ABA Senior Lawyers Division
Women Trailblazers in the Law

ORAL HISTORY

of

SHEILA BAIR

Interviewer: Marcia D. Greenberger

Dates of Interviews:

November 5, 2013
December 19, 2013
January 9, 2014
January 15, 2014
April 2, 2014
Ms. Greenberger: This interview is being conducted on November 5, 2013, by Marcia Greenberger and the interviewee is Sheila Bair. This is the first of several audio tapes that we are beginning to record for the Trailblazer's Project of the ABA and the Commission on Women. I'm here today in Sheila's office which is absolutely beautiful, sleek, white, lots of light, lots of glass, very, very clean lines and very beautiful and filled with light. And it's got a lot of wonderful equipment all around and hopefully this recorder which is not part of Hughes equipment will do the trick. And with me is Sheila Bair who is looking absolutely wonderful in a red and black very snazzy top and black pants and against this white, sleek, shiny office, she looks just wonderful. I'm just going to stop this for a moment for make sure that it's recording properly. Okay, Sheila, I think we're ready to go now with your
Ms. Bair: So I was born on April 3, 1954. My mother was scheduled for a C-section. She had difficulty with a natural delivery because of the positioning of her spine so they wanted to schedule the procedure on April 1 and she was quite against it, because she didn't want an April Fool's baby. She thought other kids would tease me when I got older. So she scheduled it for April 3. Technically I was born in Wichita, Kansas because that's where the surgery was. We were living in Independence, Kansas and that's where I grew up. Independence is a very small town, about 12,000 people when I lived there. It used to be a quite wealthy town. There was a lot of oil exploration and Sinclair Pipeline used to be based there. So there was a lot of money, a lot of millionaires-- once. And according to local lore, we had the
most millionaires per capita of any town in Kansas for a while. But by the time I was born the oil wells had run dry and there were some remnants of Sinclair Pipeline, they were shrinking and it really was kind of an economically-challenged area, very isolated, bad roads. The closest city was Kansas City about 180 miles away. It was the kind of place where people had to struggle a bit. We did not. My father was a doctor. My mother was trained as a nurse but she was a homemaker and someone whom my sister and I loved very much. And they were good parents. They were depression-era children. My mother in particular had lived in impoverished circumstances, also in southeast Kansas and had horrific stories to tell about the dust bowl. My father, they were certainly not wealthy people by any means. His father actually died in the Swine flu epidemic. His mother eventually remarried -- a truck driver for Sinclair in Newton, Kansas. Unlike my Mom's family, they always had food on the table, but they were definitely blue collar. My dad's mother took in laundry. I remember going to her house and visiting her as she would be doing the ironing for her
neighbors, people she would do laundry for. We'd also go to the Lutheran church with her once a week because she also had a job cleaning the church. So that was the kind of people they were. Both my parents growing up had lived in meager circumstances, but we were quite comfortable with my dad as a doctor. He was a general surgeon, the only surgeon in the community. My parents had a good understanding of want and prudence and thrift and really instilled those things in me as well.

Independence was kind of an interesting town. It had beautiful old mansions -- ts echoes of past grandeur. There were also some really interesting people who had come from Independence, Kansas. William Inge, for instance, the famous playwright, wrote Picnic, Dark at the Top of the Stairs, Splendor in the Grass. He was quite the rage in the 50s when his plays were being produced on Broadway and made into movies. And I believe Picnic is being rerun on Broadway now. And if you see any of those plays, it's very much Independence, Kansas. He was actually ostracized from the community for a long time, because the characters
in these plays were so true-to-life people in Independence. Everybody knew who they were so folks were quite angry at him and he was also gay, and people back then were not as accepting of that as they are now. But they are tolerant now. Actually the town now celebrates William Inge. They have a big theater festival every year in his honor and they are quite proud of him as one of their own. He wrote honestly about small town life in rural Kansas with all of its warts -- the nice things and the not-so nice things as well. Mickey Mantle also, according to local lore, played his first Little League Baseball game in Independence, Kansas. Vivian Vance from *I Love Lucy* was from Independence, Kansas. Walter Cronkite's aunt lived in Independence. So we had a lot of people of note and prominence who had connections one way or the other and we were all very proud of that.

We also had a big celebration every year for Halloween called Neewollah (Halloween spelled backwards) and in *Picnic*, William Inge's probably most famous play, *Picnic*, was centered around that celebration. That was quite a big
deal, every year we would produce a play, the locals would produce a play. I was in several of them. One year I was in *Oliver*, always just bit parts. I was not a very good actress or a singer but being in these big productions was a fun thing to do as I was growing up. Independence also had a big carnival and parade. We put on our costumes and marched in the parade. Halloween was really celebrated. Independence was probably ahead of its time in its celebration of Halloween. It was really a big deal. So I had a sister three years older. And we were pretty close and are still close. We took very different paths, she's a physical therapist. She lives in the Midwest in Illinois, with my mom. My father has since passed away. But it was a good, solid, traditional family, big emphasis on traditional values, work ethic. My dad was of German descent and had that kind of classic Prussian, keep your nose to the grindstone kind of attitude towards things which I liked and I value that. My mother had Mediterranean roots so she was a little more of a passionate type and caring, affectionate type. They were a good combination. They had their own ups and downs in their marriage which they worked through over the
years. But anyway it was a good upbringing. I went to public schools. Everybody did. Back then that's what you did. I can't say they were great public schools. They were good in a sense they were economically diverse and everybody went to the same place, and equalizing in that way. And so the teachers could have been stronger but you make of it what you can. And so that was pretty much it.

Ms. Greenberger: Was it a diverse population at that point.

Ms. Bair: That's a good question, so it was not, I would say we probably had about a 10 percent African-American population, no other significant size minorities. Religious diversity, we had Protestants and Catholics, and we joked there was one Jewish family in the town. Nate Persky was my dad's best friend. They were our next-door neighbors. They were the only Jewish family in the town. So it was not, and even the African-American population, at least when we were growing up, we still had the residuals of segregation. Independence is on the southern border of Kansas, so we had some of that hangover. There was still some de facto segregation, I
remember African-Americans used one entrance and the other kids used the other entrance into the schools. And obviously the classes were integrated but there wasn't much social commingling which is unfortunate. But we were all given the same education, everybody had the same teachers, and the same classes. That's one of the great strengths of public schools, if you have good public schools. When you're starting out, everybody should have an equal shot. You're starting with a blank slate and everybody should have the same access to the same tools and educational opportunities and what they do with them is up to them. It saddens me. I went to public schools all the way through, college and law school. And I think I got a pretty good education. I think it probably would be not as good now. At the upper level, it's still okay, but at the lower level, it's not. But it really saddens me because that was John Adams' vision, that was supposed to be the great equalizer -- public education. It's just been weakened so badly. I think it's kind of sad.

Ms. Greenberger: And did it ever strike anybody at the time as wrong to have the minority kids,
the Black kids going into a different entrance.

Ms. Bair: I think they did. I think there was a growing awareness especially among the students. I remember I got some flack. I remember I was elected class president in the seventh grade, it still sticks out in my mind. And so the school newspaper would do a little interview with the class president, so I was asked who my favorite actor was, and I said Bill Cosby because I loved the show *I Spy*, which was very popular back then. And I remember a teacher saying "couldn't you find a White person to be your favorite actor?" There was some of that which is unfortunate. And the kids didn't socialize the way they should have. Small towns can be very tradition-bound. External forces and things that are going out in the world don't necessarily always infiltrate small towns. You kind of default into patterns of behavior that you just stick with and don't change because you can be so insulated. Independence was a very insulated, isolated town. It's certainly changed now for the better. But back then, it was still out of touch. It was
interesting because there was a lot of pride with the role Kansas had played in the Civil War. The state was torn apart – Bloody Kansas – over slavery. So there is a strong history in opposition to slavery and the role Kansas had played in that. But translating ideals into personal behavior --it just takes time. And it took longer than it should probably, but I don't think, unfortunately, that was unique in southern rural areas.

Ms. Greenberger: Very much true. Were your parents at all following the news and into politics or government or anything growing up?

Ms. Bair: So yeah, they talked politics. Both were traditional Republicans. Everybody in southeast Kansas was. Dad was politically active. He was on the school board for quite some time. He was the mayor for a while. And then he ran for a state elective office and didn't do well at all. Outside Independence, he couldn't develop much of an elective base. So that was his one foray outside of local politics. But yeah,
he was active in the local government, with the school board and being mayor for a while.

Ms. Greenberger: And were those issues discussed at all. Do you remember any kinds of issues

of concern—either when he was mayor or why he was running.

Ms. Bair: So I think it was more. I don't remember really substantive issues being discussed, it was more party politics kind of a thing. And that may just have been me when I was very young not being aware of a lot of the issues. Certainly budget deficits were no-nos. High taxes were no-nos. So those kinds of issues. But beyond that I don't remember having robust discussions about the Viet Nam War, or anything like that. My parents were patriotic which they defined as being supportive of government and not questioning policies on war and national defense. A lot of the country used to be that way. I think we're more scrutinizing now, as we should be. If we had been more scrutinizing we wouldn't have gotten into those horrible wars. But my parents were pretty much right down the line
in supporting our war efforts. But they had their own opinions when it came to taxes and the budget.

Ms. Greenberger: So when you think back to those growing up days, was religion part of the mix.

Ms. Bair: That's a really good question. I did have a kind of an unpleasant experience with religion. My dad was a Lutheran, and we went to the Lutheran church. There were a couple of parochial schools in Independence. The Catholic church had a parochial school and the Lutheran church had a parochial school. But Dad decided that he thought we should go to the public school for good reasons I think. So that was fine but it created some problems in church because when I was in Sunday school in the morning, everybody else in the Sunday school class would be at parochial school and then there would be me. And there were some resentments among some of the Lutheran church leadership that Dad had us in public schools instead of their parochial school. So to make a long story short, I hated going to Sunday school, nobody would talk
with me, nobody would sit next to me. It was like, ooh, there's a public school kid. And so it was kind of narrow-minded. And the Sunday school teachers didn't really intervene to try to make it better. So that's kind of an unpleasant memory. And so this went on until probably I was nine or ten and then Dad kind of got fed up. He just got fed up with organized religion so we pretty much stopped going to church at that point. So it was, I think it was indicative of how rigid some of these churches could be in their thought, and their approach, and their attitude so that was not a good experience, and we still don't go to church. I believe in religion, I believe in God, I think I'm a moral person, I think I'm an ethical person. And I studied philosophy in college and I try to always approach things from a moral and an ethical point of view too. I'm sorry if that sounds kind of down-home, old fashion Kansan, but I believe in a higher authority and that there is a right and wrong and all that. I always try to identify it, but I guess I've done that through my own personal readings and living and judgments as opposed to organized religion. We kind of gave up on that a long time
ago. I feel guilty about it because my kids have never gone to church, my sister is a good church-goer. And I know a lot of our kids' friends are good church-goers. But the kids seem to be fine with it, and they both I think have developed a good ethical sense. So I think it's okay.

Ms. Greenberger: So if somebody were to ask you what religion are you now, what would you say.

Ms. Bair: I guess I would still say Lutheran, if I had to put a label on it.
That would, I would certainly say I was raised Lutheran.

Ms. Greenberger: And what do you think your kids would say?

Ms. Bair: I don't think they would say they had a religious affiliation. I think Colleen, my thirteen-year-old would say she believed in God. My son's views on religion are still evolving. He has a scientific mind. I think that's probably how they would respond.

Ms. Greenberger: So you went through the elementary-junior high school-high school in your community. And was there was one class per grade. Or was there?
Ms. Bair: Yeah. The grade schools were very small, we had three different grade schools,

the classes were very small, but then everybody got lumped into the same junior high, what they call middle school now, we called junior high then and high school. The classes were pretty big. It was probably 30-35 students per teacher. So the classes were pretty big. As I said, I got an okay education. I think I probably could have gotten a better education in other places, but there were benefits to being in public school too. I did graduate a year early. I was eager to leave. By the time I was in junior high school, I felt like I had already learned what I was going to learn. It was all sounding pretty familiar. So I did some summer courses and graduated a year early so I could go to college a year early. But Independence was not a wealthy area. The schools were not that well-funded. We had very big classes.

Ms. Greenberger: And was it always clear to you that you were going to go to college.
Ms. Bair: Yes. That was always clear, definitely. That was always the assumption in the family. It was assumed that I would go to Kansas University, too, and I look back on that, and I love KU and I loved the experience I had. I just went through the college selection process with my son. I really didn’t think about looking at other colleges when I graduated from high school. Maybe I should have. Clearly, if you want to go into politics and government, there are other schools that have that specialization. But KU was good, the cost was right. I was able to work a little, though Mom and Dad paid for most of it. I graduated without any kind of debt. It was affordable and comfortable. I don’t really regret it. I just think maybe I should have done a little more due diligence before I decided to go to KU.

Ms. Greenberger: And how far it was from home.

Ms. Bair: In Lawrence, it’s about a three-hour drive. So it was close enough to go home when you needed to, but far enough that you felt independent. In college, you don’t want to be too close to your parents.
Ms. Greenberger: And did your sister go to college?

Ms. Bair: Yes, she went to KU, too. So it was kind of a family thing. Mom and Dad both went to the KU Medical Center and got their degrees. We are a KU family.

Ms. Greenberger: Do you ever go back?

Ms. Bair: Not as often as I like. I was back a few years ago. I got an honorary degree from them. It was really a treat. They had never done honorary degrees.

Ms. Greenberger: Wow.

Ms. Bair: It was me, it was Bob Dole. It was wonderful because I worked for him. Alan Mulally, who I deeply admire, also received a degree. I'm sorry, a gentlemen who is quite famous for writing operas and I'm not a opera person and sorry, can't remember his name. So the four of us got honorary degrees. Unfortunately Dole couldn't make it, he had a health issue at the last minute and wasn't able to fly out. Which is probably
just as well. Because those commencement ceremonies, there's a lot of standing and waiting. They can be physically taxing. So it was probably just as well.

Ms. Greenberger: And was your dad alive.

Ms. Bair: He was not, he died in 2009 when I was kind of in the middle of things at the FDIC so that was hard, that was really hard. He had been deteriorating for a long time and so, it was not unexpected that he passed away, but still it's always difficult. I think it was in the spring of 2009. We weren't right in the crisis but we were still handling a lot of problems. So that was hard. But longevity runs in the family. Dad was 92 when he died, Mom's 92 now and is pretty healthy.

Ms. Greenberger: So did your Mom go.

Ms. Bair: Go?

Ms. Greenberger: When you got the honorary degree.
Ms. Bair: No, she didn't. So unfortunately I didn't have any family there.

It would have been nice.

Ms. Greenberger: So when you went, did you go with a plan in mind of what you of wanted to do

Ms. Bair: No, that's another thing, if I was doing it over I would have given that more thought too. I was kind of a rush to get out

Independence and college is the next step. Now I look back and kids take a year off to travel or whatever before they actually decide. I just never did that. I just rushed right through. So I didn't really have a good idea of what I wanted to major in.

And as much as I love my parents, I must say they didn't --and I think this is true of our generation -- they didn't really raise me with the expectation that I would have a career. They raised me with the expectation that I would get married. So young women back then didn't think in those terms and we should have, but we really didn't. We weren't really raised to think in those terms. So I just started to take courses and basically, I liked philosophy, I liked economics, I liked English. I ended up, I had a lot of credits in all those and I
ended up as a philosophy major and concentrations in economics and English. It was fine and completely worthless in terms of finding a job. So when I realized that, I graduated a semester early and didn't know what I was going to do. I was like 20, I was 20 and trying to find a job with a philosophy degree. There wasn't much. So I talked to some people and I've always been interested in government and politics. So I just decided to apply for law school and I worked as a bank teller for nine months between that December when I graduated until the following fall when law school started. For that nine month period I worked as a bank teller, I was lucky to get that job with a philosophy degree. It paid me $350 a month. I've got a bone to pick with the unions why they never unionized bank tellers. It was the worst paying job, it was $350 a month. You worked from eight in the morning until six at night, five days a week, and then every other Saturday morning. I could hardly make ends meet, so I got a job as a bartender in the evening. I was doing nothing but working and I was barely making it, I
saved a little bit. The bartender job was fun. I learned how to mix drinks. It was at an upscale restaurant.

Ms. Greenberger: Good life skill.

Ms. Bair: Exactly. I can open a champagne bottle with the best of them. I did have one bad experience, I'll never forget. This young couple came in, it was prom night. They came in and this little girl had a lovely white dress on and they wanted pink champagne. So I'm going over to the table to make a big show of opening the champagne. And pink champagne is more fizzier or whatever, I don't know, the thing popped all over her dress. Of course it had to be pink. I felt so bad.

Ms. Greenberger: And you remember.

Ms. Bair: That kind of thing you do not forget.

Ms. Greenberger: Did you have any summer jobs at all.

Ms. Bair: Yes. I loved to write, I still love to write. Back then I loved writing short
stories and fiction and in the back of my mind I thought, wouldn't it be fun to be a writer. Of course, that's very difficult to make money doing that. But I wanted material for my writing. My first year of college, I had taken a lot of creative writing courses and English courses and I really wanted to be a writer. So I thought well, what's a good summer job that's going to give material for writing? So I decided to work in a nursing home. And that was a real eye-opening experience. My dad actually was a co-owner of a nursing home in Independence so I went to work at his nursing home. And I'm glad I did it. It was, I saw everything because there were elderly people there who hadn't been visited by anyone for years. There were others who had people who came in to see them every other day. Really, back then, it was owned by the Lutheran church and there was a certain percentage of people there through charity, who were not charged. And some of those folks hadn't been visited for years and they were curled up in a fetal position. Part of my job was to change their position everyday so they wouldn't get bedsores. It really, I remember having to stay up all night with a gentlemen who
died, he didn't have anybody, he was just going and needed someone to sit with him. So I worked the night shift. People talked about the death rattle, I'll never forget, it went on for hours. That rattling and then they stop breathing and you don't know if they will start again. I'd be holding my own breath waiting for him to start breathing again. And so, I'm glad, I worked there. It was a good thing to do. It was helpful to the people, especially the folks who didn't have anyone visiting them. A hug every now and then, a squeeze of the hand or whatever. It would make you feel good because they needed that. And it was eye-opening for me. Because I'd been pretty sheltered in terms of our family. We never really had want.

My first year after law school, I interned with Legal Aid Society and I got to work on a really big case, a utility case. And this is one of the things that got me interested in civil rights law and equal opportunity. It was just amazing. A Kansas utility, I can't believe how sleazy this was. So they had late fees -- if you were more than fifteen days late, you got hit with a really big late fee on your utility bill. So the Legal Aid
Society had done a study that showed that in low-income areas
where they were getting government checks for support, the
bills were being timed to get late fees.

Ms. Greenberger: This is Tape 2 of our interview with Sheila Bair, a
wonderful trailblazer. We are continuing. It’s November 5
with the discussion and she was describing a Legal Aid
Society case that she was handling.

Ms. Bair:  This opened my eyes up to advocacy through litigation. And
what was really going on was this public utility was timing the
bills that it sent into low-income areas to be more than 15 days
before they would get their government checks. And I think
the government checks went out on the first, so say they were
sending the bills on the 15th I believe, when the money was
gone and it would be more than 15 days before the next check.
So if you went past fifteen days, you got hit with a fairly
significant delinquency fee so you could just see the pattern.
The rate of delinquency fees were much higher in the poor
neighborhoods. We didn't want to come out and say the utility
was doing this intentionally. Though in fact they probably were. And so we did successfully challenge that, and it was really cool to be able to work on that as a first-year law intern. It was on appeal, to the Kansas Supreme Court when I joined. So I got to work on the brief.

Ms. Greenberger: Ahh.

Ms. Bair: Yeah, it was really fun. So and getting money into peoples' pocket immediately because there was a fairly significant damage award. So that was nice. And it had a real tangible benefit to it. Well you asked about summer jobs. I'm trying to think of some of the other stuff.

Ms. Greenberger: Just in college at this stage. Or even in high school.

Ms. Bair: I know in college, I got a job as a tutor. I tutored during the school year. I had a job as a reader for one of our blind students. And ironically later when I became Chairman of the FDIC, I was out in the Kansas City regional office and
a woman came up to me who was married to the blind
student who I'd read to. That was kind of fun. Golly what
other jobs did I have. You're really taxing my memory. I
interned for a law firm my second year. That wasn't really
as much fun as Legal Aid the first year. What did I do in
college? I didn't work a lot because I was going to summer
school. I was trying to graduate early. The tutoring was
good money. And that was my primary job, as I recall. I
may have done other things and just can't recall. I
definitely remember the nursing home experience. That
was just really impactful.

Ms. Greenberger: Did you have fun in college.

Ms. Bair: Yeah. I did, I did. Like a lot of students we would drink beer
from time to
time and Kansas is a dry state. The only thing we could buy
was 3.2 percent beer unless you belonged to a club. And you
had to be 21 in order to drink hard liquor anyway. So we all
drank 3.2 percent beer. You have to drink a lot of 3.2 percent
to start feeling it. There was a lot of weight gain associated
with the beer drinking. That was before light beer... But we had fun. The usual stuff. Football games and things like that. We'd organize winter ski trips, to Taos or Jackson Hole. I was never much of a sports person, but I did play some tennis so that was good and enjoyable. Just the usual stuff. I don't have anything probably remarkable or unique to report on that score.

Ms. Greenberger: So how did you think having to figure out your major wasn't going to be that helpful with the job when you weren't really thinking about a career. When you decided on law school was that___________ or just for the practicality of trying to figure out how you were going to get an actual job.

Ms. Bair: It was a little of both. Law degrees are nice because they are very versatile. And I think that was good advice. I thought I wanted to go into government work, public advocacy kind of work but a law degree is just flexible. It teaches you good writing skills, it teaches you good speaking skills. It teaches you good analytical skills. So I like the versatility too because
I hadn't quite narrowed down exactly what I wanted to do. It was the late 1970's and the job market wasn't that great. I graduated from law school in 78. So the economy and the job market weren't that great, like now. It's actually worse now. But you had to be flexible in terms of where you were going to start. For better or worse, I liked all the things that didn't pay you any money, like Constitutional law, civil rights law, those kind of issues I was very much attracted to.

