

**SENATE CONCURRENT
RESOLUTION No. 25**

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator MICHAEL J. DOHERTY

District 23 (Hunterdon, Somerset and Warren)

SYNOPSIS

Calls on Congress and President of United States to enact “Federal Reserve Transparency Act of 2017,” H.R.24 and S.16.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **A CONCURRENT RESOLUTION** urging Congress and the President of
2 the United States to enact the “Federal Reserve Transparency
3 Act of 2017,” H.R.24 and S.16.
4

5 **WHEREAS**, The Federal Reserve Act of 1913 established the Federal
6 Reserve System as the central bank of the United States; and
7 **WHEREAS**, The Federal Reserve plays an authoritative role in our
8 nation’s economic life as it purports to set monetary policy to
9 promote maximum employment, stable prices, and moderate long-
10 term interest rates; supervise and regulate banking institutions; act
11 to maintain the stability of the nation’s banking and financial
12 system; and provide financial services to depository institutions, the
13 United States government, and foreign official institutions; and
14 **WHEREAS**, Even though statutes set forth the objectives of monetary
15 policy and Congress oversees the Federal Reserve, the central bank
16 enjoys far-reaching instrument independence in that it is free to
17 execute its statutory authority without total accountability to either
18 the President or Congress; and
19 **WHEREAS**, Current law mandates that the Comptroller General of the
20 United States audit the Federal Reserve but exempts from any audit
21 deliberations, decisions or actions on monetary policy matters;
22 transactions made under the direction of the Federal Open Market
23 Committee; and transactions for or with a foreign central bank,
24 foreign government or nonprivate international financing
25 organization; and
26 **WHEREAS**, It took historic grassroots pressure to place a requirement
27 in the federal “Dodd-Frank Wall Street Reform and Consumer
28 Protection Act,” Public Law 111–203, which prodded a reluctant
29 Federal Reserve into releasing in December 2010 previously
30 undisclosed details on the gargantuan scale of emergency funding it
31 had provided in the wake of the financial crisis that began in the
32 summer of 2007; and
33 **WHEREAS**, It emerged that, during the financial crisis, the Federal
34 Reserve had abused its statutory instrument independence and the
35 prohibition of congressional audits of some of its activities when it
36 made trillions of dollars in near zero-interest loans to banks,
37 investment firms, institutional investors, and non-banking
38 companies; purchased longer-term securities, such as troubled
39 mortgage-backed securities; backed small business, auto, student,
40 and credit card loans; and engaged in currency swap agreements
41 with foreign central banks; and
42 **WHEREAS**, The Federal Reserve has implemented a policy termed
43 “quantitative easing,” whereby the Federal Reserve purchases
44 United States government debt with newly created United States
45 currency; and
46 **WHEREAS**, Americans have a right to learn about the Federal
47 Reserve’s monetary activities and impact on the nation’s money
48 supply; and

SCR25 DOHERTY

3

1 **WHEREAS**, An exhaustive audit of all of the accounts and operations
2 of the Federal Reserve is a prerequisite for thoughtful deliberations
3 of the mission and functions of the Federal Reserve, the policy
4 instruments it ought to be given, and the appropriate level of
5 oversight to which the central bank ought to be subjected; and

6 **WHEREAS**, The “Federal Reserve Transparency Act of 2017,” H.R.24
7 and S.16, removes all restrictions currently preventing the
8 Comptroller General of the United States from exhaustively
9 auditing the Federal Reserve and requires the completion of an
10 exhaustive audit within one year after the date of enactment; now,
11 therefore,

12
13 **BE IT RESOLVED** *by the Senate of the State of New Jersey (the*
14 *General Assembly concurring):*

15
16 1. The United States Congress and the President of the United
17 States are respectfully urged to enact H.R.24 and S.16, the “Federal
18 Reserve Transparency Act of 2017,” so that the Comptroller
19 General of the United States is directed to conduct a full and
20 complete audit of the Board of Governors of the Federal Reserve
21 System and the Federal Reserve banks within one year after the date
22 of enactment.

23
24 2. Copies of this resolution, as filed with the Secretary of State,
25 shall be transmitted by the Clerk of the General Assembly or the
26 Secretary of the Senate to the President of the United States, the
27 Majority and Minority Leaders of the United States Senate, the
28 Speaker and Minority Leader of the United States House of
29 Representatives, and to every member of Congress elected from this
30 State.

31

32

33

STATEMENT

34

35 This concurrent resolution urges Congress and the President of
36 the United States to enact the “Federal Reserve Transparency Act of
37 2017,” H.R.24 and S.16. The act removes all restrictions currently
38 preventing the Comptroller General of the United States from
39 exhaustively auditing the Federal Reserve and requires the
40 completion of a full and complete audit within one year after the
41 date of enactment. The audit is necessary to ascertain the scale of
42 the Federal Reserve’s monetary activities and impact on the
43 nation’s money supply. Only detailed knowledge of the Federal
44 Reserve’s actions will facilitate an intelligent debate on the mission
45 and functions of the Federal Reserve, the policy instruments it
46 ought to be given, and the appropriate level of oversight to which
47 the central bank ought to be subjected.