**Crapo Statement at Fed Semiannual Monetary Policy Report**

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the United States Senate Committee on Banking, Housing and Urban Affairs, today delivered the following opening remarks during a full committee hearing on “The Semiannual Monetary Policy Report to the Congress.”

The text of Chairman Crapo’s remarks, as prepared, is below.

“Today we will receive testimony from Federal Reserve Chair Janet Yellen regarding the Fed’s semiannual report to Congress on monetary policy and the state of the economy.

“It will come as no surprise to you, Chair Yellen, that improving economic growth is a key priority for Congress this year.

“2016 was the 11th consecutive year that the U.S. economy failed to grow by more than 3 percent.

“One way to improve economic growth is to study and address areas where regulations can be improved.

“Since the financial crisis, regulators have imposed thousands of pages of new regulations.

“We all need to better understand the combined impact of these rules on lending, liquidity, costs for small financial institutions, and broader economic growth.

“It is time to reassess what is working and what is not.

“I am encouraged by President Trump’s Executive Order on Core Principles for regulating the financial system.

“Directing the Treasury Secretary, in consultation with the heads of the member agencies of Financial Stability Oversight Council (FSOC), including you, Chair Yellen, to report on how well existing laws and regulations promote or inhibit economic growth will be a helpful step as we move forward.

“Financial regulation should strike the proper balance between the need for a safe and sound financial system and the need to promote a vibrant, growing economy.

“I expect the Vice Chairman for Supervision, once confirmed, will play an important role in striking this balance.

“We want our nation’s banks to be well-capitalized and well-regulated, without being drowned by unnecessary compliance costs.

“This is especially important for community banks and credit unions, which lack the personnel and infrastructure to handle the overwhelming regulatory burden of the past few years, yet in many ways are treated the same as the world’s biggest institutions.

“At the last Humphrey Hawkins hearing, Chair Yellen stated that simplifying regulations for community banks continues to be a focus for the Fed. I hope that remains the case.

“Our regulatory regime should be properly tailored and avoid a one-size fits all approach.

“The Fed recently took an encouraging step in that direction when it finalized changes to exempt certain banks from the qualitative portion of the Comprehensive Capital Analysis and Review (CCAR).

“Another area I would like to address is the $50 billion SIFI threshold for regional banks.

“In prior hearings, we have discussed whether $50 billion is the appropriate threshold, and I hope that we can work together to craft a more appropriate standard.

“My goal is to work with senators of this Committee and financial regulators to better strike the balance between smart, thoughtful regulation, and promoting economic growth.

“It has also been nearly a decade since Fannie Mae and Freddie Mac were put into conservatorship.

“Housing finance reform remains the most significant piece of unfinished business following the crisis, and it is important to build bipartisan support for a path forward.

“For many years, the Fed expressed concerns about Fannie and Freddie, and I encourage you, Chair Yellen, and the Fed to work with the Committee to find a solution.

“With respect to monetary policy, it has now been nearly a decade since the Fed began easing monetary policy in the fall of 2007 in response to the emerging financial crisis.

“Today, the Fed still holds close to $4.5 trillion in assets on its balance sheet, which includes approximately 35 percent of the outstanding agency mortgage backed security market.

“I look forward to hearing from Chair Yellen on how the Fed plans to normalize monetary policy and wind down the Fed’s balance sheet.

“The Banking Committee has a lot of work to do this Congress.

“My goal is to work with Ranking Member Brown and other members of the Committee to identify some bipartisan bills that we can quickly get signed into law.

“At the same time, we plan to start work on housing finance reform, flood insurance, sanctions, and legislation to boost economic growth in this country.

“I look forward to working with you, Chair Yellen, the Federal Reserve, and other members of the Committee to tackle some of these critical issues that I’ve mentioned this morning.

“With that, Madam Chair, we look forward to your comments today.”

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