Ms. Greenberger: So did you pretty much adopt the expectations of the time and your family's expectations that a career wasn't going to be so central to your life?

Ms. Bair: Yeah, yeah. I think I did, I think I did. It was a while coming. And you kept thinking, this is only for the next couple years, right. There is still this expectation your career is not going to define your life. So eventually marriage and children and all that are going to define your life. And I didn't want just that, but I didn't really think in terms of a life-long career. It was more of this is what I'll do for the next couple of years and I'll sit
down and figure something else out. So I kind of slowly started realizing that I was going to have a career and it would be a good thing.

Ms. Greenberger: And how did you family, your parents, your sister think about the fact that you were graduating from college early, where that was going to put you.

Ms. Bair: Yeah, I think they were kind of neutral, they just kind of let me figure it out on my own. I think Dad was proud that I was going through so fast through school, he probably encouraged it and Mom I just don't remember really having an opinion one way or the other. So they were really just, they didn't think in terms of Sheila having a career, right. I was just pretty much left to my own devices and it worked out okay but again, young women now are raised to identify what they like to do, what makes them happy, think in those terms which is good.

Ms. Greenberger: So when you went to law school, what did your family think about that position?
Ms. Bair: They were supportive. And, actually, I figured I was going to have to start borrowing money to pay for it. But they offered to pay for the tuition for that too, so I'm very grateful to them for that. The kids that graduate these days with all the student debt, I've never had to do that. My folks, I contributed through part-time jobs and things too, but my folks covered what I couldn't so I never had to borrow to go to school. So I appreciate that. They were all for it. I think Dad was, in particular, I think Dad took some pride. It was kind of an awakening for him because I don't think he ever thought about daughters having careers and getting advanced degrees and things like that. He was proud of me, neither of one of his parents even graduated from high school. The fact that he was a doctor was a really big deal. So I think that and my sister is a physical therapist, that both of his daughters were pursuing professional degrees and I think he was proud of that.

Ms. Greenberger: Do you think, you know it's interesting in our experience over many, many
years, many of the people who came to us with discrimination complaints for girls in athletics were dads. And they didn't have sons. Do you think that the absence of a brother might have something to do with either of you becoming professional, or do you think that it just was the way it worked out at the time.

Ms. Bair: Yeah, yeah. That's a really good question. It may well have been different if he had had a son. More of the focus might have been on the son. That's a really good question. But you know, to your point about, that's been my experience too that dads can be some of the best advocates for young women. I think that is absolutely true. And whether his support would have been diluted if he had sons too, I don't know but Dad was always pretty supportive.

Ms. Greenberger: And were you aware this would have been in the 70s when you were going to
law school. Was that being an issue. A strange thing for a girl, a young woman to
do, or did that seem perfectly normal to you at the time.

Ms. Bair: I was lucky, my class was actually the first year with a significant
female enrollment, we were 30 percent women in
my first-year law school class. And that might have been Title IX finally kicking
in, that was 1975. Because the year before it was like three
percent. It was a huge jump the year that I went in. I can only
assume that was conscious, it wasn't just more women applying, it
was a definite jump. So I was fortunate 30 percent women -- you
didn't feel lonely with 30 percent.

Ms. Greenberger: And it didn't seem strange to apply either. It seemed like a
natural thing.

Ms. Bair: I didn’t really think about it. It might have been for others.
You know what I'm saying, Even now, having gone through
the financial crisis and the publicity about the boy's club
and me being excluded and all this kind of thing. And even
then, as irritating as it was, I never really identified it with
my gender and it may well have been partly my gender but
you know, when I can't do anything about something, I just
don't think about it, or focus on the things I can't control, I
can control my grades. I can control my essay, I can control
how I do on an interview. And if they're not going to like
me because I'm a woman, then I can't change that. So
anyway I wasn't conscious of it that much, but that could be
this little quirk that I have. I should have been more
conscious, I was probably being naïve not thinking about it
more, but it turned out fine. Like I said, just my luck or
whatever, when I got there, 30 percent were accepted.

Ms. Greenberger: So tell me who gave you the advice about law school that you
made reference to.

Ms. Bair: So, you're really taxing my memory. I had an advisor in the
philosophy department. I think he had suggested it. I think my
dad might have suggested it too. I've never been that good in
science. I wasn't going to be a doctor. It wasn't attractive
to me but also that science was not my strong suit and
there's just too much of it that was not of interest. And I
just think talking to other students, seniors in terms of
what they were thinking of, there were others who applied with me, so I can't point to one sage point as such. The sky is opening and Sheila, law should be your career choice. It was more of just talking to a lot of people and needing to make a decision, it was probably my best option.

Ms. Greenberger: And did you consider law schools other than KU.

Ms. Bair: I didn't. There again, I kind of took the easy path and again, I love KU and I got a really good education and law school was really good. I had wonderful professors who I still remember fondly. A guy named Fred Lovitch, my securities professor.

Ms. Greenberger: Who I had known when I was __________ .

Ms. Bair You know Fred, Fred's kind of famous. That's right. I really enjoyed, but I didn't think about it when I decided to go there. I had a place to live, I had friends, it was affordable, a good school. So it was just easy for me to do. It was okay.

Ms. Greenberger: And were there many women law professors.
Ms. Bair: There were not. Deanell Tacha, I think, was the only one when I started. Deanell was later appointed to the Tenth Circuit and actually, when Reagan was President, Dole, was then on the Senate Judiciary Committee, and it was his turn - the Kansas turn - for the 10th Circuit. The White House consults the state’s senators for the Circuit and it was Kansas' turn for an appointment. And I suggested Deanell and we got her appointed and I worked on her confirmation because I was counsel on the Senate Judiciary Committee for him. I was his counselor at the time. And she taught property my second semester, and she was just as pregnant as pregnant could be. It was so funny. Not only did we have a woman, we had a pregnant woman. A really pregnant woman. And I felt so badly for her. I remember looking at her and her ankles were really swollen as we all get, at those late stages. And she was still always so perky and so energetic, that pregnancy didn't slow her down one bit. And I joked with her later, when I became pregnant and I was at the CFTC and I basically had to go back to work after just a few days because the Commission had gone down to three
and they needed me for a quorum. We could not conduct business without me being there and voting and things. So I worked right up to my delivery and then returned a few days later. I kept thinking about Deanell and her swollen ankles and if she can do it, I can do it. So anyway. She was great a very good teacher.

Ms. Greenberger: Talk about a role model huh.

Ms. Bair: No kidding. She was great a very good teacher and she really did have it all, could do it all. Unique people can and she could.

Ms. Greenberger: So would you say that through law school you had any role models.

Ms. Bair: Yeah, Deanell was. I also had male role models among the faculty. There were a lot more of them!

Ms. Greenberger: And did you, when you worked in a law firm, were there women lawyers in the firm.
Ms. Bair: No, no. Not the one, even Legal Aid Society they were all men. So it, this is Kansas in the late 70s, mid to late 70s, and as I said there were just few women going to law school, until my first year, there were just very few women going to law school anyway. So no, it was, there were no older, experienced women lawyers who were there to mentor me. They just weren't there.

Ms. Greenberger: And did you have any sense in law school or when you were working those summers that you were doing an unusual thing for a woman.

Ms. Bair: Yeah. A little bit. But again, I just never really focused on it. And I think maybe, it might have been defensive too. I guess it was challenging enough without kind of realizing that you know, the class work and the job market and then having this extra-overlay of being a woman. When I started applying for
jobs, I ran into some really overt bias, it was shocking. I didn't really think about, 
maybe I should have more because I think I was naïve in certain 
ways and not appreciative of this whole landscape.

Ms. Greenberger: Why try to that look for an issue if it’s staring right in your 
face.

Ms. Bair: That's true.

Ms. Greenberger: So you talk about some of the courses that were particularly 
interesting to you.

Was there anything in private practice that appealed to 
you. You also discussed the case in Legal Services.

Ms. Bair: Yeah. I think that was by far the most fun thing I did. I also 
did a summer 

internship in the County Attorney's Office too, that's right. So the law 
firm this is going back now. My first summer I did the 
Legal Aid Society. My second summer I did an internship 
in the County Attorney's Office and the law firm work was
during the school year. It was a Lawrence, Kansas, firm, it's just coming back now. So the summer after my second year. That was interesting. We were doing criminal prosecutions, and some civil work too. And that was an eye-opener. I remember a couple of cases that were really tough. The County Attorney let me be a real lawyer, appear in court by myself, for better or worse. I had some really hard cases. I remember one, we had to sever parental rights, a young boy had diabetes and was not being cared for by the mother. The neighbors had called, the police had found this kid living in a garage. They went into the garage, there was no heat. There was a pool table, that was all the furniture. It was just awful. And he wasn't getting his medications and diabetics can go blind if they don't take their medications. So this had happened a lot before. So we finally decided we just needed to sever parental rights. So if you put them in the foster care system, that's not much fun either but living in a garage. He was about 12, the mother was nowhere to be found. He loved his mother, even as bad as she was. And that was really hard to do, that was really, really hard to do.
So you saw stuff like that. People with a lot of troubles.
That certainly stands out. We had a drug case too. This guy,
the hospital calls, we've got some guy here, who claims he
has kidney stones, but he's real specific about the
prescription drug he wants to use. So we send the police
over there to talk to him. And they found out, they got a
search warrant because they looked him up, he was a
veteran. He was on CHAMPUS, so they were looking for his
CHAMPUS records. And this guy literally had just been
living in hospitals the last couple years, going from hospital
to hospital complaining of kidney stones. So...

Ms. Greenberger: Actually, it was a good story. It worked.

Ms. Bair: So they got a warrant and they searched his backpack and he
had this little

machine, he had rocks in it, and they were just little slivers
and he put them in his urine to pretend like he was passing
kidney stones to get this drug medication. I felt bad about
that one too. He was breaking the law, and he ripped off
CHAMPUS so we needed to do something. He's a veteran. I
just hated that. Anyway. Those were very eye-opening things. And then this law firm was for Lawrence an upscale wealthy client, business-client base. So that was a completely different side of the law. And that was just a lot of contract work which wasn't nearly as interesting as fighting an unconscionable utility billing practices, dealing with some of the hardship cases in the County Attorney's office.

Ms. Greenberger: Were you a good student all the way through.

Ms. Bair: Mostly As and some B plusses. I liked courses on the economic analysis of the law. Philip Kassam taught those and I just thought that was fascinating to view law from an economics standpoint, because I minored in economics in college. So that was probably usual. And in securities law, Fred just made it so much fun. How can you not like securities law with a teacher like Fred Lovitch. Property law. I enjoyed Constitutional law. I pretty much liked it all. I enjoyed law school. I can't say there was really a course I didn't like. It was all interesting.
Ms. Greenberger: And were there any women law professors.

Ms. Bair: Just Deanell. That's right. I don't know others. Deanell was the only permanent female member of the faculty.

Ms. Greenberger: Now, when you were finishing law school what did you think about in terms of career for the next step.

Ms. Bair: Well I went through the usual. Again, the job market wasn't so great. So I interviewed with a lot of law firms. And I still wasn't sure what I wanted to do. And there was a teaching fellowship at the University of Arkansas School of Law in Fayetteville. It was open, to teach legal writing and appellate advocacy courses to first year law students. It was a one-year fellowship. And I thought that might be fun just to do for a year. And I had been in law school, I'd also been a research assistant in my third year to a professor and I kind of liked dabbling in teaching. So I did that. And that was a good bridge to a permanent position.

Ms. Greenberger: And what was good about that. What did you liked about it.
Ms. Bair: Well, it was interacting with the students which was fun. The faculty was a riot. Bill and Hillary Clinton were there. Actually they were on the Little Rock faculty. But there's a lot of interaction between the schools, part of the same university system. I remember seeing them. They would come from time to time to Fayetteville and I got to meet them a little bit. And just the students, the faculty were just really nice. I enjoyed the students. Legal writing and appellate advocacy are not exactly heavy lift courses and they're the kinds of things you have fun with. Fayetteville is right in the middle of the Ozarks, it's gorgeous lake country and hilly and it's very nice. Lots of tubing and rafting. It's just a fun place to live.

Ms. Greenberger: And did you know anybody there.

Ms. Bair: I didn't. It's in northwest Arkansas so it's not that far from southeast Kansas where I grew up but no, I didn't know anybody there. I just went and met people.

Ms. Greenberger: And did that take you, give you pause at all. Or were you ready to just go
something that wasn't too far away.

Ms. Bair: It was just a nice transition job. The hours were more flexible.

Going from law school to very intense, 40-50 hour kind of a job can be a big culture shock.

It was a nice bridge between school, kind of half school, half job and then my first job was with the old Health Education and Welfare counsel's office working for a woman supervisor. For job opportunities for women lawyers, government was the most receptive place. I interviewed at a couple of law firms too, but they didn't seem very interested or supportive of cultivating women attorneys.

Ms. Greenberger: Where was this? Where were you looking?

Ms. Bair: Those were Kansas law firms, those were mid-western law firms.

Ms. Greenberger: Kansas City?

Ms. Greenberger: And is that where you'd head up next.

Ms. Bair: Yeah. Exactly. The HEW general counsel, it was in the regional attorney's office in Kansas City. I worked there for about a year and half. I got promoted to Washington which was nice. That was a nice job. We enforced Title VI and Title IX and Section 504. We were attached to the Office of Civil Rights. We would review their cases for legal sufficiency and if the files were deficient, we'd go back, and let the investigators go back in and get the information. So I liked that work. Especially Title VI had been around for a while, so that was more accepted. But Title IX was still pretty new, and Section 504 was even more recent.

Ms. Greenberger: What year was this?

Ms. Bair: That would have been 1979. Section 504 was just getting underway in terms of its acceptance and schools becoming accessible and offering training and things like that.
Ms. Greenberger: So do you remember any of the issues that came up at that point.

Ms. Bair: Yeah. I think there were a lot of athletic cases. Big resistance to that. There was a big case. We had a problem with, ironically, as you know better than I doing Title IX work, once these schools came around and started putting money into girls’ sports, it turned out really well for them. I mean some of them. People like women sports, right. So it wasn't this terrible thing that they thought it was going to be, but it was really hard convincing folks at first that was what they wanted to do. And the 504 stuff, the schools, it cost money. And that was hard. And then some of the institutionalization of the disabled. That was the toughest. I still wonder whether we got that right. Because we had some terrible institutions. There was one in St. Louis that was just awful. I'll never forget the state institution. It was just, god, urine on the walls, and people wandering around half clothed. And no supervision. Dirty, and understaffed. Nobody should be living in conditions like that. But a lot of the states, they didn't want to spend the money, so their answer was just to release them. You know what happened. So then I’m not sure we got that right. Of
all the things I did at HEW, that stands out in my mind the most. And when I got to Washington, they asked me to work on – this was hard too – historically Black colleges. And there were a lot of states with historical Black colleges where you still have extreme segregation, very low Black in enrollment in traditional White schools, and heavily Black enrollment in traditional Black institutions. And that was hard too, because you knew that was problematic. On the other hand you didn't want to hurt the culture of the traditional Black school. So those were really delicate cases to work on.

Ms. Greenberger: So when you say you were promoted, they offered a job in Washington, to

move to Washington. How did you feel about that. Was that a tough call.

Ms. Bair: No it wasn't. I was ready. I was ready for the next step. I thought this would
be, because in the regional office, we're always taking directions from
Washington. I wanted to go to Washington to be the one giving
the directions. So yeah. Then the Department of Education split
off. I went with the Department of Education and then that was
okay but the work wasn't as interesting. I had a broader portfolio
when it was all together. So that was when I started working for,
that's when I contacted Dole. The Senate had just flipped.
Ms. Greenberger: This is the second interview. I'm Marcia Greenberger I'm having with Sheila Bair as a part of the Women Trailblazers in the Law project. Right before the holidays in her beautiful office with all of the lovely holiday decorations. Your poinsettia pin which is very, very beautiful. It is a wonderful pin with diamonds and rubies all in a gorgeous shape, very elegant to say the least. So we are ready to get started and pick up where we left off. And our first discussion was on November 5. So Sheila, when we were talking about your growing up and we got somewhat through your college days and your going off to work at the Department of Education or I guess that was then HEW and ultimately deciding to come to DC. I'm wondering before we get to your DC career, certainly here we are in your office in DC, not that I already know you didn't spend all your time in DC. But tell us, you did tell us a little bit your parents, were there aunts, uncles, grandparents, that had any influence in growing up.

Ms. Bair: That's a really good question. So I knew both of my grandmothers. On my paternal side, my Grandmother Gratert, I knew better. She was a very strong woman. Her, my father's father, her first husband, died in the Swine Flu
epidemic when my dad was just a few years old. And he got the Swine Flu too and almost died and his father passed away. So she had to support them as a single woman in the early 1900s for several years. So she took in laundry, she cleaned the church, she cleaned other people’s houses you know. She did everything she could to support them and then later remarried my grandfather, step-grandfather, I guess it would be, Max Gratert and, but she was a very strong woman. Very protective of my father as you might imagine, because he was an only child, and she’d almost lost him and so she had been quite protective of him and obviously was very proud of him when he became a doctor, because I don’t think she even had a high school education. Nor did my step-grandfather. So on my mother’s side, I never knew my grandfather. He died, their name was Brennaman. He died of cancer before I was born. I did know my Grandmother Brennaman quite well. She was a very sweet woman, also very strong in her own right. While my Grandmother Gratert was quite strong and vocal, and kind of dictatorial sometimes. Very Prussian I guess, they were all Germans on my Dad’s side. My Grandmother Brennaman, my mother’s mother was much more the traditional farm housewife, very differential, let the men talk, but a wonderful caring woman. Such a good cook. We loved to go to her house, my sis and I and we would bake cookies and pull taffy in her kitchen. I remember she had these huge
blackberry bushes. We would pick blackberries with her and she would make all sorts of wonderful concoctions with them. So she unfortunately died in a car crash. Or a result of injuries in the car crash when I was pretty young, eight or nine. It was very hard on my mother. My mother had a lot of guilt she struggled with for many years because my Grandmother Brennaman had become frail and so she was living with us for a while. And my mom had two small kids at home, and then her mom. And she finally decided she couldn’t deal with it. So she asked her sister, my Aunt Evelyn who’s living in Texas at the time to take Grandma Brennaman, take over the care, so she, once that move happened, she started to deteriorate and my mom, unrightfully, my mom thought she just felt rejected you know, it kind of impacted her and I think mom’s bearing more guilt than she should have. But both grandmothers were big impact, had a big impact on me in very different ways. And who else. We didn’t have a big family by comparison to a lot of folks. I had an uncle down in Texas who I loved very much. He was another blue collar worker, an oil worker, but he was just gregarious and fun and the kind of uncle you want to have and then my Aunt Evelyn who was my mother’s oldest sister. She was probably more of an inspiration than anyone in terms of choosing a career. She’s a really interesting woman. Both my mom and her family grew up in southeast Kansas during the Dust Bowl. They were quite poor. And Evelyn
found a way to pay herself through nursing school and KU Med Center.

Kansas University Med Center and then went to New York and became a stewardess, what they called stewardess back then, with TWA. She was like the first of the first. You had to be a nurse back then to be a flight attendant as we call folks now.

Ms. Greenberger: All right.

Ms. Bair: It was really cool. She was just gorgeous and she married my uncle, a TWA pilot. And they were just very glamorous. In New York. You’d see the pictures of them and they’re both just beautiful people, trim, handsome, people and see them in their uniforms or going out at night in New York and it was just like wow. That was really something to go from southeast Kansas, a dirt farm in southeast Kansas to being a flight attendant in New York and married to a pilot. Quite a glamorous industry. She was, she could do it, that really showed that there was a path. My sister and I are still close.

Ms. Greenberger: I had an Aunt Evie who went off to New York to become Rockette. That’s pretty cool. That was very cool. But my grandmother. I think she just graduated from high school, my grandmother was absolutely appalled. So took her back home not too far away to Philadelphia. But she was also very beautiful and the glamorous one. So tell us a little bit about now what happened. You were in Washington and you were thinking it was not as
interesting as the regional office. Did you consider leaving Washington at that point.

Ms. Bair: Not really. I'd moved. It taken a lot of courage to do that and so I was committed at that point. And fortunately I heard through my Kansas family Republican connections, I heard that Bob Dole had a vacancy on the Senate Judiciary Committee. He was chairman so that the Senate flipped and went under Republican control for the first time in decades. I can't remember but it was a long time with Reagan's landslide election. And so Dole, the Republicans are in the majority and Dole became Chairman of the Senate Finance Committee and he also became Chairman of the Court Subcommittee of the Senate Judiciary Committee. So he had an opening for a counsel on that subcommittee and he was looking for someone with some civil rights knowledge because there were several big civil rights issues coming up. The important one being the Voting Rights Act extension. And a lot of anxiety about that because Strom Thurmond had become chairman of the Senate Judiciary Committee and obviously in the past had not been sympathetic to civil rights laws. So quite a change from Ted Kennedy to Strom Thurmond.

So that was great, it was a like a lot of these things when your career takes a turn that you don't like, it serves a catalyst for you to find something new and this was a real watershed moment in my shift I may career path. Because, I
just learned a lot from Dole, and I got the opportunity to work on a lot of high
profile issues and meet a lot of important people. And it really opened a lot of
doors later on. So it turned out to be a very good move. And most importantly
it was very rewarding work because we did get the Voting Rights Act
extended. I think that’s where I first met you. Weren’t you working on the, or
was with Grove City later.

Ms. Greenberger: I did a little bit but really mostly Grove City. But tell us a little about what
some of those issues were and some of the people you ended up meeting.

