Crapo Statement at Federal Reserve's Semiannual Monetary Policy Report
July 17, 2018

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks at a hearing entitled "The Semiannual Monetary Policy Report to Congress."

The text of Chairman Crapo's remarks, as prepared, is below.

"Today, we welcome Chairman Powell back to the Committee for the Federal Reserve's Semiannual Monetary Policy Report to Congress.

"This hearing provides the Committee an opportunity to explore the current state of the U.S. economy, and the Fed's implementation of monetary policy and supervision and regulation activities.

"Since our last Humphrey-Hawkins hearing in March, Congress passed, with significant bipartisan support, and the President signed into law, S. 2155, the Economic Growth, Regulatory Relief, and Consumer Protection Act.

"The primary purpose of the bill is to make targeted changes to simplify and improve the regulatory regime for community banks, credit unions, midsize banks and regional banks to promote economic growth.

"A key provision of the bill provides immediate relief from enhanced prudential standards to banks with $100 billion in total assets or less.

"The bill also authorizes the Fed to provide immediate relief from enhanced prudential standards to banks with between $100 billion and $250 billion in assets.

"It is my hope that the Fed promptly provides relief to those within those thresholds.

"By right-sizing regulation, the bill will improve access to capital for consumers and small businesses that help drive our economy.

"And, the banking regulators are already considering this bill in some of their statements and rulemakings.

"Earlier this month, the Fed, FDIC and OCC issued a joint statement outlining rules and reporting requirements immediately impacted by the bill, including a separate letter issued by the Fed that was particularly focused on those impacting smaller, less complex banks.

"But, there is still much work to do on the bill's implementation.

“As the Fed and other agencies revisit past rules and develop new rules in conjunction with the bill, it is my expectation that such rules be developed consistent with the purpose of the bill and intent of the members of Congress who voted for the bill.

“With respect to monetary policy, the Fed continues to monitor and respond to market developments and economic conditions.

“In recent comments at a European Central Bank Forum on Central Banking, Chairman Powell described the state of the U.S. economy, saying, ‘Today, most Americans who want jobs can find them. High demand for workers should support wage growth and labor force participation… Looking ahead, the job market is likely to strengthen further. Real gross domestic product in the United States is now reported to have risen 2.75 percent over the past four quarters, well above most estimates of its long-run trend…Many forecasters expect the unemployment rate to fall into the mid-3’s and to remain there for an extended period.’

“According to the FOMC’s June meeting minutes, the FOMC meeting participants agreed that the labor market has continued to strengthen and economic activity has been rising at a solid rate.

“Additionally, job gains have been strong and inflation has moved closer to the 2 percent target.

“The Fed also noted that the recently-passed tax reform legislation has contributed to these favorable economic factors.

“I am encouraged by these recent economic developments, and look forward to seeing our bill’s meaningful contribution to the prosperity of consumers and households.

“As economic conditions continue to improve, the Fed faces critical decisions with respect to the level and trajectory of short-term interest rates and the size of its balance sheet.

“I look forward to hearing more from Chairman Powell about the Fed’s monetary policy outlook and the ongoing effort to review, improve and tailor regulations consistent with the Economic Growth, Regulatory Relief and Consumer Protection Act.”

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