February 19, 2007 Federal Reserve Chairman Ben Bernanke testifies twice every year before the congressional Financial Services committee, and I look forward to these opportunities to raise questions about monetary policy. I believe monetary policy is critically important yet overlooked in Washington. Money is the lifeblood of any economy, and control over a nation's currency means control over its economic well being. Fed bankers quite literally determine the value of our money, by controlling the supply of dollars and establishing interest rates. Their actions can make you richer or poorer overnight, in terms of the value of your savings and the buying power of your paycheck. So I urge all Americans to educate themselves about monetary policy, and better understand how a small group of unelected individuals at the Federal Reserve and Treasury department wield tremendous power over our lives. The following are some excerpted comments from my opening remarks at the hearing with Mr. Bernanke: Transparency in monetary policy is a goal we should all support. I've often wondered why Congress so willingly has given up its prerogative over monetary policy. Astonishingly, Congress in essence has ceded total control over the value of our money to a secretive central bank. Congress, although not by law, essentially has given up all its oversight responsibility over the Federal Reserve. There are no true audits, and Congress knows nothing of the conversations, plans, and actions taken in concert with other central banks. We get less and less information regarding the money supply each year, especially now that M3 is no longer reported. The role the Fed plays in the President's secretive Working Group on Financial Markets goes unnoticed by members of Congress. The Federal Reserve shows no willingness to inform Congress voluntarily about how often the Working Group meets, what actions it takes that affect the financial markets, or why it takes those actions. But these actions, directed by the Federal Reserve, alter the purchasing power of our money. And that purchasing power is always reduced. The dollar today is worth only four cents compared to the dollar in 1913, when the Federal Reserve started. This has profound consequences for our economy and our political stability. All paper currencies are vulnerable to collapse, and history is replete with examples of great suffering caused by such collapses, especially to a nation's poor and middle class. This leads to political turmoil. Government officials consistently claim that inflation is in check at barely 2%, but middle class Americans know that their purchasing power--especially when it comes to housing, energy, medical care, and school tuition-- is shrinking much faster than 2% each year. We look at GDP numbers to reassure ourselves that all is well, yet a growing number of Americans still do not enjoy the higher standard of living that monetary inflation brings to the privileged few. Those few have access to the newly created money first, before its value is diluted. For example: Before the breakdown of the Bretton Woods system, CEO income was about 30 times the average worker's pay. Today, it's closer to 500 times. It's hard to explain this simply by market forces and increases in productivity. One Wall Street firm last year gave out bonuses totaling $16.5 billion. There's little evidence that this represents free market capitalism. In 2006 dollars, the minimum wage was $9.50 before the 1971 breakdown of Bretton Woods. Today that dollar is worth $5.15. Congress congratulates itself for raising the minimum wage by mandate, but in reality it has lowered the minimum wage by allowing the Fed to devalue the dollar. We must consider how the growing inequalities created by our monetary system will lead to social discord. How can a policy of steadily debasing our currency be defended morally, knowing what harm it causes to those who still believe in saving money and assuming responsibility for themselves in their retirement years? Is it any wonder we are a nation of debtors rather than savers? We need more transparency in how the Federal Reserve carries out monetary policy, and we need it soon.