Ms. Bair: It was really, so the Voting Rights Act extension, the big issue, two big issues,
one whether we should extend and part of the Voting Rights Act were already
permanent but parts what they called the pre-clearance provision so
jurisdictions with a past history of discrimination had to have voting changes,
changes of voting procedures approved by the Justice Department. So there
was controversy about whether those still needed to be extended and then the
other issue is probably the bigger was whether in the permanent section II of
the Voting Rights Act which is the permanent part of the Voting Rights Act,
general prohibition against discrimination in voting and whether that meant
that the law only banned intentional discrimination or whether it banned voting
policies and procedures that resulted in discrimination. Had the effect of
discrimination. So the conservatives led by Orin Hatch who was really
considered to be pretty far right then and now he's really accused of being one of the dreaded establishment Republicans by the Tea Party these days. But back then he was pretty far to the right of the spectrum of Republicans serving at that time. And he was very much, wanted an amendment to require that the Voting Rights Act, you have to prove intent and motivation and he had a guy named Steve Markman who was even more, I think Senator Hatch was not nearly as passionate as his staff. And his staff was very, very passionate. And there was kind of a troubling element to some of the discussions and there was this whole cadre of young White male attorneys, let's face it, over at the Justice Department who also had embraced this view, a very narrow view of what kinds of discrimination should be prohibited. And John Roberts actually was part of it. And again, it was more establishment. Back then I think he was more open minded than some of the others. But I don't remember him having a big role. But anyway Steve Markman was quite ferocious on this subject and of course the civil rights groups were anxious about getting the law, the pre-clearance provisions extended but also getting an amendment to clarify that it was discrimination that resulted had the impact of discrimination. Those kinds of practices were prohibited. So we really had a big brawl. And the argument that Steve Markman used was that any kind of effects test or results test would be interpreted inevitably as mandating quotas and we said no that's not true but
if you have something that's facially neutral like a literacy test that has the
effect of essentially excluding a class of people from effective political
participation then we don't want to allow that. And so I think we finally ended
up with some compromise language that we hammered out with Bill Taylor
who you knew the late Bill Taylor, and Ralph Niece who is heading the
leadership conference on civil rights. That was the coalition that had the lead
on this that said that you'd be entitled to Section II banned voting practices that
resulted in discrimination but then we added a proviso that there was no
rightful proportional representation so we put that in in big bold letters, there is
no rightful proportional representation and we thought that was a nice way to
balance all these considerations out. And it just wasn't. It was their way or the
highway so they just fought it tooth and nail. And Hatch became quite isolated
and then they tried, we got this amendment passed with this results language
and no rightful proportional representation. I think we had a pretty good size
margin. I think it was something like 14 to 8 or something like that. I'd have
to go back and look. We had a lot of Republicans supporting us. Actually I
think it was 14 to 4, I think there were only four Republicans who voted
against it. It was John East, Jeremiah, it's amazing how you remember this.
This is the early 80s. But I'm pretty sure, this was intense. It was John East,
Jeremiah Denton, who were way over the land on voting rights and civil rights
generally and Strom Thurmond and Orin Hatch and everybody voted with Joel for it and Dole co-sponsored the amendment with Ted Kennedy. And then we took it to the floor and it overwhelmingly passed, huge bi-partisan support, Ron Greg supporting it. We had kind of a side-show battle over the report because I think Steve Markman thinking while he lost the legislative language, he’s going to try to win on the legislative history and so he tried to edge us out of any input on the report which was crazy because Dole had authored the language so he should have a role and his staff, me, should have a role. And they went and filed the report without us seeing it. I’ll never forget, oh yeah, it was bad, when Dole found out he was just livid. He went over there and caught Markman in the hall and he said, what are you doing, god, who do you think you are. It was amazing, but I couldn’t believe Markman, I was just to look. You can kind of see it today believing being so ideologically rigid and narrow-minded about your view that you’re willing to subvert process and procedure and undermine the prerogatives of United States Senators to get your remarkable immaturity it nothing else. It was just amazing. That was a real eye-opener and I really, Dole, to his credit, there were Senators and there were staff and you knew your place and I thought that was appropriate. I was staff, I wasn’t a Senator and I wasn’t going to pretend to be. And Steve kind of learned that lesson too from Dole. So anyway, it passed it for 25 years which
seemed like a lifetime, of course, it was just for re-extension a few years ago.

And it was so long now. There was kind of a funny story. Bless his heart.

Bert Wides was the guy. I’m sure you knew Bert. He was Kennedy’s staffer on this and he was great to work with. I just adored working with Bert. And, but we were always playing practical jokes on each other and so when the Voting Rights Act compromise was passed on the Judiciary Committee and reported to the Floor, there was this big front-page article in the Boston Globe, the Kennedy’s home paper, basically giving Dole all the credit.

Ms. Greenberger: Oh wow.

Ms. Bair: It’s like kind of what’s going here. And Bert was understandably upset. What is his boss going to think, Dole’s getting all this credit in the hometown newspaper. So I cut out the article and Xeroxed it, then I had Betty, Dole’s secretary who did a great imitation of his handwriting write, Bert, thanks a lot, Bob Dole. And we put it on the seat of his chair. And I thought he knew it was a hoax. And it was so funny. He was calling me, oh I got this note, and I had to tell him. I felt badly. And I think he got even with me later. I’m not sure what he did. But he did something. It was fun. It was very intense so there was a little relief there. And then we had the big Grove City battle which I’m afraid was less successful. Brad Reynolds the Assistant Secretary for Civil Rights, Assistant Attorney General for Civil Rights at DOJ who really stalled
us out. I mean, that was harder because at least in the Voting Rights Act you had an expiration date. You had a catalyst to get a bill passed. And with Grove City it was just trying to overturn bad case law. But there was any kind of a deadline or external event to push the legislation forward so that turned into be a not as successful task.

Ms. Greenberger: Well it ultimately did.

Ms. Bair: Well it did, that’s true, I can’t remember now. We did get it passed.

Ms. Greenberger: Civil Rights restoration.

Ms. Bair: Right, of course, what’s wrong with me. What’s wrong with me.

Ms. Greenberger: So it was successful.

Ms. Bair: We did, but boy it was painful. I remember, remember Kennedy had us in that room over at the Capitol one night with Brad Reynolds and some of his people and he ordered Chinese food for us. And some of the fortunes said, get this done tonight. I didn’t it was just a coincidence, or he somehow he got the Chinese restaurant to put fortunes in the cookies and told us to keep going and we had to get things done. But yeah. That was harder. That was a lot harder.

Ms. Greenberger: Also I remember so clearly. Kennedy kidding with Hatch that he was going to give Hatch some beer to go with the Chinese food. Of course, Hatch is a very, very devout Mormon, not going to be drinking any beer because they did have a very good relationship and a lot of kidding going on. But Kennedy was not
going to let anybody out of the room so he was ordering food, he was doing whatever he could. That went on.

Ms. Bair: He was, we were there for a long, long time. Yeah.

Ms. Greenberger: I have a recollection maybe two or three in the morning.

Ms. Bair: No I think that’s absolutely right. I do remember that very well.


Ms. Bair: Well I think he signed it because it was the right thing to do. I mean it probably wasn’t the law he would have written or his people would have written. We know that. But he decided it was better to have a the law than not to have the law. Reagan wasn’t really bad on these issues. I think there’s that perception. At least in my view. I think it was more political calculus with him that he had a big, he had a diverse party to keep together. So there were certain issues where the more conservative line was going to get the appointments and all that. So I think, that was reflected in his Justice Department nominations. But I think with him it was more political calculus than any kind of personal hostility to civil rights or anything like that. I don’t think that was the case at all. Of course, he just had a healthy skepticism or sometimes unhealthy skepticism of what government could do, what government couldn’t do. On civil rights, clearly government had done a lot and
we needed to continue that. And I think Jim Baker was more moderate on these issues too. And he was chief of staff, or he certainly was advising on this.

Ms. Greenberger: So the Civil Rights Restoration Act was dealing with Title IX, 504, 506, the age discrimination. There were vetoes, veto overrides.

Ms. Bair: Oh my gosh, I remember the Voting Rights Act so vividly because it was spread out over a lot of time. I don’t remember. What year was it finally passed.

Ms. Greenberger: 87.

Ms. Bair: That’s why I don’t remember because it post-dated me because I think I left in 86.

Ms. Greenberger: Uh uh.

Ms. Bair: I left in 86 so it was still going on. That’s right. I remember Mo Taggart. I think, not Mo Taggart, Mo, the woman who handled Dole’s handicap discrimination issues for him. It was handed off to another staff. It was still pending when I left.

Ms. Greenberger: There were some other big fights as well, eventually there was a fight over the Title IX regulations that dealt with abortion coverage.

Ms. Bair: That’s right. It’s coming back now.

Ms. Greenberger: And Senator Packwood that was really taking the lead.
Ms. Bair: He was good on choice.

Ms. Greenberger: But eventually it did pass in 87.

Ms. Bair: That was a hard one.

Ms. Greenberger: You had the lion’s share.

Ms. Bair: We did get most of it done. Good I’m glad. That’s why it’s not standing out in my memory the way it should. That was hard. That was very hard. They just had a strategy. They. That was one of the reasons Kennedy had locked us up in the room. Because the strategy was just to wait us out. It’s so easy to kill and bill and so hard to pass one. And they were, we were at a initial disadvantage because we just needed to get something passed where they just need to stop something. And it was so easy to stop something.

Ms. Greenberger: Well if your memory’s not so clearly, I’m going to say for the record, you were utterly central to the whole thing and by the time it passed, all of the work and the work on the committee reports were done. And they were done by you.

You did the lion’s share of the drafting. Yeah. That’s true. That’s very true.

And when it came to the crunch. Hatch was not has supporting. He was talking about trickle down theories and this was going to cover everything in the world. And it was Senator Hatch, was the opponent, but it was Senator Dole through you who intervened and said we want a deal here.

Ms. Bair: Good, I think that’s right.
Ms. Greenberger: That's why you were in that room.

Ms. Bair: I remember that room very well. I remember that room very well. So good, Dole did care about those issues. He did. Especially the section 504, he cared about all of it. But he had a personal interest in 504 given his own disabilities. So yeah, he was always good on those issues. I think that was a side of him that people hadn't really seen and then the disastrous 76 election when he had become this hatchet man image as the vice presidential nominee. But once he became in a leadership, I think that side of him came out more which is important because it was always there.

Ms. Greenberger: Anything else you remember from those Dole days.

Ms. Bair: Oh boy. Just that it worked so much better then. And I don't think I just being nostalgic. There was just, there was just a lot of legislation that passed and people look back. You don't like all of it. But I think other than that it was productive. You get the tax cuts in 81 but then you did deficit reduction in 82 that closed up all the loopholes and made sure the upper income people and the people who benefit from the goals were paying their fair share. And the 83 Social Security compromise that fixed the system for a good long time. You had tax reform. You all had all these landmark civil rights. You had the Martin Luther King holiday too which I worked on. So you had a lot of landmark civil rights legislation. By-partisan support, good progress there. A
lot of work it helped make the tax code fairer and shored up the entitlement to
the Social Security system. So I think it was productive and people worked
together and that was good. You don't do that now. Take baby steps. We got
a little bit of a budget. We do have a budget, not much bold or new in the
budget, but that's okay but just getting the budget done probably the most
important thing at this point.

Ms. Greenberger: It always seemed it was an accomplishment to have a budget.

Ms. Bair: It was just taken for granted. Of course you do a budget. How could you not
do a budget. Now it's a big accomplishment to even have a budget. It's
deteriorated a bit.

Ms. Greenberger: And you mentioned there were some people you met that you remembered
from those days.

Ms. Bair: Right. Of course, Dole and I got to know Elizabeth too, she worked in the
Reagan White House and later became a cabinet secretary. Nancy Kassebaum,
she was the other senator from Kansas. Alan Simpson I got to know well. He
was the Whip under Dole. He was great and he was on the Judiciary
Committee and supported us on all these issues as well. Oh golly, Ted
Kennedy I got to know. Had a lot of respect for him. Very smart, very
thoughtful, very public service oriented. Public policy oriented. Who else did
we work with back then. A lot of Senators, they were really junior back then,
like Baucus and Grassley, and now, they're chairman, Baucus is going to China now but Chairman and Ranking Member of the Senate Finance Committee, by far the most powerful committee in the Senate. But back then they were quite junior. Quite junior. So it's interesting to see, and a lot of the World War II generation. I think that's one of the reasons we had good effective leadership is because the World War II generation was just special in a sense that I know, they understood what it was to put country first because you serve in the military, you go into battle for your country. It's the ultimate sacrifice that you're willing to me. That's not to say you need be the military to be a good leader, far from it, but I do think that experience with that generation gave us stronger leadership and more independent leadership than we have now. Our Baby Boomer generation is a little indulged from time to time. A little indulged, a little spoiled, it's all about me, not so much about the country, maybe a little bit too much about that.

Ms. Greenberger: So you left, and why did you.

Ms. Bair: It was just time. It was. To be honest with you, when Dole became majority leader, the people who had held senior positions in various judiciary and finance all came over into one the leadership office. And there were just a lot of tensions there. I think it was kind of the finance committee people against, I was a judiciary committee person. I think John Gourdly was the ag committee
Ms. Greenberger: Where were you.

Ms. Bair: Kutak, Rock. It was a big muni bond firm mainly. And Nebraska based. A midwestern firm. So that lasted eight or nine months. Then I went back and worked for Dole’s 88 Presidential campaign. I was his research director. That was a heartbreaker. God I hated that. That was just, we should have won. He won the Iowa, George H.W. Bush was his support, there wasn’t a passion about, I like the man and I respect him. I think he was a good President. But kind of the rap on him back then he didn’t really have a reason that he wanted to be President. He didn’t have an overwriting objective, a direction he wanted
to take the county. It was just, I've been Vice President, now I get to be
President. So his support was really based on the perception he would be the
nominee. And Dole pierced that veil. He won the Iowa primary and so Bush
just started dropping like a rock because

Ms. Greenberger: [TAPE II] We were just talking about Sheila Bair's decision to leave Senator
Dole's office when he was majority leader and the fact that she was directing
his research during the campaign.

Ms. Bair: So that was a heartbreaking experience. I really believed in Dole and he had a
real shot in New Hampshire and if he had won New Hampshire, I think he
would have been the nominee and probably would have become the President.
And we just outgunned by Lee Atwater who was a very good campaign
manager, was running George Bush's campaign and played very, very rough
and we were gaining ground, gaining ground in New Hampshire and just a
couple of weeks before the election, they started running these ads. They were
called the Senator straddle ads, that basically said that Dole is saying that he
was imposed to tax increases but he in point of fact had voted for all these tax
increases and what he had voted for and supported were closing tax loopholes,
getting people to pay their fair share, not increasing tax rates, but that
distinction was lost on the people looking at this ad. So we, our campaign
people just got outmaneuvered. What they also had done, they bought up all
the available TV time so when our own people tried to go on-air to rebut these ads, they couldn’t buy space, the Bush campaign which had more money than we did had bought it all up. So that was just agony to watch it turn and see these ads and we had no responses to these ads. And it just turned, and then it went from bad to worse there. I just feel that he didn’t get the support that he should have gotten from the campaign. The campaign frankly wasn’t as well managed as it should have been. It’s easy for me to say. That ad thing still sticks in my craw. And I think that really was unfortunate, but he took it in good stride and took another shot later on and was at least the nominee but I think when he ran against Bill Clinton, was it 96. I was not involved in that campaign and when I gave him money and supported him obviously, but it’s just very hard to dislodge an incumbent when the economy’s good. People just are not going to support a challenger. So it was very sad. That was a very painful part of my career and that just hurt, it was a very emotional experience. And so after that I went to, I with some of the people, the research I did was everything, not just the traditional areas I’d worked on, so with the market crashing in 1987, we’d been talking with the Stock Exchange about what that meant and what was going on with the stock market and so I got to know some of the people at the New York Stock Exchange as the research director handling the policy issues for Dole, and then they offered me a job after the
campaign was over and at that point I was just ready to do something completely knew. I was kind of burned out and disappointed of how the campaign had worked out for Dole. And so was not adverse for maybe trying something that was more just a job and not something that I would feel so passionately about and so that was a good experience because the Stock Exchange back then is very different from the Stock Exchange now. The Stock Exchange back then was this old stogy place. It was really run more run like a utility. All the order flow went to the same place. And buyers and sellers were matched, not like these dark pools you have now and 250 trading venues. If you want buy or sell a share of IBM stock, you don’t even know where it’s going or who’s pricing it or whatever. So I think it was a better place back then. So I worked for them. I learned a lot. I learned about capital markets, equity markets, got to know new people in a financial services area where I’d been primarily focused on people more focused on people in the judiciary committee space — those types of issues. So that was good. I was ready to learn some new things and some new horizons. It was difficult at first. It was not, I did not have a financial background and I found the nomenclature was daunting. All the different terms or acronyms were used and it was, I worked very, very hard to learn it all initially.

Ms. Greenberger: How did you learn it all, what did you do.
Ms. Bair: Well they had resources at the Stock Exchange. They knew when they hired me, I didn’t have a big background. So I had people to talk to and reading materials. But pretty much I did it own, I just read books and read books about markets, read books about securities regulation. And talked with folks there and finally, it accumulated over time. But it probably took a good year before I really felt like I was, walking the walk and talking the talk. So that was just as I was kind of hitting my stride there. Dole, the Congressional seat in my old home district of Kansas was opening up. It was a wide-open seat. Dole called me and suggested that I take a look at it because he wanted somebody who was close to him in that seat. And I’m not sure he was a big ...

Ms. Greenberger: I’m going to interrupt you for one second ...

Ms. Bair: Please

Ms. Greenberger: before you get to that stage which I have to say I remember very well.

Ms. Bair: You helped me.

Ms. Greenberger: But when you were at the Stock Exchange, did you do. I remember your joining the Board of the National Women’s Law Center.

Ms. Bair: Yes thank you for reminding of that.

Ms. Greenberger: I don’t know whether you did any other work of that sort to keep your hand into some of these issues even though you had a daunting private sector job.

Ms. Bair: That’s true. Thank you for reminding of that because it is about the time I
joined the Board of the National Women's Law Center. That's right. I kept it when I went to the CFGC didn't I because I had to get off, yeah I got to get off. I think I also joined the Board of Women's Campaign Fund so I got. We got. In the private sector you can do those, right. So those are those nice things you can do in the private sector that you can’t do in government. So that was interesting. And ways I could make further contributions. Yeah. But anyway I decided to jump back into government a try with running for Congress and Dole conned me into it. He called me and said you ought to go out and look at the , it’s a wide-open seat and I think he was interested in having someone who would be allied with him because those working relationships in the Congressional delegation are important. So anyway I went out and talked to a lot of people and everybody said it was wide open. You know, jump in, you want to do it, you’ve got as good a shot as anybody so I went back and told him I was going to do it. So he helped me find a campaign manager and all that and kind of get set up. But then, so then, and he still apologizes to this day for that. So then he started getting heat from some of the Republicans in the state who were supporting other candidates. He was kind of mucking around in this and trying to put his own person in. So he decided he wasn’t going to endorse me. He wouldn’t publically endorse me. And I couldn’t believe it at first and then I thought to
myself and then I thought to myself, you know what I'm going to take this lemon and make lemonade. So I went around and told everybody, I don't want him to endorse me, and I didn't. I just assumed it, but I didn't ask him to endorse me, I don't want him to endorse me. I'm going to do this on my own.

I'm not doing this on Bob Dole's coattails. I'm doing this because I'm a good person, and I'm qualified and I've got good ideas and I'm going to fight for the District and all that. So it ended up I think it was probably just as well that he didn't because it might have been, I was kind of his crony or whatever, I don't know. So people respected that. I had a blast. God, I loved that campaign. I had a great campaign manager. Her name was Janice Hardenberger. And we just had fun and I did a door-to-door campaign and I probably went to 5,000 houses, something like that. Got on my bicycle because it was a really rural district and some of these houses were really far apart. So if you walked you would take forever to go from house to house but driving was impractical. So I got on a bike. It was a very good way to go from door-to-door. People would see me. I had a little yellow flag on the back. Our campaign colors were yellow and blue. So I had a little yellow and blue flag on the back of my bike. And people would talk about me the next day coming into town. Had the candidate Sheila Bair come to your house. And it was so much fun. And then we'd do follow-up. If people weren't there, I'd leave a little personal card,
letting them know that I'd stop by. Then we had the list of everybody I visited and so we kept sending them mail. And we had a get out the vote at the end, to make sure, we sent them very targeted mailers. Make sure you get out and vote for me. So that was so fun. I hated raising, I sent about half my time raising money and I hated that. I just hated getting on the phone and raising money and asking people for it. I think it's very degrading. I hate that Members of Congress have to do it now. Especially in the House where they're on two-year election cycles. But I had a great old town. I was the only Pro-Choice candidate. There were six. They called us Snow White and the Five Dwarfs. There were six candidates. And all the rest were men and they were Anti-Choice. And I was the only Pro-Choice person there. So I got picked at a little bit by the Anti-Choice people. But actually I think was an advantage too because there were people on both sides in that District who voted on that single issue. But people who voted Anti-Choice had five other candidates to pick from and if you were Choice, you just had me. So I actually think that helped as well to define the conventional wisdom. And actually, that was when I meant first meant the Women's Campaign but I think that you maybe put in touch when them. And then later, that was when I went on the Board after that because I lost the race. 760 votes, less than one percent. It was painful. And the race was
Ms. Greenberger:  I remember it was very close. I do.

Ms. Bair:  And the race was in the primary, it was a safe Republican seat. So that was difficult. But I learned a lot and I had fun, so that was difficult. That was when I got to know the Women's Campaign Fund and then they were really helpful. I found one thing about fundraising, especially for women. It's better now than it was then is that, it's a herd mentality fundraising. So if you can get the Women's Campaign Fund to give you a $5,000 PAC check. You can take that and say the Women's Campaign Fund has given me $5,000 but getting that first seed money. And to show viability and show other people that they should give money to you too is really important, and that what's the Women Campaign Fund has always done for women. You can't understate how important it is. So anyway that was sad. Then I came back and I was approached by the Bush people, of all people, to be appointed to Commodity Futures Trading Commission. There's a five member Commission. They were the derivatives regulator.

Ms. Greenberger:  And they didn't hold it against you that you were a Dole

Ms. Bair:  No they didn't. I joked about, I joked about it. And I think they liked showing that they could reach out to supported Dole. I think that was actually again what you would have thought was a negative was actually a positive. They wanted to show that. I've never, I've always been a person who's relatively
easy to get along with. If you treat me with respect, I will treat you with respect. I will treat you with respect. Even if you’re on the opposite sides or whatever. I don’t, you know, I do, I can’t abide people are gratuitously nasty or underhanded or don’t play fair. I don’t like that and I will remember that.

