



Congressional Record

PROCEEDINGS AND DEBATES OF THE 112th CONGRESS, SECOND SESSION

House of Representatives

In Support of H.R. 459, the Federal Reserve Transparency Act

HON. C.W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 24, 2012

Mr. Young of Florida: Mr. Speaker, I rise in strong support of H.R. 459, the Federal Reserve Transparency Act. I am an original cosponsor of this important measure and I have long supported Representative Paul's efforts to authorize a full audit of the Federal Reserve by the Government Accountability Office (GAO).

In 2009, I conducted a "We the People Town Hall By Mail" and asked my constituents how they felt about several issues before the Congress. Of the 32,000 Pinellas County residents who responded, 95 percent said they supported a full audit of the Federal Reserve.

The Constitution gives the Congress the authority to coin money and to regulate the dollar's value. In an effort to remove politics from decisions about monetary policy, the Congress outsourced this responsibility to an independent Federal Reserve almost one hundred years ago.

Unfortunately, for too long the Fed has operated in secret. Current law actually prohibits the Congress from having access to all of the Federal Reserve's books. The GAO serves as Congress's watchdog, and should be allowed to audit the Fed just as it does other agencies. Only through increased transparency can the Congress conduct the necessary oversight of the Fed and hold it accountable for the American people. This institution plays an important role in managing the dollar and the American people deserve to know what is being done to our currency.

One of the few good provisions of the Dodd-Frank financial reform legislation was that it permitted a limited audit of the Federal

Reserve's response to the financial crisis. What the GAO uncovered in this limited audit was astonishing. Between December 2007 and July 2010, Fed committed trillions of dollars to backstop hundreds of financial institutions. Some of the largest of recipients of this aid were even foreign banks. According to Bloomberg News, "the Fed and its secret financing helped America's biggest financial firms get bigger and go on to pay employees as much as they did at the height of the housing bubble."

Much of this emergency action was run through the Federal Reserve Bank of New York, which at that time was headed by Tim Geithner, who is now President Obama's Treasury Secretary.

The Fed has continued its extraordinary tactics. In addition to holding the federal funds rate at practically zero since December 2008, the Fed has engaged in programs called Quantitative Easing 1, Quantitative Easing 2, and Operation Twist. In 2011 alone, the Fed's balance sheet grew by 20 percent. The Federal Reserve says it will likely hold interest rates at "exceptionally low levels" through 2014 and there is speculation that it will soon implement a third round of quantitative easing.

Mr. Speaker, this legislation has broad support from all sides. In fact, it seems like the only one who opposes H.R. 459 is the Chairman of the Federal Reserve Ben Bernanke. My question would be: "What is there to hide?" We should have passed this legislation long ago, and it is my hope that my colleagues in the Senate will follow the House's lead and act quickly to approve the Federal Reserve Transparency Act so that we can finally shine a light on the Fed's policies.