CONGRESSMAN RON PAUL
14TH DISTRICT of TEXAS

On Renewed Interest in the Constitution

Mr. Speaker, I am pleased that the Constitution has received a lot of attention in recent weeks, thanks to the tea party movement. It goes without saying that Members of Congress should have read the Constitution many times, and we should continue to study it.

Citing the particular clause of the Constitution that authorizes newly introduced legislation is a reasonable suggestion, yet in reality it will do little to restrain unconstitutional growth of Federal Government. We have had such rules in the past and no benefit came of it.

The laws that are passed reflect the preferences of those in charge, who promote their personal agenda. For too long that agenda has expanded government at the expense of personal liberty, regardless of which political party was in charge. Generally this trend was supported by voters, who rewarded most Members of Congress with reelection.

For many of us, this expansion of government clearly violated the Constitution, yet it was always argued that the program somehow conformed to that ``living'' document.

By misinterpreting the general welfare clause, the interstate commerce clause, and the ``necessary and proper'' clause, Congress has justified every conceivable expansion of the Federal Government. Congress also has misinterpreted the 14th Amendment and legislated as though it had repealed the 10th Amendment. Sadly, Congress has also systematically abdicated its prerogatives and responsibilities to the executive branch over many decades.

Too many people, in and out of Congress, grew up being taught that the Constitution was malleable. This has allowed judicial, legislative, and executive flexibility to make the Constitution ``a modern living document.'' Though the authors allowed for ``flexibility'' through the amendment process, this process has been ignored for the sake of speed and convenience.

As a result, the Constitution now has little meaning since most Members pay only lip service when taking their oath to obey it.

But I am encouraged by our growing grassroots interest in the Constitution, especially among the younger generation. I am glad Congress is becoming aware of it.

Our Constitution should be viewed as law, and Members of Congress should be expected to follow the rule of law. But a document is just that, and it is only as good as the character of those who represent us and promise to obey it.

Distorted interpretations come easily when the goal is opposite of what the original authors intended and what the plain text provides.

If true liberty is not our goal, persistent efforts to rationalize misinterpretations and circumvent the Constitution will continue.

Without men and women of character in Congress, respect for the rule of law and a love of liberty, the Constitution becomes but a worthless piece of paper. Celebrating the Constitution without this understanding will do nothing to restore the greatness of America.

Simply praising the document distracts from the need for Members to gain the courage to resist special interests; political self-interests; emergency needs in times of crisis; fear-based economic myths; and the persistent temptation to seek security over liberty while ignoring personal responsibility and self-reliance.

Providing instruction in the Constitution for staff and/or Members begs the question: Who will be the teacher?

I wonder, will this welcomed renewed interest in the Constitution lead to a healthy reassessment of all of our policies?

Will there be no more wars without an actual congressional declaration?

Will the Federal Reserve Act be repealed?

Will only gold and silver be called legal tender?

Will we end all of the unconstitutional Federal departments, including the Department of Energy, Education, Agriculture, Commerce, Health and Human Services, Homeland Security, and Labor?

Will the Patriot Act be repealed and all of the warrantless searches stopped?

Will TSA be restrained or abolished?

Will the IRS's unconstitutional collection powers end?

Will executive and judicial quasi-legislative powers be ended?

Will we end the Federal war on drugs?

Will we end the Federal Government's involvement in medical care?

Will we end all of the Federal Government's illusionary insurance programs?

Will we ban secret prisons, trials without due process, and assassinations?

Will we end our foreign policy of invasion and occupation?

For America to once again become the standard for a free society, our love of liberty and desire for peace must far surpass any public display of fidelity to the Constitution. We must first look to strong moral character, respect for the rule of law, and an understanding of the proper role of government in a free society.

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Statement on Hearing on Federal Reserve Lending Disclosure: FOIA, Dodd-Frank, and the Data Dump

Today's hearing deals with one of the most pressing issues this subcommittee will face during this Congress, the issue of Federal Reserve transparency. While the Federal Reserve is still far less transparent than it should be, recent disclosures of the Federal Reserve's lending programs have greatly increased our knowledge of the Fed's monetary policy during the height of the financial crisis.