But just being on the other side of an issue has never bothered me and I’m happy to, you know, your enemy one day and maybe your friend the next. And so it’s always stupid to make enemies unnecessarily including when you’re on the opposite side of issues. So and I had friends who supported Bush and they vouched for me. So I went over there and it was good. I was there for almost five years. Wendy Graham was the Chairman then who obviously had a much different regulatory philosophy than I did. But we got along pretty well. I kept pulling her a little left, and ironically, she had this guy Bill Albrecht, a Democrat who was a real far right Democrat. He just never met a regulation he liked. And he would encourage her, in my view, in all the wrong directions and tap into some of her worst instincts instead of her better instincts. And so, we had a very good working relationship. And you know the SWAPS thing, the derivatives thing, which was peculating then. This is 1990 when I was first appointed. And she asked me to chair the Financial Products Advisory Committee so we had a group, an advisory committee that came up to advise us on financial derivatives which were primarily over the counter. They
weren't exchange traded at that point. And so, there was a big issue and Brooksley Born ran into this later on about whether these oft-exchanged derivatives that big banks were doing were futures contracts or not because if they were futures. Because if they were futures, there were a provisional law that said they had to be traded on the Exchange. And like on securities where you don't have a legal mandate to trade to them to a particular venue. And futures, you did. You had to trade it on the Exchange. So these derivatives looked a lot like futures but the market already was several trillion dollars and if you said, okay these are futures now. You would blow up the market because they were legal, they weren't being regulated on Exchanges. So we went to the Hill and asked for exemptive authority to basically, and the idea was, not to give them a complete pass on regulation. The idea was to craft a new regulatory regime which was pretty much was Brooksley was doing. Dealer registration, anti-fraud and anti-manipulation provisions, reporting. You know stuff we weren't going to try to force it onto a futures exchange. We did want some oversight of it. And so we got this authority and we exercised it and we gave an exemption to standardized interest rate swaps. We didn't really have credit default swaps. That came later and those were ugly products. So we exempted standardized, not the customized stuff, but the standardized interest rate swaps, but we kept anti-fraud and anti-manipulation
authority. And my thought was that we would use that authority to build some
type of regime. Wendy was actually, she called it regulation light, or
regulation, she had some phrase for it. But she was not adverse to that and the
staff I think wanted to go that direction. And then, of course, there was an
election. Wendy left. We had a series of interim chairmans, I was acting
chairman for a good part of 1993 and then when Clinton came and finally got
around to appointed somebody as chairman, he appointed Mary Shapiro. We
overlapped for some time period but my term was coming to a close. And it
was there again, I thought it was just time to move on. There were also, they
was just weird stuff within the new administration, the old appointees. I had a
good relationship, he actually reappointed me. But it was I thought time to
move on. I’d been there about four and a half years. So I did, but when, right
after Wendy left, this Bill Albrecht became chairman, acting chairman. He
was the only Democrat on the Commission and he ended up leaving. When he
left I became the acting chairman. But Enron came in. A guy Ken Raisler
representing Enron and this group of energy companies. And they wanted an
exemption from all regulation basically, so not just the exchange trading
requirement which we had for interest rate swaps, they basically wanted an
exemption for everything. And they deny that to this day and they are just not
being accurate when they do that. Because the exemption they constructed
was one that effectively, it eviscerated our anti-fraud, anti-manipulation authority which I thought was nuts, especially in the energy market. But Bill Albrecht was all for this and so I said, if they done the same kind of exemption we’d done for interest rates swaps we could have lived with it, but they wanted to go a lot farther and basically take us out of it completely, including anti-fraud which is nuts and I said, I was quoted at the time saying why don’t we just close up our doors. We’re going to be give an exemption from fraud enforcement. Why are we even here which is crazy. But even back then the regulatory ideas were just really becoming pervasive. So I voted against it. It got ruled. We were down to three commissioners at that point. So it was a two to one vote. I was pregnant with my son. I was like eight months pregnant with my son. And there was a big hearing. Glenn English, remember, was chairman of our oversight subcommittee and he was livid that we’d done this big broad exemption for these energy companies. And it was being led by Enron. We found out later it was up to no good.

Ms. Greenberger: Yes.

Ms. Bair: No kidding. No wonder they wanted the anti-fraud exemptions. You bet and manipulation as we know. So he had this hearing, he had me and Bill Albrecht and Joe Dial was the other commissioner. He’d voted for this exemption. So was Albrecht and Joe Dial against me. We go up there. I’m eight months
pregnant or close to it. I haven't drunk any water for at least twenty-four hours because when you eight months pregnant, you're going to the bathroom a lot and I didn't want to have to get up and say, oh no, because this is going to be an ugly, ugly hearing and it was. It went on for hours. And Glenn English just raked him over the coals. Oh it was brutal. Not that, you know, they had made a very unwise policy choice. And so I couldn't feel sorry for them. But that was just ugly. And in the Clinton Administration, it got worse. Mary Shapiro was, didn't stay there long. And then Brooksley came in, of course, and tried to put some muscle into derivatives oversight and got ruled by Rueben and then Greenspan and Larry Summers. And so the residual authority we kept at least for anti-fraud and anti-manipulation was just completely taken away with that Bill. The Commodity Futures Modernization Act and your spouse knows a lot about that. And she was right and they were wrong. We got into the crisis later. We didn't know damned thing about these derivatives markets. We didn't have, we just really didn't know a damn thing about them. And nobody was watching. And we had bank regulators regulating the dealers but those are the big banks. We know how well that regulation was working out. So it was bad. So I stayed there about four and a half years. Then I went back to the Stock Exchange. They asked me to come back and head the government relations and public affairs. So we had a government relations department like
all big corporations do, but we also had a public affairs division that just, took people to the Stock Exchange, gave them tours and briefings on production skits on insider trading and reporting, and all the back-office stuff. I thought it was a pretty effective program. But the Exchange was starting to change, that was the late 90s, that was 1995, I think that I went there. And the Exchange was just starting to change towards the end of my tenure. It was just like the rest of the Wall Street culture. It was becoming just, too much focus on making money and compensation, who’s getting paid the most and that kind of nonsense. And in fairness, I think the exchange always had an infinity for smaller investors. I do. I think we frequently, and that was one of things I liked about the job was we frequently supported issues associated with smaller associated with smaller investors being able to have the same kind of market access the big institutions had. So there was some positive things that I worked on there. But it wasn’t a good fit for me. And so we were adopting, we had Preston and never felt I had enough time as much time as I wanted with Preston. I was at the CFTC. We were down to three commissioners and so I had to make a quorum, I had to even shortly after he was born in May of 1993 I had to go right to the office. I hated that. And then the Exchange job was quite demanding because I had to go back and forth between New York and Washington a lot. So I kind of and we were adopting Colleen, our daughter,
from an orphanage in Hunan, China. So I just told the Exchange I wanted some time. This time around I wanted some time with my child, with both my children. So I went to a part-time consulting thing with them for about a year which was great. And then the George W. Bush administration called. They had just come into the office and asked me if I'd take the job as Assistant Secretary for Financial Institutions at Treasury. So that was kind of, that was my segue into financial services. Treasury I really liked because there were, when I say this was, not that I can credit for having it as my game plan when I first started working for the Stock Exchange but transitioning into financial services from civil rights really helped me further an interest because the civil rights laws, it’s important to still protect them and have vigorous enforcement of them. But you know economic empowerment and access to mainstream financial services. That’s important too. And I got a little bit of a tasted of that at the Stock Exchange. Of course people who own stock are not, don’t tend to be lower income folks. But it’s still important for mainstream America but there are a lot of people who have small stock portfolios and their pension plans and their 401Ks are exposed to the stock market. So it’s important. But banking services are really the important, access to banking services is really important for lower-income folks and traditionally excluded folks. So that was really at Treasury. I enjoyed that because I was in charge of banking policy at
that point for the administration.

Ms. Greenberger: Maybe we should stop before we discuss [END TAPE II] NO TAPE III.

TAPE IV starts with instructions for recording but nothing is recorded.

Listened to both sides.
Ms. Greenberger:  This is a sunny morning on January 9, 2014 and we are in Sheila Bair's office and we’ve just gone through a couple of days of super, super frigid weather and there is some light at the end of the tunnel on the weather front and we are, this interview is reconvening after the last one when it was right before the holidays and now we are back and Sheila Bair is just describing all of the activities she’s involved in just right this minute. And I do want to go back and ask Sheila about where we left off before and maybe at some point get back to what her life is like right now. I will work our way through and how busy it is and things that she’s involved in. But when we last spoke we had begun to talk about Sheila your career, but we had skipped over, we did talk a bit about your children, your son and daughter but and you mentioned that you got married. But we didn’t get enough of the scoop on the wonderful guy who’ve I had a chance to meet, your husband.

Ms. Bair:  So yes. My husband I met in the late 80s when I was working as legislative counsel for the New York Stock Exchange in their Washington office. And we actually met at a birthday party being thrown for my ex-husband by his roommate who was dating the press secretary in the office of Al Swift, a congressman from Washington state. And Scott was his chief of staff. So Scott was at this party for my ex-husband. Through Sean who was the press
secretary in Swift’s office and the girl that my ex-husband, Tom’s roommate was dating. So we met there and I was immediately attracted to them. I will confess I’m a beer drinker. I like drinking beer and I think acquired that beer taste in Kansas which was a dry state and the only thing you could buy over the counter was beer. 3.2 percent beer. So a lot of people in Kansas become beer drinkers. So that’s all changed now. Anyway, I mention this because Scott came in with a six pack of boutique beer and they were in the prettiest bottles. They were pink bottles, they had little palm trees on them. It was some kind of Caribbean beer and I was just so intrigued by his choice of boutique beers so we got to know each other and we started talking and he offered to walk me home after the party. I was living on the Hill then at this great, really fabulous condo. It was in a renovated church at 13th and Pennsylvania Avenue, SE. So it was a great. It was a renovated church. I had the old copulas that was where my breakfast area was. And they restored the stained glass. They were doing some wonderful restoration back then in Washington. This is great. It was about eight blocks from the party. So he walked me home. And he was so polite. He stopped at the gate into the building and shook my hand and didn’t try to kiss me. He was so gentlemanly and old-school and asked if he could call me again and I said sure. So we starting dating and got married a few years later. I actually, as I think we were talking the last session. I ran for Congress in 1990. And he and I had to have a big discussion about that because our relationship was getting serious and that obviously was going to require that I move back
home to Kansas. And if we continued our relationship it would have to be long-distance and it precipitated some kind of serious discussions about whether we were going to get married or not. And I was very interested in getting married. I wanted a husband. I wanted a family. We both loved each other but he was less sure whether he wanted to make a commitment like a lot of guys are. So anyway, so I went back. So I think that's what helped him decide because by our separation he realized how much he missed me and he did want to be with me. So he would come out to Kansas frequently and help campaign on the weekends and we joked, we would hide him because he was Democrat and I was a Republican running in a very strongly Republican district. And we had this big bear costume that, the slogan was Bair Cares, and so we had little teddy bears that we would hand out to kids or big contributors. And so at parades we would hand out these bears and candy and stuff and then we had this big bear costumer with a Bair Cares sash on it. It was a playoff on Care Bears which were popular back then. So we put him in this bear suit so nobody could see who he was. And he'd walk around in the parades and I remember one, we were in Yates Center, we were in Yates Center at a big parade and he was throwing out candy and it was Felliniesque. All these kids ran out and mobbed him and they were surrounding him and trying to pull his basket down from his hand. He still talks about that.

Ms. Greenberger: That's devotion.

Ms. Bair: Yes it is. And it's true, it's true but it was hot too in that bear costume, a lot
of this was going on in the summer. So anyway as I indicated in the last session lost the race. Came back, got appointed to the CFTC by George H.W. Bush and we got married in 1990 shortly after the campaign was over, December of 1990. And we’ve had a wonderful marriage ever since and Preston was born a few years later in 1993 when I was the acting chairman, or I was not quite acting chairman yet but I we were down to only three commissioners for a five-commission body and that meant they needed for quorum so I had very little time to spend at home with my son which I still regret. But you know you make those tradeoffs unfortunately. Yeah it’s been a great marriage ever since. You know Scott, he’s had a career in, he’s more on the technology side, worked for Intel and Hewlett-Packard for many years and currently works for the American National Standards Institute which is a big corporate standards center. They work a lot with tech companies as well as other types of companies, on national standards. So it’s been a really good marriage and he’s been all the debate about with Cheryl Sandburg’s book on mania and do we have it all. And I really think too often that the role of a supportive spouse is overlooked in these conversations about whether you can have it all. You’ve got a jewel of a husband too. Then having them being supportive and making a true partnership and backing each other up. I don’t think you have at all unless you have that.

Ms. Greenberger: True, very true. And even then.

Ms. Bair: And even then it can be tough.
Ms. Greenberger: But then who does have it all. So you were at the CFTC and after the CFTC.

Ms. Bair: So after the CFTC I was reappointed by, Bill Clinton got elected. I was reappointed by him. I served out my term and then left. It was a short term I was reappointed to. So I served that out until 1995 I believe it was. Then I left, my old employer the New York Stock Exchange asked me if I would come and head government relations and public affairs for them. They had a unit. It was kind of nice. The New York Stock Exchange was a very different place from where it is today. Then it really was more of a public utility and had some sense of public service obligations which I think faded over the years. It saddens me now when I see what’s been going on in securities markets. All these outfits are run as for-profit now and they don’t have the same sense of public responsibility. But anyway back then we had a unit, we had a government relations, it wasn’t really lobbying, it was more providing information. So we would present research and analysis. We would arrange for trips to New York for briefings and visits to the floor, and briefings on our back-office functions and our audit and all that. And so it was a nice job. It wasn’t a perfect fit for me. I think the government or the non-profit sector, the more traditional non-profit sector is really a better fit for me. But it was good in the sense that I was exposed, that we were not-for-profit, our members were obviously for-profit so I was exposed more to the industry side of things and it was helpful. But it wasn’t a good fit for me. I liked public service better and again it started becoming more and more, operating more like a full profit money marking venture as opposed to
a public utility. And I think that was just the trend of the times. But it wasn’t that great of a fit so I stayed there until early 2000. And I was, we had tried to have a second child and were unsuccessful so we decided we were going to adopt a child from China, my daughter Colleen. And so we, I decided, after the bad experience with Preston really having no time to spend with him as a baby. I told the Exchange I had wanted to step down. It was a hard job because I had to be in New York so much. I was flying to New York once a week and just the travel and that was hard being away from Preston who wasn’t that old at that point either. And I just wasn’t going to do that with another child at home. So I told them I wanted to go to a part-time consulting arrangement and resign my post as the head of government relations and public affairs. So we had some to and fro about that but they ended up being supportive. So I did that, you know, I have to go back and check and then the Bush people came in, George W. Bush was elected, that would have been in early 2001. And they called me and asked me if I would be willing to consider the job as the Assistant Secretary for Financial Institutions at the Treasury Department. And I was reluctant to do that although I had about a year with Colleen at that point. So that was guide but I was still fearful that I was going to get into a 24-7 type of work environment. And I had done that and it was fine when I was single, you can live and breath your work, but that’s fine but as a mother and wife I didn’t want ot have that kind of job environment. They assured it was going to be very 9 to 5 you know.
So it was, it was interesting issues, it was basically overseeing regulatory policies on financial institutions. We had the big bank regulators, the SEC regulators, the GSE. We were not regulators and there were firewalls between Treasury and the regulators. So we didn’t have any authority and shouldn’t have on specific regulatory actions. But we did obviously have a say in regulatory policies. So we would file comment letters like any other interested party and engage with the regulators. So that was interesting. And there were certain discrete areas. For instance when Congress repealed Gramm Leach Bliley they had ordered the Fed and the Treasury to jointly issue a rulemaking determining whether banks can have real estate brokerages. So you think what an arcane issue, right. My first day the office I walked in. My secretary was Betty Hunn and she had boxes stacked floor to ceiling behind her. Thousands of comment letters arguing mainly against banks owning real estate brokerages. So it was stuff like that, it wasn’t stuff that the rule was going to come down tomorrow depending on how you resolved it and you had time to resolve it. There was no immediate time pressure. I had great staff. I really liked my staff at Treasury and it was great and until 9/11 came and nine months, eight months later we had 9/11 and what was a 8 to 5 job, 9 to 5 job became a 24/7 job again. And then, of course, Enron failed. Went into bankruptcy. And that created a whole host of issues. So as a result of 9/11 I was involved with the Patriot Act. I was tasked with one
of the infrastructure issues. We created a new group to 9/11 was really an attack on financial services physical infrastructure. And we hadn’t thought enough about that. There actually been ironically more after the whole issue with how computers would operate when we went to the year 2000 because they were all programmed for years that started in 19 and now we are going to have years that start with 20 and was that going to get screwed up. And then it put a lot of focus on in technology infrastructure. But physical infrastructure we had just really not thought that much about. So we created a new, this was done by executive order, and executive order chaired it, a new group inter-agency and inter-industry group and infrastructure which I believe continues to function. Terrorism concerns became a big issue. The property and casualty insurers as you might guess those that had a lot of exposure to New York were really facing some tough challenges and were balking, they were just terminating any future coverage of terrorism attacks. They didn’t want the exposure and so try and get some kind of government-backed stuff for catastrophic losses was really important. Especially for the commercial real estate industry. So I had to do that. Then Enron failed. I was led the work on the pension issues and was involved, not as involved as Sarbanes-Oxley was involved. I didn’t lead that. But the pension stuff I was the Treasury lead. So it got quite busy. And in the midst of all of that, I was also trying to work with Ned Gramlich over at the Fed on predatory mortgage lending which was also raising its ugly head.

Ms. Greenberger: You’ve certainly been at key issues.
It’s true, it’s true.

So that was the slow office job that was going to keep your life

That turned into a really quite pressing job.

Can I ask you before you go on, you went through several confirmations
during this period.

Right, I did. I think I would like to see who’s been most. I was confirmed
for the CFTC two times. Then I was confirmed as the Assistant Secretary
for Financial Institutions. Then I had three confirmations under my belt.
They asked me to come chair the FDIC

And to the ones up to this point in Treasury had there been any difficulties or
any issues.

Oh no, no. I always sailed through confirmation. I think it was the Dole
connection. I had a good reputation and people respected me but I also as a
former Senate staffer one with close ties to Bob Dole who was much loved
and is still much loved in the Senate, I think that always helped. I never had
any problems with Senate confirmation. I look at the kind of stuff that goes
on now and it makes me heart sick because it just discourages so many good
people from wanting to jump into the fray. I had my own strengths to get
confirmed but also the confirmation process worked better during the times
when I was up for Senate confirmation.

And was your first marriage to somebody in Kansas.

Yeah. That was a very short-lived and mistaken marriage. I was living in
Kansas City. I had dated this guy. His name was Tom Keith, off and on in
law school. We had lost touch when I was at Arkansas teaching for that year. Then when I came back to Kansas City, we kind of started up again. It was a mistake for both of us. We kind of got married because we were looking around and there weren’t any other options. We both wanted to get married and it was just mistake. And frequently you find out how really incompatible you are once you get married. And I think it was very short-lived. It was several years before we got a divorce. But I think we lived together, let’s see. Probably we actually lived together for about nine months in Kansas City and then I got a promotion. It’s funny how I just block all this out. Because they were I don’t view them as things that heavily influenced my career. Not to disparage Tom and he was really a good guy and he ended up with a wife who was a much better for him. But so we lived together for about nine months in Kansas City and then I got that job with HEW in Washington. And he was still working in Kansas City. So we were apart and that was when we kind of figured out it was, we were actually better when we were apart. So it just fell apart after that. I guess years later, we finally did the paperwork but we were separated. We were only together about nine months.

Ms. Greenberger: It’s ironic because that was the connection to your

Ms. Bair: To my current husband. So that’s right, so if I hadn’t. That’s a good point. If I hadn’t had this initial mistaken marriage I never would have met my husband which has been a wonderful marriage.

Ms. Greenberger: Very nice the way things worked out at the end of the day. Even if
Ms. Bair: unexpectedly.

Ms. Greenberger: Exactly, exactly.

Ms. Bair: So you were at Treasury with a very demanding job than you anticipated.

Ms. Greenberger: And it was the same thing. We got an au pair. We had live in help but it was the same thing. I had no time for Colleen. And it was creating a lot of problems with her. Because she was, she and I became close immediately. I think children, there's a lot of research on this. Children who are orphanages and institutional settings can get attachment disorders. So they don't because they never really bond with someone. Colleen on the other hand fortunately she was in an orphanage during the day but at night, her foster mother who was a worker, took her home. So she had a loving family at home in China. And for the first several months of her life. So when I adopted her.

Ms. Greenberger: And how old was she.

