

Opening Statement of Chairman Sherrod Brown
“The Semiannual Monetary Policy Report to Congress”
June 22, 2022

The Banking, Housing, and Urban Affairs Committee will come to order.

Today’s hearing is in *hybrid* format. Our witness is in-person, but members have the option to appear either in-person or virtually.

Today we’ve seen the fastest job growth in decades, faster growth than China, and the lowest unemployment levels in 50 years.

But when Americans see the price of gas and groceries going up, week after week, available jobs and long-awaited wage gains don’t mean as much and don’t go as far.

American families have been through enough the past two years.

But for most people, it’s not just the past two years that have been tough. Our economy hasn’t worked for most Americans for far too long.

Whether it’s war or disease or financial crisis or the march of globalization, workers and their families always bear the biggest burden – whether it’s in the form of higher prices or lost jobs or low wages or all of the above.

That’s not inevitable.

The economy isn’t physics.

The ghost of Adam Smith would not recognize America today. There is no invisible hand of the market.

When prices go up, it’s because someone made a choice to raise them.

In corporate board rooms, when supply chains slow down or input costs go up or resources become scarce, executives make decisions:

Do we cut back on bonuses, do we rethink our stock buyback plan for this quarter, do we forgo executive raises this year, do we post quarterly profits that are still higher than last year – but maybe not quite as high as analysts thought they could be.

Or do we raise consumer prices, and foist all the negative consequences of world events onto the people who can least afford them.

We know what most corporations do.

They make the same choice they’ve always made, no matter the economic conditions of the moment.

Most of these executives probably aren’t bad people. They’re just doing their jobs, they tell us.

It’s the Wall Street system. These executives have to post profit increases for their shareholders, quarter after quarter – the consequences for everyone else be damned.

It's why for decades, Wall Street has rewarded the companies that squeeze their workers the hardest – companies that cut wages and retirement benefits, and then cut corners on worker safety and on consumer protection – just to make their stock prices go up.

It's why too many companies failed to invest in their workers or their products.

It's why companies moved manufacturing overseas, and then neglected the supply chains that have been crippled during the pandemic.

It's why big corporations like Amazon and Starbucks bust unions.

It's why oil and gas companies would rather charge higher prices than increase supply to meet demand.

We aren't witnessing traditional inflation— we're watching Russia and OPEC drive up prices and American energy companies engage in war-time profiteering.

At the root of the higher prices and the empty shelves is the same problem that's been shipping jobs overseas and keeping wages low for decades:

Corporate power and concentration reaching into every industry and market, into every corner of the economy.

Our economy doesn't have to be a zero-sum game where Wall Street wins and everyone else loses.

We can create an economy that reflects our values and works for everyone.

We passed the American Rescue Plan, including the Child Tax Credit – the biggest tax cut for working families ever. And despite what naysayers claim, it was not the cause of inflation. For the Ohio families that I talk to, it empowered them to keep up with the cost of raising children.

We passed the bipartisan infrastructure bill – a long-term invest in economic growth that will create more jobs, strengthen our supply chains, and improve our bridges and roads and public transit.

Last week, President Biden signed the bipartisan Ocean Shipping Reform Act into law, which will bring down ocean shipping supply chain costs.

We need to build on these successes to build an economy that rewards work, making things in America.

We should pass my Supply Chain Resiliency Act, and bring manufacturing back to the United States.

We should bring down the cost of prescription drugs and housing and childcare and elder care and others costs that have been rising for decades.

We need to pass the PRO Act, to empower workers in their workplace and our economy.

And we need to crack down on corporate consolidation and concentration. Fair competition is good for workers, consumers, and Main Street businesses, and it's a core American value.

That is how we bring costs down, and ensure that workers don't always pay the price for powerful people's bad decisions – whether it's a dictator in Eastern Europe or a Wall Street bank executive.

In a truly fair economy, people don't have to choose between two bad options – low wages, or high prices.

No one likes inflation, and people also want good jobs that pay a living wage.

Americans want to work, and they want to work with dignity. That's central to the functioning of our economy – and that's part of the Fed's mandate.

We must continue to empower workers and strengthen the labor market. Wages are not responsible for inflation right now.

We can't forget that 5.7 million people are still looking for work – there are actual workers behind the numbers, whose livelihoods are directly affected by decisions the Federal Reserve makes.

And as interest rates rise and financial stability risks increase, it is even more important to keep a close watch on the biggest banks, so that excessive risk-taking doesn't create even more problems.

Banks must have enough capital to withstand a crisis. They must serve their communities – not just enrich themselves with stock buybacks and exorbitant executive pay. And mergers must benefit the local economy, not just shareholders.

We've seen too much evidence of big Wall Street banks behaving badly: shunning small businesses, raking in billions in overdraft fees, discriminating against Black borrowers.

You, Chair Powell, must also ensure we have a strong payment system that works for Main Street banks and consumers, so that people don't feel like the only option is a risky and unregulated alternative financial system, backed by nothing but empty promises.

The thousands of proxy currencies, like stablecoins, and other digital assets, that promise transparency and democracy are missing one thing: they aren't backed by the full faith and credit of the United States.

The Federal Reserve – our nation's central bank – must use its authorities to protect consumers and the financial system from these risks.

And you must ensure that the Fed has the highest ethical standards.

After former Fed officials profited off of their positions in last year's stock trading scandal, you must restore the American people's trust in this institution that is critical for a healthy economy.

I was encouraged when you updated the Fed's policies, but we need rules that have the force of law. That's why we need to pass my Ban Conflicted Trading at the Fed Act.

As Chair of the Federal Reserve, you have an important role to play to make sure our economy works for everyone, not just those at the top. I urge you to remember the millions of working Americans who are counting on you.

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