In December 2010 and March 2011, a remarkable thing happened: the Fed disclosed information on its lending facilities and discount window operations, including who borrowed money, what amounts were loaned, maturity dates, interest rates, and collateral. It took an act of Congress, the Dodd-Frank Act, to bring about the December releases that discovered the details of the emergency lending facilities set up by the Fed during the crisis. The March 2011 disclosures covered discount window lending, the oldest Fed lending tool, whose operations had never before been disclosed. It took a three year legal battle regarding the Freedom of Information Act's (FOIA) applicability to the Fed in order to gain access to this information. The suits brought by Bloomberg and Fox News resulted in 29,000 pages of unorganized, heavily redacted documents being provided. Combining these two data releases has given us a fuller, if still woefully incomplete, picture of the Fed's operations during the financial crisis and the nearly $3 trillion balance sheet it has built up.

On November 25, 2008, the Fed created the Term Asset-Backed Securities Loan Facility (TALF) which was intended to "lend up to $200 billion... to holders of certain AAA-rated ABS [asset-backed securities]." When the Fed released TALF data in December of 2010, 18% of TALF loans were backed by subprime credit card and auto loan securities, 17% of TALF loans were backed by "legacy", a.k.a. troubled, commercial real estate securities, and 13% of TALF loans were backed by student loan securities. On March 11, 2008, the Fed created the Term Securities Lending Facility (TSLF) to "lend up to $200 billion...to primary dealers... secured... by... securities, including federal agency debt, federal agency residential mortgage-backed securities (MBS), and non-agency AAA/Aaa-rated private-label residential MBS." When the Fed released TSLF data in December of 2010, 26% of loans were backed by AAA/Aaa-rated securities, 17% were backed by non-AAA-rated securities, and 57% of loans were backed by collateral whose rating was not published by the Fed.

Recent news reports have brought to light the existence of a previously undisclosed Fed lending program known as "single-tranche open market operations" (ST OMO). This program loaned money at rates as low as 0.01% to major firms such as Goldman Sachs, and was essentially a free loan to these politically well-connected firms. Data about this program was not published, but instead was gleaned through examination of charts published in March as a result of the Fed's Freedom of Information Act (FOIA) disclosure. The charts were found within a 327-page document which had 81% of its content redacted.

Out of the funds loaned through the Fed's credit facilities, nearly one-third was loaned to foreign banks. Some facilities and programs, such as the Mortgage-Backed Securities Purchase Program, the Commercial Paper Funding Facility, and the TSLF, provided more than half of their funding to foreign banks. During the peak of the financial crisis, up to 88% of overall discount window lending went to foreign banks, and nearly 100% of the New York Fed's discount window lending went to foreign banks.

Not surprisingly, these data disclosures have raised significant new questions about the Fed's behavior. Among many questions raised are: Why did foreign firms receive such a large percentage of Fed lending? What advantages were given to large financial institutions that had access to multiple lending facilities for prolonged periods of time? Did extending loans to non-financial firms go beyond the Fed’s emergency lending authority? Why did investors who participated in TALF have to have a relationship with the Fed’s primary dealers, and did this give an unfair advantage to wealthy investors, such as the wives of two Morgan Stanley executives? Why did the Fed set up single-tranche open-market operations (ST OMO) which gave primary dealers access to $80 billion at rates as low as 0.01%, essentially providing a direct government subsidy to these firms, and why did the Fed only disclose this information in chart form? Are there other programs that have yet to be disclosed? Why were so many pages redacted in the 327-page document that alluded to ST OMO? Can you really claim to be in compliance with FOIA when such significant portions of documents are redacted? How can we trust that this data was “not responsive” to the FOIA request? Are we to trust the non-transparent Fed that we really don't need to see that information? If the Fed claims to lend against AAA collateral and then does not, can we trust anything the Fed publishes in a press release? Can we trust that collateral classified by the Fed as AAA really is AAA?