Ms. Bair: She was 11 months old when I adopted her. It was just horrible. When I got to, I had this really, really long flight. Flight in the Chang Chuk Hunan which was where we were going to do the adoption. She was in an orphanage in Han Hunan. Was with one other mom whose baby was also at the same orphanage but she was not going onto foster care. She was just in the orphanage 24 hours. So I come in to the hotel. We're staying in Chang Chung, just tired exhausted, dirty. 36 hours of traveling. And the foster mother is there in the lobby waiting for me with Colleen. And I was
horrified. As much as I wanted to meet my baby daughter, I didn’t want to. And the baby was sound asleep. And she basically with the best of intentions just shoved the baby at me and said here, congratulations. I’ve got my suitcase, I’m not even in my hotel room. Fortunately she goes upstairs with me to help me everything. Colleen wakes up in my arms, looks at me. She’s never seen a caucasian face in her life and screams in terror. Oh my gosh. I tried to give the baby back to the foster mother. She didn’t understand why you don’t want the baby because she didn’t speak English, there was no translator. It was just horrible. So she finally left. I had the crying baby. Colleen cried all night. It was probably about 10 o’clock at night when the foster mother left. She cried all night. Finally by about probably four or five o’clock in the morning, she just finally fell asleep in exhaustion and right before she got to sleep. There was something in her that understood that I was a good person, I was a protect to her, not a threat. We were kissing the bottom of her feet. She still loves people to massage her feet or kiss the bottom of her feet. But that it seemed turn and I would kiss the bottom of her feet. It was like that. It was an immediate turn so from being terrified of me and being very clingy to me. And you cannot blame her because here she’d been pulled out, gosh only knows she was left on the doorstep of a police station when she was probably two or three days old. What does that do to the psyche of a small infant. Shuttled to an orphanage and then once again rudely woken up from a sleep with a complete stranger and so she clung to me. And I couldn’t leave the room.
She would just start losing if I left the room. So we just stayed together for the two weeks in China and fortunately Scott and Preston. We were a week in Hinyan Hunan doing, excuse me, in Chang Chung Hunan doing all the paperwork. Then we went to Quan Sho to do the paperwork to get back to the US. That's where the US Consulate was so Scott and Preston met us there. And they were with us for a week there and she did take to them pretty fast which was good. But she still was really highly reliant on me. And that hadn't changed even after almost a year of me being mostly at home doing this part-time thing with the Stock Exchange. When I left to work at Treasury it was upsetting to her. And we had a lovely au pair but it was still upsetting to her. And then when 9/11 happened and Enron and I was working nights. It was bad. It was just really bad. So I only stayed in Treasury for about a year. Then we decided we just needed to get the heck out of Washington because I was bound and determined to have more time with my kids. And I was not getting time with my kids. So that's when we decided to go to the University of Massachusetts. And I love teaching kids anyway. And an academic life does provide a really good venue for good work life balance. So before I get to that, I do want to talk a little about Ned Gramlich and what we were doing on housing policy because five years later, we didn't even realize how important it was then because Ned had Treasury and HUD had done a paper on predatory lending and Paul Sarbanes had been pushing this and it really put this issue on my radar. He was chairman of the Senate Banking Committee when I was confirmed in the
Senate. So when I had my courtesy call with him, he spent most of his time
talking about this. And this report. And I read the report and talked to some
of the consumer groups and there were just hideous things going on in
minority neighborhoods. Particularly in Baltimore. Baltimore had been one
of the targeted areas where these mortgage brokers would go and push
market these horrible mortgages. And they would actually look for people
with home equity. This idea that we were expanding this whole sub-prime
problem was because people wanted more people to have houses. There was
some of that but these really bad loans. These were not expanding home
ownership. They were refinancing people out of mortgages that were safe,
affordable, using FHFA backed, where they had actually built some equity.
These guys would come in, got equity in your house. You know if I could
put in this 220 A/327 these toxic adjustable rate mortgages, we'll pull this
money out. You can pay for your kid's school, you can replace the roof.
You can go on a vacation. Whatever. And some of that being able to tack
responsible in your home equity, but the mortgages they were being put into
were not. They were equity stripping loans. The brokers and the
securitizers were getting a lot more money out of it than and benefit out of it
than the home owners. So we couldn't believe what we were seeing. But
this was like perimeter backed, these were marginal people doing this kind
of stuff. Mainstream financial institutions were not involved. And the Fed
had authority to write lending standards. They had, I think it was 1993 when
they actually been directed by Congress. You know Dad always knows
better. So they had been directed by Congress to write more lending standards. They just flat-out didn’t do it. And that was important because we had bank regulators could write lending standards for banks that were regulated. FDIC insured banks. But nonbanks were regulated at the state level. And some were trying to deal with this and some were not. And the Fed was the only entity that had the authority to write lending standards for everybody. Just not going to do it. So Ned Gramlich who had the consumer portfolio and there was a lot of tension between him and Greenspan between this and even more so on the staff. I sometimes think Greenspan gets the lion share of the fault here and he did fall down on the job but the staff too. Even as we got into the crisis were horribly resistant to writing mortgage lending standards. And you’d ask and they say we don’t banks to get sued. What. If we have mortgage lending standards, people will get sued. We’ll constrict credit. Well if they follow the rules, they won’t get sued. What is that the ration I gave to rules because they are worried about banks getting sued. And I heard that going into the 2006. So anyway, so the Fed wasn’t going write rules, Congress wasn’t going to pass a law because everybody was making money off of this, the brokers were making money off of it, and the Wall Street firms were helping them fund these sleazy mortgage brokers or originators. They were making money of this. So Ned and I decided that we would try to get some kind of voluntary agreement so as least try to get because again the really bad stuff was still being done by the criminal players. So let’s get the main tree players into the room, have them agree to
a commonsense standards and see if we can, will it be like a Good
Housekeeping seal of approval for mortgage originations and we'll publicize
so far as they should look at this and there actually would be an enforcement
mechanism with the FTC because if there's caselaw on this, you probably
know it better than I do, if a company says we adhere to these best practices,
then doesn't follow through, that could be a deceptive trade practice. So
there was a bit of an enforcement under the FTC and we actually brought the
FTC into our discussions. So but they couldn't, they didn't want to. Some
of them were better than others but by the end of day and we were having a
hard time because the industry. The banks, the originators were actually all
for it. But at least at that point the banks weren't playing this game. This
really was going on to shadow sector.

Ms. Greenberger: The banks were all for regulation.

Ms. Bair: They were for it, they were for it. The securitizers, Merrill Lynch, that
crowd didn't want to have anything to do with it because they were funding
these guys. They were making money off it. And they were packing these
securities and they were heading off to investors. So we couldn't get the
securitizers on board and we were having trouble with the consumer groups
too which was very frustrating to me. And I will always Martin Eakes for
this at the Center for Responsible Lending because he worked with us. He
supported us. We did finally get some best practices out and published
though we never got traction for people to follow through on it. There's a
lot of volunteering issues fall that way. But some of the consumer groups
didn’t want to buy in either because they thought if we did best practices they wouldn’t get legislation and we kept saying you’re not going to get legislation any way. You’re just not going to get legislation and we went out of our way and I said this is not substitution for legislation. We need legislation, Congress needs to pass legislation. This is just the best we can do if we don’t do legislation and it’s not going to be enough. But they just had it in their head that this was going to impede legislative activity. So we tried, we did get the best practices out and

Ms. Greenberger: You were just describing the difficulty in getting in consumer organizations to support at least some guidance and best practices as a predecessor or predicate potentially to legislation and so my question to you is was there state regulation going on at the point, were there state actors that were showing the way, or was there really not much attention or real focus anywhere much.

Ms. Bair: So that’s a really good question. Because a number of states were trying to move ahead with mortgage lending standards, North Carolina was probably in a lead role in that. And the bank supervisor there was good and Martin Eakes who had kind of led the mortgage lending standard effort was based there and was very influential there. So North Carolina, Georgia, I think New York, Massachusetts. There were some efforts to put state level protections in for mortgage borrowers. And then of course state-chartered banks. And regrettably banks were starting to, mainstream banks were trying to get in on this action too. So but of course, you were a big bank and
you were state chartered, you had to comply with the state rules if you had a

Ms. Greenberger: In the state alone.

Ms. Bair: Right in that state alone. And at that point, though you were a national bank, you still had to comply with state consumer laws in mortgage lending. If you were a national thrift you had preemptions. That was just a quirk of the old, I can’t remember the name of the law that authorized the thrift charter. But you did had what was called field preemption in mortgage lending for thrifts. But you didn’t if you were a national bank. So the big national banks started deciding it’s too much trouble to comply with these state consumer laws and so started lobbying the OCC, their regulator, to by regulation give them preemption the same way the thrifts had preemption. And OCC was sympathetic to that and for a couple of reasons. One as I’ve said a lot, I think OCC has fallen too captive to the prospectus of the institutions they regulate. And two, it’s a turf thing. Because OTS had this preemption, the regulated thrifts and national banks didn’t so they could maybe steal some charters not just from the states but from OTS too if they provided field preemption from mortgage lending. So Julie Williams who was then the general counsel of OCC came by to see me to brief us on this. And I gave her a very negative reaction. To his credit, Ed DeMarco, who has not always been, consumer goods has always not been a fan of his since he’s run the FHFA now for several years and just stepped down. But he was quite adamant on this and quite opposed to OCC granting state consumer laws to his credit as was Marty
Ugelleti. They were the two senior staff who dealt with these kinds of issues for me. So I couldn't stop it because there's a firewall between USCC and Treasury, right. So they were an independent regulator. But I could certainly tell them that I would publically object and I told them that. And they backed down. I think they realized it would not be a good thing for them to be doing this and get blasted, not just by the consumer groups but the Republican Treasury Department. So they backed down on that. Of course, I left Treasury after about a year as I said because of the family situation. And sure enough, about a year, maybe not even that long after I left OCC went ahead and preempted the state consumer laws. So that really made it tough for the states to protect their citizens. Because J P Morgan Chase, so all this national charters, already had gotten this preemption. And then JP Morgan Chase that had been a state-chartered institution subject to state regulation. In New York and still needed to comply with all the state consumer laws. Because it wasn't a national bank. It switched charters country-wide. It switched charters, then came back when they started running into trouble. OCC got what they wanted. They got JP Morgan Chase away from the New York State Banking Department. They got some of these thrift charters, later they regretted it. But then they were just looking for the turf. And these consumer laws were weakened at the state level. Because it was just the small institutions that had to worry about it.

Ms. Greenberger: Interesting to know if the banks regretted the flexibility they were given at
that point too.

Ms. Bair:

Yeah with all the litigation trouble and losses that have occurred, you wonder. I jump ahead a little bit to the FDIC but I tell this anecdote a lot in my public speaking and I go over it in my book too because I think it says, it talks about how schizophrenic the industry was on this issue because when I came later to the FDIC in 2006 and my staff starting briefing me on what was going on with mortgage lending standards and we saw how out of control things were getting, I started pushing for tougher lending standards for banks, we didn’t have any authority for nonbanks, the Fed had to do that, and Fed still didn’t want to do it, even in 2006 and 2007. But we started pushing for mortgage lending standards for subprime mortgages and a whole slew of mortgage bankers came in to see me and tell me how awful that was going to be in early 2007 and that was going to constrict credit and yes, delinquencies and fall rates were going up but that was just because people didn’t care about paying their mortgages any more. So, on one hand, it was all the fault of the borrowers. But on the other hand, we couldn’t toughen the standards because they wouldn’t borrowers not to get credit. They weren’t even consistent in their argument. So I ignored them basically and we went ahead but it was too late at that point and in the fall of that year, we were trying to get loans modified and thought we had agreements in the industry. Again voluntarily. You know the integrity of this industry. It just declined so much. I’ve been around enough. I remember times when you could voluntary agreements. You could have people stand up, say at press
conferences. They were going to do this and then do it. You didn’t always have to write a rule. But these guys were just playing us. So anyway, they said they were going to restructure all these subprime mortgages that were resetting and couldn’t be afforded and they didn’t do it after promising that they would. So I went and gave a speech in October to a bunch of them and I kind of took them to task on it. And they were rolling their eyes and barely even applauded, had the courtesy to applaud when I finished my remarks. And a guy raises his hand when I went to Q&A and said, we don’t want to restructure these mortgages. You can’t help these people. They kept saying these people. You give them a little break, they just go out and by a color TV right. You know the proverbial flat screen color TV. So I said, well if that’s how do you feel about, why did you fund these mortgages to begin with. If that’s how you feel about these people, and he looked at me and said it was bad regulation. In January regulators shouldn’t regulate because it’s going to constrict credit and by October it was all our fault because we didn’t regulate. It was just amazing to me. And these guys make so much money and they are so unwilling. They think they’re entitled. They don’t want to be held accountable. They want to blame other childish, spoiled, they want to blame anybody, blame the government, blame regulators for not regulating. Blame housing policy wanting more to expand home ownership. It was all their fault, it wasn’t ours. It was just unbelievable. So anyway there was some of that later. I wouldn’t say it was remorse, it was blame throwing. When things went bad, then they were trying to point the
finger at the government, oh you should have regulated. When just a few months before they were opposing regulation. You still see it. There was some reporter. I wasn’t going to comment on it. There a guy, an industry hack, named Dick Bovay who opposed us at every turn on anything we ever tried on mortgage standards. And he was attacking me in his book now about how I didn’t do my job to stop this. They are unbelievable. They are just unbelievable. And then they whine and cry about nobody likes them and why their reputations have gotten so bad. Anyway I digress. So we didn’t get mortgage lending standards and after I left Treasury, not only did not have national lending standards from the Fed, we basically get dead at the state standards too by OCC preempting all these state consumer laws. So there you go. And that was at that point in 2002, I just needed more family time so that was when we went to UMASS for four years and I taught at the University of Massachusetts at the School of Management and that was very nice. Had some transition issues initially, Amherst is a very liberal time. I think there are a lot of people very suspect of a Republican who’d worked in the George W. Bush and H. W. Bush for that matter administrations. So it took us some time to win over some skeptics but they realized that I didn’t have two heads after a while. And I loved the students.

Ms. Greenberger: What were you teaching.

Ms. Bair: I taught insurance and risk management. And I taught financial regulation and corporate governance. So the insurance and risk management was an undergraduate course and the seminars in corporate governance and
financial regulation were graduate seminars. And I purposely negotiated a
light load because I wanted to research, I wanted to teach but I wanted some
to research too. And so, I didn’t want to get into a 24/7 situation. So it was
a right balance. The workload, the teaching was just right, the research, I
published several papers while I was there. One on payday lending
actually. I just wrote a Fortune column on that on why we need more
competition in small dollar loans. Didn’t do much on mortgages. I was on
the board, I joined the board of the Center for Responsible Lending. But we
were the advocacy for the Center, the Center was new at that time and
Martin was doing most of the advocacy still on mortgages through Self-
Help, his credit union. So the Center for Responsible Lending at that point
was really more about were they really doing some pioneering work on
payday lending abuses. And Martin really made a lot of enemies on
that. He was right and has done a lot to clean up that market. It continues to
be a struggle. So it was really. I did some insurance work, wrote an
insurance paper, did a thing for the Casey Foundation, actually did a work
on GSE regulation. Government Sponsored Enterprises about how the
weaknesses and GSE regulation, the regulation of Fannie and Freddie. And
also did a paper on the Federal Home Loan Bank System and some of the
risk they were building there. And sure enough I flagged that a couple years,
the Federal Home Loan Bank in Chicago was way out of its league. It
basically decided it was going to guaranteeing and securitizing mortgages
too, the way Fannie and Freddie too. And we all know Fannie and Freddie
had their own problems. But this outfit had maybe a 10th of the expertise that Fannie and Freddie had. They were building up these huge portfolios of risk, or mortgage risk and it was way beyond their competency. And I went after them and they went after me and then of course two years later they went bankrupt, they went belly-up. The guy who was doing it lost his job. So it was frustrating. I still keep beating my head even to this day on monetary policy, you try to call these risk before they occur so if people can get ahead of them, and people, it's just human nature. You don't especially in government at least. Government does not want to act until it blows up in their faces. And then you're cleaning up you know. And a lot of it could be prevented. Lending standards. Just having lending standards as I say in my book some derivatives, regulation, lending standards, mortgage lending standards, tougher capital requirements, just those three things would have prevented this crises. And there were people advocating for that and pushing for that. It was immanently doable. And it wasn't because we just caved to the industry. It's maddening. So where were we.

Ms. Greenberger: I know that will be a constant theme about the difficulty of saying no to private industry which is so so difficult and what makes it so difficult. When you were Amherst, did you like living in Amherst and did you like having the distance.

Ms. Bair: We did, we had this old Victorian home, actually it was kind of an amalgamation of architectural styles. It had been built by Richard Mather who had founded the liberal arts school at Amherst College. And he and his
wife and kids were close personal friends of the Dickenson family who lived right across the street. And so the house itself had some history. It's a sad history, the wife died of tuberculosis when the kids were young. And they kind of ran wild. They were part of this pack of kids. You read Emily Dickenson. She refers to some of these kids in the poems and you read the biographies of her. There was this pack of kids that ran around and the Mather kids were two of them. And she had a relationship with them and she was very reclusive. But she would lower cookies down from her bedroom window. Right across the street from the house and toys and things and they would interact with her that way. So that was and I've always had a inter-poet, so I wrote a couple, I wrote a rhyming children's book called Rock, Brock and the Savings Shock, while I was there about contrasting savings versus spending. Of course you had interest rates so you talk about compound interest and if you save how your money grows. Of course we have no interest rates now. But I had time to do that. That was tremendous fun. And we did some research. We found out that the daughter, that Richard Mather's daughter, Emily Dickenson called her the Little Maid. And we had some correspondence between the family too, a letter Emily wrote to Mather when his wife died, a very compassionate note. So that was just fun. And then this Mather daughter went over the Italy and married into nobility and became a contessa. And she was apparently quite a flapper, and all that, she was a wild person. So that was fun.

Ms. Greenberger: I see a Masterpiece Theater series.
Ms. Bair: No kidding. I’ve always wanted to write a picture book, a children’s book about the Little Maid because I think she had just an interesting life. That’s on my list, my to-do list, been on my to-do list for a long time. So yeah, it was great. I walked everywhere. I don’t like to drive. I never have, loved to walk and so the campus was about a mile and a half away. It was great. So I’d get a three mile walk in round-trip every day. It was good thinking time, mind-clearing time. My husband would tease me even in the dead of winter. I would bundle up. I would get out there in the snow. And I walk, like it was a point of pride to walk every day. And Scott had a really nice situation. He stayed with Hewlett-Packard for a couple of years doing his job long-distance and they were nice, let him go down to a 4-day week. But that still wasn’t much fun. So after that, he left Hewlett-Packard and actually it was good because he cashed out of his stock options before they started having their problems. So that wasn’t the reason but it was good that his timing was good. And he started teaching class at the University and did some consulting for the University. So it worked out really well. It was a very relaxing lifestyle. And the kids loved it. You could use the public schools. The public schools were great. It was a really pretty town. It was a little isolated. But it was okay. Boston was about 90 miles away. So not horribly. Growing up in southeast Kansas that wasn’t too isolated for me. So yeah, it was great. And I had a lot of people come up as guest speakers. Sarbanes came up, Ned Gramlich came up to do guest lectures to my class and that was fun. And it was just a really good existence. The
Ms. Greenberger: So after that excellent four-year stretch, how did you get lured back to DC.

Ms. Bair: So it was 2006 and I had stayed in touch with my colleagues in the Bush administration, Josh Bolton who had been OMB director and then was Chief of Staff. He was OMB director when I was at Treasury and then became Chief of Staff. And then Kevin Warsh who had been at the NEC and was still there. I worked with him a lot. He was still there. I just kind of stayed in touch with them too because they were friends and colleagues and Diana Taylor who was the New York State Banking Superintendent and also Michael Bloomberg’s companion was being vented to chair the FDIC. That was great. I didn’t know her here but I knew her by reputation. She had a really good reputation, she was a good regulator. And also it got derailed and it wasn’t clear why, there were press leaks that of all things, this just shows you how broken the confirmation process could be. The National Rifle Association with Michael Bloomberg’s crackdown on handguns had used its clout with certain members of the Senate Banking Committee to block her confirmation. I don’t know if that was true or not, but that’s what the leaks were. Pretty outrageous if that’s true. So all of the sudden the Bush Administration needed a chairman and Marty Gruenberg had been acting who was the Democrat vice-chairman and that was kind of awkward because
usually the way these agencies are set up, the chairman's of your own party. And they had to be bi-partisan, frequently. You had bi-partisan representation. But a member of your own party would be the chairman. So it was just kind of awkward. And so they were eager to get somebody pretty fast and I was a known quantity to them. Josh used to work for Dole. I'd known him for a zillion years. And Kevin and I had a good working relationship. I only got to know him at Treasury. I think it was Kevin or Josh, I think it Kevin who contacted me and asked me and asked me if I would be interested and I said I want to talk to my family. And I did talk to my family and we talked it through and decided it was a good opportunity. There again, the markets were calm, the industry was profitable. It looked like it was going to be a nine to five job. The big issue was whether Wal-Mart should have a bank. Right. Because they were trying to use this loophole to get a bank. So there was an interesting portfolio of issues, but again as I thought was the case at Treasury when I came there, nothing that was going to keep me up at night or keep me away from the kids unduly. So we decided it was just a really good opportunity and I should do it. And Scott, he also maintained his ties in Washington. He was pretty sure he could be situated in Washington again. He was just so sweet about it. Because it was a tough transition about it. It was always hard looking for a job. He landed very well. But having to do it, he was content with what he was doing. And he was kind of back to the nine to five slog in Washington where we'd had so much more flexibility in Amherst. So we moved back, I
told them yeah, and so they nominated me and the confirmation went fine and Dole came and introduced me and he'd always been so a good supporter of me and I always appreciated that. So I moved back, so that was the spring of 2006 and I assumed office in June. And I moved up to Washington for a couple of months or down to Washington for a couple of months while the family got resituated. And lived in my friend’s English basement apartment. That was interesting. A little bitty English basement apartment. That was okay. We found a house to rent out in Potomac. We wanted to keep the kids in the public schools because private schools are quite expensive and I was on a government salary. And Scott hadn’t gotten resituated yet. And we just like using public schools where we can. I went to public schools my whole life. I like the idea of public schools. It saddens me to see things going on in public schools. So anyway we went way back out to Potomac because all of our research said they had really, really good public schools out there. And put both of the kids in public schools, and it just didn’t work out. We’d gotten spoiled at Amherst. The classes were a lot bigger. The teacher issues were a lot bigger. Colleen’s class was very large. It was well over 30 students. A lot of kids were limited English speaking which was good, you want that diversity, but they didn’t have the staff support. And there is some way you need to support those kids. So it, she wasn’t get what she needed. And then Preston’s middle school, we started having a bullying problem there. We ended up putting both of them, dug into our savings, and put them both into private schools. Independent schools, they call them.
And that worked out great. Colleen went to Holton Arms and Preston went
to Maret and they were very good changes and it instantly changed. And
they were happy in their educational environment and so those are the right
decisions which is a 45 minute drive out of Washington. The independent
schools flung everywhere so that was a challenge. But we did get that all
settled. The kids are much focus and your memories as your career can be.
So anyway, the FDIC, I was new at the agency, I worked with them at
Treasury. I had served on their advisory committee. So I kind of knew them
and knew what they were about and knew the staff and liked the agency, it’s
a great agency, it really is. But they were, I got situated by the fall. And the
first thing we had to do, this is another anecdote I tell in my book and it’s
worth repeating because it just shows you the kind of difficulties in the
industry, meaning constructively engaging with regulators. So we had a
problem with the FDIC and that is that the Deposit Insurance Fund which
backed insured deposits was declining. And the reason it was declining was
because Congress had basically banned the FDIC from charging banks
premiums if they had good supervisory ratings. And at that point what they
called the golden age of banking which banks were making money hand
over fist, they all had very strong, they were very profitable. They weren’t
profitable in a way that was going to be sustainable but at that point, they
were profitable. And so they almost all have supervisory ratings so there
were very few banks that were even paying premiums. And then there was a
rule that said if the Deposit Insurance Fund fell below 1.25 percent of
insured deposits, which is pretty thin capital, but that’s what the statute said, then there was an automatic, I think it was a 43 basis point assessment on everybody to bring the fund back up. So you had a situation where virtually nobody was paying anything. A lot of free riders, a lot of new banks had never paid a penny for deposit insurance and then you had this cliff, so if you fell below 1.25 everybody got whacked with the 43 basis point hit. And that’s a lot, that was lot, 43 cents for every $100 in deposits is not huge but it’s not chum change either. So if you had a lot of deposits. So we had been, since 2001, I’d actually worked on this at Treasury. We’d been trying to get Congress to give us authority to start charging everybody premiums and do it on a risk basis so banks that we thought were riskier and did things like, very complex securities and derivatives were hard to value that had concentrations in certain asset categories or had unstable funding. Did a lot of ________ deposits. We wanted to be able to charge them higher premiums regardless of what the supervisory rating was. Because those weren’t all necessarily reflected in supervisory rating. So there’d been a fight when I got there. They were split down the middle 2-2. In early 2006 Congress had finally passed this law. For four years, big split down the middle. John Dugan and John Rich who were the head respectively of the OCC and the OTS didn’t like what the staff had done. Because the way the staff had proposed the risk-based premiums, we basically were changing the supervisory rating. So they had given the FDIC staff the authority to actually change the supervisory rating and then charge a higher assessment
on that basis. Marty Gruenberg and Tom Curry, the two internal directors were supporting the staff. I had looked at it and I said it this is kind of distinction without a difference. And the important thing is for us to higher premiums when we think there’s a risk here. So why do we actually change the supervisory rating, why can’t we just say it’s a risky bank. And we’re going to charge them more. So that worked out. So as long as we weren’t changing the supervisory rating they were okay. So we got that within two weeks and all hell broke loose. Industry just blasted us. How can you charge us premiums for deposit insurance. Everything’s fine. We’ve hadn’t had any bank failures in two and a half years. You don’t need this money, you’re going to take this money away from and us and this is going to money we’re going to lend to our customers. These old sods, always going to hurt lending. So I loved the letters, I quote them in my book about everything’s fine. The industry is healthy, you don’t need this money. And of course, a year later we were getting in the soup. So we went ahead. I had disclaimers with my board, they stuck with me, we finalized the rule, we started collected premiums. It wasn’t enough in time but we did start. And then of course when got into the crisis and the Deposit Insurance Fund was depleted from all those bank failures, we went out and assessed the industry. And then they were screaming. You can’t assess us, we’re hurting, we’re struggling. So its damned if you do, damned if don’t. So we can’t charge premiums when they’re healthy because we don’t need the money and we can’t charge premiums when they’re unhealthy because it was stress them
too much. So just like an example like that shows why the industry has lost so much credibility when they just argue their self-interest. They don’t argue policy, they’re not making any pretense of our good policy, they just pull out their talking points. And it’s all their own self-interest. So we went ahead.

