf>.

income should meet the twin goals of preventing base erosion while ensuring that U.S. multinational companies are *more competitive* vis-à-vis their overseas rivals” (emphasis added).

However, if the U.S. makes onerous changes to the GILTI regime before our trading partners have adopted comparable rules through an OECD agreement, it cannot be credibly stated that U.S. companies would remain competitive, much less more competitive, than their foreign-headquartered counterparts. Prior to TCJA, we saw a troubling trend of foreign acquisitions of U.S. companies, despite the “strong and unique attractions” of the U.S. as a headquarter country. I would think there is bipartisan interest in not returning to those days.

Would you and Secretary Yellen, at a minimum, agree to reconsider before moving forward on making onerous changes to the GILTI regime, or similar anti-base erosion rules, at least until other OECD member countries have adopted comparable rules?

Answer. President Biden has proposed reforming GILTI as part of his plan to ensure a fair and progressive tax code where wealthy individuals and corporations pay their fair share. I share your concern for American competitiveness, and believe it is critical that we adopt international tax and trade rules that ensure American companies can compete on a level playing field. When it comes to taxation, I believe we should use the OECD negotiations as an opportunity to pursue an agenda that works to ensure American companies can compete fairly by stopping the destructive global race to the bottom on corporate taxation and discouraging harmful profit-shifting. If confirmed, I look forward to working with you to ensure that our negotiating position at the OECD helps American companies compete on a level playing field.

Question. In Secretary Yellen’s response to one of my questions, she stated that she “will certainly keep the Senate Finance Committee appropriately updated on the OECD/G20 negotiations” and acknowledged that “any treaty arrangement would, of course, require the advice and consent of the Senate.” The changes being considered under Pillar One and Pillar Two would require congressional action to implement through both domestic legislation and treaty changes—none of which can or should be done on a partisan basis.

Will you commit not only to keep us appropriately updated but also to seek the advice of bipartisan members of this committee before finalizing any OECD agreement?

Answer. I agree with Secretary Yellen on the importance of congressional engagement on this issue. If confirmed, I very much look forward to seeking the advice of bipartisan members of the tax-writing committees. Working with Congress is an important component for achieving a successful multilateral agreement on international tax matters.

Question. A primary stated goal of Pillar One is to remove relevant unilateral measures, including digital services taxes (“DSTs”). There is bipartisan agreement that those taxes are discriminatory and largely aimed at U.S.-based companies. Secretary Yellen stated that she is committed to “resolving the digital taxation disputes” in the context of the OECD/G20 process. However, given Secretary Yellen’s answers that repeatedly stated she plans on using that process to agree to a global minimum tax to “stop the destructive global race to the bottom on corporate taxation” (*i.e.*, through Pillar Two), I remain concerned that U.S. Treasury will agree to an OECD deal on Pillar Two issues without explicitly requiring other countries to promptly repeal those unilateral measures, a primary goal of Pillar One.

Will you commit to ensuring that any OECD agreement requires other countries to eliminate relevant unilateral measures?

Answer. The Biden-Harris administration is committed to the multilateral OECD/G20 process, and to working to resolve digital taxation disputes within that framework. In that context, I believe it is critical that we reach an agreement that allows American companies to compete on a level playing field. If confirmed, ensuring American competitiveness through fair international tax and trade rules will be a top priority for me. If confirmed, I hope to work with you and members of Congress to reach an international tax agreement that provides for a fair, rules-based international economy where American companies can thrive.

Question. In response to the pandemic, the IRS closed its offices in March of 2020 as taxpayers were filing their 2019 tax returns resulting in a large mail backlog. Commissioner Rettig redirected resources to address the mail backlog, which I un-

derstand is now cleared. However, an enormous backlog of unprocessed 2019 tax returns (currently estimated at 11 million individual and businesses returns) still remains and is deeply concerning. Taxpayers are receiving notices and letters for failing to file when in fact they filed nearly a year ago. This backlog now threatens to interfere with the timely processing of 2020 tax returns.

How do you plan to address the processing backlog for 2019 tax returns and what steps will the IRS and Treasury take to ensure that taxpayers are not harmed by the delay?

Answer. The situation being experienced by millions of taxpayers this year is understandably frustrating. If confirmed, I will make it a priority to be briefed on the operational challenges being faced by the IRS. I will also, if confirmed, urge the IRS to use all the flexibilities they possess to ensure that taxpayers are not disadvantaged by the processing backlog.

Question. Is the IRS informing taxpayers who receive an automatic notice that 2019 returns are still being processed and the notice should be disregarded, if they have already filed?

Answer. If confirmed, I will make it a priority to be briefed on the IRS process for sending out non-filing notices to taxpayers, how the IRS is handling taxpayers whose returns may be caught up in the processing backlog, and what steps the IRS is and should be taking to keep taxpayers informed of the situation.

Question. What is the timeline for resolving this processing backlog?

Answer. If confirmed, I look forward to being briefed by my Treasury Department colleagues to determine the best ways to alleviate this processing backlog.

Question. Do you anticipate delays in processing 2020 tax returns as a result of the backlog?

Answer. If confirmed, I will work with my Treasury Department colleagues (including the IRS) to understand all the implications of the processing backlog and to try to ensure a successful income tax filing season.

Question. Cryptocurrency and digital assets are becoming more widespread with reports of nearly 15 percent of Americans owning some form of cryptocurrency. The IRS has increased enforcement and added a line to the Form 1040 requiring taxpayers to disclose whether they have engaged in any transactions involving a virtual currency. While the IRS has issued some guidance for taxpayers, it is relatively sparse. As more retailers begin accepting digital currency as payment and more companies and financial institutions invest in these assets, it is critical that we provide taxpayers with certainty. With this goal in mind, I plan to introduce legislation to clarify the tax treatment of these digital assets.

Will you commit to work with my office to provide further guidance on digital assets and cryptocurrency?

Answer. Yes. If confirmed, I look forward to working with your offices on this issue.

Question. As a member of the House of Representatives, my legislation to create the Tropical Forest Conservation Act (TFCA) program became law in 1998, which I have since worked to expand and reauthorize. TFCA is a “debt-for-nature” swap program that offers eligible developing countries options to relieve or restructure congressional debt owed to the U.S. in exchange for supporting certain conservation activities. Specifically, the program has helped protect more than 67 million acres of tropical forest in 14 countries around the world. TFCA was provided \$15 million in both fiscal years 2020 and 2021, and the Treasury Department is one of the key agencies responsible for carrying out TFCA agreements, in addition to the State Department and USAID.

Will you commit to prioritizing additional TFCA deals using the funding that Congress has provided?

Answer. If confirmed, I look forward to being briefed by my Treasury colleagues about this program and working to support conservation efforts and fund programs that provide sustainable solutions.

Question. Secretary Yellen, in her response to my question regarding the treatment of conservation easements transactions, committed to issuing taxpayer guidance so that taxpayers have greater certainty when utilizing this program. This is an important issue to my State of Ohio, particularly in relation to easements for

historic preservation. These easements protect iconic buildings in places like downtown Cleveland and Columbus from simply being bulldozed. This program has saved numerous historically significant buildings and facilitated the revitalization of entire neighborhoods in my State. And, it goes without saying, the issue is crucial to land conservation which I know is a priority of the President as articulated in his 30 by 30⁶ goal. Due to the lack of guidance from the IRS in this area, taxpayer certainty on conservation easements is elusive. As the bipartisan Finance Committee report indicated last year, it is important that Treasury and the IRS make clear what the rules of the road are to allow taxpayers to appropriately utilize this preservation tool and to protect the integrity of the conservation easement tax deduction, as Congress intended.

If confirmed, will you commit to work with my office and stakeholders, to facilitate a notice and comment period, and to expedite clear guidance from Treasury's Office of Tax Policy and the Internal Revenue Service to further congressional intent?

Answer. If confirmed, I will engage my Treasury Department colleagues to learn more about the current status of guidance in this area. I am committed to working with Secretary Yellen to consult you and other stakeholders on this important issue.

Question. In December, re-establishment of the Office of Sanctions Coordination within the Department of State was signed into law. The Office of Sanctions Coordination should work hand in hand with the Treasury Department in general and the Office of Foreign Assets Control (OFAC) more specifically. Importantly, the office should neither duplicate the efforts of nor compete with the Treasury Department on sanctions policy. Instead, it should serve as a link between the rest of the State Department and the sanctions experts at OFAC and among Treasury's policy leadership (especially the Undersecretary for Terrorism and Financial Intelligence), so that their respective work advances shared objectives.