More issues emerge from the Fed’s handling of the FOIA requests brought by Bloomberg and Fox News. The Fed used several arguments in refusing to comply. Among them was the Fed’s claim that it was a private institution and not subject to FOIA, since the documents requested were held by the New York Fed, a private bank, and thus exempt. Fortunately for the American people, the court rejected that assertion. But what exactly is the legal relationship between the private regional banks and the Board of Governors? The Fed also claimed that lending records of discount window borrowers were privileged or confidential information that could cause imminent competitive harm if disclosed, or even cause a run on banks, and therefore should be exempt from FOIA. This has been the Fed’s long-standing defense of the secrecy of the discount window. One of the judges in the case summed up the Fed’s secrecy succinctly: “[T]he risk of looking weak to competitors and shareholders is an inherent risk of market participation; information tending to increase that risk does not make the information privileged or confidential.”

Given the massive amount of data released last December and this March, and the fact that much information in the March data release was redacted, it is all but certain that there remains much to be discovered about the Fed's bailouts through the discount window and its credit facilities. The Federal Reserve's actions in bailing out Wall Street through credit facilities and quantitative easing provoked a backlash among the American people and among many members of Congress. Trillions of dollars worth of loans and guarantees were provided to rich bankers and their worthless holdings of mortgage debt were snapped up by the Fed, while Main Street Americans continued to suffocate under harsh taxation and the prospect of increasing inflation. These events have awakened many Americans to the problems with the Fed's loose monetary policy, the bubbles it has created in the past, and the potential hyperinflation it might cause in the future. We should not neglect the fundamental need for more transparency of the Fed and a thorough audit that can help shed light on operations of the Federal Reserve System. We need stronger audit authority over the Fed, both looking back at previous market interventions and also ensuring that any future credit facilities, bailout vehicles, or large-scale asset purchase programs are subject to oversight.

At this hearing we hope to receive substantive answers from the Fed about its lending behavior during the worst part of the financial crisis, and we hope to receive assurances about the Fed's future compliance with the Dodd-Frank bill's requirements for public access to lending information. Aside from our ability to ask questions at the hearing, the hearing record will remain open for 30 days to allow the Fed time to respond to our written questions. At a time when the Fed's balance sheet is rapidly approaching the $3 trillion dollar mark, it is absolutely imperative that the Fed come clean with the details of its open market operations, lending operations, and asset purchases. Pumping trillions of dollars into the banking system with no oversight by Congress and no accountability to the American people cannot be allowed to continue.

Opening Statement on Hearing on Monetary Policy and the Debt Ceiling

I am very pleased to hold this hearing today. For far too long, monetary policy and fiscal policy have been viewed as completely separate issues. Congress controls fiscal policy, the Federal Reserve controls monetary policy, and never the twain shall meet.

The truth, however, is that fiscal and monetary policy have always been tightly intertwined. In fact, the Federal Reserve has served as the enabler of bad economic policy for many decades. Without the Fed's relentless expansion of the money supply during both the Greenspan and Bernanke eras, the U.S. Treasury never would have been able to issue the staggering sums of debt that now threaten our economic well being. This Treasury debt is the very lifeblood of deficit spending, permitting one Congress after another to spend far more than the Treasury collects in taxes. It is precisely this unholy alliance between the enabling Fed and a spendthrift Congress that I hope our witnesses will address today.

Until 1971 the United States operated on a gold exchange standard, meaning dollars could be redeemed in gold by foreign governments. The dollar was thought to be "as good as gold" because the U.S. would never renege on its gold exchange commitment. The U.S. had to keep that commitment or risk gold outflows that presumably would keep the government from engaging in loose fiscal and monetary policy.

Unfortunately, the system did not in fact keep government spending in check. The federal government ran large budget deficits throughout the 1960s, with the Federal Reserve duly covering the gap and inflating the money supply. Foreign creditors understood that the dollar was being devalued, and increasingly began to exchange their dollars for gold. Rather than bring monetary and fiscal policies back into balance, however, the federal government under President Nixon defaulted on its obligations by closing the gold window in August of 1971.