Ms. Greenberger: When there was all this screaming, was there enormous pressure on you to back down. And what was the effect on you when there was this screaming.

Ms. Bair: On that one actually to their credit the Hill did not try to pressure us. Thank us. And the Board stayed together. And I think in retrospect, it wasn’t a huge premium. I think the range was 7 to 12 basis points or something like that. So we, we would have had, but we were trying to do it on a gradual basis or rebuild the fund because we knew there was going to be tremendous pressure and of course in some aspects we should have gone higher, then I think if we would have gone much higher, Congress would have come in a ruled us. So I think we hit the right balance to be able to justify and defend what we were doing and that wasn’t going to be a huge burden on the industry and on that one at least the Hill pretty much left us alone. Now later on the balls of capital standards, I got really pressured by the Hill. But on that, and to their credit, all the Board members stood together on that even though the industry was screaming bloody murder.

Ms. Greenberger: And how did that affect you personally having those kinds of considerations, the possibilities, having to marshal support from your Board go to the Hill and find the right balance.
Ms. Bair: Yeah, it all makes it harder. It absolutely does. I think. [END TAPE]
Ms. Greenberger: It’s January 15 in the morning, in what has been a very gray
day but looking out of this sleek and beautiful office of Sheila
Bair, we’re beginning to see what sunlight coming in. And so
we, this is January 15, 2014 and this is the beginning of our
third session. So we were discussing the pressures of the job
and all that was happening at the FDIC when Sheila was there.
And I thought it might be interesting, Sheila, if you talked a bit
about how you were handling the pressures at the time at work
and at the same time having the home responsibilities and
pleasures that go with those responsibilities that you were
committed to addressing. And at that point, you obviously
made a career switch but you just generally talked about the
pressures but you didn’t really explain what they were and how
they were affecting you.

Ms. Bair: So, I may be repeating myself from the previous interview. But
when I decided to take the job at the FDIC it was very much a
family decision. Colleen was still pretty young so she was not sure. It was a very big thing for her to try to get her arms around. Preston and Scott were pretty supportive. And so it was a family decision. So we decided to move back and, of course, at the time when we made the decision we really had no idea there was going to be a financial crisis. I'd worked with the FDIC in the past as a member of their advisory committee and, of course, when I was at Treasury I worked with the FDIC. It was a very important agency but I viewed it as having a very manageable portfolio of issues. It would not be a lot of travel, so it would be somewhat of a family-friendly type of career. And that didn’t last maybe a couple months and we started seeing problems by the fall of 2006 but none of us really expected that it would turn into what it turned into. We all had to adapt and the kids were supportive and as I said really Scott was my saint. He really kept the family going when I was so distracted both mentally as well as in my physical presence frequently from our home life. Preston was old enough to take some pride in what I was doing, the importance of what I was doing but with Colleen it was more she wanted her mom and
that was harder. We got au pairs for a while, Scott’s mother lived with us which was a big help because nobody will take care of your kids better than their grandparents. So that was a big help for the first couple of years. Having her at home every day. So when Colleen got home from school, there was always somebody there. It was important for Preston too, but especially for Colleen, but that only lasted a couple of years but then we got au pairs. But it was pretty essential having somebody living at home but even with Scott filling in, we really just needed somebody there at the house. So that was difficult for everyone I have to say. And the school situation didn’t work out as well as we thought, I may be repeating myself but we tried to use public schools first aso we lived way the heck out in Potomac. It’s just a very long commute and so it still didn’t work out so we had to oay tuition for the private schools and we just tapped into our savings. But it’s kind of a, some of it’s a blur. And I tell this anecdote in my book at the end of my tenure at the FDIC, I went to my son’s high school graduation dinner. And of course, this is my last year at the FDIC but he was going to college, so I wasn’t going to have
much more time with him before he left. But anyway I went to this dinner, of course, I had to fly to New York that night so I couldn’t even stay for the whole dinner. And so I was sitting there at the table and he was sitting next to me. And all these kids were coming up to him and these teachers were coming up to him. It was obvious he had very good close relationships with so many students and teachers at Maret, that’s where he went. And I didn’t know hardly one of them. I just was amazed. All these people coming up who were obviously very close to him. I just didn’t know who they were. And I hated that. But I felt positive that he had had such a good experience but it just kind of underscored how much I missed. So fortunately with Colleen who is still at home, I’ve had some catching up to do with her and much more time to spend with her. But it was hard.

Ms. Greenberger: And what about the pressures at work when you were at work. How did you handle those pressures.

Ms. Bair: What in terms of work-life balance or just generally.

Ms. Greenberger: No I just mean having a job. The pressure of a job period. The stakes so high.
Ms. Bair: The FDIC had had two women chairs before me. So the agency was used to that, or had experience with that in the past. But the banking sector is still a heavily male sector and the bank regulators and the agencies that oversees banks are still predominantly male. It is a male-dominated environment, still is. And there had been some progress within the executive staff ranks to bring women up. But there, it was still primarily a male-power structure still. So I do think there was taking charge of the agency and making sure people knew I wasn’t a dictator or anything, but I was chairman, I was in charge. I was responsible and they needed to work with me and I wanted to hear from them about setting the direction of the agency, but I had the final decision and once we made a decision after a collaborative process, I needed to have it executed. So there was some resistance at the beginning and I think any new leader of an organization is going to have these kind of transitional issues. Let’s face it, most of the large organizations still are heavily male dominated. So for a woman, taking the helm can be a bit of a steeper climb. So I had to work hard at it and but I had an opportunity early on to set the tone. And that was with a
pending rulemaking when I assumed office in June of 2006. The FDIC had just recently gotten authority to charge all banks premiums for the deposit insurance. Under the old rules Congress had said the FDIC was not able to charge premiums if they had good supervisory rating. So there was a very small number of banks, weak banks, who we could charge premiums and that meant we hadn’t been able to build up our fund. And we needed to build the fund. The economy was still good. In good times you build your fund because you want to be able to draw down your fund in bad times. So these were clearly good times and the FDIC had not been building up its fund. So we’d just gotten this authority and the staff had been working on moving forward with the rule to implement these premiums and start charging premiums again. And most of the banks didn’t want to pay premiums. So I remember a guy named John Bovenzi who was the chief operating officer at the FDIC at that time, a very solid guy, but definitely old school, he came in and suggested that we put this rulemaking off. And I said no, we were going to move ahead with it. And I think his jaw kind of dropped because he didn’t expect that. He really ran the FDIC
and had for many years. So I think he was surprised when I told him no, we were going to move ahead. And then we had a split vote. The staff had proposed charging premiums in a way that involved the FDIC actually changing the supervisory rating that other regulators gave their banks. So you have a lot of bank regulators. Everybody’s got their different banks that they regulate and so each bank regulator gets to assign the supervisory rating for the bank that they regulate and our staff didn’t want to be bound by this supervisory rating. They wanted the FDIC to use its own supervisory rating. So two of my board members, John Dugan and John Reich who headed two of the other primary bank regulators didn’t like that. So the staff wanted to go ahead on a 3-2 vote with this very controversial rule and I wanted to move ahead with the rule but I didn’t want it on a split vote because it was going to be controversial anyway. So we basically changed the rule so the FDIC could charge whatever premium it wanted based on its own set of criteria of how risky the bank was. But that was going to be a process separate from actually changing the supervisory rating. So this was really form over substance, but
it got the job done so we had a 5-0 vote. So I think that was an important signal to the staff and yes, I was going to work collaboratively with them. But I was going to be the chairman. So that helped later on. But it was still and you always have staff who, some staff work faster than other staff and so we had that, and we had to work through things and I always tried to do things collaboratively. We had bad morale issues at the FDIC when I got there. The rank and file were very upset about pay for performance system that we’d instituted, that I hated as well. It basically said 25 percent of your top employees get a big bonus and 25 percent of the bottom don’t get anything and everybody in the middle gets something average and so it assumes the vast majority of people are average and you get 25 percent superstars and 25 percent flunkies. And that’s just not the real world. So it really forced the managers to pigeonhole people in a way that wasn’t consistent with their view of the people they supervised. So we changed that, gave them a lot more discretion on how to do pay for performance and then we also got rid of these things called merit exams which our examiners hated. They called them drive-by exams, they
basically said to banks you get a streamlined examination if you had a good supervisory rating at your last exam. And that was really dumb because we could already tell the real estate market was turning so loans that looked good a year, year and half ago were not necessarily looking good now. So we got rid of that. But I think that made the staff very happy and showed that I was listening to them. And it was again a bit of a challenge with the executive team because they had implemented these policies in the direction of the prior chairman. So I was reversing course but again we did it in a way that gave everybody cover and but it just made for a better happier more mobilized work force. But again taking charge early, finding one or two opportunities that you know are right. Don’t move until you actually know what you’re doing. But look for some early opportunities where the way is clear, the direction is clear, the right path to follow is there and you see it, it’s obvious, and then seize that opportunity and move forward with it and show people you know what you’re doing and you’re in control. Most people want to follow, they want to be listened to and they want to make sure their viewpoint is acknowledged and
factored in but most people do want leadership. I think they understand that these organizations can’t be run if you don’t have somebody at the top ultimately making the decision.

Ms. Greenberger: Do you feel as if you’re a decisive person.

Ms. Bair: Yeah I think I am. I actually think I operate better almost better under pressure than if you’re kind of in this kind of lethargic bureaucratic situation where you can just take forever to make decisions. I like beginning and end points and so government in particular can be hard to make government move unless you are in a high-pressure situation. So I probably excel best in these kinds of environments and you know, I think that served me well at the FDIC but I do make decisions. I try to get all the facts first and it was frustrating for me sometimes at the FDIC. You see this phenomenon where people will not want give you their own unvarnished viewpoint, they will want to try to sense where you want to go and then reinforce that. So instead of getting various competing viewpoints upon which to make a decision they’ll try to sense where you want to go and then just give you information to reinforce that and that does not always bring the right decisions. And I don’t really approach things
with a particular ideological bias, I just try to apply commonsense and do what makes the most sense. And so I like to get a lot of different opinions before I make a decision and it was hard at the FDIC. I think part of that was because there had been brutal downsizing before I got there and some sense, the people who lost the jobs were the ones who had disagreed with the prior leadership. I don’t know if that was true or not but that was the perception. So this hindered openness and communication at the agency. It hurt morale but it also hurt me in my ability to make decisions because it was really hard to pull different views out of people. And it’s hard, just setting aside those problems, people always like to be on the winning side. So it you speak up and have a diverse set of viewpoints, ultimately a decision will have to be made. And some of those viewpoints may prevail and some may not. And they were all important to make a decision. People unfortunately think of terms of winning and losing and always want to be on a winning side which I think reinforces this notion of that they want to sense where the leader wants to go first. They give you input as opposed to giving you all the unvarnished arguments
and then letting you make your decision. So that was hard. But you just have a lot of meetings, you request a lot of briefing papers, tell people to give you options too. I found that way, there’s cover with options. If they can give you four options, then they’re not on the losing side. So give me four options of the pros and cons of each. And sometimes that would be a good way to get all the information out as opposed to asking for one recommendation.

Ms. Greenberger: And how did you feel about having so many important issues that were resting on your sense of what was the right and the wrong answer at the end of the day.

Ms. Bair: Yeah. Well identifying the right issues is always, a precursor to good decision-making. I’m an intense person. I do have a lot of focus. People say that about me and I think that was helpful because I did, we focused on the real estate market turning very early on. How it was going to impact banks, how was that going to change the risk to the FDIC. And some of these other extraneous issues like whether Wal-Mart should have a bank. In peacetime, that would have been a great thing to debate and pontificate on and make a decision but we just didn’t have time,
it was a distraction from what I could very early on was going
to be a big problem in the banking sector. Walmart had applied
for a bank charter, I just slapped moratorium on that. We’ll get
to that later, Congress, this will give you some more to think
about whether you really want Wal-Mart to have a bank
because that seemed to be the law. So I think leaders need to
stay at 30,000 feet, identify the big-picture issues, the important
ones, get staff to drill down and focus on what’s important.
And in that regard, I had a lot of help. We had a really good
economics group led by a guy named Rich Brown, our chief
economist, and Chris Newberry. They had been doing a lot of
work on housing already. And they could see this thing
coming. They were worried, our examination staff too were
very worried about the deterioration in mortgage-lending
standards and so we again focused on that very early, got the
data, when we didn’t have all the data we needed we went out
and bought data what the loans looked like, and these mortgage
backed securities. Because a lot of this stuff, most of it wasn’t
on bank balance sheets. It was sitting in securitization trusts.
The data were pretty alarming. That got us really focused when we saw that.

Ms. Greenberger: And when you saw how important these issues were, did you have a sense of satisfaction of dealing with the most important issues or did you have a sense of oh god, I came here thinking this was going to be a reasonable job. Now I’m really in it.

Ms. Bair: Well, I knew we were going to have serious problems. I never thought they would spin out of control as badly as they did. So there was a sense of oh my gosh what have I gotten myself into? But I’m also the kind of person that likes a challenge and I saw this was important. I didn’t want to fold up my tent and go back to Amherst and tell them to find somebody else. So there was kind of oh my gosh, this is going to be a much fuller plate than I thought. But I like challenges and I decided the best thing to do was to tackle them and it was clear to me the agency had not had a permanent chairman for nine or ten months before I got there and there needed to be some continuity. So there was never a question in my mind about sticking with it even after I saw how bad the things were or could get. There was a lot of frustration though I think getting
back to your question about making decisions. When I see problems I do want to tackle them and make decisions and try to get ahead of problems. I think so much of this could have been avoided if we’d gotten ahead of it. And the decision-making process with the bank regulators was so cumbersome at that point. It’s still bad but not as it was then, we had four different regulators who had to get involved, the FDIC, the Fed, the OTS, the OCC. The OTS and the OCC, were the Thrift and National Bank regulators respectively. They were vary parochial and wanted to protect their charters. Their regulatory views were really not geared I thought as much as they should be to the public interest. They wanted to help their banks or thrifts. So we wanted to set tougher set prime lending standards. And frankly it was June of 2007 before those got finalized and so many of the problems were baked in the cake at that point. And then even then OTS, the thrift regulator was not enforcing the standards that we’d gotten an agreement on. So that was frustrating.

Ms. Greenberger: How do you think that your political training and background came in as an important feature of the job and stood you in
good stead in discharging your responsibilities when you were there.

Ms. Bair: Well I think it helped being a Republican. It’s kind of like Nixon going to China. It’s a Republican calling for more regulation. People took it a little more seriously. Not that throughout most of my career, I’ve always been for commonsense regulation. As we talk about my experience at the CFTC with maintaining anti-fraud and anti-manipulation rules for derivatives. So but I think it did help. And also my relationships on the Hill. Certainly there are members of the industry who went after me, and they tried to get help on the Hill, but at least on mortgage standards they didn’t get any comfort. Now on bank capital rules, they did. We were fighting the Fed and OCC and OTS eventually too against the so-called Basel II bank capital rules which would have weakened bank capital standards significantly and allowed those big banks to take on a lot of more leverage. It was nuts, and the new rules they wanted to institute would lower capital against mortgages which was just crazy. This whole framework was based on past experience and modeling based
on past experience. So this was nuts. We could see the housing market already turning and they wanted to implement these basel II rules. So we fought that, the FDIC was fighting it before I got there and continued to fight it. And when I got there, they got Chuck Schumer and Mike Crapo to write a nasty letter to me saying I was hurting the international competitiveness of US banks, because European banks had the Basel II rules, and they were getting to use a lot of leverage and basically US banks should too. That was bad because you know Schumer and Crapo were influential members of the Senate Banking Committee. I think Crapo really just kind of signed it. Schumer was really driving it. He wrote another letter to me afterwards, same thing chastising me. I got this letter from them and I went out gave a speech against the Basal II rules anyway. Then I got a really toughly-worded letter from him criticizing me and I went up to see him. And he didn’t even have time to meet with me. His office directed me to the Democrat Senatorial Committee that he chaired at that point. I met in the lobby with Eric Spitler. We walked with him to the Capital. About a five minute walk. And he basically just waved
me off. And to his credit later he acknowledged, he backed off from that position and said he agreed with me on capital. But at that point I can’t say that he did. So that was hard, but also having worked for the Senate, I know how much damage you could do if you make your oversight committee upset. Which is why I plead with Congress to support regulators when they try to regulate. Don’t do this to them, the job is hard enough without Congress putting pressure on them to back down. But overall, I had good bi-partisan relationships, so I think my political background did help.

Ms. Greenberger: When you discussed the disagreements among the regulatory agencies and the Fed, that’s gotten a lot of public attention over the years and your being a voice to some degree the wilderness on some of these issues and some of these issues. Describe a little bit about how that played out and also how you felt about the fact that you were having to stand up and fight very much on your own and your sense of leadership at that point and confidence in what you saw at commonsense.

Ms. Bair: Well it was hard. And some people have attributed it to gender, that may have been one factor. I was the only woman among
the major agency heads. I think there was some sense that the FDIC was about small banks and only understood small banks and we should leave the regulation in capital rules for the big banks to the Fed and the OCC. So I think that was part of the reason why our views were discounted as well. And I think cognitive capture. The OCC and the OTS in particular, but to some extent the Fed as well, tend to view the world through the eyes of the institutions they regulate and not through the eyes of the people who use those institutions and rely on those institutions for credit, reliable sustainable credit. So that was hard. But I think we fought our corner pretty well. We always made a difference. Did we always win? No, we almost always ended up with a negotiated compromise but we always made a difference. We always changed the result for the better. And I take some pride in that. It is just frustrating. I can say I told you so now, but I wish they would have listened to do more aggressive things to prevent this terrible crisis from occurring. But I think we did stem the tide a bit with our stronger lending standards as late as they were. As more and more people started losing their homes in foreclosures, we really
aggressively pushed for loan workouts. Hundreds of thousands
of people got loan modifications who would not have if it
hadn’t been for our efforts. We never got everything we
wanted, not even close. But we always made a difference and I
take pride in that. And the thing about excluding people or
dISCOUNTING VIEWS whether it’s because of their gender or their
background, it’s bad. I went to public universities, maybe some
people discounted me because I didn’t go to an Ivy League
school. Or because I ran an agency that’s viewed as knowing
smaller banks better than larger banks. Discounting views,
leads to bad decision-making. You just start reinforce your
own biases if you’re not willing to open your mind and listen to
different perspectives.

Ms. Greenberger: We’re reconvening with a change of tape. And talking about
having to come up against other regulators in the federal
government all of whom were taking a different position at the
time and history has shown have come to regret that. Sheila
was just discussing the fact that decisions are better the more
diverse views are taken into account and the more people are
listened to regardless of their background, their agenda, their
position, etc. Let me ask you this. Did you waiver at all in your belief in what you were urging based on the fact that some many others were disagreeing with you.