If confirmed, how would ensure the Treasury Department works closely and effectively with the Office of Sanctions Coordination to maximize the effectiveness of U.S. sanctions against malign actors worldwide?

Answer. If confirmed, I pledge to work closely with my colleagues at the U.S. State Department, including the Office of Sanctions Coordination, and across the Biden-Harris administration to ensure the effective coordination of U.S. sanctions against malign actors worldwide.

Question. Recent reports indicate that the Iranian regime and its military wing—the Iranian Revolutionary Guard Corps (IRGC)—may be siphoning money away from the NIMA system (FOREX Management Integrated System) in an effort to fund terror outside of Iran's borders. This informal system was designed to give Iranian exporters access to a foreign exchange market so that they could convert their foreign earnings into rials. However, there are allegations that the IRGC has established a web of front companies which exploit this system to gain currency which is then given to IRGC affiliated groups throughout the region.

What steps will you take as Treasury Secretary to ensure that the IRGC is not able to exploit loopholes in the international banking system, and in more informal networks such as NIMA, to fund terror outside its borders?

Answer. If confirmed, I will work to ensure that the Treasury Department is focused on any Iranian efforts to evade sanctions and abuse the international banking system. As Secretary Yellen has said, Iran's support for terrorism is a very serious concern and, if confirmed, I will work with colleagues at Treasury to closely monitor and seek to disrupt that support with all available tools.

Question. Following the Obama administration's adoption of the Joint Comprehensive Plan of Action (JCPOA) with Iran, the Treasury Department granted Iran a specific license to access the U.S. financial system.

Should the Biden administration re-engage in negotiations with Iran regarding nuclear capabilities, would you also consider granting Iran a specific or general license to access the U.S. financial system?

Answer. The Biden-Harris administration is committed to ensuring that Iran takes the appropriate steps to resume compliance with its nuclear commitments, and I believe Iran should only enjoy sanctions relief if it does so. If confirmed, I will

⁶ <https://www.vox.com/22251851/joe-biden-executive-orders-climate-change-conservation-30-by-2030>.

work to ensure that Treasury continues its important work to combat Iran's support for terrorism and abuse of human rights.

Question. Following the grant of the specific license to Iran, Treasury officials were asked by members of Congress if Iran was given access to the U.S. financial system as part of the JCPOA. Those Treasury officials, under oath, stated that Iran had not been given such access.

Do you pledge to provide truthful information regarding the granting of any specific or general license in response to congressional inquiries?

Do you further pledge to consult with Congress before ever allowing Iran access to U.S. financial systems?

Answer. I will provide Congress with truthful information regarding Iran sanctions and licensing and, if confirmed, I look forward to working with Congress on these issues.

Question. The recent SolarWinds attack demonstrates our lack of cyber defenses and the sophistication of our adversaries. As the Deputy Secretary of the Treasury Department, I understand that you will be leading the Department's response to the breach. Effectively responding will require a government-wide approach and coordination across agencies.

If confirmed, how will you work with CISA, the FBI, and other Federal agencies to respond and mitigate potential damage?

Answer. As Secretary Yellen has noted, the recent SolarWinds incident that impacted a number of agencies across the Federal government is an issue of grave concern. If confirmed, I look forward to working with my colleagues across the Federal government, including at CISA, the FBI, and the Intelligence Community as we learn more about the incident, engage in remediation, and improve our defenses.

FOLLOW-UP QUESTIONS SUBMITTED BY HON. ROB PORTMAN

Question. In response to the pandemic, the IRS closed its offices in March of 2020 as taxpayers were filing their 2019 tax returns resulting in a large mail backlog. Commissioner Rettig redirected resources to address the mail backlog, which I understand is now cleared. However, an enormous backlog of unprocessed 2019 tax returns (currently estimated at 11 million individual and businesses returns) still remains and is deeply concerning. Taxpayers are receiving notices and letters for failing to file when in fact they filed nearly a year ago. This backlog now threatens to interfere with the timely processing of 2020 tax returns.

How do you plan to address the processing backlog for 2019 tax returns and what steps will the IRS and Treasury take to ensure that taxpayers are not harmed by the delay?

Answer. The situation being experienced by millions of taxpayers this year is understandably frustrating. If confirmed, I will make it a priority to be briefed on the operational challenges being faced by the IRS. I will also, if confirmed, urge the IRS to use all the flexibilities they possess to ensure that taxpayers are not disadvantaged by the processing backlog.

Question. Is the IRS informing taxpayers who receive an automatic notice that 2019 returns are still being processed and the notice should be disregarded, if they have already filed?

Answer. If confirmed, I will make it a priority to be briefed on the IRS process for sending out non-filing notices to taxpayers, how the IRS is handling taxpayers whose returns may be caught up in the processing backlog, and what steps the IRS is and should be taking to keep taxpayers informed of the situation.

Question. What is the timeline for resolving this processing backlog?

Answer. If confirmed, I look forward to being briefed by my Treasury Department colleagues to determine the best ways to alleviate this processing backlog.

Question. Do you anticipate delays in processing 2020 tax returns as a result of the backlog?

Answer. If confirmed, I will work with my Treasury Department colleagues (including the IRS) to understand all the implications of the processing backlog and to try to ensure a successful income tax filing season.

Question. The IRS issued a statement on CP59 notices and the processing delay on their website. Has the IRS also informed the 260,000 taxpayers who received the CP59 notice about the processing delay? Please answer “yes” or “no.”

Answer. I am not aware of whether the IRS has reached out to the CP59 notice recipients to inform them about the processing backlog. If confirmed, I look forward to being briefed on this issue.

Question. As your responses indicate you need to be briefed, will you commit to working with this committee and my office to provide an update on Treasury and the IRS’s response after you have been briefed on the tax return processing backlog?

Answer. If confirmed, I look forward to working with you and members of this committee on this issue, and I am committed to keeping your office and this committee informed regarding the IRS’s progress on this matter.

Question. Following the grant of the specific license to Iran, Treasury officials were asked by members of Congress if Iran was given access to the U.S. financial system as part of the JCPOA. Those Treasury officials, under oath, stated that Iran had not been given such access.

Do you pledge to provide truthful information regarding the granting of any specific or general license in response to congressional inquiries?

Do you further pledge to consult with Congress before ever allowing Iran access to the U.S. financial system?

Answer. I will provide Congress with truthful information regarding Iran sanctions and licensing and, if confirmed, I look forward to working with Congress on these issues.

Question. Do you further pledge to consult with Congress before ever allowing Iran access to the U.S. financial system? Please answer “yes” or “no.”

Answer. If confirmed, I commit to consult with members of Congress on potential decisions regarding Iran and its access to the U.S. financial system.

QUESTIONS SUBMITTED BY HON. BEN SASSE

Question. As I noted to Dr. Yellen both during her confirmation hearing and in a follow-up letter, it is my view that the leadership of the Treasury Department understand two fundamental qualifications for leadership. First, they see their roles as integral members of the President’s national security team. Second, that leadership of the Treasury Department understands that the Chinese Communist Party is the greatest threat to the United States. Nominees that misunderstand either of these qualifications should not serve.

Do you believe your potential post as Deputy Secretary to be a national security position?

Answer. Yes. During my time working at the Treasury Department between 2009 to 2015, I saw firsthand Treasury’s critical role in national security—including its role in financial intelligence and sanctions—as well as the close connection between economic policy and national security during my time as Deputy National Security Advisor for International Economics. If confirmed, I will make Treasury’s national security responsibilities a top priority.

Question. Do you believe the Chinese Communist Party poses an existential threat to the United States?

Answer. As Secretary Yellen has said, China is America’s most serious economic competitor. Strategic competition with China is a defining feature of the 21st century. China poses challenges to our security, prosperity, and values. China is engaged in conduct that hurts American workers, blunts our technological edge, and threatens our alliances and our influence in international organizations. Winning the economic competition with China requires us to make transformative investments at home in American workers, infrastructure, education, and innovation. We cannot maintain our edge over the long term unless we run faster at home. As President Biden has said, we need to be far more effective in galvanizing allies to join with us to push back on unfair Chinese practices that threaten U.S. values and interests. And, if confirmed, I will be willing to make use of the full array of tools to counter China’s abusive economic practices and hold Beijing accountable.

Question. Several of my colleagues and I wrote to Secretary Yellen prior to her confirmation vote expressing concern about the strategic danger of continued financial and technological interdependence with the Chinese Communist Party. There is a real need for serious leadership in reviewing our interdependencies and thoughtfully considering some degree of decoupling from a genocidal regime that happens to also oversee the world's second largest economy.

