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## GREGG: HOUSE MOVE TO OVERSEE FED IS POLITICAL PANDERING

WASHINGTON – U.S. Senator Judd Gregg (R-NH), ranking member of the Senate Budget Committee and a member of the Senate Banking Committee, today issued the following statement in reaction to passage, by the House Financial Services Committee, of an amendment by Representative Ron Paul (R-TX) to institute vast new Congressional oversight powers of the Federal Reserve.

Senator Gregg stated, “Yesterday’s passage of the Paul Amendment by the House Financial Services Committee is a dangerous move by this Congress to pander to the populist anger currently directed against our central bank, the Federal Reserve. The Fed’s very public role in combating the financial crisis has heightened interest in and criticism of this vital institution. But, make no mistake; this move to bring the Fed’s conduct of monetary policy under the control of Congress is a grave threat to our economy. Congress has demonstrated time and again its inability to manage the nation’s fiscal policy, illustrated by our staggering national debt in excess of 12 trillion dollars, so how can anyone think that its involvement in monetary policy would be good for the country?”

“We simply must not allow political interests in Congress to compromise the Fed’s historic independence and reduce its broad ability to manage monetary policy for the best interests of our nation. The Fed’s unique role as the lender of last resort is a vital backstop for our country’s economic health, and our monetary system relies on it making critical, timely decisions to maximize sustainable employment and minimize inflation. This important mission would be seriously undermined by the political meddling proposed by the Paul Amendment. The Fed’s decisions are sometimes by necessity unpopular or politically inconvenient. But, the hard lessons of history have taught us what Alexander Hamilton knew at the nation’s founding- America needs a strong, credible, independent central bank. Following President Andrew Jackson’s abolishment of the Second Bank of the United States in 1836, our country suffered debilitating financial crises in nearly every succeeding decade, culminating in the Great Panic of 1907. It was only then that Congress woke up and established the modern Federal Reserve which has done its job of maintaining a sound dollar and controlling inflation well.

“As Congress moves forward on financial regulatory reform, I urge my colleagues to maintain an independent Fed in order to ensure stability and market confidence. I would also caution that we are not yet out of the woods in this economic downturn. The Fed’s more public role may present an easy target today, but maintaining its independence will help our economy stay on the path to recovery and, ultimately, sustainable economic growth.”