

The Fed's latest actions in cooperating with foreign central banks to undertake liquidity swaps of dollars for foreign currencies is another reason why Congress needs enhanced power to oversee and audit the Fed. Under current law Congress cannot examine these types of agreements. Those who would argue that auditing the Fed or these agreements with central banks harms the Fed's independence should reevaluate the Fed's supposed independence when the Fed bails out Europe so soon after President Obama promised US assistance in resolving the Euro crisis.

Rather than calming markets, these arrangements should indicate just how frightened governments around the world are about the European financial crisis. Central banks are grasping at straws, hoping that flooding the world with money created out of thin air will somehow resolve a crisis caused by uncontrolled government spending and irresponsible debt issuance. Congress should not permit this type of open-ended commitment on the part of the Fed, a commitment which could easily run into the trillions of dollars. These dollar swaps are purely inflationary and will harm American consumers as much as any form of quantitative easing.

The Fed is behaving much as it did during the 2008 financial crisis, only this time instead of bailing out politically well-connected too-big-to-fail firms it is bailing out profligate government spending. Citizens the world over deserve better than this. They deserve sound money that cannot be manipulated and created out of thin air by central planners who promise printed prosperity. Fiat money caused this European crisis and the financial crisis before it. More fiat money is not the cure. The global fiat currency system has proven itself a failure, we need real monetary reform. We need sound money.