

This week the U.S. House of Representatives took action to ensure greater oversight and accountability of the Federal Reserve. With my support, the House passed H.R. 459, the Federal Reserve Transparency Act, by a vote of 327-98. Under current law, there are restrictions that prohibit the nonpartisan Government Accountability Office from auditing all Fed actions. [H.R. 459](#) would remove these restrictions. As a cosponsor of this important legislation, I welcome the strong bipartisan support on the House floor, and I urge Senate Majority Leader Harry Reid to bring it to a vote in that chamber.

The Federal Reserve took unprecedented actions during the financial crisis and subsequent recession, causing its balance sheet to explode from \$900 billion in September 2008, to \$3 trillion in June 2012. It directly bailed out Bear Stearns, AIG, and Fannie Mae and Freddie Mac. The Fed also made loans to both struggling banks and non-bank financial institutions during the crisis, made massive purchases of mortgage-related securities, and pursued rounds of “quantitative easing” by purchasing large amounts of U.S. Treasury securities and other assets. These emergency steps were designed to prevent a widespread bank run and crippling deflation similar to what our nation experienced during the Great Depression. But serious questions have been raised about whether these policies were necessary or wise. H.R. 459 enables GAO to examine the deliberations leading to the Fed’s decisions and the impact of those policies.

I believe we must go further and enact additional reforms of the Federal Reserve. Currently, the Fed is responsible for maintaining stable prices (that is, preventing deflation and inflation) and promoting full employment. These two mandates can sometimes conflict and be used by the Fed to justify sweeping actions that are not in the best interest of our economy. I believe Congress must replace the Fed’s dual mandate with a single mandate for achieving price stability. This change would require the Fed to follow a rules-based system for monetary policy, which would limit the Fed’s discretion, create more certainty for businesses, and remove political pressure to manipulate the money supply for short-term political gain. I have cosponsored legislation that would do just that, H.R. 4180, the Sound Dollar Act. This bill includes other important reforms to increase transparency, discourage large financial firms from taking excessive risks, and eliminate broad “emergency” authority for the federal government to interfere in the private market.

A sound and stable dollar is the foundation of our economy, but manipulating it for short term gains can risk long term economic growth and job creation. Our current monetary policy is significantly off track and needs enhanced transparency and accountability. A comprehensive GAO audit of the Federal Reserve is a good first step. I hope Congress takes even more concrete action in the near future to further improve how monetary policy is carried out in the

United States.