Opening Statement of Chairman Sherrod Brown
"The Semiannual Monetary Policy Report to Congress"
July 9, 2024

Welcome Chair Powell.

Ohioans know and Americans know that our economy fundamentally is not a fair playing field.

Instead, we have a David and Goliath economy, where the largest corporations use their power to funnel all the gains in the economy to the top – aided and abetted by too many people in this town. Corporations squeeze every last penny from Americans' pocketbooks and workers' paychecks.

They don't even try to hide it anymore.

The biggest corporations are charging more for less. Americans are frustrated – no, actually, they're pissed off. They have fewer and fewer choices and those choices cost more and more.

Keeping prices down is part of the Fed's mandate. But as many of us have made clear: the Fed's main tool to combat inflation, raising interest rates does nothing to address the biggest causes of rising prices right now – corporate greed.

Keeping rates too high for too long threatens workers' paychecks while keeping other costs high – particularly housing.

Housing prices and rents continue to go up.

It is no surprise that since the Fed began raising rates, the amount of income families need to qualify for a mortgage has nearly doubled.

Home ownership has long been a bedrock of our middle class, but today, fewer and fewer middle-class families can afford to buy a home.

And higher interest rates are making our country's housing supply shortage worse, not better. We need more housing construction, of all types. Higher rates lead to the opposite, and particularly make it harder for multifamily construction to work financially.

Higher interest rates make borrowing more expensive for working families – whether it's for a mortgage or a car or anything else. Most people do not have the luxury of paying for everything in cash.

And for the millions of Americans feeling their budgets stretched by higher prices, taking on credit card debt to pay for groceries and other essentials has been an option of last resort.

But as more people struggle to pay down their debts, credit card interest rates are reaching all-time highs. Last month Director Chopra testified in front of the committee and he explicitly stated that credit card issuers are charging higher rates far beyond what they need to cover their costs.

Banks are making record profits at the expense of cash-strapped Americans.

Every month that the Fed keeps rates high, it costs Americans money by making it more expensive to buy a house and borrow money.

Higher borrowing costs stifle future economic growth, leading to:

Fewer homes being built.

Businesses making fewer investments in the economy.

And eventually, if the Fed doesn't stop, workers losing their jobs.

As they set economic policy, I urge the Fed to weigh these tradeoffs and remember whose jobs and futures are at stake.

This is why I have worked with my colleagues to hold corporations accountable, and will continue to.

I have fought hard to cap insulin prices for senior citizens and will continue to fight to extend this price cap on life-saving drugs to all Americans.

And why my colleagues and I on this committee are working to lower housing costs for more families.

The Fed also continues its work to keep the banking system stable and ensure consumers' money is safe.

Last year, the Fed and the other banking regulators issued a proposal to update bank capital requirements. Strong capital standards are critical for the economy – it's our way of making sure that if Wall Street's bets go poorly, investors and executives and shareholders pay for it, not taxpayers.

The biggest banks have spent obscene amounts of money attacking this proposal.

But the Fed doesn't work for big banks—it works for the American people. Your concern should be developing capital rules that protect Americans' money – not bank CEOs' stock portfolios.

The Fed needs to look past these shameless lobbying efforts and finalize a rule that's in the best interests of taxpayers.

Another dangerous piece of the Wall Street business model that makes our banking system less safe is incentive-based compensation. This compensation model rewards risky behavior that enriches Wall Street executives in the short term, but makes banks more likely to fail.

We saw the results of that model in 2008 and again last year with the failures of SVB and Signature.

Other regulators have moved forward with a proposal to rein in these reckless incentives, but the rule can't move forward without the Fed.

Chair Powell, this rule is long overdue and the Fed must join this statutorily required effort as soon as possible.

The Fed also has the important job of reviewing mergers and acquisitions between banks.

Over the last several decades, we've seen the largest banks grow into massive, trillion-dollar companies, while thousands of small banks in rural communities and small towns and all across America have disappeared. Consumers have lost trusted local banks, and small businesses have lost longtime banking partners.

Regulators like the Fed have the crucial job of guarding against mergers that reduce or eliminate competition and lead to branch closures or layoffs.

I recently sent comment letters to the FDIC and OCC on their current efforts, and I expect the Fed to take the proper steps to ensure that its merger review process is robust and protects consumers and communities.

Finally, you must ensure that the Fed has the highest ethical standards.

Fed officials should never again be able to profit from their positions by using confidential plans about Fed monetary policy and emergency programs to pad their investment portfolios.

The Board's latest update to its trading rules is simply not good enough.

It still fails to establish the clear penalties needed for Federal Reserve officials who make investments in violation of the public trust. A rule with no consequences isn't much of a rule at all.

The American people need to be able to trust that the Federal Reserve works for them, and that officials aren't abusing their positions for personal gain.

As Chair of the Federal Reserve, you have an important role to play to make sure our economy works for everyone, not just for Wall Street. And the Fed's regional banks must do their part to hear from people and other stakeholders in their districts to understand their needs.

I look forward to hearing today how the Fed will balance its dual mandate, protect Americans' money, and foster an economy that upholds the dignity of work.