Can you please describe the strategic challenges for the United States posed by continued financial and technological interdependence with the CCP?

How would you consider the array of tools of economic statecraft at Treasury's disposal to address these challenges?

Where would you prioritize employment of those tools?

Answer. This pandemic has demonstrated the extent to which reliance on China threatens our critical supply chains, and President Biden has proposed a detailed plan to strengthen our supply chains and manufacturing at home to meet this challenge. President Biden is firmly committed to making sure that Chinese companies cannot misappropriate and misuse American technology, another key challenge posed by interdependence.

As Secretary Yellen has noted, to address these challenges the Biden-Harris administration has to play a better defense, which must include holding China accountable for its unfair and illegal practices and making sure that American technologies are not facilitating China's military buildup, human rights abuses, or other malign activities. If confirmed, I will encourage the Biden-Harris administration to make use of its full array of tools to counter China's abusive practices and hold Beijing accountable. If confirmed, I would also encourage efforts to play a much better offense by investing in the sources of our technological strength.

Question. The Chinese Communist Party's Military-Civil Fusion Policy is designed to eliminate the barrier between the military and defense industrial sectors and China's civilian and commercial sectors to ensure that China's military becomes the most technologically dominant in the world. Additionally, China's domestic national security laws ensure that, when necessary, there is barely a distinction between the Chinese public and "private" sectors.

Do you support Chinese companies having access to US capital markets when these companies are neither as transparent as they should be or have known links to the Chinese military?

Answer. I agree that we need to address the challenges that China poses to our economic and national security. If confirmed, I will look forward to working with regulators and colleagues within the Biden-Harris administration to ensure that companies listed in the U.S. follow the law.

Question. Do you support sanctions and prohibitions on American companies and financial instruments investing in Chinese entities with close ties to the Chinese military?

Answer. If confirmed, I look forward to being briefed by my Treasury Department colleagues on this important issue. We need to ensure that we protect the financial system and that it is not abused by those that seek to harm us.

Question. Will you support the continued implementation of the November 12, 2020 E.O. prohibiting U.S. individual investors from investing in Chinese military companies and their subsidiaries, as defined by the DOD and placed on a public list authorized by section 237 of the 1999 NDAA (the so-called Pentagon PLA list)?

Answer. If confirmed, I look forward to being briefed on the E.O. and working with my colleagues to ensure that the financial system is not abused by those that seek to harm us.

QUESTIONS SUBMITTED BY HON. PATRICK J. TOOMEY

GENERAL QUESTIONS

Question. As you know, the Treasury Department plays a crucial role in implementing U.S. sanctions—which are an important element of our foreign policy and national security toolkit. If confirmed, it has been reported that you will play an integral role in Treasury's sanctions policy. That would make you one of the top national security officials in our government.

What, in your view, should be the objective and purpose of U.S. sanctions?

Answer. Sanctions are powerful tools that should be deployed in service of a clear foreign policy goal, providing us a means to try and change the behavior of those who threaten our national security. If confirmed, one of my first actions will be to lead a review of U.S. sanctions programs to ensure they fit these criteria and advance our national security.

Question. Can you provide an example of a sanctions program that you believe has been effective and explain why?

Answer. The counterterrorism sanctions program has offered many important successes and has been an effective and key component to the U.S. Government's efforts to counter terrorism. In various instances, counterterrorism sanctions have been deployed in service of a clear objective, were coordinated with allies, have supported a UN focus on terrorism concerns, and have helped to achieve a broad public and private sector appreciation of, and successful effort to combat, terrorist abuse of the financial system.

Question. What do you believe is the single greatest challenge to the efficacy of U.S. sanctions today?

Answer. American sanctions are powerful and effective, drawing on the size of the U.S. economy, the central role of our currency, and the importance of our financial markets. These are advantages we must work to protect and preserve to continue the efficacy of our sanctions.

Question. Will you commit to making the Treasury Department available to the Banking Committee, including for notifications and consultations, on issues related to sanctions, CFIUS, and AML/CFT?

Answer. Yes. If confirmed, I look forward to working with you and other members of Congress on these issues and to consulting with you as we continue to strengthen our foreign investment review, AML, and other capabilities.

Question. What level of U.S. public debt is a threat to the dollar's status as the world's reserve currency? Please be specific.

Answer. As Secretary Yellen has said, there are important reasons that the U.S. dollar is the world's dominant reserve currency. The United States has the largest economy, and the deepest and most liquid capital markets in the world. It is essential that we maintain a sound economy and confidence in our financial system. The most important thing we can do today to set us on a path to fiscal sustainability is defeat the pandemic, provide relief to the American people, and make long-term investments that will benefit future generations. The President is committed to implementing responsible policies that grow the economy, while asking high-income Americans and corporations to pay their fair share.

IRAN QUESTIONS

Question. Do you agree that U.S. sanctions on Iran have had a significant impact on the Iranian economy? Please describe your understanding, if only from what you've read in the news, of the impact of U.S. sanctions on the Iranian economy and the Iranian regime.

Answer. I agree. My view, based on publicly available information, is that U.S. sanctions over many years have isolated Iran from the international trade and financial system.

Question. Do you agree that the United States should not provide Iran with any sanctions relief as a precondition for negotiations with the regime?

Answer. The Biden-Harris administration is committed to ensuring that Iran takes the appropriate steps to resume compliance with its nuclear commitments, and I believe Iran should only enjoy sanctions relief if it does so. If confirmed, I will work to ensure that Treasury continues its important work to combat Iran's support for terrorism and abuse of human rights.

Question. As you are aware, the Central Bank of Iran has been designated as a Specially Designated Global Terrorist (SDGT) pursuant to Executive Order 13224 for providing material support to terrorist organizations. Do you agree that terrorists, and those who provide any manner of support to them, should not have access to the U.S. or global financial system?

Answer. If confirmed, I will make safeguarding America's financial integrity a top priority and will work to remove malign actors and illicit financial flows from our financial system, including terrorists and terrorist sponsors.

Question. In 2017, Congress approved almost unanimously legislation that required Iran's Islamic Revolutionary Guard Corps (IRGC) to be designated as a terrorist organization. Do you agree with this designation and will you commit to keeping sanctions on the IRGC and all of its affiliates until they have fully and verifiably ceased their support for terrorism?

Answer. The Biden-Harris administration will continue the U.S. Government's important work to combat Iran's support for terrorism, including rigorously using sanctions on Iranian-linked institutions and entities involved in or facilitating terrorism. In particular, President Biden is committed to working with our allies and partners to counter Iran's destabilizing activities in the region, including its support for violent proxies.

Question. Do you commit not to lift, rescind, or significantly modify terrorism designations related to the Government of Iran unless designated entities permanently and verifiably cease their support for international terrorism and they meet the criteria for removal as SDGTs?

Answer. I agree with Secretary Yellen's view on this important issue. I believe we should keep in place broad and rigorous restrictions targeting Iran's support for terrorism.

Question. Do you agree that Iran's ballistic missile program and its support for terrorism pose a direct threat to the United States, Israel, and our Arab partners?

Answer. Iran presents an array of threats to the United States and its allies, including threats related to its support for terrorism and regional destabilization. If confirmed, I will work to ensure that Treasury continues its important work to combat Iran's support for terrorism and abuse of human rights.

Question. During any U.S. diplomatic talks with Iran, do you commit to fully and meaningfully consult with the U.S. Congress, Israel, and our Arab partners in the Middle East throughout the process?

Answer. Yes. If confirmed, I am committed to working closely with Congress and our allies and partners on this important issue.

Question. Do you commit not to significantly modify or rescind FinCEN's October 25, 2019 final rule imposing the Fifth Special Measure against the Islamic Republic of Iran as a "jurisdiction of primary money laundering concern" under section 311 of the Patriot Act unless Iran ceases its support for terrorism and other illicit financial activities?

Answer. If confirmed, I will work to ensure that the Treasury Department is closely focused on any Iranian efforts to evade sanctions and abuse the international banking system. As Secretary Yellen has said, Iran's support for terrorism is a very serious concern and, if confirmed, I will work with my colleagues at Treasury to closely monitor and seek to disrupt that support with all available tools.

RUSSIA QUESTIONS

Question. The Protecting Europe's Energy Security Act (PEESA), as amended by the Protecting Europe's Energy Security Clarification Act (PEESCA), mandates sanctions on companies and individuals involved with the Nord Stream 2 pipeline. This statute requires the Treasury Department's input and consultation regarding which entities are sanctioned.

