

EXTENSIONS OF REMARKS

FEDERAL RESERVE
TRANSPARENCY ACT OF 2012

SPEECH OF

HON. SPENCER BACHUS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 24, 2012

Mr. BACHUS. Mr. Speaker, I rise in qualified support of H.R. 459, the Federal Reserve Transparency Act of 2012. Before addressing the merits of the legislation, I want to pay tribute to its author, the gentleman from Texas, Mr. PAUL, who serves as the Chairman of the Financial Services Committee's Domestic Monetary Policy Subcommittee. His tireless advocacy on monetary policy issues and his crusade for a more open and transparent Federal Reserve have been hallmarks of his congressional career. With that career coming to a close at the end of this Congress, it is appropriate that the House consider this bill.

H.R. 459 is bipartisan legislation which will help promote greater public understanding of the Federal Reserve's operations and the impact of its decisions on average Americans. A more transparent central bank will be more accountable for its decisions, which have broad consequences for the American economy, including consumers, savers and small businesses. By de-mystifying the Federal Reserve, we can enhance public confidence in the institution and help address some of the legitimate questions the American people have in the wake of the extraordinary measures that the Fed took at the height of the financial crisis, which have resulted in a tripling of the size of the Fed's balance sheet since 2008.

To his credit, Chairman Bernanke recognized the need for the Fed to improve the transparency of its operations early on in his tenure, and under his leadership, the Fed has made significant strides in this area. Among other initiatives, the Chairman now holds quarterly press conferences, giving the American public an insight into his thinking on the state of the economy and the basis for monetary policy judgments that would have been unheard of under past Fed Chairmen. The Fed has also achieved a greater level of clarity in policy statements issued by the Federal Open Market Committee, and has become much more explicit in its targeting of inflation.

While these are welcome developments for which Chairman Bernanke should be commended, in a representative democracy, maximum transparency is essential to maintaining the trust of the governed. If we err, it must be on the side of the public's right to know. By removing certain statutory limitations on the current authority of the Government Accountability Office (GAO) to audit the Fed's operations, H.R. 459 builds on the reforms that Chairman Bernanke has instituted and will make for a more open and accountable central bank, which is a goal we all share.

Having said that, no legislation is perfect, and there is one aspect of this bill that, if not carefully implemented, runs the risk of under-

mining the Fed's political independence. Specifically, the bill would authorize the GAO to audit the Federal Reserve Board's "deliberations, decisions, or actions on monetary policy matters," thereby removing a limitation that was imposed on the GAO when it was first given statutory authority to audit the Fed in 1978. Proponents of expanding the scope of the GAO's audit authority cite the unconventional policy interventions carried out by the Fed in recent years in its attempt to stabilize the financial system and stimulate the economy as justification for a more robust congressional role in overseeing the central bank's operations. It should be noted, however, that the inclusion in the Dodd-Frank Act of reforms first proposed by Financial Services Committee Republicans that significantly curtail the Fed's emergency lending authorities under section 13(3) of the Federal Reserve Act go a long way toward addressing concerns about the Fed's ability to conduct rescues of individual financial institutions without the review and approval of Congress.

As a general matter, I worry that the level of congressional scrutiny authorized by H.R. 459 may, if not exercised cautiously and responsibly, be incompatible with the need to insulate the Fed from political pressures and ensure that its decisions are based on sound economic principles rather than on jaw-boning from Capitol Hill. I am therefore sympathetic to Chairman Bernanke's argument—which he made in recent testimony before the Financial Services Committee—that a central bank that operates free of such political influence is likely to produce better economic outcomes and a more stable interest rate environment.

Indeed, the danger of allowing political considerations to guide monetary policy judgments was on full display at a recent hearing in the other body, where one of the Senators, citing Congress' inability to reach consensus on how to jump-start our anemic economic recovery, loudly urged Chairman Bernanke to "get to work" and implement a more aggressive monetary easing. This kind of rhetoric underscores the need for the GAO to exercise its expanded audit authority under H.R. 459 prudently, and to resist any efforts by Members of Congress to use this new tool to influence decisions on monetary policy. Failure to protect the central bank's independence from such political pressure will have dire consequences for our economy and for the legitimacy of the Federal Reserve as an institution.

Concerns about the scope of GAO's audits of monetary policy deliberations were never aired in the Financial Services Committee because of a decision by the House Parliamentarian to refer H.R. 459 exclusively to the Committee on Oversight and Government Reform. This referral, which Dr. Paul and I challenged at the time in extensive written correspondence and in meetings with the Parliamentarians, ignored decades of past precedents recognizing the Financial Services Committee's jurisdiction over legislative proposals affecting the Federal Reserve's conduct of monetary policy. While the Parliamentarian ul-

timately granted the Financial Services Committee a sequential referral of H.R. 459 after it had been reported to the House and scheduled for floor consideration, the initial referral to the Committee on Oversight and Government Reform short-circuited the legislative process and denied Members of the Financial Services Committee, including Dr. Paul, an opportunity to fully debate the important issues of Federal Reserve transparency and independence raised by this legislation.

Again, I commend Dr. Paul and Chairman Bernanke for their efforts to bring greater transparency to the Fed's operations.

HONORING ALEXANDRE LOPES

HON. FREDERICA S. WILSON

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 31, 2012

Ms. WILSON of Florida. Mr. Speaker, I rise to honor Alexandre Lopes, for being selected as the Macy's—Florida Department of Education, 2013 Teacher of the Year. Mr. Lopes embodies the merit and dedication required to lead students in today's challenging academic environment. He serves at Carol City Elementary School as a teacher in the Learning Experience Alternative Program. As an educator Mr. Lopes has dedicated his career to special needs students with communication issues. The LEAP program has allowed Mr. Lopes to express his creativity and compassion for teaching by using music and dance to progress the student's communication skills. His courage, vision and passion are contributing factors behind his emergence as a pioneer in education, community leader, and role model amongst his peers. As a former educator I am pleased to honor Mr. Lopes, and wish him the best of luck as he moves into the national competition.

IN RECOGNITION OF ANN
KATHLEEN SIMS**HON. JACKIE SPEIER**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 31, 2012

Ms. SPEIER. Mr. Speaker, I rise to honor Ann Kathleen Sims who helped shape the lives of thousands of young children in the Bay Area. After providing quality and affordable child care for 35 years, Ann is retiring as the founder and director of Bayshore Child Care Services.

Ann built the five day care centers in Daly City with endless passion and dedication offering children a place to learn, be fed, hugged and loved while offering their parents the freedom to work and provide for their families.

Ann grew up near London and received her teaching diploma from Philippa Fawcett College, an affiliate of London University. She

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