

U.S. DEPARTMENT OF THE TREASURY

Remarks by Deputy Secretary of the Treasury Wally Adeyemo at The Clearing House and Bank Policy Institute Annual Conference

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As prepared for delivery

Thank you for inviting me to join you today and giving me the chance to speak with you about where the U.S. economy is headed, in light of the Administration's recent legislative achievements. These accomplishments build on a lesson history has taught us: that when it comes to our greatest challenges, close collaboration between the public and private sectors is essential.

From the rapid development of a COVID vaccine using breakthrough medical technology to the public-private partnership in distributing critical medical and economic assistance to mitigate the impacts of the pandemic, our greatest successes have often been born from our shared endeavors.

This partnership has dramatically changed the course of the pandemic in the United States and, combined with the grit and determination of the American people, contributed to a historic economic recovery. Over the course of the President's first twenty months in office, we have vaccinated 77 percent of American adults, and we have added nearly 10 million jobs. These new jobs have put total employment ahead of where it was even before the pandemic. And with this new legislation, we have the tools we need to continue building a more equitable, sustainable, and stronger American economy for the future.

Still, our economic environment is not without challenges. The pandemic and Russia's unprovoked invasion of Ukraine have caused significant economic shocks that are contributing to elevated price levels in the U.S. and across the developed world. The President has made clear that the fight against inflation is our Administration's top near-term economic priority. The Fed of course has primary responsibility for addressing inflation, and the President has clearly stated his commitment to supporting the Fed's independence.

The Administration is also taking action. The President's economic strategy is designed to help bring down inflation by addressing supply side constraints and expanding our economy's

productive capacity. This approach reflects what Secretary Yellen has called “modern supply-side economics,” which prioritizes expanding the labor supply and investing in human capital, public infrastructure, R&D, and clean technologies.

These investments aren’t just about accelerating the kind of economic growth we already have. They are designed to bring economic opportunity to Americans that have not had the resources they need to fully participate in and benefit from our nation’s economic prosperity. They will increase productivity through investments in universal broadband and put more jobs within reach through expansions of our transportation infrastructure. They will position us to lead in the most cutting-edge industries of today, like semiconductors, and address the supply constraints that have held us back in recent years. And they will help ensure we are at the forefront of the industries of tomorrow, especially when it comes to the clean energy transition, through investments that will spur new innovation. That is what we mean by “expanding our economy’s productive capacity.”

In many ways, the recently passed Inflation Reduction Act (IRA) exemplifies this strategy. The IRA will help reduce costs and give us the means to address our economy’s most critical long-term needs—from investments in green technology to combat climate change to funding for healthcare that will support the wellbeing of tens of millions of Americans to deficit reduction that will help secure a stable economic future for our country.

This builds on the recently passed Bipartisan Infrastructure Law and CHIPS Act, which will invest \$52 billion in American semiconductor manufacturing. These actions are already changing our economy for the better. Spurred by the CHIPS Act, [U.S. companies have already announced nearly \\$50 billion of investments in American chipmaking](#), which will create American jobs and make our supply chains more resilient.

Of course, these legislative accomplishments will not transform our economy simply because they change the laws on our books. They require detailed and careful implementation— and close coordination with private sector institutions like yours that will, in many cases, provide additional resources to help turn these federal investments into innovations that accelerate economic growth.

There are three places that are top of mind for me as we develop our approach for implementing and executing these priorities where close collaboration with the private sector will be critical.

The first is financing the clean energy transition. The IRA is the boldest investment in American history when it comes to tackling the climate crisis, with a \$370 billion investment in a green future. For context, when adjusted for inflation, this investment is larger than the Marshall Plan for Europe after World War II. This investment will create tens of thousands of new, green manufacturing jobs; it will help consumers buy greener appliances and weatherize their homes; and it will offer new incentives to build electric vehicles in America and for Americans to use them. The sum total of these actions will be an economy that is cleaner, stronger, and poised to lead the global climate transition. According to some initial estimates, the IRA will drive investments totaling \$3 trillion in new American low-carbon energy infrastructure over the next decade.

We know that there is no way to fully finance this transition—and ultimately become a net zero economy—without the active participation of the private sector, especially the financial institutions in this room. We applaud those of you who have made net zero commitments with clear interim targets and encourage you to move ambitiously to turn these commitments into action. And for those of you still waiting, we urge you to more carefully evaluate the climate risks associated with your portfolios, as well as take steps to help finance this transition. The direction of policy and regulatory travel, both here in the United States and globally, has never been clearer.

