



United States Senate Committee on Banking, Housing, and Urban Affairs

Christopher J. Dodd (D-CT), Chairman

REMARKS OF CHAIRMAN CHRISTOPHER J. DODD U.S. SENATE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS *THE SEMIANNUAL MONETARY POLICY REPORT TO THE CONGRESS*

I'd like to welcome Chairman Bernanke, who has worked hard to address enormous challenges during a difficult time in our nation's history.

If the success of our government's attempts to get our economy back on track were to be measured by executive pay or the big banks' bottom lines, perhaps today would be a day to celebrate the success of that hard work. After all, leading economists believe that these indicators are signs that we have averted utter catastrophe, and suggest that a recovery may be imminent.

But while this recession may have begun on Wall Street, the recovery won't be real until and unless it's felt on Main Street. And so today is a day to ask: When will working families in my state of Connecticut and around the country start to feel the effects of our work to restore our economy?

After all, today we meet to receive the semi-annual monetary policy report mandated in the 1978 Humphrey-Hawkins Full Employment Act.

And if the goal is full employment, the news today is grim.

Unemployment in June was 9.5 percent – the highest level in 26 years. Most economists and the Fed itself believe that it could top 10 percent before the end of the year.

Meanwhile, Americans who have lost, or are worried about losing, their jobs, homes, or retirement security have watched as others reap the first benefits of our government's response.

They hear about a stock market rally, and wonder if it will ever be enough to make up for the retirement savings that have been wiped out.

They hear about million-dollar bonuses going to CEOs whose firms caused the meltdown in the first place, while rank and file workers across the country are laid off or forced to accept pay cuts.

They hear about big banks, bailed out with billions of taxpayer dollars and government-backed credit and now reporting billions in profits.

But they still can't get a loan to send their kid to college or buy a new car. They're still getting slammed by these same companies with obscene fees and credit card interest rate hikes.

And despite hearing from everyone in Washington that stabilizing the housing market is key to stabilizing the economy, they're still having trouble modifying their mortgages, even as 10,000 families a day are hit with foreclosure notices.

Mr. Chairman, I appreciate your hard work on the monetary policy side of the equation and the positive indicators we have seen in recent weeks. But these positive indicators seem to be stuck at the top. And we on this Committee work for the American people.

When can they expect the recovery that they have funded? When will working families see their rally? Their pay raise?

What are you doing as the holding company supervisor of these recipients of TARP and other extraordinary government assistance to ensure they are serving the interests of the American people?

These struggling Americans aren't ready for an "exit strategy" for economic recovery efforts. First, the recovery must reach them.

As we move forward, we need to make sure we lay a strong foundation for economic recovery that will reach every corner of this country. Part of that foundation will entail reforming financial regulation so that the mistakes that got us into this mess are not repeated.

As you know, I have called for, and the Administration has proposed, an independent consumer financial protection agency as part of that mission.

But the Administration has also proposed expanding the Fed's powers over systemically important companies. I have a number of concerns about this proposal. Not least of which, why does the Fed deserve more authority when it failed to prevent the current crisis?

Mr. Chairman, all of us understand the importance of the work you are doing. And we look forward to continuing to partner with you in that effort.

But the financiers who engineered this crisis aren't the reason we're here. It's the millions of families who are still struggling, still falling behind. And I hope that they can be the focus of today's hearing, as well as our efforts going forward.

###