**Senator Sherrod Brown**
**Opening Statement**
**Senate Committee on Banking, Housing and Urban Affairs**
**Hearing on Federal Reserve Nominees**
**May 15, 2018**

Thank you, Senator Crapo. I want to congratulate our witnesses on their nominations, and welcome their families to the Committee. Both of you have served the public in previous roles, and I commend your willingness to do so again.

In the last Congress, two of President Obama's nominees to serve as members of the Federal Reserve Board of Governors were denied consideration by this Committee. Mr. Allan Landon, was nominated in January 2015 and waited for two years for a hearing—a hearing he never got. Ms. Kathryn Dominguez waited nearly as long—a year and half.

As a result, President Trump will be able to nominate six of the seven members to the Board of Governors of the Federal Reserve. His first picks, Chair Powell and Vice Chair Quarles, have already been confirmed; Mr. Goodfriend had his hearing.

Today's nominees, the Honorable Richard Clarida and Commissioner Michelle Bowman bring relevant experience to the Federal Reserve Board. Dr. Clarida, who is nominated to serve as Vice Chair of the Board, has spent his career studying monetary policy.

As we enter our ninth year of the recovery since the Great Recession, with the Fed funds rate still below two percent and inflation finally nearing the Fed's target, expertise in that area is critical.

Ms. Bowman has been nominated to serve in the role reserved for an individual with experience working in or supervising community banks. Ms. Bowman has both.

But experience is only useful if you've learned the right lessons from it.

So despite the nominees' experience, I am concerned. We have seen the Treasury's recommendations urging that we "tailor" and "recalibrate" the financial protections put in place after the crisis—it reads like Wall Street's wish list.

We have heard the Fed's Vice Chair of Supervision's plans for bank rules, and we have seen action with the Fed's recent capital and leverage proposals, which decrease the amount of capital required by the biggest banks by $121 billion.

It matters more than ever who will be voting on proposals to weaken bank rules.

The Fed, the OCC, the Office of Thrift Supervision, and other watchdogs spent the decade leading up to the crisis weakening bank rules and failing to protect communities.

In the first half of 2007, my zip code – 44105 – had the highest rate of foreclosures in the country.

Factories closed; neighborhoods and towns emptied out. The population in Slavic Village dropped 27 percent, down to 20,000 people. At the same time the sub-prime lending industry swept in.

As early as 2000, the Cuyahoga County Treasurer and other local officials went to the Federal Reserve asking them to take action against subprime lenders preying on homeowners.

The Fed did nothing.

Dr. Clarida, you have said that the financial crisis resulted from serious failures by regulators of securities markets and banks to adequately understand and supervise markets.

The financial crisis followed a decade of deregulation of the financial industry, and now too many people who informed the policies before the crisis are back.

Dr. Clarida admitted we got it wrong.

Ms. Bowman knows firsthand how bank failures impact communities across the country—there were more than 462 failures starting in 2008, including community bank failures in your home state of Kansas. Employment in Kansas is only 1.5 percent higher than at the pre-crisis peak, ten years ago.

I wish others in the Administration and Congress would remember the devastating impacts of the financial crisis.

As I consider both of your nominations, I am not just looking to what expertise you bring to these positions. I want to know that you remember the people behind the numbers. And I'm looking at how you will approach the numerous issues considered by the Board—monetary policy, small and big bank regulation and supervision, enforcement actions, and most importantly, whether you will push back on policies that weaken financial stability.

We cannot afford for either of you to be a rubber stamp.

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