Opening Statement
"The Semiannual Monetary Policy Report to the Congress"
July 11, 2019

Mr. Chairman, welcome.

The stock market is soaring – but most American families get their money from a paycheck, not an account statement from their stock broker.

A critical part of your job is measuring and evaluating the economy, and those measurements need to take into account workers, not just wealth. Talk to workers who haven't had a meaningful raise in years, who have seen their retirement cut, who watch their health care premiums rise, who have seen the cost of child care and college and paying off their own student loans go up and up.

To those workers – to most Americans – the idea that a stock market rally means more money in their pockets is laughable.

As the Fed's own data reveals, the recovery hasn't helped most Americans—corporate profits go up and up, but workers don't share in the growth they create. The top one percent of have an average net worth of almost 24 million dollars, while the bottom half of all Americans have only about 20 thousand dollars. That's less than one one-thousandth of their wealthiest neighbors. Meanwhile the share of workers who have been unemployed for over 26 weeks continues to climb.

Mitch McConnell and Donald Trump responded by giving the wealthiest Americans and multinational corporations a two trillion dollar bonus. And those corporations turned around and funneled the money back to their executives through record stock buybacks.

We are in the midst of the longest economic expansion in modern times and interest rates are low, and yet it's worrying that interest rate-sensitive sectors of the economy that provide good-paying jobs, like the auto industry, are not doing better. Employment in auto manufacturing – which is critical to Ohio – continued to fall in June.

The Fed's policies should ensure that everyone who contributes to our economy also shares in growth they create. All work has dignity, and we need an economy that rewards work, not just wealth.

Some of the challenges facing our economy can only be addressed by Congress. Millions of Americans struggle to pay for prescription drugs, which are increasing at five times the rate of inflation. And too many feel the squeeze of rising housing costs, with more than a quarter of renters spending over half their income on housing.

The Fed can't fix all of these issues on its own.

But there are things that you can and should do to help the economy work for the vast majority of Americans, through careful monetary policy and doing your job of policing Wall Street.

I appreciate your recent recognition that this expansion has the potential to benefit communities that have missed out on prior economic expansions. And I hope your comments expressing frustration that wages haven't increased as much as you expected means you will take action. I urge you to continue with policies that both lower unemployment while increasing wages.

In previous hearings, I have raised my concerns about threats to the financial system, including the Fed's steps to weaken the rules on the largest banks, the failure to activate the Countercyclical Capital Buffer to prepare for the next financial crisis, and the lack of action to address risks posed by leveraged lending. As you know, those concerns remain.

However, today I can add a new worry to the list – private corporations, Facebook in this case, that have gotten carried away with their own power and are now attempting to ape the role of government, creating their own currencies, monetary policy, and payment systems.

So now, in addition to complex and risky Wall Street banks, we face new risks from unregulated, giant tech companies – armed with vast amounts of personal data – with the intent, as far as I can tell, of conducting monetary policy on their own terms.

You and I have a duty to serve the American people, but these private corporations have no duty to the broader economy or consumers. They're motivated by one thing: their own bottom lines. Allowing big tech companies to take over the payments system or position themselves to influence monetary policy would be a huge mistake, and undermine our democracy.

Too many times, when the stock market is soaring and banks are making money hand over fist, regulators have been complacent. But as we have seen in the past, bank profitability is not a reliable indicator of a bank's true health, and the stock market is not a reliable indicator of the real economy's performance.

I hope this is not another example of the Fed taking a pass from its responsibilities to protect Americans from corporations taking big risks with our entire financial system. It is your responsibility to use your tools over monetary policy, the payment system, and prudential regulation to protect the financial system and make our economy work for all Americans, not just wealthy stockholders and huge corporations.

Thank you Chairman Powell for being here, and I look forward to hearing your testimony.