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Kris Jordan
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H.C.R. 19 Sponsor Testimony, House Financial Institutions Committee

Vice Chairman Ferguson, Ranking member Crossman, and members of the House Financial Institutions Committee, thank you for allowing me to testify today on House Concurrent Resolution 19.

HCR 19 encourages Congress to pass the Federal Reserve Transparency Act of 2021. This Act seeks to promote government accountability and transparency on the federal level by requiring an immediate audit of the Federal Reserve System and its Board of Governors. This audit would be completed by the United States Comptroller General.

The Federal Reserve System is the private central bank of the United States. The Fed, as it is commonly referred to, was established by Congress under the Federal Reserve Act of 1913. Its original dual mandate set by Congress was clear. The Fed, as directed by its Board of Governors, must use its monetary policy tools to 1.) Maintain stable prices and 2.) Maximize full employment.

Over the last century, the Federal Reserve has served an increasingly large role in intervening on the U.S. economy's behalf during economic downturns. For example, during the most recent economic recession last year that was caused by the COVID-19 lockdowns, the Fed supported the economy by lowering its benchmark Federal Funds rate and introduced unprecedented corporate and municipal lending programs.

Historically, these rate-related decisions have however been the subject to criticism regarding to their timing and their impact on extending economic downturns to even longer durations. From asset price bubbles to recessions and even depressions, the Fed, has been accused by many for incorrectly reading and analyzing markets, and causing more harm than good in its decision making process.

While it is apparent to many that the Fed has been ineffective in directing the economy, holding our central bank accountable is next to impossible. Since its creation, the Fed has enjoyed significant exemptions from comprehensive public audits. Even while the entire U.S. economy is subject to Fed policy, a full audit has not been completed in decades. The high degree of concentrated economic power combined with such little oversight should be of concern to all Ohioans.

67th House District

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The U.S. Federal Reserve Transparency Act of 2021 will solve this problem by requiring an immediate public audit of the Fed. This audit should provide clarity as to the Fed's decision making process, promoting greater transparency in one of the U.S. economy's most powerful institutions.

As the country looks towards a full economic rebound in 2021, greater transparency at the Fed will be crucial in order to effectively deal with a recovery already fraught with serious inflation concerns and major supply and workforce shortages.

Thank you for allowing me to provide testimony on H.C.R. 19. I would be happy to answer any questions that members of the committee have at this time.