Despite this, the United States' position as the world's largest economy and the de facto leader of the Western world enabled the dollar to maintain its position as the world's major reserve currency. We've also enjoyed having OPEC price oil in dollars, creating enduring worldwide demand for our currency. But without any effective structural restraints on Congressional spending or Fed monetary expansion, our unchecked fiat paper money system has led to an explosion of debt over the last 40 years.

Yet foreign governments (especially those that have large trade surpluses with the United States) continue to purchase Treasury debt in order to keep their excess U.S. dollar reserves from losing value to relentless inflation. Because of the dollar's continued status as the world's reserve currency, there is still a highly liquid market for Treasury securities. These Treasury securities are backed by the full faith and credit of the U.S. government, meaning they are backed by the government's power to levy taxes.

Not surprisingly, the increase in U.S. national debt over the past several years and the likelihood of continued trillion-dollar deficits has caused many of our creditors to rethink their position on Treasury debt. China slowly has begun to reduce its holdings, and indicated that its $3 trillion total foreign exchange reserve is excessive. The investment firm PIMCO completely divested itself of Treasuries, and its co-founder Bill Gross publicly warned of a U.S. debt default. If foreign governments and large institutional investors begin to shy away from U.S. Treasuries, the Federal Reserve will face increasing pressure to monetize new Treasury debt issues.

The recent increases in fiscal deficits have been unprecedented. The $1.4 trillion dollar deficit in FY 2009 was almost as large as the previous five years combined, and FY2010's deficit was not much smaller. Half a decade's worth of new debt could not possibly have been absorbed by the financial markets, at least not without a significant increase in interest rates. The Fed, however, absorbed this deficit by inflating the money supply. Since summer of 2008 the Fed's balance sheet has tripled to $2.7 trillion, while the monetary base has tripled to $2.5 trillion.

The fundamental problem is that Congress cannot and will not cut federal spending and balance the budget. When Congress cannot balance the budget, it must cover the shortfall by raising taxes or borrowing money. Because the burden of taxes falls on current voters, while the burden of interest payments on debt falls largely on future voters, borrowing money has always been the politically favored method of funding.

Both the public and most members of Congress do not understand the mechanics of how the Fed and the Treasury Department work together to create new money and new debt. It's a circular process, but one that affects all Americans perhaps even more than the actions of their elected Congress.

In order to borrow money the Treasury department creates new debt securities, which it sells at auction to banks. However, banks generally do not maintain excess liquidity for the purchase of additional assets, but rather loan out funds up to the limit of their reserve requirements.

In order to facilitate the purchase of new Treasury debt, the Federal Reserve creates money out of thin air to purchase old Treasury debt from the dealers in the market. Banks then find themselves holding excess reserves, which they wish to get rid of by purchasing new assets-- in this case newly issued Treasury debt.

These new excess reserves have an expansionary effect on the banking system. Given a reserve requirement of 5% and thus a money multiplier of 20, $1 billion of asset purchases by the Fed can result in $20 billion of new credit creation, as the initial $1 billion is loaned out through the banking system. This entire system is purely inflationary and causes prices to rise and the purchasing power of the dollar to fall.

As price levels increase and the value of the dollar falls, holders of existing dollar-denominated assets see depreciation in the value of their holdings. This makes them both less willing to continue to hold dollar-denominated assets, as well as less willing to purchase more dollar-denominated assets in the future. But the continued operation of the profligate federal government is contingent upon finding purchasers for new Treasury debt.

Given the anxiety of institutional and government investors, the Fed increasingly must act —in effect—as the buyer of last resort for U.S. Treasury debt. Of course the Fed is prohibited from purchasing Treasury debt directly from the Treasury, as this outright monetization would indicate that the nation's fiscal situation is so bad that the Treasury could not find sufficient debt purchasers to fund its fiscal deficit. So while the Fed does not directly purchase Treasury debt, the number of instances in which it has purchased freshly issued debt directly from primary dealers has begun to gain public attention. This is merely a step away from direct monetization.