Do you commit to implement fully this statute and pursue sanctions on any entity engaged in prohibited activity activities related to Nord Stream 2?

Answer. If confirmed, I will work closely with my colleagues across the administration on this important issue. If confirmed, I commit to rigorously enforcing sanctions targeting Russian actors and other threats to U.S. national security. As I said in my opening statement, we need to work with Congress to strategically use the Treasury Department's tools to protect our citizens from threats, foreign and domestic. If confirmed, I look forward to working with you on this important issue.

Question. In January of this year, the German state of Mecklenburg-Vorpommern established the MV Climate and Environmental Protection Foundation. Funded mostly by Nord Stream 2 AG, the Gazprom subsidiary that wholly owns Nord Stream 2, this foundation is a special-purpose vehicle designed to shield Nord

Stream 2 contractors by quickly acquiring products needed for construction. How does the administration plan on dealing with this effort?

If confirmed, I look forward to being briefed on this matter by my colleagues at the Treasury Department. I am committed to rigorously enforcing sanctions targeting Russian actors and other threats to U.S. national security.

CHINA QUESTIONS

Question. Will you commit to have OFAC work with my staff to identify the ways in which current sanctions laws on North Korea and China, including the BRINK Act (Pub. L. No. 116–92) and the Hong Kong Autonomy Act (Pub. L. No. 116–149), can be more rigorously implemented?

Answer. If confirmed I commit to having OFAC personnel discuss with your staff the current sanctions on North Korea and China, including whether the current sanctions are effective and whether such sanctions should be strengthened and, if so, how to do so.

Question. What is your view of Executive Order 13959 (as amended), which prohibits U.S. persons from purchasing for value, or sale, any publicly traded securities of certain Chinese military companies?

Answer. As Secretary Yellen has said, we need to address the challenges that China poses to our national security and economy. If confirmed, I will look forward to working with regulators and colleagues within the Biden-Harris administration to ensure that companies listed in the U.S. follow the law.

Question. With respect to the U.S. CFIUS process, do you agree that the U.S. must work with allies to set similar policies on investment restrictions, technical standards, and export controls?

Answer. Protecting the U.S. economy and the companies that operate within it from malign foreign influence is of the utmost importance. If confirmed, I will work with President Biden, Secretary Yellen, and Congress to strengthen our investment security. As in many areas, these efforts may be strengthened by working in concert with our allies. If confirmed, I hope to work toward restoring America's alliances and to work with our allies to pursue common economic and national security objectives, including investment security.

Question. Will you commit to establishing and pursuing a multilateral framework to support international standards with respect to national security review of foreign investment?

Answer. Please see my answer to the previous question. Thank you.

QUESTIONS SUBMITTED BY HON. ELIZABETH WARREN

CLIMATE FINANCE

Question. During Secretary Yellen's nomination hearing, Secretary Yellen stated, "I will look to appoint someone at a very senior level to lead our efforts and to create a hub within Treasury in which we particularly focus on financial system related risks and tax policy incentives toward climate change."⁷ Furthermore, Secretary Yellen "plans to wield the department's broad powers to tackle potential risks to the financial system posed by climate change while pushing tax incentives to reduce carbon emissions."⁸

What steps will you take to ensure that the Treasury Department appoints a senior-level official with a background and understanding of the relevant economic agencies and regulators, Congress, and climate-related economic risks? Please provide a timeline for the department's appointment of this senior official.

What steps will you take as Deputy Treasury Secretary to engage on climate finance issues and to ensure that the United States plays a leading role in international climate finance issues? Please describe these actions in detail, including forums where the United States can lead on climate finance policy.

⁷ <https://www.reuters.com/business/yellen-says-would-appoint-senior-climate-official-treasury-2021-01-19/>.

⁸ <https://www.wsj.com/articles/yellen-is-creating-a-new-senior-treasury-post-for-climate-czar-11613138479/>.

Answer. I support Secretary Yellen’s commitment to create a Climate Hub, led by a senior-level official, to coordinate the Treasury Department’s climate change efforts and bring to bear financial and economic tools to confront the threat of climate change. If confirmed, I will advocate for the creation of this position as soon as possible. If confirmed, I am happy to provide you with more information once I have been briefed by my colleagues at Treasury on their efforts to stand up the Climate Hub.

In addition to effective coordination across the Treasury Department and U.S. agencies, it will be critical for the Treasury to engage globally on climate finance issues. If confirmed, I will make this an important area of focus for our international finance team. This will include working to ensure we have the right personnel focused on this important issue. Climate change is a focus at many international forums in which Treasury participates, including the G7, G20, and Financial Stability Board, as well as at the international financial institutions. If confirmed, I will work with my colleagues to ensure we have a strategy to secure a leading role for the U.S. on climate finance within these forums, to ensure we address the threat of climate change, and to create economic opportunities for workers and firms.

Question. Since 2008,⁹ the Treasury Department has had an Office of Environment and Energy, led by a deputy assistant secretary, within the Office of International Affairs to address climate finance issues. The Trump administration reorganized the office¹⁰ as the Office of Investment, Energy, and Infrastructure and reassigned the environmental portfolio to the Office of International Development. Outside of this office, notable roles at the Treasury Department¹¹ that will likely engage on climate finance issues include the Under Secretary for Domestic Finance, Under Secretary for International Affairs, Assistant Secretary for Financial Stability, Assistant Secretary for Economic Policy, and Assistant Secretary for Legislative Affairs.

What steps will the Treasury Department take to elevate climate finance issues with a senior official with staff capacity that would allow the department to research, analyze, and report on climate finance policy, as well as offer recommendations to Congress and other agencies with rulemaking authority?

Answer. As I stated earlier, I strongly support the creation of a Treasury Climate Hub, led by a senior official, which will elevate climate issues within the Department and ensure the Treasury is focused on key areas like climate finance. If confirmed, I look forward to working with Secretary Yellen and other members of Treasury’s staff to set up this critical office. I am committed to making sure senior officials throughout the Department are thinking about how to address the risks created by climate change, as well as how to create incentives for clean energy jobs. If confirmed, I look forward to working with you and other members of Congress on this important issue.

Question. Last year, Ceres issued a report¹² with recommendations for agencies to “protect[] the stability and competitiveness of the U.S. economy” due to the “need to recognize and act on climate change as a systemic risk.” The report argued¹³ that the “wide-ranging physical impacts” of climate change, “combined with expected transitions to a net-zero carbon economy and other socio-economic ripples, are likely to manifest in both cumulative and unexpected ways and present clear systemic risks to U.S. financial markets—and the broader economy.” The Commodity Futures Trading Commission (CFTC) also issued a report¹⁴ that stated that agencies and regulators “must recognize that climate change poses serious emerging risks to the U.S. financial system, and they should move urgently and decisively to measure, understand, and address these risks.”

What steps will you take to ensure that the Treasury Department reviews these recommendations? What steps will you take to ensure that the Treasury Department coordinates the Federal government’s actions on climate finance, including climate

⁹ <https://www.treasury.gov/press-center/press-releases/Pages/hp1120.aspx>.

¹⁰ <https://www.eenews.net/stories/1060070457>.

¹¹ <https://home.treasury.gov/about/offices>.

¹² <https://www.ceres.org/resources/reports/addressing-climate-systemic-risk>.

¹³ <https://www.ceres.org/sites/default/files/2020-05/Financial%20Regulator%20Executive%20Summary%20FINAL.pdf>.

¹⁴ <https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf>.

risk disclosure and other ways of incorporating climate change into its regulations, enforcement, and guidance?

Answer. I agree that the Treasury Department can play a central role in coordinating the Federal government's actions on climate finance and climate-related financial risks. If confirmed, I will serve as the chief operating officer of the Department. If confirmed in this capacity, I will work to ensure the personnel and operations of the Treasury Department are in service of Secretary Yellen's priorities. The Secretary has made clear that she plans to create a Hub dedicated to addressing the economic impact of climate change. My plan, if confirmed, would be to support her in finding the personnel and resources needed to support this Hub. I would also look to ensure that offices throughout the Department are thinking about how they can support this critical priority, in service of Secretary Yellen's leadership on this important issue across the U.S. government and around the world.

PRIVATE EQUITY

Question. Last year, I introduced S. 2155,¹⁵ the Stop Wall Street Looting Act of 2019, to reform the private equity industry and end abusive leveraged buyouts, and I have continued my oversight¹⁶ of this industry, particularly throughout the pandemic. The private equity industry, which¹⁷ "is behind many of the understaffed and underprepared nursing homes through which COVID-19 tore, the surprise medical bills that will greet those lucky enough to make it home, and the evictions sending people out onto the streets amidst a global pandemic," operates through aggressive financial engineering¹⁸ and extracting wealth from target companies, "exploiting tax loopholes and pushing tax planning to the breaking point."

