

Opening Statement of Chairman Sherrod Brown
“The Semiannual Monetary Policy Report to Congress”
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The Fed has immense power in shaping our economy. Your job is clear: promote stable prices and maximum employment.

Today, the cost of living is still far too expensive for most Americans. The Fed only has one tool available to fight those high prices – interest rates. And that tool does nothing to address the real cause for why costs remain too high: corporations price gouging to boost their profits and make their shareholders richer.

High rates don't force corporations to lower their prices – but high interest rates are raising housing costs, hindering wage growth, and stifling small businesses.

Now is the time for the Fed to decide if it is going to make good on its commitment to workers and to their families – by lowering interest rates and protecting our financial system from Wall Street executives who have used their wealth and power to influence economic policy and to avoid accountability for their risky bets.

Keeping rates too high for too long strangles the economy.

No one wants this. It makes it harder for small businesses to expand and hire more workers, undermining job creation.

Higher rates also stifle overdue investments that are creating high-quality, good-paying jobs and that are necessary for us to remain the most competitive and innovative economy in the world.

And high interest rates are raising housing costs higher and higher for families who were already facing a tough market with too few options and too high prices.

I hear from so many Ohioans who feel trapped: those who rent feel like they'll never be able to afford to buy. And those who already own their homes feel like they will never be able to afford a larger one if they decide to grow their family. If they're fortunate enough to have an interest rate from a couple of years ago, they don't want to give it up.

That limits their choices, and it limits the housing supply.

And by driving up construction costs, higher rates make it even harder to build new apartments and homes – so we have even less supply at exactly the same time when it's harder to afford a mortgage.

Families are stuck delaying the purchase of their first home and renting for longer. And that cycle drives rents up even further.

Americans are paying a steep price for high interest rates. And continued high rates are not going to make life less expensive for workers and their families.

We know why prices are high years after supply chains have improved. It's the same cause of so many of the problems in our economy:

Corporations want bigger profits to reward their executives.

In 2022, at the peak of inflation, corporate profits soared to historic levels. And you know where those profits went – right into the pockets of their top executives.

That same year, the largest multinational corporations gave out nearly one and a half trillion dollars in stock buybacks and dividends.

Americans today pay more for groceries than they have in 30 years.

And Ohioans are paying for corporations' executive bonuses and stock buybacks every time they go to the grocery store.

And the biggest corporations are always finding new ways to charge people more to increase their profits.

Fast food restaurants and big stores are experimenting with electronic price tags, so they can change prices constantly – making it easier to sneak prices up little by little, and making it harder for people to comparison shop and find the store with the lowest price.

And many companies increase their profits by charging more for less – the media has started calling it “shrinkflation.” Your bottle of Gatorade used to be 32 ounces, now it's 28 ounces – but the price hasn't gone down. If anything, it's gone up a little bit.

It's why I introduced legislation that would stop that kind of deceptive practice.

That's the kind of solution we need to take on corporate price gouging – and it has nothing to do with higher interest rates.

The Fed doesn't only set monetary policy. You also make the rules that keep our banking system sound and consumers' money safe.

We have had some positive developments since the last time you testified in June, like the update to the Community Reinvestment Act rule. Chair Powell, thank you for your work on this – this took years of listening carefully to all stakeholders and was long overdue. We'll be watching to make sure you implement this quickly so that banks are fulfilling the purpose of the Community Reinvestment Act.

You also issued an updated capital requirements proposal called Basel III.

Strong capital requirements are how we ensure that if Wall Street's bets don't pay off, shareholders and investors are on the hook – not taxpayers.

We need these guardrails in place. I urge you to remain committed to protecting the public, despite the massive amounts of money big banks and their lobbyists are spending to try to kill these taxpayer protections. Let's finish the job and finalize Basel III.

Last year's bank failures also demonstrate the dangers of letting the banks chip away at rules and oversight.

It's entirely predictable – bankers desperate to increase their already-massive profits take big risks that undermine our economy. And when things go wrong, the bank executives come to regulators with their hands out, accepting no responsibility.

It's why Congress must finish the job and pass our bipartisan RECOUP Act – it passed this committee 21-to-2 – to hold senior bank executives accountable when they gamble with customers' money.

When the biggest banks exercise special privilege, they do so at the peril of our broader economy.

And we know that's the source of so much that's wrong in this country: big corporations using their power and influence to write the rules of our economy to the benefit of them and their executives and their investors – and to the detriment of everyone else.

That's why I stand up for workers and their right to organize.

It's why I stand up to take on the railroads and the drug companies, and the biggest banks and corporations who time and time again try to rewrite the rules to increase their profit margins.

Chair Powell, I look forward to hearing from you today how the Fed will work to promote an economy where everyone who wants a good job can find one.