The second is working to reduce economic inequality within our country. Economic inequality is a threat to our country's economic prosperity. Generations of intentional and unintentional economic exclusion and underinvestment have hampered progress for underserved communities throughout this country, including communities of color, rural communities, and others left behind or left out. The resulting concentration of wealth and opportunity in our country not only shatters faith in our institutions, it also limits the ability of marginalized communities to contribute to America's economic potential and holds back growth for all Americans. While economic inequality is an issue that impacts Americans of all races and creeds, [the impact is especially concentrated within communities of color.](#)

We need to work together across the public and private sectors to unlock this potential, which will benefit all Americans. That's why I am so excited about the launch of the Economic Opportunity Coalition, which Vice President Harris announced just across the bridge, in Brooklyn, in late July. The EOC brings together more than two dozen companies and foundations who are committed to expanding access to capital and economic opportunity in underserved communities in ways that augment the investments that are being made by the

federal government. A number of its founding members, including Citi, PayPal, Bank of America, Goldman, PNC, Capital One, Mastercard, Discover, and BNY Mellon, are here with us today, and I encourage you to speak with them about this work. Already, this coalition has committed tens of billions of dollars to support CDFIs and MDIs, expand access to financial products, and investing in communities and workforce training across the country.

I will mention just one example of where this partnership is already benefiting marginalized communities. Last year the federal government announced historic investment through the Emergency Capital Injection Program (ECIP) of \$9 billion in MDIs and CDFIs, which will help them invest in marginalized communities throughout the country, and now these institutions need deposits to maintain their equity-to-asset ratios. This is one of several needs the EOC is focused on helping to meet, and a place where all of the institutions in this room can play a role. We are looking forward to continuing to work closely with the EOC, and others, in a true public-private partnership to expand opportunity to marginalized communities all over our country.

The final place where I look forward to our continued partnerships is implementing sanctions to hold Russia accountable for their unprovoked invasion of Ukraine. In response to sanctions and export controls put in place by more than 30 countries, your institutions have taken decisive action to implement these restrictions, and I know many of you have enhanced your due diligence to ensure that Russia can't evade sanctions. These unprecedented actions were not taken lightly—they were implemented in response to Russia's blatant violation of the sovereignty of another nation and their destabilizing activity in the region, which is contributing to elevated global food and energy prices.

We know that, so far, Russia has been able to finance this brutal war using revenues from commodities sales. The G-7 is focused on taking steps to reduce these revenues that help to finance Russia's invasion. The price cap proposal that G-7 finance ministers' announced last Friday helps accomplish this objective by allowing Russian oil to continue to flow onto the global market using services provided by the G-7, provided it is sold at or below the capped price. In order for the price cap to be effective, we need service providers, especially those providing financial services, to help with implementation. We want to work with you to design a compliance regime that is as simple as possible and helps to accomplish our objectives. This will help prevent damaging energy price spikes while reducing Russia's most critical source of revenue.

One reason we believe the price cap will help achieve our goal of reducing the Kremlin's revenues is because it can succeed even if a number of oil importers do not choose to formally join our price cap coalition. These countries want to pay lower prices for Russian oil, and the price cap will help them achieve that by offering greater transparency into what price coalition members are paying. In turn, that transparency will give importing countries leverage to drive better deals with Russia—a phenomenon we are already beginning to see in the steeply discounted offers Russia has begun making as they try to get ahead of the price cap. That alone is enough to drive down Russia's revenues. In essence, the price cap is designed to create incentives that benefit the global economy while reducing the Kremlin's revenues.

Let me return to where I began. We face economic challenges, but we are better positioned than any country in the world to manage them, and I am even more confident about the outlook for the U.S. economy in light of recent Congressional action. With these tools we have what we need to make the most of this pivotal economic moment and to position America to lead when it comes to the clean energy economy, 21st century manufacturing and the industries of the future, and beyond. While we have a great deal of work ahead to ensure these programs are implemented as effectively as possible, we know the path forward set by the Inflation Reduction Act, the CHIPS Act, and the President's other legislative accomplishments is one that will lead to a brighter future for America's economy and our people. And we look forward to working with you to make that future a reality.

Thank you.

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