

Senator Sherrod Brown
Hearing on the Nomination of Jay Powell
to be Chair of the Board of Governors of the Federal Reserve System
Opening Statement

November 28, 2017

Thank you, Mr. Chairman.

I want to start off by thanking Chair Yellen. She has done an excellent job leading the Federal Reserve. During her tenure as Chair and Vice Chair, the U.S. experienced one of the longest economic expansions in its history.

As I said at the time of her nomination, Chair Yellen was among the most qualified people to ever be nominated to the position. You don't have to have a doctorate in economics to lead the Fed, but we were lucky that both she and Chairman Bernanke were students of the Fed's mistakes in the 1930's. Her strong and steady stewardship of an independent central bank following the worst financial crisis since the Great Depression ensured we did not repeat those mistakes.

Chair Yellen was also the first woman to serve as Chair of the Board of Governors of the Federal Reserve. I am disappointed that President Trump has broken with the tradition of re-appointing the last President's Federal Reserve Chair. This administration has also broken with the tradition of trying to make the federal government more diverse.

That said, those decisions were not yours, Governor Powell. I congratulate you on your nomination to be Chair of the Federal Reserve Board of Governors.

We have had a good working relationship since you were first nominated to be a member of the Federal Reserve Board by President Obama in 2012, and I hope that will continue.

You have supported tough rules for the nation's largest banks as the Fed has implemented Wall Street reform.

As Chair of the Reserve Bank Affairs Committee, you have worked to put more diverse individuals in the top spots at the regional Federal Reserve Banks, on their Boards, and throughout the Fed's workforce. While more can be done, there has been progress.

And you understand the importance of an independent central bank. You strongly opposed misguided Congressional efforts to micromanage the Fed and make other changes that undermine the ability of the Fed to conduct its monetary policy.

I hope you will stick to your positions on these important matters and others.

But there are good reasons to be concerned. The current Administration does not appear to value independence – in the judiciary, the FBI, or the Federal Reserve. In unprecedented ways, the

President has made comments about the current Fed chair, as well as interest rates. The search for the Fed chair seemed like an episode of the Apprentice.

I am concerned about the direction of financial regulation under the current Administration. While banks across the board are making record profits and once again paying executives big bonuses, the Administration makes unfounded claims in order to justify the roll back the reforms put in place after the crisis.

The new Vice Chair for Supervision at the Fed does not seem inclined to support the current regulatory framework put in place by the Fed since the crisis. He has troubling views on stress tests, and more generally the role of watchdogs in the financial system.

Industry has an outsized influence on this Administration. The individuals being put in charge of the financial watchdogs are former bankers or their lawyers. Some federal bank regulators seem willing to abet rather than combat regulatory arbitrage.

The June Treasury report on financial regulation put out by Treasury Secretary Mnuchin was a big bank wish list, and in formulating the report, Treasury met with 17 industry representatives for every consumer group representing ordinary Americans.

Mr. Powell, even your schedule indicates you are meeting far more frequently with industry than consumer groups representing working Americans. You have met with the Wells Fargo CEO more times than all the consumer groups on your schedule combined.

This Administration has already forgotten the Americans who lost their jobs, homes, and retirement savings less than a decade ago. And this loss was particularly harmful to African American and Hispanic communities, which have not recovered from the financial crisis as quickly as white Americans.

The financial industry is doing better than ever. But Americans are still struggling because of low wages, underemployment or unemployment and lack of opportunities. And loosening the rules for some of the country's largest banks isn't the way to solve these problems.

I look forward to hearing your views on the direction you will take monetary policy, bank regulation, and central bank independence. I hope you will make your decisions based on facts independent from the political pressure of the Administration.

Thank you.

###