Direct debt sales to a central bank are always seen as the last resort of a failed regime, as the central bank at that point acts merely as a rubber stamp for the government's fiscal profligacy. History teaches that the next step is severe inflation, if not hyperinflation, with investors and savers completely wiped out. The only reason we have not experienced hyperinflation so far is that the Fed has managed to keep the monetary base increases in check by paying interest on excess reserves held by banks. If these excess reserves begin to be loaned out, however, all bets are off.

We are told that Congress must raise the debt ceiling limit or else the financial markets and the U.S. economy will suffer great harm. In reality, raising the debt ceiling will allow the government to continue its fiscal profligacy. Fed financed deficits will continue; foreign investors will continue to divest their holdings of Treasury securities; the Fed will be forced to monetize new debt issuances, and prices will continue to rise as the standard of living of the average American continues to plummet. If we have learned anything from history, we should know that printing money out of thin air cannot lead to prosperity.   It can only lead to penury.

I believe Congress should refuse to raise the debt ceiling. It would be one of the best things that could happen to this country. Congress finally would be forced to address the spending issue once and for all. Outlays would have to be covered by receipts, and Congress would have to get serious about eliminating unconstitutional government departments and programs. It is my hope that this hearing will help to examine the symbiotic relationship between the Federal Reserve's monetary policy and the Treasury's debt issuance, and I look forward to the testimony of our witnesses.

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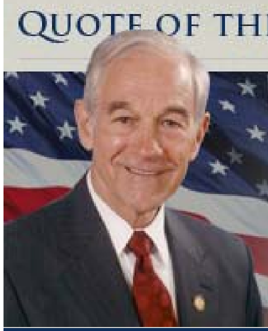
QUOTE OF THE WEEK "We Americans are the ultimate innocents. We are forever desperate to believe that this time the government is telling us the Truth." — Sydney Schanberg



CONGRESSMAN RON PAUL
14TH DISTRICT of TEXAS

Statement on Federal Reserve's Press Conference

"Chairman Bernanke's press conference today was unprecedented, and it demonstrates that Federal Reserve officials are very concerned about growing public criticism of Fed policies. Although Mr. Bernanke predictably provided no substantive information, the American people want real answers about Fed bailouts, lending to foreign banks, and most of all inflation. Mr. Bernanke continues to ignore his culpability for the inflation all Americans suffer due to the Fed's relentless monetary expansion. Rising prices are the direct result of Fed devaluation of our dollar. Yet rather than addressing the Fed's loose dollar policy, Mr. Bernanke continues to assure us that inflation is not a problem.

Without the Federal Reserve's relentless expansion of credit throughout the 1990s and early 2000s, there could have been no excessive borrowing or explosion of subprime lending. Through easy credit, the Fed initiated the economic boom that created the dot-com bubble. When that bubble burst the Fed pumped additional liquidity into the system, which led to a new boom that created the housing bubble. Commodity prices have risen rapidly, producer prices have followed suit and consumers are already seeing the beginning of massive price increases passed on to them. And now the Fed's additional trillions of dollars in monetary pumping is creating yet another bubble. This is the exact opposite of stability in the marketplace and has nothing to do with free markets. It is central economic planning at its worst. And the end result may be hyperinflation and the destruction of our currency.

Now Americans are waking up to the dangers of the Fed's inflationary monetary policy, and they want it to stop. Today's staged press conference will not be enough to stop the growing demand for real Fed transparency, and I hope to build on that grassroots demand by passing legislation that will result in a true audit of the Fed's activities.

Support from my colleagues was vital in the last Congress in making progress towards Fed transparency, and I hope to build on that support in this Congress. It is well past time that we begin to rein in the Fed." - Congressman Ron Paul

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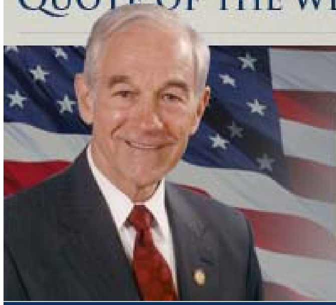

Paul Condemns Fed Lending Practices Disclosed by Bloomberg Lawsuit

For Immediate Release   Inquiries: Rachel Mills   202.280.8781

April 2, 2011

Washington, DC – More details are coming to light regarding lending practices by the Federal Reserve Bank since the 2008 financial crisis, as the Fed was forced to release 29,000 pages of documents following a lawsuit brought by Bloomberg LLC under the Freedom of Information Act. Perhaps the most startling revelation so far is the extent of lending activities to foreign banks.