Would you recommend that the Treasury Department direct its offices to review the broader economic impact of private equity investments and their impacts on target companies, workers, and communities, as well as the tax and fee structures used by private equity funds?

Answer. I believe it is important that the Treasury Department look at the impact of the use of leverage across the financial system. I also support President Biden's agenda to build a tax system in which the wealthy pay their fair share, including by closing the carried interest loophole, and in which financial regulations prevent the wealthy and powerful from unfairly profiting from workers and those less fortunate.

Question. Target companies often enter into monitoring fee¹⁹ agreements with the private equity firms that own them, despite limited justification for the fees.¹² Private equity firms are also under no obligation to share the monitoring fee agreements with the limited partners that provide much of the capital for private equity funds, thus limiting the ability of limited partners to hold firms accountable. While monitoring fee agreements are not publicly available, the Internal Revenue Service (IRS) would be able to compel private equity funds to provide detailed information about their monitoring fees in order to ensure their compliance with existing tax law.

Would you recommend that the Treasury Department direct the IRS to prioritize tax enforcement of large private investment firms, such as private equity firms and hedge funds, particularly in these firms' fee structure?

Answer. If confirmed, I look forward to being briefed on this topic and to working with the Office of Tax Policy and the Internal Revenue Service (IRS) to determine if the IRS has the authority to compel the release of information about these fee agreements and to understand how Treasury's authority fits into the broader landscape of financial regulators. If confirmed, I look forward to working and consulting with you as I deepen my understanding of these complex issues.

¹⁵ <https://www.warren.senate.gov/newsroom/press-releases/warren-baldwin-brown-pocanjayapal-colleagues-unveil-bold-legislation-to-fundamentally-reform-the-private-equity-industry>.

¹⁶ <https://www.warren.senate.gov/oversight/letters/warren-to-private-equity-industry-lobbyists-dont-exploit-the-covid-19-pandemic-to-line-the-pockets-of-the-wealthy-at-the-expense-of-struggling-workers-and-communities>.

¹⁷ <https://prospect.org/day-one-agenda/a-day-one-agenda-for-private-equity/>.

¹⁸ <https://pestakeholder.org/report/dividend-recapitalizations-in-health-care-how-private-equity-raids-critical-health-care-infrastructure-for-short-term-profit/>.

¹⁹ <https://cepr.net/images/stories/reports/private-equity-fees-2016-05.pdf>.

PUERTO RICO

Question. I support an independent audit of Puerto Rico's debt so that the Federal government and the public can understand the size of the island's debt, how much of the debt was initially issued, whether that debt was legally issued, and what steps are necessary to alleviate Puerto Rico's debt. That is why I introduced²⁰ the U.S. Territorial Relief Act, a bill that includes the creation of a commission to conduct the audit.¹³ While much of the authority to directly oversee Puerto Rico's debts lies with the Financial Oversight and Management Board, the Treasury Department is likely to play a major role in the Biden administration's policies to provide relief for Puerto Rico and address its debt crisis.

Would you recommend that the Treasury Department direct its offices to review and recommend potential options to audit Puerto Rico's debt and publicly disclose findings?

What other steps would you recommend that the Treasury Department take to address the ongoing debt crisis in Puerto Rico?

Answer. Puerto Rico faces the same four crises as the rest of the nation relating to public health, the economic downturn, racial justice, and the adverse impacts of climate change. On top of these, it faces chronic and proportionally outsized challenges. The Biden-Harris administration has laid out the most comprehensive policy platform for Puerto Rico in history and has set a path forward rooted in recovery, renewal, and respect. Treasury has historically played an important advisory role in helping to advance the process of reform, and, if confirmed, I will support Secretary Yellen in assessing options focused on helping to resolve the island's intertwined crises. At the top of the list is resolving the bankruptcy process, which requires appointing qualified members to the Oversight Board, as well as monitoring the revised fiscal plan and the plan of adjustment necessary to put the island on a sustainable path to recovery and growth while protecting the needs of Puerto Rico's people.

RECENT MARKET VOLATILITY

Question. In response to the "few wild weeks on Wall Street, in which a crush of retail investors sent stocks soaring—in GameStop's case, more than 1,700 percent—and then plunging back to earth," Secretary Yellen convened officials²¹ from the Securities and Exchange Commission (SEC), CFTC, Federal Reserve and the Federal Reserve Bank of New York. Secretary Yellen indicated²² that the SEC "is preparing a report that could inform potential regulatory action."¹⁵ I recently urged the SEC and the Financial Industry Regulatory Authority to provide Congress and the public with information about how they will address the recent dramatic market swings and with the role of Robinhood in the recent volatility, respectively.

Please describe the risks to investors and the broader economy when extreme market swings occur and when massive changes in securities valuations do not reflect the underlying company or asset.

Please describe in full detail any findings from the Treasury Department about the causes of the recent market volatility and recommendations for agencies and Congress to consider to prevent such market distortions from occurring again.

Answer. Extreme market movements can introduce risk for retail and institutional investors and diminish market confidence, especially when securities valuations are not closely tied to underlying assets. Extreme volatility can also pose challenges to market infrastructure when accompanied by unusually high trading volume. Notwithstanding heavy trading volumes during the recent event, my understanding is that market infrastructure appeared to perform well. It is important that the SEC and CFTC continue their review of whether trading practices are consistent with investor protection and fair and efficient markets. I understand that Treasury and other agencies are engaged in a review of the GameStop volatility event. If confirmed, I look forward to learning the details of the review and working with you and members of Congress to identify strategies to protect investors and the broader economy from potential negative impacts associated with similar events.

²⁰ <https://www.warren.senate.gov/newsroom/press-releases/warren-sanders-velquez-gilli-brand-markey-harris-reintroduce-comprehensive-debt-relief-legislation-for-puerto-rico-us-territories>.

²¹ <https://www.nytimes.com/2021/02/04/business/economy/yellen-gamestop.html>.

²² <https://www.nytimes.com/live/2021/02/22/business/dealbook/dc-policy-project#janet-yellen-on-stimulus-the-lessons-of-gamestop-and-whats-good-and-bad-about-cryptocurrency>.

FINANCIAL REGULATION

Question. Will you commit to working with me to ensure that our trade agreements do not undermine strong financial regulation?

Answer. If confirmed, I look forward to working with you to ensure that our trade agreements do not undermine financial regulation.

TRADE

Question. Investor-State Dispute Settlement (ISDS) has allowed multinational corporations to circumvent labor and environmental laws through extrajudicial means not available to other stakeholders, tilting the economic playing field further in favor of multinational corporations and undermining our judicial system. Corporations should not get their own enforcement rules, especially ones that undermine good laws in the public interest. Will you oppose the inclusion of the ISDS procedures in future trade agreements?

Answer. I share the President's view that private corporations should not be able to undermine labor, health, or environment policies through the ISDS process.

Question. As you know, pursuant to an executive order issued by President Trump, the Treasury Department last year added two senior officials of the International Criminal Court (ICC) to its sanctions list. Sanctions professionals have rightly called this use of Treasury's powers "an abuse of sanctions,"²³ "bizarre and troubling,"²⁴ and "a disgrace for a nation that purports to care for human rights and the rule of law,"²⁵ because the sanctions target not those who have committed war crimes but those who prosecute them. These sanctions are alienating the allies and partners we rely on to help amplify our financial pressure. Instead, those partners have been speaking out against our sanctions and looking for ways to guard against them, which undermines this valuable foreign policy tool. And the executive order is so sweeping that a Federal court has already found²⁶ that the sanctions have violated the constitutional rights of U.S. citizens who have worked with the court.

Will you commit to supporting the termination of this sanctions program? Will you commit to using Treasury's authorities to sanction those who are responsible for serious human rights abuses, not those who pursue accountability for them?

Answer. If confirmed, I am strongly committed to the implementation of human rights sanctions, working closely with the Department of State and our allies abroad. If confirmed, I am committed to following the appropriate process for evaluating changes to our sanctions regime in order to create confidence in the process. If confirmed, I am committed to taking steps to ensure that our sanctions align with our national security interest, including by reviewing the ICC sanctions.

QUESTIONS SUBMITTED BY HON. SHELDON WHITEHOUSE

Question. President Biden has proposed major reforms to our tax code to ensure that large corporations and the very wealthy pay a fair share. The Nation's 600 billionaires have seen their wealth soar by over \$1 trillion during the pandemic. Many large corporations continue to earn record profits. Meanwhile, millions of Americans have been devastated by the economic fallout. We are on the path towards a K-shaped recovery where those at the top continue to pull further away from everyone else.

