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Statement by

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Member

Board of Governors of the Federal Reserve System

before the

Committee on Banking, Housing, and Urban Affairs

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Chairman Crapo, Ranking Member Brown, and other members of the Committee, thank you for expeditiously scheduling this hearing and providing me the opportunity to appear before you today. I would also like to express my gratitude to President Trump for the confidence he has shown by nominating me to serve as Chairman of the Board of Governors of the Federal Reserve System. The Federal Reserve has had a productive relationship with this Committee over the years, and, if you and your colleagues see fit to confirm me, I look forward to working closely with you in the years ahead.

Before I continue, I would like to introduce my wife, Elissa, who is sitting behind me. I would not be here today without her unstinting love, support, and wise counsel.

As you know, I have served as a member of the Board of Governors and the Federal Open Market Committee (FOMC) for more than five years, contributing in a variety of capacities, including most recently as chairman of the Board's Committee on Supervision and Regulation. My views on a wide range of monetary policy and regulatory issues are on the public record in speeches and testimonies during my service at the Fed. The Congress established the Federal Reserve more than a century ago to provide a safer and more flexible monetary and financial system. And, almost exactly 40 years ago, it assigned us monetary policy goals: *maximum employment,* meaning people who want to work either have a job or are likely to find one fairly quickly; and *price stability,* meaning inflation is low and stable enough that it need not figure into households' and businesses' economic decisions.

I have had the great privilege of serving under Chairman Bernanke and Chair Yellen, and, like them, I will do everything in my power to achieve those goals while preserving the Federal Reserve's independent and nonpartisan status that is so vital to their pursuit. In our democracy, transparency and accountability must accompany that independence. We are transparent and accountable in many ways. Among them, we affirm our numerical inflation objective annually and publish our economic and interest rate projections quarterly. And, since 2011, the Chairman has conducted regular news conferences to explain the FOMC's thinking. Additionally, we are accountable to the people's representatives through twice-a-year reports, testimony, oversight, and audited financial statements. I am strongly committed to that framework of transparency and accountability and to continuing to look for ways to enhance it. In our federated system, members of the Washington-based Board of Governors participate in FOMC deliberations with the presidents of the 12 regional Federal Reserve Banks, which are deeply rooted in their local communities. I am a strong supporter of this institutional structure, which helps ensure a diversity of perspectives on monetary policy and helps sustain the public's support for the Federal Reserve as an institution.

If confirmed, I would strive, along with my colleagues, to support the economy's continued progress toward full recovery. Our aim is to sustain a strong jobs market with inflation moving gradually up toward our target. We expect interest rates to rise somewhat further and the size of our balance sheet to gradually shrink. However, while we endeavor to make the path of policy as predictable as possible, the future cannot be known with certainty. So we must retain the flexibility to adjust our policies in response to economic developments. Above all, even as we draw on the lessons of the past, we must be prepared to respond decisively and with appropriate force to new and unexpected threats to our nation's financial stability and economic prosperity--the original motivation for the Federal Reserve's founding.

As a regulator and supervisor of banking institutions, in collaboration with other federal and state agencies, we must help ensure that our financial system remains both stable and efficient. Our financial system is without doubt far stronger and more resilient than it was a decade ago. Our banks have much higher levels of capital and liquid assets, are more aware of the risks they run, and are better able to manage those risks. Even as we have worked to implement improvements, we also have sought to tailor regulation and supervision to the size and risk profile of banks, particularly community institutions. We will continue to consider appropriate ways to ease regulatory burdens while preserving core reforms--strong levels of capital and liquidity, stress testing, and resolution planning--so that banks can provide the credit to families and businesses necessary to sustain a prosperous economy. In doing so, we must be clear and transparent about the principles that are driving our decisions and about the expectations we have for the institutions we regulate.

To conclude, inside the Federal Reserve, we understand that our decisions in all these areas matter for American families and communities. I am committed to making decisions objectively and based on the best available evidence. In doing so, I would be guided solely by our mandate from the Congress and the long-run interests of the American public.

Thank you. I would be happy to respond to your questions.