“What I had suspected is now confirmed – the Fed gave money to foreign banks during and since the crisis of 2008. I was surprised and deeply disturbed, however, to learn the staggering amount of money that went to foreign banks. Upwards of 70% of Fed discount window lending went offshore at times. These lending activities provided no benefit to American taxpayers, the American economy, or even directly to American banks. Worse yet, by lending to a bank part-owned by the Libyan central bank, for example, the Fed actively undermines sensitive foreign policy objectives,” stated Congressman Paul.

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Paul Announces Hearing on Monetary Policy and Rising Prices

Washington, DC: Congressman Ron Paul, Chairman of the Domestic Monetary Policy and Technology subcommittee, announced that the subcommittee will hold a hearing to examine the relationship between monetary policy and rising prices (with a particular focus on food and energy prices).

The hearing is scheduled for Thursday, March 17th at 10:00 AM, in room 2128 of the Rayburn House office building.

"It is unconscionable that published government statistics mislead Americans regarding the true rate of price inflation, which is much higher than commonly-reported CPI numbers," Paul stated. "It is also unconscionable that Federal Reserve Bank officials continue to deny the effects of their monetary expansion on consumer prices. Inflation, properly understood, is a monetary phenomenon. The price inflation Americans suffer today is largely the direct result of relentless monetary expansion by the Federal Reserve over the past decade. Our witnesses will explore how current monetary policy, including QE2, directly impacts the standard of living of Americans in ways that are not reflected in official government data."

Congressman Walter Jones, vice chairman of the subcommittee, stated, "The Fed has attempted to convince the public that its money printing campaign is necessary to stimulate America's economic recovery. Instead of recovery, the real effect of the Fed's money printing has been monetization of America's exploding fiscal deficits, devaluation of the dollar, and creation of inflation in asset prices across the board. As a result, working people in places like Eastern North Carolina are being squeezed at the gas pump and the grocery store as they struggle to make ends meet in a world in which their salaries have no chance of keeping up with Mr. Bernanke's printing presses."

Scheduled to testify are:

Prof. Joseph Salerno, Chair of the Economics Graduate Program at Pace University
James Grant, Noted commentator and publisher of Grant's Interest Rate Observer
Lewis Lehrman, Author, investment banker and former member of President Reagan's Gold Commission

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Related Documents:

Press Releases - Committee To Receive Monetary Policy Report From Federal Reserve Chairman Bernanke

Press Releases - Bachus: Weak Job Report Underscores Importance Of Committee's Work

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PRESS RELEASES

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Committee To Receive Monetary Policy Report From Federal Reserve Chairman Bernanke

Washington, Jun 17 - Financial Services Committee Chairman Spencer Bachus announced today that Federal Reserve Chairman Ben Bernanke will appear before the Committee on July 13 to deliver the semiannual Monetary Policy Report to the Congress.

Chairman Bachus said, "Chairman Bernanke's report comes at a critical time as the state of our economy remains deeply troubling. Washington's excessive spending and regulating is causing massive uncertainty for employers and their customers alike. Jobs are not being created at a fast enough pace to keep up with the combination of layoffs and people entering the job market for the first time. Unemployment is up, the debt is up, growth is down and so are home prices. Consumer confidence has plunged. Some in Washington refuse to acknowledge these problems by proclaiming they have been able to 'turn this economy around.' But the truth is our rate of economic growth over the past two years is the worst since the Great Depression."

In one of the Committee's most important oversight roles, the Federal Reserve reports to the Committee twice a year on the conduct of monetary policy and the state of the economy. The Federal Reserve, created in 1913, is primarily responsible for formulating the nation's monetary policy in order maintain economic and price stability, as well as maximum employment.

