



Banking Leaders React to Warsh's First Testimony as Fed Chair

Description

Senator Mike Rounds, a Republican from South Dakota and member of the Senate Banking Committee, expressed approval of Federal Reserve Chairman Kevin Warsh's recent testimony. Speaking on CNBC's "Squawk Box," Rounds highlighted Warsh's emphasis on controlling inflation and affirmed alignment with his objectives.

Warsh, who assumed the role of Fed Chair in May, addressed Congress over two days this week. He first appeared before the House on Tuesday, followed by a session with the Senate on Wednesday, where he responded to inquiries about inflation rates and the independence of the Federal Reserve.

President Trump appointed Warsh following a prolonged criticism of his predecessor, Jerome Powell, focusing on the need for lower interest rates. During Warsh's inaugural meeting in June, the Federal Reserve maintained its current interest rate levels.

Rounds stated the necessity for inflation reduction, emphasising its significance for lowering long-term mortgage rates. He noted, however, that achieving this goal requires time, and he commended the Fed for initially holding rates steady.

Moreover, Rounds praised Warsh's commitment to addressing inflation, linking it to Congress's efforts to mitigate consumer costs. Recent legislative measures included a comprehensive housing package designed to lower expenses for homebuyers and renters, while also curtailing the influence of institutional investors in the rental market.

Throughout his testimony, Warsh aimed to assert the Federal Reserve's independence amid scrutiny stemming from Trump's previous pressure on Powell regarding interest rates. The former president had even considered dismissing Powell, and his administration initiated a criminal investigation into Powell's conduct.

Rounds reiterated the importance of the Federal Reserve's autonomy, stating, "I want them to make decisions based on what they believe is right." The path forward involves ongoing dialogue and oversight regarding economic policy decisions.

Vocabulary List:

1. **inflation** //ɪnˈfleɪʃən// (noun): rise in prices and fall in buying power
2. **testimony** //ˈtɛstəˌmoʊni// (noun): spoken or written statement given to officials
3. **independence** //ˌɪndɪˈpɛndəns// (noun): freedom to act without outside control
4. **curtailing** //kərˈteɪlɪŋ// (verb): making something shorter or less strong
5. **legislative** //ˈlɛdʒɪsleɪtɪv// (adjective): related to laws made by a government



6. **mortgage** /ˈmɔːrɡɪdʒ/ (noun): loan to buy a house or property

Comprehension Questions

Multiple Choice

1. Who expressed approval of Federal Reserve Chairman Kevin Warsh's testimony?

- Option: Jerome Powell
- Option: Mike Rounds
- Option: Donald Trump
- Option: Kevin Warsh

2. What position does Kevin Warsh hold?

- Option: Senator
- Option: Federal Reserve Chairman
- Option: House Speaker
- Option: Secretary of the Treasury

3. When did Kevin Warsh assume the role of Fed Chair?

- Option: March
- Option: May
- Option: April
- Option: June

4. What was a significant focus of Warsh's testimony?

- Option: Decreased taxation
- Option: Controlling inflation
- Option: Increasing interest rates
- Option: Reducing federal spending

5. Which President appointed Kevin Warsh?

- Option: Barack Obama
- Option: George W. Bush
- Option: Donald Trump
- Option: Joe Biden

6. What legislative measure did Rounds mention?



- Option: Tax reform
- Option: Healthcare package
- Option: Comprehensive housing package
- Option: Education bill

True-False

7. Mike Rounds is a Democrat from South Dakota.
8. Kevin Warsh addressed Congress over two days this week.
9. Rounds believes that inflation reduction is unimportant for mortgage rates.
10. Trump's administration considered dismissing Jerome Powell.
11. Warsh's inaugural meeting resulted in a decision to raise interest rates.
12. Rounds supports the Federal Reserve's autonomy.

Gap-Fill

13. Senator Mike Rounds is a Republican from South _____.
14. Warsh's emphasis during his testimony was on controlling _____.
15. Rounds mentioned the necessity for inflation reduction to lower long-term mortgage _____.
16. Kevin Warsh was appointed by President _____.
17. Rounds praised Warsh's commitment to addressing _____.
18. The Federal Reserve's independence is crucial according to _____.

Answer

Multiple Choice: 1. Mike Rounds 2. Federal Reserve Chairman 3. May 4. Controlling inflation 5. Donald Trump 6. Comprehensive housing package

True-False: 7. False



8. True 9. False 10. True 11. False 12. True

Gap-Fill: 13. Dakota 14. inflation 15. rates 16. Trump 18. Rounds

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