Brown Opening Statement at Committee Hearing on Economic Growth

June 22, 2017

WASHINGTON, D.C. — U.S. Sen. Sherrod Brown (D-OH) – ranking member of the U.S. Senate Committee on Banking, Housing, and Urban Affairs – released the following opening statement at today's hearing entitled, "Fostering Economic Growth: Regulator Perspective."

Brown's remarks, as prepared for delivery, follow.

Senator Sherrod Brown - Opening Statement

Hearing: "Fostering Economic Growth: Regulator Perspective"

Chairman Crapo, thank you for holding today's hearing. And I'd like to welcome our witnesses, several of whom are new to their roles and have not testified on this Committee's regulatory panels.

None of our witnesses probably had their homes foreclosed upon, lost their jobs because their company went out of business, or watched lifelong retirement savings disappear.

But maybe they know someone – a friend or family member – who did.

That is what Wall Street greed and the resulting financial crisis did to millions of Ohioans and so many of our constituents. These are the people we work for – that you work for. And we must never forget their stories.

Wall Street Reform created a more stable financial sector by strengthening the capital positions of the nation's largest banks.

American consumers have recovered $12 billion of their hard-earned money because we now have an independent agency—the Consumer Financial Protection Bureau—protecting them from scams and abuse.

That's why the report that the Treasury Department released last week is so misguided.

The report is a Wall Street wish list, specifically targeting the capital and liquidity rules for the largest banks and seeking to undermine the CFPB.

The report takes as gospel that more lending and leverage is the best way to create economic growth.

Data shows that lending has been healthy and at sustainable levels since the crisis. The last thing we should advocate for is going back to the levels 2001, 2002, and 2003, which led to the subprime crisis – a time period that the Treasury report holds up as an example.

And there is no evidence that relaxing rules will lead banks to lend more. It is just as likely that bank executives will pass any savings along to themselves and to their shareholders.

I am also concerned that many of Treasury's recommendations will undermine or delay the effectiveness of bank supervision, something that was severely lacking leading up to the crisis.

These misguided ideas include additional layers of cost-benefit analysis, more obstacles to supervisory actions, weakened leverage rules, changes to stress tests that would allow banks to game the test, and changes to living wills, to name a few.

These recommendations would make the watchdogs' jobs harder, and prevent them from spotting risks before they balloon out of control.

They would make our system less stable and leave consumers more vulnerable.

Treasury's report missed an opportunity to put forth an agenda that creates real economic growth for Americans.

In fact, at every turn, the Administration has advocated for an agenda that hurts average Americans – handouts for Wall Street, tax cuts for millionaires and billionaires, less health care for working people, and cuts to programs that help those who need it the most.

There are some ideas worth considering in the Treasury report, as evidenced by overlap with some of the recommendations in the Agencies' EGRPRA review for small institutions, but many of Treasury's recommendations seem like a steep price for Americans to pay after the 2008 financial crisis.

We have seen the damage that can happen when an Administration pushes financial watchdogs to prioritize special interests over working people.

It is pretty telling that Treasury met with 17 industry representatives for every one advocate for ordinary Americans, and that 31 out of 40 requests made by those representing the biggest banks were included in the report.

I hope this committee can focus on the issues that will reduce burdens for small institutions in struggling communities, help consumers, and create long-term, sustainable economic growth.

Chairman Crapo, I look forward to working with you and all of our colleagues, but it would be a shame if we forgot so soon the lessons of the Great Recession.

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