The hearing will take place on Wednesday, July 13 at 10 a.m. in room 2128 Rayburn.

NOTE: For this hearing, media seats will be reserved based only on requests received from news organizations credentialed by the House media galleries. Each credentialed news organization is limited to one seat. To request a seat click here.

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Chairman Bachus Statement On Federal Reserve Data Disclosure

Washington, Jun 1 -

Financial Services Committee Chairman Spencer Bachus released the following statement regarding the Domestic Monetary Policy Subcommittee hearing on the Federal Reserve data disclosure.

"This is an important hearing on the use of the Federal Reserve's emergency lending facilities during the financial crisis. This hearing touches on an important issue: balancing the independence of the Federal Reserve with its obligation as part of the U.S. government to be responsive to Congressional inquiry and subject to reasonable oversight.

"It's important to note that Chairman Paul's efforts in the last Congress are largely responsible for the release of data that we are discussing today and for information that will be in an audit of the Federal Reserve by the Government Accountability Office that is scheduled to be completed in July. It is a testament to Chairman Paul's dedication that we are able to have this hearing at all, and I commend his hard work.

"At the same time, I think it is important to note that any audit requirement enacted needs to maintain the independence of the Federal Reserve's monetary policy deliberations. Chairman Paul took care in his legislation to preserve that independence. The question of transparency is broad and complicated, but as Chairman of the Financial Services Committee I will continue to work to preserve the important balance we must have between disclosure of important information and independence in our central bank.

"As the financial crisis deepened, the Fed relied on its emergency lending powers to inject massive amounts of money into the economy, with loans to banks across the country and to domestic operations of foreign banks. At one point, the Board created a Special Purpose Vehicle to purchase corporate commercial paper, using its authorities to help meet the short-term borrowing needs of all American corporations, not just financial institutions.

"Naturally, both the public and Members of this committee want to know who benefited from these lending programs and on what terms these facilities were made available. Many in Congress believed that some of this lending was conducted in a way that allowed the Fed and the Treasury to pick winners and losers in the marketplace, which was never the intent of Congress. We need to examine whether these measures contribute to a concentration of assets in the largest firms, which would exacerbate the problem of 'too big to fail.'

"In a democracy, it's important for institutions like the Federal Reserve to be responsive to Congress on important questions such as these."

PRESS RELEASES

Paul: Subcommittee To Explore Fed Data Dump

Washington, May 25 -

Domestic Monetary Policy and Technology Subcommittee Chairman Ron Paul announced today the Subcommittee will hold a hearing entitled, “Federal Reserve Lending Disclosure: FOIA, Dodd-Frank, and the Data Dump.”

The hearing will explore the information disclosed by the Federal Reserve in compliance with the Dodd-Frank Act and the Freedom of Information Act regarding its emergency lending facilities, open market operations, and discount window lending that took place during the recent financial crisis. The information, made available to the public in spreadsheets and PDFs on December 1, 2010 and March 31, 2011, provides data on thousands of transactions and trillions of dollars in lending supplied by the Federal Reserve. The hearing also will explore how the Fed plans to disclose such information in the future to comply with the mandatory disclosure provisions of the Dodd-Frank Act.

The hearing is scheduled for Wednesday, June 1st at 2:00 p.m., in room 2128 of the Rayburn House office building.

“I am very pleased to hold this important hearing on Federal Reserve transparency, data publication, and the conduct of the Fed's monetary policy during the most critical periods of the financial crisis. While we are still far away from an acceptable level of transparency, it is still true that an unprecedented amount of information on the Fed’s actions has been disclosed to the public, and I am glad we are examining it in Congress. As our first hearing with witnesses from the Fed, I hope that we will gain a better understanding of the Fed's credit facilities, the working relationship between the New York Fed and the Board of Governors, and a roadmap for future Fed data disclosures,” said Subcommittee Chairman Paul.