Ms. Bair: Do I think I was wrong in advocating in those views.

Ms. Greenberger: Did you waiver, did you.

Ms. Bair: Oh did I waive when I got so much pushback?

Ms. Greenberger: Did you doubt the wisdom of your position.

Ms. Bair: No, I think it was just so obvious. It was just so obvious. Oh my gosh, by the end of 2006, subprime delinquencies were up to like something like a 15 percent. I’d have to go back and doublecheck. They were spiking significantly. This is the end of 2006. Home prices were flattening out. We bought this data, we could see these huge payment resets on these loans. People couldn’t afford those resets. They couldn’t refinance if their house was worth less than their loan, they couldn’t refinance. These loans were going to default. It was just so darn obvious. And I just think it was a classic case of people not wanting to admit that past policies might have been in error.

The Fed was continuing to ratchet up interest rates in mid-2006 to normalize interest rates but they had waited too long, the
bubble had gotten too big. They had consistently refused to
promulgate mortgage lending standards based on the notions
that markets would self-correct right. That was clearly showing
not to be the case. So I think a lot of the pushback was just
because regulators had made some missteps and some
erroneous assumptions about self-regulating markets. And the
impact of low-interest rates on potential housing bubble. And
they didn’t want to admit that. So they just kept pretending that
there wasn’t a problem or it wasn’t a big problem. So no, I
never questioned for a minute that I was right. I was just
frustrated that I couldn’t make more headway. And later I
started becoming more open about my views publicly. But the
hardest thing was to have these internal disagreements but
try to speak with one voice publicly. So I would try to be very,
very careful and I remember when Ben and Hank were saying
subprime is contained and people would ask me do you think
subprime is contained and I would hedge and I said, well based
on the information we have right now, delinquencies are only
going up for subprime and we just don’t what else is going to
happen. So I would really try to parse it so that I wasn’t openly
disagreeing with them but I was hedging my bets better than they were. And of course I think part they just wanted to reassure markets. But you don’t fool markets by just saying things that other people can see are not right. If anything you just hurt your credibility. So I think that some of those early statements, they did believe that subprime was contained I think later they were just trying to reassure and ultimately that was a futile effort.

Ms. Greenberger: Did you get to the point where it was there she goes again internally or did you build up credibility over time.

Ms. Bair: Yes, I think I built up credibility with Hank and Ben and I think with John Dugan and Tim Geithner, it was just more ideological warfare. It wasn’t so much credibility as it was just profoundly different world views. They just didn’t agree with my worldview. They viewed the issues through the prism of big national banks. Big New York banks mainly. And I think Ben and Hank had a broader perspective. We developed a much closer working relationships. I think that’s reflected in my book. Ben was by far the most supportive of us on loan restructuring, on trying to get some meaningful changes at
Citigroup and so those were areas where we worked well together. And Hank though it wasn’t nearly as much as I wanted, he did launch a loan modification programs. He did, there was a sincerity on his effort towards the end after TARP was passed to get some kind of meaningful loan restructuring program off the ground but he got caught between two administrations and I think at that point he just lost interest. So there were some earlier efforts by Treasury that did help, not as many as they should have but they did help several hundred thousand homeowners. So I think they had more open-minded and broader perspectives. With Tim and John Dugan it was more ideological warfare. They viewed me as the enemy of the big banks. They thought they had to protect their banks from me. And I say that in my book. They needed to be protecting the public from those banks but unfortunately they thought they needed to protect the big banks from me.

**Ms. Greenberger:** And at that stage, how did you handle that kind of pressure. How did you feel about it and how did it just affect your life to be in that kind of basic warfare.
Ms. Bair: Well it was very unpleasant. It was extremely unpleasant and I just ended up appealing to Hank and Ben because I couldn’t get anywhere with Tim and John Dugan. They were more receptive. But yeah, it was hard. Especially with John Dugan who I viewed as a friend. And had known for years.

Ms. Greenberger: And his position was.

Ms. Bair: John was the Comptroller of the Currency, he was the head of the Office of the Comptroller of Currency which regulated the big national banks. So Citigroup, J P Morgan Chase, Bank of America, Wells Fargo, Wachovia, they were all big national banks. And he was very focused on protecting them. And John Reich was a big problem too. I guess everyone expected OTS to be a captive regulator and I know it’s a terrible thing to say but that was just the history of the Office of Thrift Supervision. They were always highly captive of the mortgage lenders who they regulated. So John was a problem. But ironically, the OCC and the Fed wanted to be tough with the thrifts and would be against John Reich. I wanted to be tough with all the banks, which John Reich appreciated. I didn’t just pick on the thrifts. Since the Fed didn’t have any authority over thrift holding
companies and the OCC didn’t have any authority over thrifts, they were happy to be hard on the thrifts. But again it wasn’t being based on public policy considerations, it was being based on turf. So we did get a lot of support from the other regulators, or at least they stood down and let us deal with WAMU. It was interesting I read later that Tim Geithner was so upset with me about letting WAMU fail and auctioning it off. We ended up selling it to JP Morgan Chase and by doing that we saved about $40 billion dollars. That’s what it would have cost if we’d tried to liquidate the place. But I read afterwards how upset he was with me that we had imposed losses on bondholders in that transaction-- he didn’t care about WAMU, just their bondholders. I just thought it was amazing that he would prefer the FDIC, the government to take those losses instead of the bondholders. It was just nuts. He didn’t even have the courtesy to tell me that. I just read about it in the papers. And that I didn’t hear a peep, Ben, Don Kohn, Hank Paulson, John Dugan voted for closing WAMU.

Ms. Greenberger: I can’t help but ask you at this juncture how do you feel now in telling about those painful times when the stakes were so high,
you were so, it all seemed so clear and yet you couldn’t break through with some of the people. Of course, I know it got more painful. Were you thinking that you were ultimately going to prevail. Or did you in looking back on it during this period, did you think that it was worth continuing trying to make that fight when Tim Geithner moved on to having such a major position.

Ms. Bair: Right, right. So as I said in my book when I couldn’t believe it because both Obama and McCain had campaigned on really much bigger, bigger efforts to help homeowners than what we were seeing with the Bush administration. And they had criticized the bail outs too. I think outrage over the bail outs helped get Obama elected. So when he made Tim Geithner Treasury Secretary, who was by far, by far the biggest advocate for the biggest banks, I just couldn’t believe it. It was like a punch in the gut. And I did think at that point about stepping down. But I didn’t want to leave in the middle of all these problems. So we had stabilized the system. We weren’t in crisis mode anymore but there were still a lot a problems with the banking sector and with homeowners. Borrowers the people who needed to use the banks. And at the agency these
small bank failures were escalating and they didn’t peak until 2010 so to leave the agency mid-stream was not a good idea. So I called Rahm Emmanuel after the announcement and I said I’m happy to stay, I’m happy to go, I’d like to stay but I don’t want to say where I’m not wanted so you talk to the President and let me know what he wants and I’m happy to go quietly either way, I’ll make it easy for you. And so literally a couple days, and Rahm was very supportive, Rahm has always been supportive of me. So literally a couple days after that phone call it was leaked in Bloomberg that Geithner was trying to push me out. And my guess is what happened Rahm probably started talking to Tim and Larry and the whole crowd. And Tim and Larry were opposed to keeping me around. And so that got leaked. And then Tim’s allies accused me of leaking it because it was not a very flattering Bloomberg piece. And so I couldn’t believe Tim would try to oust me. So I asked to meet with Tim because notwithstanding all of our ups and downs, I don’t think anybody questioned my capability in running the FDIC and the success of the things that we’d been doing. And the insured deposits were staying in the bank. We were
handling these bank failures seamlessly. I was out in media
day-in, day-out assuring people that their bank deposits were
safe. It was working. And so it was just amazing to me that he
wouldn’t tell me to my face that he wanted me to leave, and so I
called him and requested a meeting. And I go over this in the
book and it was kind of a nothing meeting. He just really didn’t
have anything to say, he wouldn’t acknowledge he was trying
to force me out. Made some vague reference to, we all speak
with one voice and play as a team. Teamwork stuff. So it was
somewhat of an unsatisfactory meeting and then shortly
thereafter, the President publicly endorsed me basically on
CBNC, so that was kind of that. But that was my one point
where I really, I was just in despair. And when Tim became in
charge, it was more generous than ever with the banks. I just
couldn’t believe it. Anybody over $100 billion was basically
going to get whatever assistance they needed to stay afloat and
no accountability. No losses for bondholders. Shareholders
had to take some dilution but they were still in there and could
recover later, recover value later. So I just couldn’t believe it,
and again the loan modification program we ended up doing
was weak. And people told them it wasn’t going to work. And there were Democrats and Republicans, people like Charlie Calomiris, and Glenn Hubbard, and Martin Feldstein, they’re really very conservative market-oriented Republicans advocating for major, major programs to get these loans worked out and keep people in their houses. We ended up with a $2 billion loan mod program. They spent $2 billion and I think what they accomplished would probably have happened anyway. The program was overly complicated, the incentives were too small for the investors to care about and the investors were the big problem on loan modifications because most of these mortgages were in securitization trusts. there was a lot of warfare among the investors about whether to do loan modifications and how to do them. Because if you went to foreclosure those losses went to what were called subordinate tranches. If you did loan modifications the senior people took losses. So you had to provide, you couldn’t break up these trusts. There were private contracts that had to be respected but if we were trying to provide some economic incentives to get these mortgages written down and what they ended up doing
was just unbelievable. A guy named Phil Schwaigle who in my view was quite hostile to homeowner preservation efforts. He's classic, he's one of more dangerous kind of people because he would try to talk a good game and sound like he really cared, but everything he did undermined what other people were trying to do that would have been more meaningful. So I'm still bitter, I'm sorry but bitter is the right word. We could have done so much more. And it's still going on. These disfunctional big banks and their servicers. They are still abusing people. They are still losing paperwork. They're still jerking folks around who are trying to get loan modifications. And that's not to say there aren't borrowers out there who are culpable, who game the system, who never should have bought that house to begin with, couldn't afford it. Yes. There are those people too but there are just as many if not more folks who got in over their head with mortgages that were pushmarketed to them, they didn't understand or they just lost their jobs, or lost their income because of the recession and they want to stay in their house and they can stay in their house with some type of modified reasonable payment and the servicers are
just so disfunctional that you can’t get the job done. That’s still going on. Nobody’s really told those big banks to clean up their act.

Ms. Greenberger: So how did you feel when on CNBC the President ‘s discussing the fact that you want me to stay. Was that how you heard about it.

Ms. Bair: Yes, believe it or not. Nobody picked up the phone and said he wants you to stay. I heard about it. So nobody could question that. Then they invited me to go with him to announce his mortgage and home preservation programs which were at that point I thought going to be stronger. And I go into this in my book. Then what he ended up doing and I thought we were going to have some role in overseeing them which we were never given. So and then the refinancing piece which was very important turned into a very tepid piece and so I think those were all disappointing and I can only assume the President was disappointing. And Tim and Larry just kept telling where is this the best. It’s just hard. We can’t help these people. And so I think the President never got feedback from people who thought we could do better. But yeah he asked me to go attend
the speech where he announced these things and I got to fly back on Air Force One and I spent about forty-five, no not that long, but quite a lot of time one-on-one with him in his office on Air Force One talking so that gave me some assurance and consolation that he wanted me there. And he was early on in his tenure he met with us a lot. And was very accessible. And then after six or seven months, that kind of stopped. And I don’t think Larry and Tim liked us having access to him. So those meetings stopped. But early on in his tenure, I thought he really wanted to do something big and he wanted to talk to a lot of people. And I just don’t think the economic team he put together shared the same commitment.

Ms. Greenberger: So what is your sense of a President who comes in, wants to hear from a variety of views, hears from your view, hears that, knows that you disagree, decides to that he wants you to stay. And of course, there was a lot of Hill pressure for you to stay as well. You have many, many fans on the Hill who believe strongly that you were and the positive force. Do you have a sense if a team wants to shield the President from your views,
Ms. Bair: Well, I think that may have happened from time to time and I’m sure they would say, well we talked to her and she says this but this is why we can’t do this. So I think it’s good. I can’t run a program and make sure it’s effective and executed well if I’m just trying to be on the outside pushing them to do something they don’t want to do. And the President can’t run it either. And so you know I think he probably make those efforts. But at the end of the day, these are the people he picked to run these programs, to define these policies and if they weren’t on the program and with the program, they weren’t committed to doing what he wanted done and frankly at the end of day I think that was the problem. They just didn’t want to do it. I think that’s unfortunate. And ultimately the President has to be responsible for the people he puts in these jobs. But there was another, the reason I think that was going on was because I think he was using me to tweek them because I recount this story in my book when this AIG mess. I’m happy to say we had nothing to do with that AIG bailout. The Fed, the General
Counsel of the Fed, Scott Alvarez wanted us to actually help AIG to guarantee their debt as part of this debt guarantee program we did for the banks as part of the stabilization measures. And we told them no, we were only going to do it for solvent institutions and they browbeat us into doing it for Citi but we at least got out of AIG. So we stayed away from AIG like the plague but as you’ll probably recall, there were quite some sensational headlines about these Yahoo traders in London who are the ones who had gotten AIG into trouble to begin with getting big bonuses with taxpayer money. Not only that, Tim had approved it but hadn’t told the President about it. Amazing. So I get a call from Tim asking me to attend a meeting at the White House in the Oval Office. And I go over there and he, I’m ushered in, and he’s sitting there usually in the Oval Office meetings I’ve been in, you’ve got the President sitting in front of the fireplace with another chair and then you’ve got the couches along the side. So generally the person who has the lead in the discussion sits in the chair opposite the President and everybody else sits on the couches. So the chair next to the President was there for me, so I sat down and he
wanted to know how this AIG could be avoided in the future. And so he was upset about it and Larry and Tim were sitting there on the couches being very quiet. So that was when I made my pitch for new powers to close these banks instead of bailing them out, using the same kind of process we had for FDIC-insured institutions and that way the President got on board a resolution authority what ended up becoming Title II of Dodd-Frank. And even then we had to fight Tim later with following through on that when he sat there and made the commitment and Ron was there fortunately, heard it to. But again the people aren't always, the people you put in your jobs below you and this is true of everybody do not always share the same commitment and the same priorities and I think that was the situation here that the President loved Tim by all accounts and they have a very good relationship. But I think Tim pretty much got his way with protecting the big banks in this administration and not doing nearly enough to help the borrowers.

Ms. Greenberger: So were there additional burdens during this period when the economic team was so hostile to your views which became
Ms. Bair: It wasn’t everybody. It was Tim and Larry. And I thought Larry was more open-minded than Tim and later I found out he was just misleading me. Because I would talk to Rom, I had access to Rom. We would occasionally had a meal. I had regular lunches with Larry, not often. I also reached out to Christie Rohmer just to get another person at the White House so it wasn’t and I think this came out later in Ron Suskind’s book, there were diversity views in the White House, especially about what to do with Citigroup. And maybe imposing more accountability on Citigroup for all the dumb things they done which Tim fought tooth and nail. Again he prevailed on that. So I tried to, Valerie Jeer was also I worked very hard to develop a relationship with. So I didn’t confine myself just to Tim and Larry. I didn’t let that happen because that gave them too much over me. So I had other channels of communication. And again, I always came to the table trying to find a way to move forward. So I didn’t as unhappy as I was and how much I disagreed with some of the stuff we were doing, I always came
to try to make the situation better. And I did. I would go to the book and we did those stress tests. We forced those banks to raise a lot more capital than they otherwise would have raised if we hadn’t just been relentless beating the Treasury and Fed over the head with this. And again on loan loss we just pushed and pushed. At every opportunity we pushed. And I think if we hadn’t been there constantly, not as much would have been done. So I do think we made a difference. And the same with Dodd-Frank. When Tim wanted these very tepid reformed bill, we pushed, pushed and pushed for much tougher reform bill. And succeeded a lot on everything but again we always made it a better product. So notwithstanding my disagreements which sometimes got aired publicly, I was the head of an independent agency, And it was my right. I didn’t work for the President, I didn’t work for Tim any more than Ben Bernanke did. So there were those public disagreements. They just never became inevitable. We did change the result and it never got the point where we weren’t meeting and working together.
Ms. Greenberger: How important were your contacts on the Hill during all this period. In your own independent comfort to be on the Hill, to have to work with people there.

Ms. Bair: That was really important. Chris Dodd and Barney Frank in particular two important supporters to have. As the chairman of the key committees in both the Senate and the House. That was obviously important. I also had lines of communication with many of the Republicans. Didn’t always disagree but Bob Corker, Susan Collins in particular were helpful, Mark Warner, Dick Shelby, was great when we got him alone when he had his staff director, was a bit difficult. So Jim Hensarling, we had several conversations with. I just think early on in the House, Republicans were not going to work with Democrats on any reform bill. I think that was unfortunate. If we’d had a good constructive bi-partisan process, we could have gotten better legislation I think but that just wasn’t going to happen. But certainly having my own independent lines of communication to the Hill, especially when we got to Dodd-Frank and then he did strengthen that bill. Those were very, very important.
Ms. Greenberger: So were there periods during that time when you were feeling very gratified.

Ms. Bair: Um uh.

Ms. Greenberger: Also what would you say would be kind of the most painful, the lowest,

Ms. Bair: Yeah. The I think the interagency process is always a miserable one. When I was doing just the FDIC business, I loved it. I relished it. It was such a great agency. People were so motivated to protect depositors. It was so deep in the culture of the agency. When on the rules we could do ourselves, the programs we could ourselves, the bank failures not that those are happy things to do but doing the strategy, setting up the framework, launching the requirement, at least for every little piece of it for failed banks. Making those banks restructured loans that they bought from bank failures. Those were all things that I really enjoyed. The interagency process was just miserable. And there was also a continuing pride of the capital standards. So you had not just the US regulators on that but all the foreign regulators too. So many of them were so weak. And Tim we thought we were going to get a really good deal
out Basal and Tim as usual was fighting in the corner of big
banks and I remember I talk about this in my book. Him
inviting me over to a meeting and it was one on one. And I
made a contemporaneous note afterwards and he was pushing
me around on the basal capital requirements and advocating
what I thought would be weakening of them. And then got in

[END TAPE]
Ms. Greenberger: Today is April 2 and it was several months ago and we've had a number of intervening snow storms that have delayed our getting together. And now it you can sort of see that there may be actually a spring in Washington. So having seen where we ended up, we ended at the juicy part of your having been at a meeting in Basel very distressed with what was going on and your disagreement with Tim Geitner and going to a one-to-one meeting with him where he was really pressing you and then we ran out of time with the tape.

And tell us what ultimately did have at that meeting and how it concluded.

Ms. Bair: He was unhappy with the direction we were going on the Basel committee to strengthen the capital requirements so he was pressing me. I found out later he had also called Dan Tarullo and Ben Bernanke at the Fed to press them as well to take a
different approach that we thought would weaken the capital rules and we didn't want to do that. But anyway during this meeting after kind of browbeating me on the direction we were going on the Basel capital standards, he shifted gears and started talking about who would succeed me at the FDIC and it was still at least a year before I was going to be leaving. I hadn't even announced yet that I was planning to step down. So I took it as implied pressure about my job and successor and of course, there had been press reports right after Obama was elected that Tim was trying to force me out. President Obama stopped that speculation by publicly supporting me in a CNBC interview. So that kind of put that out. But I felt that Tim was trying to use that as a lever on the position that we were taking on the capital standards. So I was so shocked by it and shaken by it, I did make a contemporaneous note of it when I got back to the office. And it was just troubling, we just had a troubled relationship. And I'm sure he was using, appropriately using, the tools he had, as the President's advisor on federal regulatory nominations and things, but I really felt like I'd been leaned on in a way that did not make me comfortable. So anyway the Fed
and the FDIC both went ahead with the approach we'd been pursuing and we got a pretty good outcome out of the Basel committee, not as high as we wanted but dramatic improvements on the capital requirements for the large banks. And so I was pleased with that and proud that I had played a role in getting those rules done. Because as we discussed, earlier in 2006, when I first came to the FDIC, I went to my first Basel meeting and said we should be tightening the capital rules because of all the problems we were seeing. I pretty much got rolled. So that was nice vindication. But I didn't feel like Tim was on our side on it.

Ms. Greenberger: So ultimately explain the resolution and your ultimate departure from FDIC.

How all of this concluded in the end.

