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Yale Program on Financial Stability

Lessons Learned

Steven Adamske

By Mercedes Cardona

Steven Adamske was Communications Director for the House Financial Services Committee under Chairman Barney Frank in 2008 and later served as a spokesman for the Treasury Department under Secretary Timothy Geithner. Adamske handled communications for issues including the Troubled Asset Relief Program (TARP), the auto industry rescue, and the Dodd-Frank Wall Street Reform and Consumer Protection Act. At Treasury, he specialized in domestic finance issues such as the reform of Fannie Mae and Freddie Mac, the wind-down of TARP, and implementation of Dodd-Frank. This Lessons Learned summary is based on an interview with Mr. Adamske.

Don't hide, and lead by example.

No matter how scary the possibilities, it doesn't pay to sugarcoat a situation, said Adamske. In the midst of a crisis, getting buy-in from the public may not be the top priority, but any measures policymakers will take need to be made clear and relatable to the public. He explained further:

You can't downplay anything. Oftentimes when there's a crisis, you get one shot to say, "Hey, this is the way it's going to be and [how you should] prepare yourself." When the President is saying it and other people are saying it, etc., be open, be honest, and have a plan for, not just how you're going to communicate it, but what you're going to do.

Adamske contrasted the government's efforts during the Global Financial Crisis of 2007–09 with the response to the COVID–19 pandemic and the debate over wearing masks and implementing other preventive measures. In Adamske's view, the government failed to both make a case for those measures and model them for the public in the small window of opportunity available in early March 2020. He hoped for more from the Biden administration:

So, the incoming administration, I hope they do a couple things. One: effectively tell people where we are and what we have to do to get out of it. And [two]: get the vaccine rolled out: Who gets it, where is it going, how many doses are there, everybody above the age of 80 by a certain time. Effectively start to lay these things out and these milestones and hold themselves accountable for it. Those are difficult things to do.

Make Wall Street relatable to Main Street.

Adamske shared that it was important to communicate in a way that was understandable to a broad cross-section of the public. "...As my boss [Representative] Barney Frank used to say, 'When it comes to finance, the ankle bone is connected to the shoulder bone,'"

meaning that connections between events are not easily spotted, related Adamske. What may seem to be widely disparate events, he continued, can be closely related. He explained that during the GFC, “you had things that happened in those financial institutions [like Wall Street, and London, Frankfurt, and Singapore] that affected people on Main Street and places like Las Vegas and Stockton, California, and Phoenix, and places where there were lots of foreclosures and credit card defaults. Communications need to make the case to the public in ways the public can relate to, said Adamske. It’s no coincidence that news stories about the economy often start with an anecdote about an ordinary citizen. Adamske advised, “Talk it through. Tell people. Make it relatable to voters and to middle-class people, working-class people out there. There’s a lot that people will do. There’s a lot that people will understand.”

By comparison to much of the government’s assistance to the financial sector that had come before it, the House bill to rescue the auto industry was much easier to explain, said Adamske:

That was a much more direct piece of communication because it was American jobs. The bailout of the finance services world was a more diffused message about, “We need to do this in order to reduce foreclosures, in order to not have as many job losses.” [Assistance to the auto industry] was a more direct set of messaging that, “We’re here to protect American jobs and give these companies a chance to compete on a worldwide stage with China, with Europe and Japan, etc.”

Adamske acknowledged that communicating complex economic concepts can be challenging, because dealing with the crisis will consume resources. At the height of the GFC, said Adamske, he had a staff of two and was working “full throttle” more than 16 hours per day. He said he didn’t see his two year old for the whole month of September 2008.

Preparing materials ahead of the crisis and educating news media and legislators about instruments such as credit swaps and derivatives can be a challenge when they are not in the news, said Adamske. “Their eyes will glaze over,” he said. But having printed materials can be useful once the crisis breaks:

The caucus meetings happened almost every night in the Hill at that time. We developed a glossary: “What is a residential mortgage-backed security? What is a commercial mortgage-backed security? What is a derivative? How do those things work?” That kind of thing. I should have passed it out to the press too because there’s a whole lot of press people who didn’t have any idea what they were doing.

Tamp down quickly on rumors.

A sea change from the 2008 crisis to today is the ubiquity of digital media and the way they can amplify unsubstantiated rumors, said Adamske. The “whack-a-mole” effort against rumors is a big part of the effort of communicating today, he added. He noted that there will always be segments of society that will believe there are aliens in Area 51, and in the wake of the COVID-19 pandemic, there are still anti-vaxxers, conspiracy theorists, and

others. But, after witnessing the attack on the U.S. Capitol on January 6, 2021, it may be time to consider some regulation of social media, Adamske suggested. However, he admitted that such a thing would be hard to do. But with most of the country getting their information on Facebook and Twitter, “there’s just too much misinformation.”

Adamske was clear that the current situation presents challenges that didn’t exist during the GFC:

We’re in a situation now where even if you do all the things right—you’re relatable, you’re doing the right things, you’re getting the information out, you have a good action plan, you’re communicating it often, you’re telling people what to do, you’re leading by example—there’s going to be a certain segment who are on these platforms that are spreading disinformation.

Have lines of communication with other agencies.

Adamske recalled that the staffs of the Treasury Department and House Financial Services Committee communicated often, as did Rep. Frank with Fed Chairman Ben Bernanke. But, he said, it would have been useful to have more communication with the Bush White House staff. Once Treasury proposed the TARP program, it began to coordinate communications with other agencies.

Adamske noted that after the Fed decided not to rescue Lehman Brothers from collapse and stepped in for insurance giant AIG, Bernanke and Treasury Secretary Hank Paulson held a meeting with congressional leadership after the market closed laying the foundations for the TARP bill and brought the four or five press secretaries into the meeting to work out a coordinated announcement. He remembers that,

We were just doing a lot of it on the fly when that situation happened, but once that calmed down a little bit and we were able to focus on the TARP legislation, our communications became very direct. It became very clear what we needed to do. We had provided paper and communications to our members as to what we were doing and why we were doing it, and then we were also on CNBC a lot.

After the crisis, the various policy organizations have continued to work together. Some structures emerged from post-crisis legislation, recalled Adamske:

We did establish the Financial Services Oversight Council, which is the collection of regulators called for in the [Dodd-Frank] Act, which breaks down barriers, so when there’s a crisis, they can meet, and they can across agencies to figure out better what to do. We did stand that up, and that’s been a success.

For maximum effectiveness, policymakers should keep the momentum going after the initial actions to address shocks are taken; there may not be a second chance to take related steps.

While communications were largely effective during the GFC, Adamske opined, once the Obama administration passed the initial measures of the auto industry rescue, its members shifted their attention to other priorities, such as the effort to overhaul healthcare, which he sees as not ideal. The effort to pass the Dodd-Frank Act and reform the financial system got “outranked,” said Adamske. The act passed on the strength of House members understanding what was at stake, but without “air cover” from the Treasury Department to help them make the case back in their home districts. He notes:

I love Barack Obama, but I wish the Obama administration, once Dodd-Frank was passed, would have continued the communications push on the implementation, talking about it more. They just moved on, and that was an unfortunate missed opportunity. I would have done that all over again.

A similar dynamic played out during the debate over the COVID-19 stimulus bills, noted Adamske. Congress found a figure of \$1.5 trillion too daunting, and settled for a smaller amount, hoping to come back later for more. Instead, Adamske noted, there wasn’t much appetite from the Congress or the Trump administration to fight for a second bite at the apple.

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