Do you agree that the very wealthy and profitable corporations can afford to contribute to economic relief and recovery?

Do you support raising revenue from high-income taxpayers and corporations to pay for long-overdue investments we need in clean energy and infrastructure that are critical to our economic future?

Answer. President Biden has proposed an array of reforms that would ensure the wealthiest taxpayers and corporations pay their fair share, including proposals to increase the corporate tax rate to 28 percent and ensure robust taxation of overseas profits. I support these proposals and, if confirmed, look forward to working with

²³ <https://twitter.com/AmbDanFried/status/1301294014730207232>.

²⁴ <https://www.justsecurity.org/70779/dissecting-the-executive-order-on-intl-criminal-court-sanctions-scope-effectiveness-and-tradeoffs/>.

²⁵ <https://twitter.com/brianoftoole/status/1301292996990730241>.

²⁶ <https://www.reuters.com/article/us-warcrimes-afghanistan-trump-idUSKBN2992MD>.

President Biden and Congress to pursue these reforms, as well as advance critical investments in infrastructure, clean energy, and the industries of the future that will secure America's long-term competitiveness.

Question. For years, large U.S. multinational corporations have avoided paying as much as \$100 billion in tax annually by shifting profits to offshore tax havens. Instead of fixing the problem, the Trump tax law created new tax breaks for offshoring jobs. When it came to negotiating global tax rules at the OECD, the Trump administration focused on shielding large corporations from tax rather than addressing the global scourge of tax avoidance.

Does the Treasury Department plan to lead our global partners towards strong international rules to put an end to offshore tax dodging, including taxing foreign profits on a country-by-country basis?

Answer. President Biden has expressed that the Tax Cuts and Jobs Act did not do enough to address tax competition, profit-shifting, and offshoring. Our country still faces substantial corporate tax base erosion problems; these problems put unfair burdens on other taxpayers. I agree with President Biden's proposals to counter the tax competition, offshoring, and profit-shifting incentives within current law, including the adoption of a strong country-by-country minimum tax. Together with efforts to enhance cooperation with the international community and level the playing field for U.S. companies, we can tackle these important problems without exposing our companies to adverse competitive effects.

QUESTIONS SUBMITTED BY HON. RON WYDEN

SHELL COMPANIES AND ANTI-MONEY LAUNDERING EFFORTS

Question. There is a bipartisan commitment among members of this committee to fight money laundering and anonymous shell company abuse. Anonymous shell companies can be used to commit fraud, evade taxes, and even finance terrorism. For too long, U.S. shell companies have been a haven for abuse.

Last year Congress included critical shell company transparency language in the National Defense Authorization Act (NDAA). Passing this legislation was only the first step, now it falls to Treasury to write the critical rules to implement this legislation.

Will you commit to putting a strong anti-money laundering team in place to tackle these issues, preferably with experts in main Treasury leading the effort?

Answer. For 20 years now, a number of critical financial institutions have benefited from a so-called "temporary exemption" created by Treasury to excuse them from the legal requirement to establish an anti-money laundering program, including investment companies and luxury real estate agents.

Question. Will you commit to ending those regulatory exemptions and requiring the anti-money laundering programs specified by Congress?

Answer. If confirmed, I will make safeguarding America's financial integrity a top priority and will work to remove malign actors and illicit financial flows from our financial system. As I mentioned during my hearing, when I served in the Obama-Biden administration, my international counterparts would often ask why the United States did not collect beneficial ownership information, and I could not give them a good answer. I'm grateful for the work you and your colleagues did to fix that gap in our anti-money laundering regime in last year's NDAA.

If confirmed, I look forward to being briefed by my colleagues at the Treasury Department and FinCEN on the status of the beneficial ownership database created by the legislation and other AML efforts. If confirmed, I would also welcome the opportunity to collaborate with you in ensuring that these critical efforts have the resources they need to succeed.

QUESTIONS SUBMITTED BY HON. TODD YOUNG

Question. What are your thoughts on U.S. sanctions against Iran?

If confirmed, are you fully committed to enforcing sanctions against Iran as mandated by law?

What is your view of the Joint Comprehensive Plan of Action (JCPOA) and the sanctions relief it provided Iran?

What role would you expect the Treasury Department to play in any future negotiations with Iran?

Do you agree with President Biden that no sanctions relief should be provided to Iran until it comes into compliance with the 2015 nuclear deal? Do you agree with President Biden that no sanctions relief should be provided to Iran until it comes into compliance with the 2015 nuclear deal?

If the U.S. returns to the 2015 nuclear deal with Iran, as President-elect Biden has indicated is his desire, do you agree that non-nuclear sanctions should be maintained?

Under the JCPOA, do you believe the U.S. has the right to sanction entities that engage in illicit activities, even if those entities initially received sanctions relief under the agreement?

For example, should the Central Bank of Iran get a free pass for its financing of terrorism, simply because it received relief under the JCPOA?

Answer. The Biden-Harris administration is committed to ensuring that Iran takes the appropriate steps to resume compliance with its nuclear commitments, and I believe Iran should only enjoy sanctions relief if it does so. If confirmed, I will work to ensure that Treasury continues its important work to combat Iran's support for terrorism and abuse of human rights.

Question. Do you agree Iran's Islamic Revolutionary Guard Corps (IRGC) is a terrorist organization?

Are you committed to strict enforcement of sanctions against the IRGC and its subsidiaries and affiliates?

Answer. The IRGC was sanctioned pursuant to the global terrorism executive order, E.O. 13224, on October 25, 2007. As Secretary Yellen has said, Iran's support for terrorism is a very serious concern and, if confirmed, I will direct the dedicated Treasury staff to closely monitor and seek to disrupt that support with all available tools.

Question. The Treasury Department has undertaken significant efforts to ensure U.S. sanctions do not impede the flow of humanitarian goods to Iran, particularly those needed in the fight against COVID.

If confirmed, will you continue the Treasury Department's efforts to mitigate any impact sanctions may have on the delivery of humanitarian assistance to Iran?

Answer. If confirmed, I will work with my colleagues at Treasury and throughout the Federal government to identify mechanisms to allow the free flow of licensed humanitarian trade to all countries subject to U.S. sanctions regimes, recognizing the unique circumstances of the COVID-19 crisis.

Question. Iran is currently seeking a \$5 billion loan for the IMF. Under U.S. law, the Secretary of the Treasury is required to direct the U.S. representative to the IMF to use the voice and vote of the United States to oppose any loan to a state sponsor of terrorism.

If confirmed, will you strongly oppose any loans to Iran, or other state sponsors of terrorism, by the IMF and World Bank?

Answer. If confirmed, I am committed to working with my colleagues at Treasury to implement U.S. law.

Question. For more than 40 years, the Treasury Department has played a key role in fighting international efforts to boycott Israel.

If confirmed, are you committed to fighting efforts to boycott, divest, or sanction our ally Israel?

Answer. I join Secretary Yellen in supporting President Biden's efforts to oppose the delegitimization of Israel, whether in international organizations or by the boycott, divestment, and sanctions (BDS) movement in the United States. I also support President Biden's approach of opposing such efforts and, if confirmed, will work with my colleagues at the Treasury Department to oppose BDS activities directed at Israel.

Question. If confirmed, are you fully committed to the enforcement of sanctions targeting Hamas and Hezbollah, including sanctions under the Hezbollah International Financial Prevention Act?

Answer. Yes.

Question. Will you oppose IMF loans to Lebanon so long as the Lebanese government fails to carryout needed economic reforms and fails to increase efforts to combat Hezbollah's access to the Lebanese financial system?

Answer. If confirmed, I will work as appropriate to ensure that the executive directors represent and vote consistent with the U.S. position and U.S. law at these institutions.

Question. If confirmed, will you ensure that Executive Order 13959 is fully implemented? Do you think any expansions or other improvements are needed to improve its effectiveness?

If confirmed, beyond implementing Executive Order 13959, what steps would you like to see taken to protect U.S. investors from investing in certain Communist Chinese companies?

Answer. As Secretary Yellen has said, we need to address the challenges that China poses to our national security and economy. If confirmed, I look forward to being briefed by my Treasury Department colleagues on this important issue. We need to ensure that we protect the financial system and that it is not abused by those that seek to harm us. If confirmed, I look forward to working with you on this important issue.

