

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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Opening Statement Ranking Member Elijah E. Cummings Delivered by Rep. Eleanor Holmes Norton

H.R. 24, Federal Reserve Transparency Act

March 28, 2017

Once again, our Committee is considering legislation to curtail the independence of the Federal Reserve. The bill's sponsors claim that this legislation would simply subject the Federal Reserve to an audit, but this bill would actually make far-reaching and unprecedented changes to the very nature of the Federal Reserve.

This bill would undermine the Fed's ability to conduct the independent monetary policymaking that is one of the foundational cornerstones of our economy. I strongly support transparency to make sure the Federal Reserve is carrying out its statutory responsibilities—promoting price stability and maximum employment.

An outside accounting firm regularly audits the Federal Reserve's balance sheet. And the Government Accountability Office reviews the Fed's decisions regarding bank supervision and regulation, open market and discount window transactions, and other activities. The Federal Reserve also releases detailed minutes of Open Market Committee meetings after three weeks and verbatim transcripts after five years. In addition, every security owned by the Fed is available for review on the internet. And the Chair of the Federal Reserve's Board of Governors is required by law to brief Congress at least twice a year on the Fed's monetary policy decisions.

So what would H.R. 24 do? This bill would permit GAO—and therefore Congress, the public, and the President—to question the policy deliberations of Federal Reserve policymakers and staff. This bill would open the floodgates to political interference in monetary policymaking.

I am deeply worried about what passing this bill could mean for the economy. The monetary policy decisions made by the Federal Reserve can be difficult to understand and are often easy targets for demagogues. This is why ensuring the Fed's independence from the political process is vital to the success of our economy—particularly when the President is tweeting alternative facts at all hours of the day and night.

I was particularly struck by a statement in the testimony of one of witnesses at last week's legislative hearing. The gentleman criticized the Federal Reserve for committing more than \$16 trillion to support the economy during the financial crisis. But the Fed's actions stopped the economy from sliding into a depression. And Fed policymakers acted quickly and decisively because they were able to assess what needed to be done free from political pressure and without fear that their decisions would be second-guessed. Because of its independence, the Federal Reserve was able to provide the support that our economy needed following the reckless actions of banks and financial firms like AIG. Without the Fed's actions, the losses to our nation and our constituents undoubtedly would have been even deeper than they were.

I believe the Federal Reserve's operations should be subject to thorough review, but I do not want to impede the independence of the Federal Reserve to implement monetary policies or its ability to support its congressionally established mandates.

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