

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

COMMUNICATION FROM DISTRICT DIRECTOR, THE HONORABLE SUSAN DAVIS, MEMBER OF CONGRESS

The SPEAKER pro tempore laid before the House the following communication from Jessica Poole, District Director, the Honorable SUSAN DAVIS, Member of Congress:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, November 16, 2015.

Hon. PAUL D. RYAN,
Speaker, House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: This is to notify you formally, pursuant to Rule VIII of the Rules of the House of Representatives, that I have been served with a non-party subpoena, issued by the Superior Court of California, County of San Diego, for testimony in a criminal case.

After consultation with the Office of General Counsel, I have determined that compliance with the subpoena is consistent with the privileges and rights of the House.

Sincerely,

JESSICA POOLE,
District Director,
Congresswoman Susan Davis.

PERMISSION TO POSTPONE PROCEEDINGS ON MOTION TO RECOMMIT ON H.R. 3189, FED OVERSIGHT REFORM AND MODERNIZATION ACT OF 2015

Mr. HENSARLING. Mr. Speaker, I ask unanimous consent that the question of adopting a motion to recommit on H.R. 3189 may be subject to postponement as though under clause 8 of rule XX.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

□ 1730

FED OVERSIGHT REFORM AND MODERNIZATION ACT OF 2015

GENERAL LEAVE

Mr. HENSARLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and submit extraneous materials on the bill, H.R. 3189, to amend the Federal Reserve Act to establish requirements for policy rules and blackout periods of the Federal Open Market Committee, to establish requirements for certain activities of the Board of Governors of the Federal Reserve System, and to amend title 31, United States Code, to reform the manner in which the Board of Governors of the Federal Reserve System is audited, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER pro tempore. Pursuant to House Resolution 529 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 3189.

The Chair appoints the gentleman from Kansas (Mr. YODER) to preside over the Committee of the Whole.

□ 1730

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 3189) to amend the Federal Reserve Act to establish requirements for policy rules and blackout periods of the Federal Open Market Committee, to establish requirements for certain activities of the Board of Governors of the Federal Reserve System, and to amend title 31, United States Code, to reform the manner in which the Board of Governors of the Federal Reserve System is audited, and for other purposes, with Mr. YODER in the chair.

The Clerk read the title of the bill.

The CHAIR. Pursuant to the rule, the bill is considered read the first time.

The gentleman from Texas (Mr. HENSARLING) and the gentlewoman from California (Ms. WATERS) each will control 30 minutes.

The Chair recognizes the gentleman from Texas.

Mr. HENSARLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in strong support of H.R. 3189, the FORM Act, to reform the Federal Reserve. It is sponsored by the gentleman from Michigan (Mr. HUIZENGA).

To paraphrase an old automobile advertising campaign, Mr. Chairman, this is not your father's Fed.

Since the financial crisis, the Federal Reserve has morphed into a government institution whose unconventional activities and vastly expanded powers would hardly be recognized by those who drafted the original act. Regrettably, commensurate transparency and accountability have not followed.

Since the financial meltdown of 2008, the Fed has carried out unprecedented rounds of asset purchases, known as quantitative easing; and its balance sheet has swollen to almost \$5 trillion, equal to one-fourth of the U.S. economy and almost five times its pre-crisis level.

We have had almost 7 years of near-zero interest rates, and the Fed's so-called forward guidance provides almost no guidance to investors on when rates might finally be normalized.

This ongoing uncertainty is a significant cause of businesses hoarding cash and postponing capital investments and community banks conserving capital and reducing lending.

Adding to the economic uncertainty, the Dodd-Frank Act granted the Fed sweeping new regulatory powers to di-

rectly intervene in the operations of large financial institutions. This is totally separate and apart from its monetary policy responsibilities, Mr. Chairman.

The Fed now stands at the center of Dodd-Frank's codification of too big to fail. With respect to these firms, the Fed is authorized to impose heightened prudential standards, including capital and liquidity requirements, risk management requirements, resolution planning, credit exposure report requirements, and concentration limits.

The Fed is even authorized on a vague, faint finding that if a financial institution poses a grave threat to financial stability, to actually break up the firm.

In other words, Mr. Chairman, the Fed can now literally occupy the boardrooms of the largest financial institutions in America and influence how they deploy capital.

The Fed's monetary policy must be made clear and credible, and its regulatory activities must comport with the rule of law and bear public scrutiny. To accomplish this, the Fed Oversight Reform and Modernization Act, again, the FORM Act, authored by Congressman HUIZENGA, should be enacted into law.

Reform accountability and transparency, on the one hand, and independence in the conduct of monetary policy, on the other, are not mutually exclusive concepts.

The main reforms of the FORM Act are as follows: Number one, on monetary policy, the Fed must publish and explain with specificity the strategy it is following.

The FORM Act allows the Fed to choose any monetary policy, strategy, or rule it prefers, and it has the power to amend or depart from that rule whenever the Fed decides economic circumstances so warrant.

Whether the Fed chooses to conduct monetary policy based upon the Taylor rule developed by Stanford Economist John Taylor or whether they choose to conduct monetary policy based on a rousing game of rock-paper-scissors or any other rule or method, the Fed will retain the unfettered discretion to do that.

The FORM Act simply requires the Fed to report and explain its rule and its deviations from the standard benchmark to the rest of us.

Economic history clearly shows that, when the Fed employs a more predictable, rules-based monetary policy, more positive economic results will occur.

Some have opined that such a provision will compromise the Fed's monetary policy independence. It does not. The Fed again will retain unfettered discretion in the exercise of monetary policy.

Given that members of the Fed Board of Governors enjoy 14-year terms, second only to lifetime judicial appointments, and the Fed's budget is independent of congressional appropriations, it is almost inconceivable that