Question. Given your perspective as part of the Obama administration during the last major economic recovery effort, how do you believe the Biden administration should balance economic stimulus and relief with actions that could hamper business growth, such as increased taxation and regulatory burden?

Answer. Please see my answer to the question below. Thank you.

Question. It is estimated that there is still over a trillion *unspent* dollars allocated from the previous five COVID-19 recovery packages.

Do you believe that it is wise to continue to spend trillions *more* of taxpayer dollars while there are still previously allocated funds that have not been spent and therefore have not had a chance to fully affect the public health outcomes or the economy?

As a macroeconomist by trade, do you believe there is a chance further stimulus may overheat the economy and trigger inflation issues?

Answer. I believe it is important that we consider all the risks of any policy. I believe the biggest risk we face is not making the investments we need to get Americans back on their feet and not doing enough to confront this crisis. Millions of Americans have lost their jobs or their businesses, are facing eviction or foreclosure, and are struggling to put food on the table. If we don't act in a way that meets this moment, we risk long-term economic scarring. If confirmed, it will be my responsibility, working with Secretary Yellen, to be vigilant and remain mindful of all risks to the economy, and I will closely monitor those risks now and going forward. If confirmed, I am committed to working with my colleagues in the administration and members of Congress to develop a mix of policies that support the long-term growth of our economy.

Question. The Congressional Budget Office recently revealed its projections for the Federal budget in fiscal year 2021, which estimated a \$2.3 trillion deficit *before* the anticipated \$1.9-trillion relief package. Additionally, the Biden administration campaigned on trillions in Federal investment into various sectors as a part of his agenda.

As an official charged with managing the public debt and ensuring the fiscal strength of the U.S. government, do you believe the ballooning debt is a national security risk? Why or why not?

If you answered in the affirmative to part (a) above, how do you propose we address this risk?

Answer. My view is the most pressing economic and national security challenge is to overcome the pandemic and rebuild our economy. As I said in my opening statement, economic policy must remain focused on providing relief until we have contained the pandemic. As Secretary Yellen has said, interest rates are at histori-

cally low levels, and our interest burden as a percentage of GDP is also quite low. Therefore, in the current environment, it makes sense to invest in the relief needed to support families and businesses. Over the longer term, we need to ensure that our country is on a sustainable path with respect to our debt burden. If confirmed, I look forward to working with Congress on these important issues.

Question. I am concerned about unresolved issues regarding Digital Services Taxes that are being imposed on U.S. corporations by foreign nations. On June 5, 2020, the United States Trade Representative (USTR) announced an investigation into the Digital Services Tax (DST) being implemented by several countries, expanding on the USTR's existing investigation into France's DST. While USTR has threatened retaliatory tariffs against France and other nations with a DST deemed to be discriminatory, several weeks ago the scheduled tariffs were suspended due to the ongoing investigation.

Given your experience in international economics, what do you believe a solution on this issue should look like?

Answer. I agree with Secretary Yellen that this is a critically important issue. The OECD negotiations provide an opportunity to level the playing field for U.S. companies while stopping tax competition and resolving these digital taxation disputes in an amicable matter.

Instead of waiting for agreement at the OECD level, a number of countries have chosen to unilaterally implement their own digital services taxes (DSTs). Over a dozen countries have already imposed DSTs, with many more countries having either published proposals or announced an intention to publish a proposal to enact a DST. The details of these DST proposals vary by country, but the policy frequently discriminates against non-resident businesses and imposes double taxation. Additionally, the DSTs of certain countries appear to be designed to specifically target United States digital companies.

I believe it is critical that we adopt international tax and trade rules that ensure American companies can compete in a fair global market. When it comes to taxation, we need to ensure American companies can compete fairly. I believe we can do so by stopping the destructive global race to the bottom on corporate taxation and discouraging harmful profit-shifting.

Question. Absent an international agreement regarding the Digital Services Tax issue, how do you believe the United States should respond to the unilateral implementation of such taxes by other nations on U.S.-based companies?

Answer. I am aware of the concerns U.S. companies have raised about digital services taxes. If confirmed, I am committed to a cooperative multilateral process to resolve the digital taxation dispute in the context of broader efforts at enhanced international tax cooperation through the OECD/G20 process. If confirmed, I will work with my colleagues at the Treasury, USTR, and across the administration to consider appropriate responses absent international agreement. If confirmed, I would also welcome the opportunity to further explore this question with you.

PREPARED STATEMENT OF HON. MIKE CRAPO,
A U.S. SENATOR FROM IDAHO

The Treasury Department leads and oversees a vast array of issues of importance to Americans and the U.S. economy, including economic policy, such as tax policy and economic stability; managing the U.S. government's finances and debt; financial markets and institutions; illicit finance and financial sanctions; trade and global organizations like the G7, G20, and IMF; and the Social Security and Medicare trust funds.

The Deputy Secretary of the Treasury stands at the forefront of many of these issues, advising the Treasury Secretary on the activities and policies of Treasury departments and programs, and even sometimes serving as a liaison between the Secretary and Congress.

In the last administration, I worked closely with former Deputy Secretary Justin Muzinich on a number of matters, including economic support for individuals, businesses, and financial markets impacted by COVID-19 in the CARES Act; and combating money laundering and illicit finance as a part of beneficial ownership and BSA/AML reform, and more.

If confirmed as Deputy Secretary of the Treasury, Mr. Adeyemo would be no exception in actively engaging in many initiatives with Congress.

Mr. Adeyemo has served throughout his career in a number of different roles in government related to economic and financial issues, such as in the Treasury Department, the National Economic Council of the White House, and the Consumer Financial Protection Bureau.

During his time at Treasury and the NEC under the Obama administration, he was involved in international policy, engaging with foreign officials and advocating for U.S. interests abroad, including as the President's representative to the G7 and G20, as well as the chief negotiator for the macroeconomic aspects of the Trans-Pacific Partnership.

He has also held positions at private and nonprofit organizations, including as a senior advisor at BlackRock between 2017 and 2019, and as the editor of the Hamilton Project at the Brookings Institution.

In addition to accumulating diverse relevant experiences, it is important to understand the framework through which nominees think about and formulate policy. During this hearing, I look forward to understanding more about Mr. Adeyemo's thoughts on his priorities at Treasury; how the U.S. can stay competitive globally through tax policy; additional COVID-19 funding and its potential impacts on the U.S. economy and fiscal sustainability going forward; protecting national and financial security and curbing illicit activities; and promoting U.S. interests abroad and curbing bad actors.

Even since his time in the Obama administration, there has been an evolution in the challenges facing the Nation's economy, and national and financial security. For example, the U.S. has grappled with the COVID-19 pandemic and the economic consequences of government-mandated shutdowns since the beginning of last year, which have since eased.

Congress worked across the aisle multiple times in 2020 to provide unprecedented economic support to individuals, families, and businesses most affected by COVID-19, including the CARES Act in March, additional PPP funding in the summer, and the most recent COVID-19 relief package in December.

Senator Wyden indicated this crisis has exacted a terrible toll on America, and he's right. I agree with that, and agree that another COVID relief package is appropriate. There are some disagreements on the scope and content of that package though.

Unfortunately, Democrat leadership have apparently charted a path toward a massive, untargeted \$1.9-trillion package that may even bypass this committee, and there remain many questions about it—not necessarily the need for a package, but for the potential impact of the many non-COVID partisan policies included.

COVID relief is just one example of an area where the Deputy Secretary has played an active role in the past toward bipartisan solutions, and I look forward to working with you, Mr. Adeyemo, to achieve that same result this time as we move forward.

Mr. Adeyemo also comes with private-sector experience that can help him in dealing with these issues and in providing the kind of advice and support that we need when discussing these critical issues.

Finally, in your past government roles, you played a role in the international and national security space, working on various international economic issues, including trade and investment-policy agendas, CFIUS, and engagement with multilateral development banks. It has also been noted that you were the chief negotiator in the Trans-Pacific Partnership.

Noting these issues, I am interested to hear your views on the work we did last Congress on beneficial ownership and anti-money laundering; your view on sanctions; and how you will include views of Congress, from both sides of the aisle, in deliberations at international forums.

Thank you for joining the committee today, and I look forward to your testimony.

PREPARED STATEMENT OF HON. RICHARD J. DURBIN,
A U.S. SENATOR FROM ILLINOIS

Chairman Wyden, Ranking Member Crapo, and members of the committee, it is my privilege to speak in support of a remarkable public servant and adopted son of Illinois whom President Biden has nominated to serve as Deputy Treasury Secretary. Adewale “Wally” Adeyemo is a thoughtful, skilled leader and a principled champion of economic opportunity and dignity for all Americans.

