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Hearing Entitled "21st Century Economy: Protecting the Financial System from Risks Associated with Climate Change"

Today, the Banking and Housing Committee is holding its first-ever hearing on the risk climate change poses to our economy.

That also makes it the first time our committee will consider all the economic opportunities that exist by addressing climate change.

More than ever, people in Ohio and around the country are experiencing how climate change affects their lives – from devastating hurricanes to raging wildfires, from harmful algal blooms in Lake Erie, to landslides in Cincinnati, to erratic farming seasons across the Midwest.

People aren't stupid. They see what's happening, and they know it threatens not only their air and their water, but their livelihoods and their homes.

And they also know that there are all sorts of opportunities, in communities in every state that come with taking climate change seriously.

They see the wind turbines across the Great Plains made with American steel. They see people installing solar panels made in Toledo at one of the biggest solar energy manufacturers in the country.

We can't have a 21st Century economy built on a 19th Century model – that doesn't make environmental sense. It also doesn't make economic sense.

If we want an economy that creates jobs and improves infrastructure in all communities, and allows our businesses and our workers to compete around the world, then instead of running from these opportunities, we have to seize them.

I want to be clear: it's not the role of this committee to vilify – or even prop up – any specific technology or any source of energy. The work of coal miners in Belmont County, Ohio has every bit as much dignity as the work of a battery manufacturer in Fremont, Ohio.

We show those workers no respect if we don't plan now for how we're going to protect their communities from flooding and drought and economic upheaval, and protect their retirement and kids' college savings from risky investments.

On this committee, we're charged with looking at anything that could hurt the stability of our economy.

This is a set of issues my Democratic colleagues have talked about for a long time.

And a lot of what we'll talk about today got a jump start last year when now-Acting CFTC Chairman Rostin Behnam created his Climate-Related Market Risk Subcommittee.

The Subcommittee put out an important report, "Managing Climate Risk in the U.S. Financial System."

And just yesterday he announced he's establishing a Climate Risk Unit (CRU) in CFTC to focus on the role of derivatives in understanding, pricing, and addressing climate-related risk.

I would like to ask unanimous consent to enter the CFTC subcommittee report, "Managing Climate Risk in the U.S. Financial System," into the record for this hearing.

Being on the lookout for risk is our job here.

We can’t always predict what it might be – it could be the business decisions of a few bad actors in a particular industry. Or we might be forced to act because of events beyond our borders.

In this case, though, we can predict something that’s going to hurt the economy. We know that climate change threatens the country’s financial stability.

And the financial sector, and the government agencies that oversee it, are going to have to reckon with the consequences of decades of risky investments in industries that fuel natural disasters, and threaten people’s paychecks and their retirement security.

For years, the biggest corporations have fought government action on climate change because CEOs could make a lot of money in the short term by endangering our planet in the long term. And then these corporations and these CEOs expect workers and their families to foot the bill.

We can’t protect the economy – and the people who make it work – if we don’t start by identifying the risks.

We know far too little about how much climate-related risk is sitting on the books of banks and insurance companies.

It’s not a surprise that Wall Street is trying to hide just how heavily they’ve invested in corporate polluters. This lack of transparency about the largest U.S. banks’ significant investments in long-term fossil projects here and abroad hides potential financial risks.

Those are risks that workers and families investing their pensions and 401Ks are going to pay the price for.

We need to know where Wall Street is investing people’s hard-earned savings. And if it’s invested in shrinking industries that threaten their jobs and their communities, we need to know about it.

That means looking at stronger transparency rules, and it means looking at whether the tools financial watchdogs already have can help us shine a light on these risks.

While some large banks and other companies have voluntarily disclosed some of their investments, not enough of them have, and they aren’t moving fast enough.

We needed this years ago.

Look around – climate-related disasters are already here, and they’re already grinding local economies to a halt, forcing people out of work, and destroying their communities.

The second polar vortex in a decade to cripple Texas is not far behind us, and we’re approaching what some are predicting will be an above-average hurricane – those are economic risks.

Persistent drought leaves the Mountain West dealing with wildfires that rack up multi-billion dollar economic losses year after year, in fire seasons that are so constant they’ve ceased to be seasons – that’s an economic risk.

Farmers in the Plains states lost an entire planting season because of wet fields or flooding that once would have been shocking, but now is all too common – that’s an economic risk.

A three-day downpour flooded more than 100,000 homes in Houston, forced hundreds of thousands of people out of their homes, and ground commerce to a standstill at one of the three busiest ports in the country – with effects like that, it's hard not to think that the only way you could fail to see an economic risk, is if you're being paid not to see one.

It's also not enough to just think about the climate risks to companies' balance sheets or stock prices – the financial industry, and our government, has to take into account the risks to people's livelihoods, the communities they live in, the food they eat, and the investments they've made for their retirements.

As we look for opportunities, we need to make sure that American industry—steel and aluminum, paper and autos—can access the capital they need to reduce or eliminate emissions.

And when we increase transparency across the financial sector and take into account the clear economic costs of climate change, then lenders, industry, and workers will be rewarded by making these capital investments.

Today we'll hear from five witnesses who will share their insights and expertise on those risks, and the opportunities we all have to protect and rebuild our economy. I hope my colleagues will keep an open mind.

Every day that we delay is another missed opportunity to invest in new industries and technologies, to make our businesses more competitive, and to create jobs in communities that are so often left behind.

And if we don't tell people the truth and take this seriously, we know who is going to pay the price.
It's never CEOs. It's never the corporate boards. It's never senators.

It's going to be the ranchers in North and South Dakota, and the line cook in New Orleans, and the kindergartner with asthma in Las Vegas, and the steel worker in Cleveland.

It's their jobs and their savings and their futures on the line. And it's our job to be on their side.