Ms. Bair: So we finally got Dodd-Frank finalized in July of 2010. And the Basel capital rules, that was an ongoing process. We finally got everything in place in June of 2011 and actually I extended my term a few months so I could attend that last Basel committee meeting to make sure everything we agreed to got finalized and voted on and ratified by everyone and it did. And
we were successful on that. Dodd-Frank was not a perfect law, but I thought it gave us the tools we needed to put the necessary reforms in place. And it was a very long law and a complicated law and it had a lot of detailed directives. But I immediately put my team together and we developed spreadsheets and timelines and targets and pretty much all the rules that the FDIC could do by itself under Dodd-Frank we did do before I left. And I'm very proud of that and I'm very proud of the FDIC staff. I knew given all the resistance that the industry had shown to reform during the Dodd-Frank debate, I knew that their next move was going to be to try to water down the implementation process. That there would be a delay game so I wanted to get them done, get them done fast. And unfortunately, a lot of the interagency rules and other regulators' rules have not been done as quickly perhaps. A lot of them, just over 50 percent here we are in the spring of 2014 and about barely half of the rules have been finalized which is very distressing. Some of the most important ones have not been done. But we did get the rules done that we could do by ourselves, and for the rules that we had to do jointly, we pushed and pushed and pushed. One of the ones that was very important to me that had to be done jointly with the
Fed, was the so-called living will rule, which was a new requirement to force the largest banks to submit plans to both the Fed and the FDIC about how they could fail without having a systemic impact on the economy. And so the Fed wanted to wait and do those rules along with another set of rulemakings they had for what was called “enhanced prudential standards” for the largest banks and I thought those rules were going to take forever. I didn't want to wait. The Fed kept assuring me they'd be done by the end of 2011. I said let's just do the living rules separately and Ben and Dan to their credit agreed, so we got it out for comment, almost made it before I left, didn't quite, but the rule was finalized in August, I left in July, it was finalized in August pretty much everything was done. So I'm glad of that because these enhanced prudential standards, half of them were just finalized a few weeks ago in February of 2014 and half of them still aren't done. So I'm so glad because it was important to get those big banks on this planning process. People don't pay enough attention to the living rule requirements, but there are quite muscular powers given to the Fed and the FDIC if these large banks cannot satisfactorily demonstrate, that they can fail without hurting
the rest of us. If they can't demonstrate that, the Fed and the FDIC can order them to restructure, divest, get smaller. I mean the tools are amazingly strong. And so getting them into this process was important and so we did. And by July of 2012, the first iteration of the plans had to be filed and it's slow going but I do think we've seen some simplification of their structures. We've seen them continuing to downsize a bit, so I think there's some progress being made there. But it's just an example of how you have to move fast on these rules, and I do think that there's a waiting game. There's a conscious effort on the part of the lobbyists to delay this as long as possible. They want to wait everybody out. I'm an advocate for reform now, they want to wait me out. They want to wait for me to get on with my life and I'll shut up and go on and do something else. I think they want to obfuscate the causes of the crisis too you know. How many times have we've heard oh it wasn't bad mortgages right? It was the deadbeat borrowers who caused all this they exploited all those poor vulnerable big banks. Or it was the government forcing banks to make loans to poor people, and that was really the cause of the crisis and the big financial
firms had nothing to do with that. I actually just heard that this week again when I was at a conference that the OCC was sponsoring by bank lobbyists making exactly those arguments. So they've tried to obfuscate, they've tried to delay and I'm disappointed that the regulators have not moved with greater resolve because the system is marginally a little better but it's just marginal. Any profound changes in the way they do business, the risk they pose. It's just hard to see it.

Ms. Greenberger: So how did you feel about leaving basically a little bit after the end of your term. And obviously much of importance had been accomplished and much for you to look back on with great satisfaction. But how did you feel at that point.

Ms. Bair: It was time to go. I did not want to stay. I had not had a lot of time with my family. My son, he was completing his senior year of high school, and he was going to be going off to college. And he'd already completed his senior year of high school, and I wanted at least part of the summer to spend with him before he left. And I had a daughter at home who
was still in gradeschool at that point. And I wasn't spending as much time with her as I should have. And I wasn't spending as much time with my husband either. So it was time, I wanted to get into a bit more of a saner pace. But it was sad leaving the FDIC. I loved the agency, I loved the staff. They worked so hard. There's such an espirit de corps there. It's a very strong agency operationally. One of the advantages of the FDIC, it has a very well defined mission, protect depositors. And we knew why that was important. We protected the main street users of banks and that was a very important, compelling, clear mission upon which we could rally. And the agency really did a fabulous job in a very short time period after years of downsizing. We, as we talked about earlier in 2006, when I came there, we had to turn the Titanic and start rebuilding and that had its own set of challenges. So that was sad. I went out and visited all the regions one last time before I left. And then we had a going away party in Washington, which was an emotional time. And it was very nice, Valarie Jarrett came on behalf of the President and Hank and Ben and actually Tim came too and said some very nice things. So that was a special moment
and Bob Dole was there. And Paul Sarbanes who I had a very good relationship with and a number of Members of Congress had come and all the FDIC staff and other regulators. So it was moving, but I was glad to have a chance to say goodbye. We did, it I think I was leaving Friday, I think we did on Thursday. I wanted it to be done very quickly. I didn't want to linger after the party. I remember the President called me and asked me to come over for a one-on-one meeting with him which I did. And we talked about housing again. And I told him that they needed to do a lot more on housing. I was so frustrated at getting any kind of strong loan restructuring program, or principal write down in effect. I just knew Tim was never going to go along with that. So one thing I asked him to focus on, I think they did do a bit of this through Fannie and Freddie and FHFA, was to target neighborhoods where there were high foreclosure rates, and bring money in for the properties that were vacant. Get the loans restructured for the people who were still there and had some income to pay their mortgage if they got a little bit of a break. And for the houses that were vacant, get those sold and rehabilitated because the blight in these
neighborhoods was awful and I thought this would be a good way to create jobs too, to move the property, to rehabilitate them. Some of them needed to be torn down and there had been some park conversions too. But to focus on that. And they did follow up on that with FHFA. I remember Valerie, probably shouldn't tell this, but I remember Valerie and I had some email exchanges afterwards to follow up. And I told her don't let Tim know this is my idea or he would try to kill it. So anyway that was nice and it was good of the President to give me some time. And I think it was the same day or later, but in close proximity to that, then I separately brought in my family and we also had a short meeting with him and pictures. That was especially great for Colleen really, who is a big Obama fan and of course, through his daughters, she just loves his daughters and thinks they're just so cool and poised, and they are. So that was a special treat for her. So I took some time. I took my son on a cruise for his high school graduation present and that was nice. It was an easy one. They had these last minute cruise things so we just went on, there was one leaving from Baltimore going down to the Caribbean, it was like a 10-day cruise. So we did that. And
he and I both like to snorkel and so that was fun. They had karaoke, he loves karaoke. So he could do his karaoke every night. It was just a good time. And I had a relaxing summer and started up at the Pew Trusts in September after I'd been resting up a bit and that was a nice place to land, continuing to do some policy work which is what I've done. I keep thinking there's one big job left in me. I would love to have my own non-profit to run, one that's involved in anti-poverty work. One of the most rewarding things I have done since I've left is through my speaking fees, I've raised a lot of money for an organization called the International China Concern. They're on the ground in China working in orphanages in China, including at my daughter's former orphanage in Hengyang Hunan China. Most of the kids now in Chinese orphanages actually are special needs kids. They had this huge number of baby girls who were being given up because of the one child policy. That was during the time period when we were lucky enough to adopt Colleen but now that policy has been phased out and so it's really more of these special needs kids who are in these orphanages and unfortunately they are not always cared for as well as they
should be. So we've raised money for them for food, for nutrition, physical therapy, and we're building a playground there. And I love doing that. It's one of the most rewarding things, if I could get a day job doing something like, that would be lovely. But for now, I'm going to keep plugging away for financial reform with the Systemic Risk Council and Brooksley Born is on that, Alice Rivlin, probably a couple of women who interviewed you. Brooksley obviously is in charge of this project. And it's tough, but I keep telling myself, if we weren't there pushing for reforms, it would be worse. So we're making progress. Next week, the regulators will be finally finalizing some much stronger capital rules which is great. And that was, that's been a long-hard struggle.

Ms. Greenberger So let me ask you about the role of gender in all of this. Did it help, did it hurt, did you think you were in a position to just speak out more. Do you think you were heeded less. What if any, or it didn't matter in the least.
That issue comes up a lot. I talk a little bit about it in my book. I took my own share of hits in the media. But mostly the media was favorable. And I think that was mainly driven by the strength of our policy positions that we were advocating, especially for loan modifications and restructuring and more aggressive actions to help the distressed housing sectors. But I also think there was some "girl against the guys" rooting on that score. And I think there was some perception that I was being, my views were not being given as much weight as they should, because I was a woman. That may be true, I don't know. I tell women, you know, you never know they don't come up and say they're sexist. So it's always something. Right. Maybe because it was I was a woman, maybe because I was Kansan, maybe I went to public school, and I think there was some arrogance against the FDIC. We were the agency that took care of the little people who had $100,000 deposits and they were the ones who took care of the big guys, and we didn't know about the big guys. I think there might have been a lot of factors, but it was frustrating. And there was some gender politics too. And I talk a little bit about that. You know I had
this hideous experience recently. I have a usual rule that I never ever speak on a panel of bank lobbyists, I just don't do it. Because I think the standards of the advocacy for the bank lobbying community have sunk so low. I just don't even want to be anywhere near them. So anyway Tom Curry who's a friend, is now the Comptroller of the Currency had asked me to speak at this conference he was doing. It was with Jerry Corrigan, but they put a bank lobbyist on there and I'd ask him about and this guy. He was a former OCC official and they assured no, he was there with his former OCC hat on and he wasn't going to flak for the banks or anything. So I reluctantly did it. I got a hold of Jerry Corrigan and he and I agree on like 99.9% of everything so true to form, this guy was just promoting the industry line and making like their lending had nothing to do with the problem, it was deadbeat borrowers, it was just nonsense. It was just the usual nonsense. And he said the regulators can't do anything about asset bubbles and Congress will always beat them back so why even bother. So Jerry noted that there are 20 other countries that tightened lending standards and stepped in and increased down payment requirements, increased income
documentation requirements and they were able to avoid housing crises. So to say we couldn't have done something was kind of dumb. But anyway the reason I bring this up because afterwards this guy was being so obnoxious. He came over and kissed me on the stage. I barely know this guy. And I took it offense by it. I absolutely did. I think it was a way to patronize, to sexualize, whatever. I was offended. I was very offended. And a lot of women came up to me afterwards and were quite offended by it too. And that kind of stuff goes on. You don't get mad, you get even, right.

I do think there are tricks. When I did the Time cover with Elizabeth Warren and Mary Shapiro, I made a comment about saying something in a meeting dominated by men and just getting dead silence and then five minutes later, a guy saying the same thing, and all the other guys just saying oh yes, Joe, that's right. Brilliant observation. Didn't I just say that? So it's that kind of thing. So one of the other things, tactics that just drives me right up the wall, and I think really is not fair play is trying to get a female subordinate to argue you with you at a meeting because they don't want to give
you the status of being your peer, and they don't want to make it's like its gender, so they try to get one of their subordinates involved and that's offensive for two reasons. One you are their peer and they should engage with you directly, and also putting their female subordinate in that terrible spot. But stuff like that, and it just goes on.

Unfortunately, and in my career, I've actually found it's the younger guys that can be worse than older guys. The older guys are dads. Right, and they want their daughters to have opportunities and they're not threatened by you, maybe because you’re younger, I don't know. But I've found older men in my professional dealings to be much more willing to view and treat me as an equal and someone who has views that should be taken seriously as opposed to the younger ones. That may be a terrible commentary on our generation and younger generations but I have found that to be the case. But I've also found the majority of men, you can't categorize and most men are not driven at all by gender bias. And let's face it, sometimes other women will hurt you. I tell another anecdote and you'll relate to this. It used to be, I think it's gotten better now, but it used to be there was one "girl spot"
on these government commissions. So there was a temptation for all of us to compete for that one “girl spot” and I remember when I was much younger and my name was being bandied about for being a Commissioner at the SEC, and at that point, there was kind of a one-woman slot at the SEC. There were two vacancies so I got a call from another woman who worked on the Senate Banking Committee apologizing to me because she said well, I'm going to throw my hat into the ring too and I just want you to know and I'm sorry, we'll have to go against each other for that and I said to her, aren't there two vacancies, and she said, but a woman's going to get only one. So she just totally bought into it. And she viewed me, not the other men that were candidates for these jobs, she viewed me as the enemy and the person to try to take on. And when Barbara Boxer ran for Senate, if you recall, there was all this chatter, you can't run, California will never elect two women, and Democrats, including women, were telling her not to run. They didn't want this nomination because they thought there's no way that there would be two women, God forbid. All these jobs are open to us, we shouldn't be looking at each other as the
competitor. We're all in it together, so I think those are kinds of things you need to be aware of that we all learn by hard past experience. But it's getting better, notwithstanding some of the kind of the unpleasant experiences that I had. It's getting better.

During the crisis, I was in there fighting. The guys may not have listened to me all the time but I was there and they couldn't get around me. And we did make it better. Did we win? I think we won more than we lost. We lost some. But this idea that you only go into fights that you can win, I don't believe that for a New York minute. Even if you lose a fight, you make it better. You make the end result better and we always, and Paulson to his credit says that about me. I always came to the table ready to move ahead and I always made the product better even when they didn't agree with everything I wanted to do.

Ms. Greengerber I find that a wonderful attitude which obviously is exactly why you've accomplished everything you've accomplished.

Let me ask you have you ever called any of these guys on the
behavior or have you just sort of plowed ahead and not let it deter you. And do you think that could be a strategy that could be successful or do women just need to move on.

Ms. Bair: No, I never did call them on gender bias. I never as I said that but I certainly complained when I was excluded from meetings, I absolutely did that. But I never said, tagged it to gender, or challenged them perhaps on making decisions that were gender-biased. I didn't know that and I thought that would be counter-productive. Even if I suspected that I thought it would be counter-productive.

Ms. Greenberger: Or in a meeting when some guys says exactly what you had said five minutes earlier.

Ms. Bair: Oh, I would, on occasion, say, “Didn't I just say that?” Well you know me, I'm not shy about piping up. And I remember

Ms. Greenberger: Would you have said, didn't I just say that.

Ms. Bair: Yeah. Oh yeah, I've said that several times.

Ms. Greenberger: Or when the guy kissed you, did you do anything.
Ms. Bair: 

I was so shocked, I wish I had, I was just so shocked. Of course, I'm not sure what I would do. I'm not sure what I would have done. I mean, I turned to Jerry and Jerry looked at me, and I think it was clear. It's hard to know what to do in a situation like that when people are just being over the top. And in actually in that kind of situation, it's probably best not to do anything. Because it just kind of speaks for itself, you know what I'm saying. He kind of did himself in, made himself look bad. Of course, he would never admit that. Of course he was playing for a very narrow audience. He probably had three clients in the audience who don't like me and my reform initiatives. So anything he could do to try to embarrass me or whatever, that was pandering to his narrow constituency. I think so man of these lobbyists don't care about their broader reputations any more, they just want to curry favor with their clients.

I think once in the Basel committee, a woman who was a member of the UK delegation, who actually didn't agree with me on things. I made a point and then some other guy around the table made the exact same point two minutes later. And
she just looked at him and said, "Sheila just said that." It was better for her to do it than for me. So I was pleased by that. And I'd like to think I inspired it, whether I did or not, I don't know. So you just keep coming back. Of course the other problem is – the worse problem – is they ignore you. I'd rather have my ideas appropriated than ignored. They want to ignore your argument if it's not something they agree with. And I certainly have said, excuse me but I have made a point and I would like people to respond to that and tell me whether your agree with me or disagree with me, but I would like you to acknowledge what I said and tell me what you think. And they have to squirm a little bit when you do that and I think, it doesn't make you popular but I think at the end of the day you get more respect by doing that than just letting yourself get rolled over and frequently it's a way to make your point because a lot of times, I joke about you know going to a meeting where the real meeting had happened 10 minutes before, right. So the guys go off and have their own meeting, they kind of decide what they want to do, then you come into the bigger meeting where Sheila's there and they try to jam you. So if you force them to
respond, sometimes you can get them to change their thinking or realize that they didn't think about all the points they should have. And then at the end of it, that's what's really sad about all of this because we had perspectives that they weren't thinking about. The FDIC had a mandate to protect depositors and kind of Main Street perspective. We were much closer to what was going on at the ground level than they were. They were missing important opportunities to hear different perspectives, diversity of views that would have helped inform their decision making and improve the quality of their decisions. So it's just not about ego and everybody wanting to be in the big meeting and be the big player. It's about how good the decisions are, getting all the input you need before you make the right decisions.

Ms. Greenberger: You know one other thing that is glaring about you is how unusual it is for somebody in the regulatory world and government not to go out and then try to get a job with the regulated industry who kissed you did or people who are cabined by what they do in government because they have their eye on the next career. And that didn't seemed to be
where you were headed. And what do you think was
fundamentally the reason why you operated so differently.

Ms. Bair: Well, you know I just, there's such public cynicism now
about regulators and government and the process. I think
there are two issues. There's a perception issue so even if you
have high quality, very independent people who are not
corrupt in their thinking, I think that's most of them, you still
have the public perception problem. But then you also have a
problem of what I call cognitive capture. When you're
regulating an industry, they have those paid lobbyists, they're
begging you day in and day out, they're very loud, they're
very in your face, and then there are advocates like me and
others. You may or may not see us as often and you may not
engage with us as closely, and so pretty soon you start
thinking like the people you regulate. Instead of thinking like
a government official with public policy obligations, you
start thinking like the bank or whatever industry you're
regulating, so there's that. There are also those whose career-
track is to do government for a few years and cash in in the
private sector. There are some who have that mindset too. It
absolutely corrupts your decision-making. So there's far too much. It is difficult, I suggest in my book you shouldn't go work for an institution that you regulated and I don't think you should. I would like to see that for career staff. Maybe for senior officials too. Right now people who head these agencies are term-limited. So you cannot really make regulation your career. But at the examiner level especially, and I think examiners are really the inter-face between the rules and policies and whether they're effectively enforced. That should be a lifetime job like the Foreign Service. And pay those examiners a lot of money, give them prestige, give them international secundments, training, make that a top-notch professional choice. But that's their end game. That's what they do. And so, we've gone a little more towards that. I think the regulatory structure matters too. I think the FDIC examiners were less subject too cognitive capture because we had such a big territory, we had thousands of community banks to regulate, we had an insurance function, we had a receivership function, when a regulator’s base is dominated by few very big players, I think the risk of cognitive capture is high. The prime example of that was probably FANNIE
and FREDDIE and their regulator struggled there. And I think certainly with the OTS and to some extent with the OCC now, there are just a handful of large institutions, they're really the major source of their funding and power. So I think that hurts. I did, and I was criticized for this, recently. I did go on a board, of Grupo Santander based in Madrid which is owns a number of regional banks in Europe and the Americas. They are large but they're not one of these universal banks. They don't do the trading operations. They basically take deposits, they make loans. They do a lot of retail lending, they do a lot of commercial and small business lending. No banks are perfect but I think they sincerely try to do it the right way. And they managed very well during the crisis, they've avoided all these scandals and things, so I think, no banks are perfect but I did join Grupo Santander as an independent director. So I don't really view myself as working for the bank, I work for shareholders. If anything the managers work for the board, they are subject to board oversight. And also Grupo Santander was not anybody we regulated or had anything to do with. It was regulated by the Bank of Spain. They do have an US operation. It's less than
10 percent of their earnings. But there again, their major bank here was not regulated by the FDIC. It was regulated by the OCC. So I did do that, I was comfortable with that. I thought it about it hard and long, but I thought it was another way I could contribute to good banking, because let’s face it, we need banks. And joining as an independent director, I emphasize independent. I thought it was something where I could make a contribution. Ironically, the criticism came from the Wall Street people. The reformers were just delighted that Banco Santander, any bank would put somebody like me on their board.

Ms. Greenberger: And why do you think they did, that was going to be may question..

Ms. Bair: I think they do want to do it right. They certainly know who I am, but I think they want to show that they can bring truly independent people on their board and be open to a diversity of views. I'm not carrying the day on everything, I'm not. I am adding perspective, that they are willing to listen to and I think that's healthy. I think it would be wonderful for more
of these banks to put more reform-minded people on their board. And I don't think financial reform is in anyway inconsistent with shareholder value. Long term shareholder value is promoted by a stable banking system. And look at all the losses that Citi shareholders took or Bank of America. If you think long-term not short-term, good prudential risk management in a strong regulatory framework helps shareholders, So I don't see any inconsistency with that.

But I do think as an independent director, it's also a different role.

Ms. Greenberger: So tell us a little bit about your next steps and where you see things ultimately going that one more career in you. I suspect that its either one more that's very long, or there may be a couple more that you weren't anticipating, but what do you see coming up.

Ms. Bair: Well, I've got a portfolio approach now. So my main responsibilities are here at Pew, I work with them on consumer issues, safe banking products, that kind of thing. Regulation of pay-day lending, getting the affordable small
dollar credit out to consumers. And the main thing is the Systemic Risk Council which I chair. We advocate for systemic reforms like tougher bank capital requirements. I've enjoyed that work. I would like to see reforms move faster. I don't want financial reform to be my life calling. If it has to be, it will, because I'm bound and determined to get these rules done. And it disappoints me, and saddens me, that we're not, we've made some progress but we're not there yet. So I'm also doing some boards now. I'm also on the Volcker Alliance, I'm excited about that, Paul Volcker's new non-profit to try to make government more effective. I just joined the Rand Corporation Board. They have a tremendous research capacity and they're really into everything and so that's an interesting new slot for me. I'm just now joining the Thompson Reuters Board and I'm on a board of another company called Host Hotels, which owns hotels. So it's a nice portfolio of things, but again if I could get a job that would let me run a well-funded non-profit that was making a difference for the disadvantaged, I think that's really what I would like to do. People in Washington, so much of what we do is qualitative, not quantitative. It's hard, we think we're
doing the right thing, we think we're making a difference and I think we are but you know, it's so tangible to see that playground going up in Hengyang, Hunan. And I know I did that, you know or to just get the reports about the nutrition or the physical therapists we're paying for. I can see that, I know it's making a difference. I guess that towards the end of my career, I want something tactile like that that I know is having a real impact. So I'll keep looking, I get contacted periodically. I haven't found the right fit yet, but hopefully I will.

Ms. Greenberger: Well I have to say it's been an extraordinary honor and pleasure to have this opportunity to talk to you about you about all of the trailblazing work that you have done, and I suspect that there's going to have to be a chapter that continues based on what else lies ahead for your future. It is an extraordinary tale of to tell of what principle and competence and determination and bravery can accomplish. And the importance I might add of the role of people in government who have those kind of traits. And so we are all the richer and the better for what you've done up to this point
and it's very exciting to think about what else there will be that most likely another interviewer will get to chronicle.

Ms. Bair: Hopefully there's one last chapter. Hopefully there is one that one last job where I can make a difference again. Marcia, let me return the favor. We're pretty close and contemporary in age, but I think you were more advanced in your career than I when I started working for Dole on the Judiciary Committee and you were so well-established with women's advocacy, legal advocacy, and you were an inspiration. You were one of the early role models for me. So I appreciate that, and you have been for a lot of women, and you know that we are all better for knowing you.

Ms. Greenberger: That's a wonderful thing, let me just say for the record, there's going to be some hugging that will not be reflected and hopefully there won't be anything inappropriate about it. Because this is a true mutual admiration society that's been built over many years and much admiration and pride. I will say. All right, well thank you very much.