

JULY 21, 2020

Crapo Statement at Executive Session to Vote on Federal Reserve Nominees

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 an executive session to vote on the nominations of The Honorable Dr. Judy Shelton, to be a Member of the Board of Governors of the Federal Reserve; and Dr. Christopher Waller, to be a Member of the Board of Governors of the Federal Reserve.

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

"Today, the Committee will vote on the nominations of The Honorable Dr. Judy Shelton, to be a Member of the Board of Governors of the Federal Reserve System; and Dr. Christopher Waller, to be a Member of the Board of Governors of the Federal Reserve System.

"These two positions are critical to the Federal Reserve and critical to ensuring a safe, sound and vibrant financial system and a healthy, growing economy.

"Additionally, it is important that we confirm well qualified candidates with different perspectives to the positions of Governors to ensure robust debate and more effective decisions.

"Dr. Shelton most recently served as the Executive Director for the European Bank for Reconstruction and Development and was confirmed by voice vote in the Senate in 2018.

"Dr. Shelton's experience working for nonprofits and academic institutions forged her deep knowledge of democracy, economic theory and monetary policy that will broaden and diversify the Fed's perspective.

"Dr. Waller has served as the Research Director at the Federal Reserve Bank of Saint Louis for the last 11 years and aided the President of the Saint Louis Fed in analyzing the economy and recommending U.S. monetary actions.

"His research on monetary theory and the micro-foundations of money and payment systems will be valuable, as we are seeing a rise in cryptocurrencies and digital currency in this country and abroad.

"On July 10, I received a letter from my Democratic colleagues on this Committee raising concerns over Dr. Shelton and urging this Committee to hold another hearing on her nomination.

"Dr. Shelton provided answers during the hearing and afterward regarding Federal Reserve independence, appropriate response to economic contraction, deposit insurance, and the gold standard.

"Let me clear the record: On Federal Reserve independence, in response to one of my questions, Dr. Shelton said, 'I believe that the independence of the Federal Reserve is a vital aspect of its credibility with the public. Congress has granted tremendous powers to the Federal Reserve, and citizens have to be assured that monetary authorities will be relying on their own best judgment and their own analytical capabilities in making their decisions, not subject to political pressure.'

"In response to a question from Senator Kennedy about the appropriate monetary policy response to a sudden economic contraction in the U.S., Dr. Shelton acknowledged the need to discuss with the other FOMC members an appropriate response, but that 'In an emergency situation, I think the most important thing is to restore that consumer and business confidence.'

"She highlighted the tools available to the Federal Reserve in an emergency situation, including reducing interest rates and quantitative easing.

"During the hearing, Dr. Shelton unequivocally stated her support for deposit insurance, saying, 'I totally support Federal deposit insurance. We have had it since 1933. I think it is essential to reassuring depositors that they can safely put their money into American banks.'

"Many have tried to characterize Dr. Shelton's views of the gold standard and monetary policy as outside of the mainstream thought and disqualifying for this position, and I strongly disagree with these characterizations.

"In fact, during Dr. Shelton's nomination hearing, she stated numerous times that she would not advocate returning to the gold standard.

"Rather Dr. Shelton noted that, '...it is really important to acknowledge that the power to regulate the value of U.S. money is given to Congress by our Constitution, and Congress has created the Federal Reserve as an independent agency and given it its monetary mandate,' and that she spent time reviewing '...historical systems going back to the beginning of our country because I think you can gain valuable insight by comparing economic performance under one set of monetary rules versus another. But money only moves forward, and we see it evolving faster than ever these days. And so I only use it to give perspective on money.'

"She answered all the questions raised in the letter, and I am confident that her deep understanding of the Fed's monetary policy toolkit, monetary history and commitment to maintaining Fed independence will serve the Fed well in its ongoing efforts to stabilize markets and toward its mission of price stability and full employment.

"Four of the five current Fed Governors were nominated by President Trump, and each has demonstrated a willingness to take dramatic steps to stabilize markets and be independent of political pressure, and I have no doubt that Dr. Shelton and Dr. Waller will do the same."

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