Today we examine the Fed's actions to combat inflation and whether these actions are working – including how these actions affect Americans' jobs and their paychecks.

Prices are still too high across many parts of the economy. And we all know who feels it the most when the costs of groceries and rent go up – it's not the economic pundits and politicians who lecture us about discipline and stability.

It's not the corporate executives who pretend they're making "tough choices" about prices while reporting record profit increases quarter after quarter and doing more and more stock buybacks.

It's the people working hourly jobs to make ends meet. It's seniors on fixed incomes and Social Security. It's everyone who gets their income from a paycheck each month – not an investment portfolio.

It's also those same Americans who stand to lose the most if the Fed's actions to curb inflation go too far.

Because no matter what goes wrong in our economy – a global pandemic, a war in Eastern Europe, weather disasters – profits somehow always manage to go up.

And workers are always left paying the price.

As you have noted, Chair Powell, the Fed's tools are only one element in our fight against inflation.

This is a complex problem, and interest rates are a single, blunt tool.

Raising interest rates can't rebuild our supply chains and fix demand imbalances from the pandemic.

Raising interest rates won't end Russia's brutal invasion of Ukraine.

Raising interest rates won't prevent avian flu from devastating one third of our egg supply, or weather disasters from destroying key crops.

And raising interest rates certainly won't stop big corporations from exploiting all of these crises to jack up prices far beyond the increase in their costs.

Last year, corporate profits hit a record high. Corporate PR chiefs assure us that these corporations just have to raise prices. Their costs are going up, the workers just want to be paid too much, they have no other choice – they tell us.

Yet when you look at their profits and their executive salaries and their stock buyback plans, it sure doesn't look like corporations have exhausted every available alternative.

This is so brazen, even global bankers called on the Fed to identify this profiteering as one of the biggest drivers of inflation.

Paul Donovan, Chief Economist of global wealth management at UBS wrote "[the] Fed should make clear that raising profit margins are spurring inflation…Companies have passed higher costs on to consumers. But they have also taken advantage of circumstances to expand profit margins. The broadening of inflation beyond commodity prices is more profit margin expansion than wage cost pressures."

Think about that – from a chief economist at UBS:

"They have also taken advantage of circumstances to expand profit margins. The broadening of inflation beyond commodity prices is more profit margin expansion than wage cost pressures."

The Fed can't force corporations to change their ways or rewrite the Wall Street business model on its own.

But you could talk about it.

High-interest rates, falling wages, and increasing unemployment are all hallmarks of failed policies that end up helping Wall Street, large corporations, and the wealthy.

Because let's be clear what we're talking about when use the economic-speak that can cloud this conversation.

"Cooling" the economy means laying off workers.

"Lowering demand" means workers getting fewer raises.

Of course there are times when the Fed must act. We cannot allow inflation to become entrenched.

We've seen encouraging signs that isn't happening. And there are other ways we can bring prices down.

Instead of lowering demand – again, making people poorer, laying people off, denying workers raises – we can speed up and strengthen our supply chains. We can bring critical manufacturing industries back to the U.S. We can rebuild our infrastructure.

It's what we are doing with the CHIPS Act, with the Inflation Reduction Act, with the Bipartisan Infrastructure Bill.

For the first time in decades, we are finally recognizing the damage that I and many of my colleagues warned corporate offshoring would do to our economy.

Look at East Palestine, Ohio.

America learned about this small town last month, when a Norfolk Southern train derailed and spewed hazardous material into this community.

East Palestine is more than just a disaster headline.

Columbiana County once the center of American ceramics manufacturing—at one time producing 80 percent of the ceramics in the country.
When I was there last week, I was talking with the sheriff at the 1820 candle company, and he was talking about how the last one just closed a few years back.

Like so many industries, those jobs all moved overseas.

And we know why. It's the same reason Norfolk Southern cut costs at the expense of safety, eliminating a third of its workers in less than ten years.

And it's the same reason corporations are now keeping prices high even as supply chains stabilize.

It's the Wall Street business model. Quarter after quarter, corporations are expected to cut costs, at any cost:

They skimp on safety.

They move production overseas to countries where they can pay workers less, because of trade deals they lobbied for.

And Wall Street demands they post profit increases – even in the middle of a global pandemic.

That's the problem with our economy.

And not only will higher interest rates not solve it – if they're overdone, they'll make it worse.

We cannot risk undermining one of the successes of our current economy.

For the first time in decades, workers are finally – finally – starting to get a little power.
Unemployment is at an historic low – 3.4 percent.

That's not just a number. That means Americans have more opportunity and options, even in places that haven't seen a lot of that in recent years. It means people have the power to demand raises, and retirement security, and paid sick days, and control over their schedules.

And it means more Americans have the dignity that comes with a good job that provides for your family.

We must ensure that all Americans have the opportunity for that dignity of work.

This is a critical time, and the consequences of missteps could be severe.

Mr. Chairman, two more things that could affect you:

It’s not just monetary policy that threatens Americans’ pocketbooks.

Some of my colleagues have threatened the nation’s full faith and credit by holding the debt ceiling hostage for partisan politics. Instead of paying our bills on time, they’re threatening all Americans.

The Fifth Circuit’s Consumer Financial Protection Bureau ruling could also cause unimaginable instability and chaos for consumers and our financial system.

The Fifth Circuit is Wall Street’s favorite courthouse.

It recently ruled the CFPB’s independent funding is unconstitutional. If the Supreme Court upholds the Fifth Circuit’s ruling, it will devastate the CFPB and threaten the independent funding of many other federal agencies, including the Federal Reserve.

I look forward to hearing today how the Fed will balance its dual mandate, and continue to promote an economy where everyone who wants a good job can find one—an economy that works for everyone.