

For Delivery on May 26, 2021
Hearing: “Annual Oversight of Wall Street Firms”
Opening Statement

Today is the first time we have ever had the CEOs of the nation’s six largest banks together before the Committee.

Over a century ago, Louis Brandeis wrote about the concentration of corporate power and how it distorts the market. He called the book, “Other People’s Money—and How the Bankers Use It.” It’s a subject Americans continue to have a stake in: how you, the nation’s largest financial institutions, use other people’s money.

You are the six most powerful business leaders in this country. Your decisions affect the lives of millions of people – their paychecks, their job opportunities, their retirement savings.

And your power is so much greater than that of your predecessors 30, 40, 50 years ago.

Look what has happened to our country during that time.

Profits have gone up, stock prices have soared, your own compensation is stratospheric – but workers get a smaller and smaller share of the wealth they create and they’re working harder than ever.

We have a racial wealth and income gap that has barely budged since we passed the Civil Rights Act.

In the aftermath of the 2008 Great Recession where millions lost their jobs, Wall Street still made record profits.

In a pandemic where half a million Americans died and we had the highest unemployment since the Great Depression, Wall Street still made record profits.

I sense a pattern.

Like most Americans, I want businesses to make money, and I don’t mind that bankers are rich. Some people are going to be wealthy, and that’s fine.

Here’s the problem: under the current system, Wall Street profits no matter what happens to workers, because those profits now come at the expense of workers.

And your banks are the ones that largely built that system.

We often hear about the “invisible hand.” But the economy isn’t physics – it’s not governed by scientific laws outside our control. It’s made up of people making choices about our values and the society we want to live in.

The “invisible hand” doesn’t lay off workers. The “invisible hand” didn’t invent credit default swaps. The “invisible hand” doesn’t decide to invest in private equity firms that buy up mobile home parks in Iowa and across the country, and jack up the rent.

Your banks – your lobbyists, and your fellow CEOs at some of the other largest companies – you all make those choices that dictate how our economy works.

Wall Street built this system, and they didn’t build it for everyone – they built it for themselves.

When companies lay people off, when they move jobs to low-wage countries, when they cut paychecks, when they bust unions, when they subcontract work to lower-paying companies with fewer benefits, Wall Street analysts yell “buy...buy...buy.”

And what you do sends a signal to every other company. If businesses want investment, they emulate you. They know they won't attract investment unless they re-purpose all their funds into short-term profits for shareholders.

It hasn't always been like this.

When I was growing up, the CEO-to-median worker pay ratio was 20-to-1. That was good money.

Today, that ratio is 320-to-1.

From the mid-20th century through the early 80s, the financial sector made up 10 to 15 percent of corporate profits. Today it's 25 percent – yet it makes up only four percent of jobs.

A few decades ago, a majority of Wall Street capital funded the real economy – wages, machinery, research, new construction. Today, much of that capital goes to stock buybacks, dividends, and complex financial instruments – only about 15 percent goes to the real economy.¹

Instead of investing in businesses that actually make things or provide useful services, and that create real jobs in towns all over the country, companies spend billions buying back stocks and handing out CEO bonuses.

Stock buy-backs used to be illegal market manipulation. Today, they're routine.

Wall Street's interests and Main Street's interests no longer match up. The current system treats workers as a cost to be minimized – instead of the engine behind our success.

Look at what's happened to places like where I grew up, in Mansfield, Ohio.

Jobs shipped overseas to countries where companies can pay workers less. Declining union membership – by design. Crumbling roads, shuttered storefronts, and workers forced to choose between a hometown they love, and leaving in search of opportunity.

And that was all before 2008. You all know what happened to Americans then.

And Congress and too many in Washington have been willing accomplices – tax break after tax break. Gutting consumer protections. Trade deals written by corporate lobbyists.

So I come back to this. There's a reason towns across the country like Mansfield look the way they do. It's because our economy is no longer about workers and communities, and real investment in both of those.

And the six of you before us today are the most powerful economic titans in the country.

Your banks, and the system they built and uphold, bear some responsibility.

At the end of last month, we held our first-ever worker listening session. We heard from workers from all kinds of backgrounds, working all kinds of jobs – including as a former teller at one of your banks.

¹ <http://time.com/4327419/american-capitalisms-great-crisis/>

They talked about wage theft, about being laid off during a pandemic with no severance, about how dangerous their workplaces could be, about how companies busted their unions.

There was a common thread through all of their stories. Their hard work doesn't pay off – certainly not the ways yours does.

Pamela Garrison, a worker from West Virginia, said something that stuck with me – “‘working poor’ are two words that shouldn't go together.”

I know you can't snap your fingers and fix all these workers' problems. But you also can't tell me the decisions you make have no effect on the factors that determine their job opportunities and their wages.

And yes, I know you work hard too. We all do – work is something that unites all of us. We're ALL trying to do something productive for our families, our businesses, our communities, our country.

Here's the difference: for most people, no matter how hard they work, if one thing goes wrong in their life – they get in a car accident, the plant where they work shuts down, their spouse gets sick – they're on their own.

They don't get a taxpayer bailout. And they all remember that Wall Street did.

And it hasn't only been the bailouts. No one can deny that the nation has been good to the financial industry — deposit insurance, the federal payments system, the whole financial infrastructure you rely on.

But your banks have not held up your end of the deal.

As far as I can tell, you haven't at all rethought this Wall Street system built on short-term profits, at the expense of long-term growth for everyone.

In fact, you continue to perpetuate it.

Wall Street gets second chance, after second chance, after second chance. Most workers don't even get one.

It's past time for the financial industry to be as good to the American people as the nation has been to you.

The purpose of today's hearing is to show Americans that their government is finally looking out for them. That we understand this economic system has betrayed millions of workers, that it holds our country back.

Here's what we want to hear from you today: what are you and the companies you run going to do – not just say, but actually do – to change.

We want to hear what concrete actions you will take to change the incentives on Wall Street, to reward work instead of wealth.

To pay for and work to undo the damage Wall Street has done, and continues to do, to communities of color.

To stop investing in corporations that fuel climate change, threatening people's communities and livelihoods.

To channel your vast resources into businesses that employ actual people in cities and towns, from Mansfield, Ohio to Mansfield, Georgia.

To invest in our country's greatest asset – the American people.

I have heard many of you argue that you don't need government rules forcing you to make any changes to your business model.

So show us some proof – prove to us that you are going to use your positions to change the Wall Street system, make our economy work for everyone—not just CEOs and the wealthy.

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