

JULY 21, 2020

## Brown's Remarks During Executive Session On The Nominations Of Dr. Judy Shelton And Dr. Christopher Waller

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**WASHINGTON, D.C.** — U.S. Sen. Sherrod Brown (D-OH) – ranking member of the U.S. Senate Committee on Banking, Housing, and Urban Affairs – today delivered remarks during an Executive Session to consider the nominations of Dr. Judy Shelton and Dr. Christopher Waller to be Members of the Board of Governors of the Federal Reserve System:

Thank you, Mr. Chairman.

And thank you to all of my colleagues for wearing masks today. It keeps all of us in this room safe, including staff members. It models best practices for our fellow Americans.

Today we are voting on two nominees for positions on the Board of Governors of the Federal Reserve System, our nation's independent, central bank. The point of the Fed is to make sure our economy is stable – to worry about the big picture, so hardworking families don't have to.

The Fed's independence and stability matter even more during a crisis, like the one we are facing today. The Fed is supposed to make decisions based on what's best for the economy – and the people in it – without regard to politics or demands from the President.

When we have no leadership from our President, and the Federal Reserve Chair is one of the only leaders trying to guide our recovery, putting one of the president's close advisors on the Fed Board will only make things worse. The last thing we need right now is more price volatility and instability that will only end up hurting working families and businesses more.

This is why independence matters.

But Dr. Shelton doesn't believe in an independent Fed. And, our economic crisis would be even worse if she was sitting on the Board today.

During her nomination hearing, one of my Republican colleagues asked Dr. Shelton how she would get us out of a situation where consumer confidence and spending drop, unemployment jumps from 3.5 to 6.5 percent in a very short period of time, and we are in a recession. Dr. Shelton couldn't give us an answer.

Her response? "It is hard to imagine that situation."

It's hard to imagine that situation.

Really? That's the entire job of the Fed – to imagine these kinds of crises and plan for them, so workers and families and small businesses don't have to.

Reality check. Today, things are far worse than the crisis Dr. Shelton couldn't fathom. When the pandemic set in, consumer spending plummeted and the unemployment rate shot up from 3.5 percent in February to an historic 14.7 percent in April. Thirty-three million people are out of work.

Dr. Shelton has refused to say how she would handle it – but her past work gives us some clues.

Dr. Shelton has spent her entire career advocating for failed economic policies that are dangerous for our economy and the working families and businesses that make it run. She wants to bring back the gold standard and get rid of federal deposit insurance.

Our country has tried that before, and we know how that turned out. Just look back to the Great Depression, and think about how much worse the 2007 to 2008 Financial Crisis would have been, when hundreds of banks failed.

And she's flip-flopped on many of her positions so that she can align with the President. She was an interest rate hawk and opposed tariffs on China – but now that President Trump doesn't like those things, magically, neither does she.

I'm not that only one who is worried about Dr. Shelton. My Democratic colleagues are concerned. Even conservative scholars and economists at the American Enterprise Institute are downright dumbfounded. Ramesh Ponnuru wrote, "Shelton's prescription for monetary policy has changed so dramatically, and her rationale for it makes so little sense as to make her appointment to the Fed a gamble. Does she believe what she is now saying, or is she just saying what Trump wants to hear?" Desmond Lachman went even further, saying, "it would seem to be highly

questionable whether Shelton is qualified to serve effectively and independently on the Federal Reserve's Board. Accordingly, it would be a big mistake for the Senate to confirm her nomination." We all should be worried.

How our primary economic steward handles an economic crisis is not a partisan issue. Dr. Shelton is a dangerous pick. Period. Her ideas are far outside the mainstream. Her flip-flopping, policy beliefs, and objections to Fed independence worry conservative and liberal economists alike – and as recently as February, it worried some of my Republican colleagues.

At a time when the White House regularly attacks the Fed's independence, we can't allow someone who doesn't believe in Fed independence to undermine it from within.

Dr. Shelton may not be able to imagine an economic crisis like the one we are in today, but I certainly can imagine how much worse it would be if she were on the Federal Reserve Board right now.

The economy is fundamentally about people – about the millions of Americans who get up every day and go to work and go shopping at local businesses and pay their bills and try to save for the future. It's not some theoretical exercise. This isn't a college seminar or intellectual simulation – it's a real-life crisis that has already cost millions of people their jobs and their homes and, in the case of more than 140,000 Americans, it's cost them their lives.

Every Democratic member of this Committee thinks we should not move forward with this vote, and I urge my Republican colleagues to agree – Dr. Shelton is a threat to our economy, our democracy, and our country.

We are also voting on Dr. Waller's nomination to the Federal Reserve Board. Dr. Waller is an established economist whose work has been subject to peer review, and I thank him for his service as the Director of Research at the St. Louis Fed.

But based on his responses to my questions, I am concerned that he will not do the job of holding the biggest U.S. and foreign banks accountable if he is confirmed. The pandemic has highlighted what most workers already knew – that the economy works for the wealthy, the powerful, and the privileged, but working Americans get left behind. Now is not the time to lower capital standards, weaken stress test requirements, and rollback important financial protections. We need regulators that will advocate for policies that help workers on Main Street, not executives on Wall Street.

And this Administration has made it clear that these nominations are a package deal, despite the threat that Dr. Shelton poses. Even Dr. Waller hedged when asked whether he would hire Dr. Shelton in his research department.

Ultimately, it's clear the Trump Administration, and too many of my Republican colleagues, don't really care whether their nominees can actually do their jobs. I'm still waiting for some of you to join me in standing up to the President. I know some of you agree with me, that we should not be gambling on a fringe nominee like Dr. Shelton. I'm asking you today, join me – let's put partisanship aside, and get someone else, someone who can actually do the job of overseeing our economy.

I will oppose both of their nominations today.

Thank you, Mr. Chairman.

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