Helping to lead the Treasury Department will be something of a homecoming for him. During the administration of President Barack Obama, he joined the Treasury Department in 2009 and later served as Senior Advisor and Deputy Chief of Staff to then-Treasury Secretary Jack Lew.

That is just one part of his impressive portfolio of public service. He also served during the Obama administration as Deputy National Security Advisor and Deputy Director of the National Economic Council. And he made history as the first Chief of Staff at the Consumer Financial Protection Bureau, the CFPB.

In addition, he has worked outside of government, helping to lead a number of non-profit organizations working to bring new jobs, new opportunities, and new hope to under-served communities.

As president of the Obama Foundation, Mr. Adeyemo has created a blueprint that will make the Obama Presidential Library and Museum both a national treasure and a catalyst for a more prosperous, more vibrant, and more just Chicago. In addition to attracting tourists from across the world, the Obama Presidential Center will be an engine for economic growth.

As a child, Mr. Adeyemo immigrated to the United States with his parents from Nigeria. The son of a nurse and an educator, he was taught that it was his responsibility to contribute to the good of this Nation. He has made it his life’s work to build an American economy in which all people can advance and all workers can raise their families in dignity and retire with security.

This nomination carries historic significance. If confirmed, Mr. Adeyemo would be the first black Deputy Secretary of the Treasury. At this historic moment of reckoning, as we confront the painful and lingering consequences of systemic racial injustice in America, Mr. Adeyemo is ideally qualified to help shape compassionate, equitable economic policy for all Americans.

When Mr. Adeyemo first answered the call to serve our Nation, America and the world stood on the brink of economic catastrophe. Today, America is reeling from a horrific pandemic that has claimed nearly a half-million lives and wreaked economic devastation on millions of families and small businesses—especially in black and brown communities.

We are fortunate to have such a seasoned and inspiring leader as Wally Adeyemo ready and willing to answer the call to serve again. I have the utmost confidence in his leadership and his character. I look forward to working with him as we recover from the COVID–19 pandemic and rebuild an American economy that works for everyone.

PREPARED STATEMENT OF HON. RON WYDEN,
A U.S. SENATOR FROM OREGON

Welcome, everybody, to nominations week here at the Finance Committee. For the first of three hearings, I’m pleased today to welcome to the committee Wally Adeyemo, whom President Biden has nominated to serve as Deputy Treasury Secretary. This is one of the widest-ranging economic jobs in the executive branch, so there’s a lot for us to talk about today. I want to start off with the COVID jobs crisis.

Look around online, and you can find some rosy predictions about GDP growth and jobs in 2021. Some say that’s the reason to go small with COVID economic relief. In my view, those estimates wildly underestimate the level of economic pain that people in Oregon and across America are feeling a full year into the pandemic.

Here are the facts. Fed Chair Powell said recently the January unemployment rate wasn’t really 6.3 percent—it was closer to 10 percent. For working-class Americans, it was 17 percent. Five million workers have dropped out of the workforce since the pandemic hit, most of them women who’ve had to sacrifice jobs to provide

their own childcare. In terms of women's participation in the labor force, the pandemic wiped out all the gains going back 35 years.

New data last week showed that jobless claims jumped unexpectedly yet again. Before the pandemic, the highest number of new unemployment claims ever filed in a single week came in October 1982. It was 695,000. The number of new jobless claims has now been higher than the pre-pandemic previous peak every single week for 48 weeks in a row.

This crisis is unlike any the country has seen before. It is defined by a sustained level of turmoil for working Americans that nobody has seen in generations, while those at the top are doing much better. The COVID economy is essentially split in two: there are long lines at million-dollar open houses, but there are also long lines at food banks.

The pandemic has taken a terrible human toll—half a million American lives lost. It has also infected and shredded the economic fabric of our country at its most vulnerable points. There is a growing epidemic of child hunger. Families who were struggling to pay for their housing before the pandemic are now months behind on their rent or mortgages. Millions and millions of mothers are facing the prospect of an irreversible setback to their incomes, their savings, and careers.

Our goal for the months and years ahead cannot be to simply return to the economy of January 2020. For too many people, the cost of living a dignified life in America was unaffordable even before the pandemic. So the Congress and the Biden administration need to go big with a focus on fresh policies that will get more families off the economic tightrope for good.

The Treasury Department is going to be right at the center of that effort, and Wally Adeyemo is an ideal choice to serve as Deputy Secretary. He knows the Treasury inside and out. He brings an extensive economic policy background, including on key international issues, that will help us recover here at home and rebuild our economic alliances abroad. He knows from firsthand experience, having been in the Obama administration during the last economic crisis, that going small is a big, big risk.

Perhaps most importantly, Mr. Adeyemo has worked closely with members on this committee and staff on a range of issues. He's always left an impression as somebody who's as knowledgeable, dedicated, and effective as they come.

I had a great meeting with Mr. Adeyemo in December. We talked about the COVID recovery, Treasury's central role in fighting the existential threat of climate change, and taking new approaches to address racial disparities baked into our economic policies.

I'm also very much looking forward to working with Mr. Adeyemo and the Treasury Department on the issue of shell companies. It didn't get a lot of front-page headlines, but late last year Congress passed landmark legislation to end the use of anonymous shell companies in the United States. It took years of hard work—Senators Whitehouse, Brown, Crapo, Grassley, and others played key roles. Now that the legislation has become law, it's up to the Treasury Department to write strong rules and implement it. I want to work with Mr. Adeyemo on this, as well as so many other key challenges I've talked about this morning.

I'll close on this: when Mr. Adeyemo is confirmed, he'll be part of a history-making duo—the first African-American Deputy Treasury Secretary will be serving under the first woman Treasury Secretary. I'm happy that this committee could help to achieve that long overdue progress.

LETTER SUBMITTED BY HON. TODD YOUNG,
A U.S. SENATOR FROM INDIANA

United States Senate

WASHINGTON, DC 20510

February 23, 2021

The Honorable Janet Yellen
Secretary of the Treasury
U.S. Department of the Treasury

1500 Pennsylvania Ave, NW
Washington, DC 20220

Dear Secretary Yellen,

As you may know, millions of American retail investors unwittingly hold investments in U.S.-sanctioned and other questionable Chinese corporations through their retirement accounts and investment portfolios. Among these are Chinese companies linked to or affiliated with the People's Liberation Army; horrific human rights abuses, including the aiding and abetting of genocide against the Uyghur population in Xinjiang; the building and militarizing of Beijing's illegal islands in the South China Sea; the manufacturing of advanced weapons systems; the construction of an oppressive "surveillance state"; and weapons proliferation.

Given reports that indicate the level of this investment has grown rapidly in recent years, I am increasingly alarmed at American portfolio investments made in these Chinese enterprises with insufficient due diligence as well as the circumvention by some of these companies of U.S. rules for financial governance and transparency that could intensify the risks for American investors.

Over the last few months, we have made important strides in remedying these threats to both investors and national security, including the bipartisan Holding Foreign Companies Accountable Act to require public companies to disclose ownership or a controlling interest by a foreign government and to prohibit the listing on a U.S. securities exchange of any company that does not complete a Public Company Accounting Oversight Board audit for 3 consecutive years.

In addition, the last administration issued Executive Order 13959 to prohibit U.S. investors from holding the securities of Communist Chinese Military Companies (CCMCs) that appear on the U.S. Department of the Treasury's Office of Foreign Assets Control list or the U.S. Department of Defense's Section 1237 List, which will soon transition to the more broadly defined Section 1260 List as mandated by the National Defense Authorization Act of 2021.

My understanding is the actions in this executive order are currently under review by the administration. I strongly encourage you to take swift action to fully implement this executive order. Whether it is Chinese companies that are involved in enabling genocide (a designation that you and Secretary of State Tony Blinken have correctly supported) or assisting in the manufacturing of advanced weapons systems, any implementation delays will have a detrimental effect on our national security interests and American investors who are unknowingly helping to facilitate these egregious acts.

One of China's most glaring weaknesses is access to the kind of large-scale financing that only U.S. capital markets can adequately provide. As this is one of our country's greatest strengths, we must take every measure necessary to protect it. We must place American investor protection and our national security interests ahead of any fleeting investment gains when it comes to financing of the Chinese Communist Party and its affiliated enterprises and activities.

I look forward to your response and to working with you on this critical undertaking.

Sincerely,
Todd Young
U.S. Senator

CC: Secretary Lloyd Austin, U.S. Department of Defense
Secretary Tony Blinken, U.S. Department of State