Financial Services Committee Chairman Spencer Bachus said, “Many of the actions taken by the government in response to the financial crisis took place behind closed doors with little, if any, information provided to the public. These actions demonstrated to many of us that the Federal Reserve was in need of transparency and accountability. Now that the Fed has released information on its actions during the financial crisis, it is important for the Committee to examine the disclosures by the Federal Reserve and ensure taxpayers are protected. This Subcommittee hearing is a step towards ensuring transparency and accountability at the Federal Reserve.”

Scheduled to testify:

Scott G. Alvarez, General Counsel, Board of Governors of the Federal Reserve System

Thomas C. Baxter, General Counsel, Federal Reserve Bank of New York

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PRESS RELEASES

Paul: Subcommittee To Explore Relationship Between Federal Reserve And Government Debt

Washington, May 9 -

Domestic Monetary Policy and Technology Subcommittee Chairman Ron Paul announced today the Subcommittee will hold a hearing entitled "Monetary Policy and the Debt Ceiling: Examining the Relationship Between the Federal Reserve and Government Debt."

The hearing will explore the fundamental role that U.S. government debt plays in the monetary system; the use of Treasury debt by the Federal Reserve in conducting monetary policy; and the troubling reliance of Congress on the Fed to print money to facilitate deficit spending.

The hearing is scheduled for Wednesday, May 11th at 10 am, in room 2128 Rayburn. The Domestic Monetary Policy Subcommittee hearing on the Federal Reserve's compliance with the Dodd-Frank Act and the Freedom of Information Act planned for May 11th was postponed and will be rescheduled to a later date.

"The national debt has exploded by more than 60 percent over the past four years, and it looks like Congress will be asked to approve another $2 trillion increase for the next year," Subcommittee Chairman Paul stated. "On top of trillions of dollars in bailouts, the American people will not stand for this continuing fiscal profligacy. This is why it is so important to understand the relationship between monetary policy and the national debt. Foreign governments cannot continue to purchase unlimited amounts of U.S. debt. If the federal government cannot cut spending and bring the budget back into balance, the Fed undoubtedly will be forced to simply monetize trillions of dollars in Treasury debt, which is nothing more than a stealth form of default. That devaluation of the dollar will lead to such high inflation that QE2 and its effects will look like a drop in the bucket in comparison."

Scheduled to testify:

Dr. Richard Ebeling, Professor of Economics, Northwood University

Bert Ely, Ely & Company, Inc.

Dr. Matthew J. Slaughter, Associate Dean, Tuck School of Business, Dartmouth College

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PRESS RELEASES

Paul Subcommittee to Probe U.S. Gold Reserves

Washington, Jun 22 -

Domestic Monetary Policy and Technology Subcommittee Chairman Ron Paul announced today that the subcommittee will hold a hearing on legislation calling for a full audit of U.S. gold reserves.

H.R. 1495, the “Gold Reserve Transparency Act of 2011,” calls for an audit by the Treasury that gives a full and thorough accounting of the U.S. government’s gold reserves, requiring an inventory and assay of the gold reserves. The Treasury’s audit is subject to independent review by the Government Accountability Office, allowing them access to any pertinent records or locations, including Fort Knox.

"The Treasury Department has been less than transparent with the results of its gold audits,” Paul stated. “It is asking the American people to trust that all the gold is there, while not allowing site visits and not publishing all the data it holds on its audits and assays. Since most of this gold was originally seized from the American people in the 1930s, they deserve more transparency than a handful of financial statements."

The hearing will discuss recent audits of U.S. gold reserves; challenges to conducting a full audit; and impediments to an accurate assessment of the US gold position, including any leases, swaps or other encumbrances placed upon the gold reserves; and also examine changes to the legislative proposal that will ensure a full and accurate audit, assay, and inventory of U.S. gold reserves.

The hearing entitled “Investigating the Gold: H.R. 1495, the Gold Reserve Transparency Act and the Oversight of United States Gold Holdings,” will be held on Thursday, June 23 at 2:00 p.m. in Room 2128 of the Rayburn House Office Building.

Witnesses scheduled to testify:

Gary T. Engel, Director, Financial Management and Assurance, Government Accountability Office

Eric M. Thorson, Inspector General, Department of the Treasury

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