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Dear [REDACTED]

Thank you for contacting me about the Federal Reserve Sunshine Act (S. 604).

The Senate considered two related amendments during consideration of the FY2010 budget resolution on April 2. I supported the first amendment, which calls for new transparency requirements so that Congress and the American people will be better able to evaluate the risks that the Federal Reserve takes in extending financial aid. That amendment passed overwhelmingly by a vote of 96 to 2.

The second amendment, which was offered by Senator Sanders, also calls for new transparency requirements, but also proposes the public release of the names of aid recipients. It, too, passed, but by a narrower margin, 59 to 39. I opposed it, as did a number of other Senators, believing that such disclosure could unnecessarily raise concerns about the financial condition of the recipients, cause consumers and investors to lose confidence in them, and worsen their balance sheets (along with the credit crisis that the Fed is trying to solve).

The final version of the budget resolution, which passed on April 29, included the language of both amendments, but because both are non-binding, Congress will need to take further action to give them effect.

Finally, I would observe that Congress provided the Federal Reserve with a great deal of independence in order to ensure that control over the nation's money supply is not influenced by short-term political or partisan pressures – pressures that could otherwise result in the temptation to use the government's money-creating authority to finance government expenditures (including budget deficits). Such "monetizing" of the debt – that is, financing deficits or paying off the national debt by printing more money – would lead to rampant inflation. I, therefore, support the independence that has been carved out for the Fed in matters of monetary policy to protect against that kind of abuse.

Sincerely,



JON KYL
United States Senator