

Opening Statement
Hearing on “The Semiannual Monetary Policy Report to the Congress”
Ranking Member Elizabeth Warren
February 11, 2025

Thank you, Mr. Chairman. Chair Powell, it's no secret that you and I disagree on the need for strong bank regulation, on monetary policy, and on the Fed's stock trading scandals.

We have sharp differences, but I believe you are a principled public servant who cares about this country.

We are at an unprecedented moment. Our financial systems are facing huge risks from the economic chaos of President Trump and his co-President, Elon Musk. From on-again, off-again tariffs, to on-again, off-again layoffs for tens of thousands of government workers, to on-again, off-again cuts in domestic grain purchases, to on-again, off-again support for medical research.

Now, co-President Musk and his OMB director have frozen all work at the CFPB.

There are now zero cops overseeing the \$18 trillion consumer lending market. Zero cops. Investigations into illegal foreclosures and auto repossessions—canceled.

Exams of giant credit card issuers to weed out unlawful junk fees—canceled. Probes of illegal debt collection practices—canceled. Rules to save people billions of dollars—canceled. If Musk and his OMB Director succeed in killing the CFPB, it's

like putting a sign on every checking account, credit card, mortgage application, and car loan “Cops have been fired—Let the scams begin!”

That’s not all. Musk and his DOGE crew are also rooting through the Treasury’s most important payment systems—the financial plumbing that ensures that billions of payments go through—from Social Security checks to grants for community health centers. No one has verified how they got this access or what they are doing with it. No one has checked whether Americans’ financial data has been copied or sold for the personal profit of Mr. Musk.

Instead, we’ve had a series of misleading and conflicting statements by Secretary Bessent.

After receiving public blowback, it appears that Secretary Bessent is now trying to throw the Federal Reserve under the bus. Secretary Bessent claims that DOGE can’t meddle with the Treasury’s payments system because ultimately “The Fed is in control.”

I’m not sure whether Secretary Bessent doesn’t understand how the system works or if he’s just trying to shift blame to you, Chair Powell, but I know he is wrong. The Fed simply executes the transactions Treasury instructs. If Elon and his hackers, for example, initiate instructions to choke off payments to their enemies or if they issue

instructions to shut down payments for teachers' aides for kids with special needs, the Fed may have no way of knowing the instructions were manipulated and no legal method to override it.

Chair Powell, the next 18 months may define your legacy and the country's trust in the Fed as an institution. I expect you'll work with Democrats and Republicans in Congress if DOGE's next move is to try to commandeer the Fed's payment system. I also expect that you will not join the conspiracy to shutter the CFPB. Unlike the Treasury payment instructions, you can see if the CFPB's funding requests have been manipulated. I understand that some extremists have a different view about what the law ought to be, but under the law right now, impoundment is clearly illegal. Do not make the Federal Reserve an accomplice to this illegal act and forever sully the reputation of the Fed. Keep the CFPB funded, exactly as the law requires.

We're in the middle of a crisis as Elon Musk tries to take over our government, but let's also talk about your day-to-day job—meeting the Fed's dual mandate of promoting maximum employment and stable prices. It's now clear that the Fed acted too late and let inflation get too high and then responded by keeping rates too high for too long. These policies made the big drivers of inflation—like housing costs—even worse. And they put Americans' jobs at risk, making it more difficult for them to afford a home and for small businesses to finance their operations. I urge you to move

more rapidly to bring down interest rates, beginning with a meaningful rate cut next month.

You have proven you can move quickly—when it is politically expedient. After President Trump was elected, within the space of a few weeks:

You scrubbed seemingly all mention of diversity and inclusion from the Fed's website.

You withdrew from an international central bank group that shares information on climate-related risks to the financial system.

You instituted a hiring freeze that will limit the number of cops on the Wall Street beat.

You announced plans to gut big bank stress tests.

I can see the immediate political appeal of your strategy, but ultimately it will fail. You will lose good people. Climate catastrophes will continue to mount. And the increasing vulnerability of the big banks will threaten our entire economy.

Sure, Donald Trump may be happier with you right now, but wading deeper into politics to please him, over the long run, will burn the reputation and the independence of the Fed and put the economy at risk.

I urge you: Don't fall into these traps.