Opening Statement of Chairman Sherrod Brown
“The Semiannual Monetary Policy Report to Congress”
June 22, 2023

I call this hearing to order. Welcome back, Chair Powell.

For the economy to truly deliver security and opportunity for American workers, we need plentiful job opportunities, we need high wages, and we need low prices.

Prices are the current problem. But it’s been decades since workers have had all three at once.

No matter what goes wrong in the economy – whether it’s a financial crisis or bank failures, whether it’s supply chain turmoil or energy market disruption – working people always pay the price.

Meanwhile, corporations somehow always find a way to increase their profits. They always find a way.

Financial crisis? Profits go up.

Mass unemployment? Profits go up.

Global pandemic? Profits go up.

War in Europe? Profits go up.

Increasing energy costs? Profits go up.

When supply chains ground to a halt and Putin invaded Ukraine and the economy reopened and demand surged everywhere, all at once, the rest of us saw problems to solve. But in many corporate boardrooms, executives saw an opportunity.

For the largest multinational corporations, inflation has been a perfect excuse to increase profits by raising prices far beyond the costs of their inputs.

And the main tool that many in this town look toward to rescue us from inflation – hiking interest rates – can do little to solve that problem.

It’s little wonder, then, that when American workers see the high prices at the grocery store and the pharmacy counter and the gas pump – along with rising borrowing cost for mortgages and car loans and credit cards – they remain skeptical of government and its willingness to address the challenges people face.

Inflation is a complex problem, and the Fed has been fighting it with a blunt tool.

And we have made progress.

Inflation is at the lowest level in the last two years – giving hope that the price of consumer goods will continue to decline.

And despite the experts' predictions, job growth remains strong. The country added 339,000 new jobs in May. Ohio's unemployment rate – 3.6 percent – is the state's lowest in 20 years. Unemployment for Black and Brown Americans remains near historic lows.

Think about what that actually means for workers in Ohio and South Carolina and all over the country.

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

It means more Americans have the dignity of work that comes with a good job that provides for your family.

And look where that kind of power for workers is taking us. Last month, wage growth outpaced inflation. That's the way it should be.

Today's hearing comes at a critical time.

Last week, the Fed decided to pause interest rates hikes after ten consecutive increases, and maintain the rate at its current level.

For the many of us who are concerned that further rate hikes could do more harm than good, this is welcome news.

The challenge you face, Chair Powell, is to ensure that workers continue to see higher wages, while also continuing to rein in inflation.

In previous hearings, you have noted with justifiable pride how careful management of the economy helped millions of workers return to the job market.

It’s those workers who stand to lose the most if the Fed overdoes its rate hikes, loses sight of the dual mandate, and drives the unemployment rate back up.

As you have also noted, Chair Powell, increasing interest rates is not the only tool we have to fight inflation. And the Fed is not the only one with a role to play.

Congress, the Administration, everyone in government – and in corporate board rooms – must do their part.

There is no reason we cannot continue coming together to bring prices down.

More policymakers are finally recognizing what those of us in Ohio have known for years – that outsourcing the production of pretty much everything may mean higher profits in the short-term, but it will not lead to a resilient economy with a strong middle class in the long-term.

We have taken steps to strengthen our supply chains and bring critical manufacturing back to the U.S., with the CHIPS Act and the Bipartisan Infrastructure Law.

We must continue that progress.

Instead of lowering demand – which is just economics textbook jargon for making people poorer, laying off workers, denying raises – we can produce more, we can build more, and we can grow the economy from the middle out.

This is also our first semiannual report from the Fed since the string of large bank failures this spring.

Those failures were caused by the same issue at the heart of so many of our economic problems: it's the Wall Street business model.

Executives put short-term increases in quarterly profits – and their own compensation – above everything and everyone else.

At SVB and Signature Bank, those in charge pushed their banks to grow too big, too fast. They made risky bets. And they got massive payouts – executives were paying themselves bonuses right up until the moment their banks crashed.

To most Americans, that’s not surprising.

People have gotten all too used to big bankers treating the industry more like a game, or an endless ATM for themselves, secure in the knowledge they won’t pay any real price if things go wrong.

Chair Powell, I look forward to hearing today how the Fed will protect American workers in the fight against inflation, and promote an economy with a strong, growing middle class.