

**RELEASE IN FULL**

## **The Need to Reconfirm Chairman Bernanke Now**

Ben Bernanke's current term as Chairman expires on January 31, 2010. Nearly six months will have elapsed since the President announced his intention to renominate Chairman Bernanke on August 25, 2009, and six weeks since his confirmation hearing before the Senate Banking Committee on December 3, 2009.

### **From the President's Remarks on August 25, 2009**

- Ben Bernanke has led the Fed through one of the worst financial crises that this nation and the world has ever faced. As an expert on the causes of the Great Depression, I'm sure Ben never imagined that he would be part of a team responsible for preventing another. But because of his background, his temperament, his courage, and his creativity, that's exactly what he has helped to achieve. And that is why I am re-appointing him to another term as Chairman of the Federal Reserve.
- Ben approached a financial system on the verge of collapse with calm and wisdom; with bold action and out-of-the-box thinking that has helped put the brakes on our economic freefall. Almost none of the decisions that he or any of us made have been easy. They've faced plenty of critics, some of whom argued that we should stay the course or do nothing at all. But taken together, this "bold, persistent experimentation" has brought our economy back from the brink.
- Of course, as I've said before, we are a long way away from completely healthy financial systems and a full economic recovery. That's why we need Ben Bernanke to continue the work he's doing, and that's why I've said that we cannot go back to an economy based on overleveraged banks, inflated profits, and maxed-out credit cards.

### **Specifics on the Bernanke Nomination**

#### *On the financial crisis*

- Chairman Bernanke has reiterated that the Federal Reserve remains committed to its mission to help restore prosperity and to stimulate job creation while preserving price stability. And, if confirmed, he will work to the utmost of his abilities in the pursuit of those objectives.
- As severe as the effects of the crisis have been, however, the outcome could have been markedly worse without the strong actions taken by the Congress, the Federal Reserve, and other authorities both here and abroad.
- For its part, the Federal Reserve, led by Chairman Bernanke, cut interest rates early and aggressively, reducing the target for the federal funds rate to nearly zero.

- The Fed played a central role, directed by Chairman Bernanke, in efforts to quell the financial turmoil, for example,
  - through its joint efforts with other agencies and foreign authorities to avert a collapse of the global banking system last fall;
  - by ensuring financial institutions adequate access to short-term funding when private funding sources dried up; and
  - through its leadership of the comprehensive assessment of large U.S. banks conducted this past spring (the “stress tests”), an exercise that significantly increased public confidence in the banking system.
- Chairman Bernanke also guided the Fed as it created targeted lending programs that have helped to restart the flow of credit in a number of critical markets, including the commercial paper market and the market for securities backed by loans to households and small businesses.
- Indeed, the Fed estimates that one of the targeted programs--the Term Asset-Backed Securities Loan Facility--has thus far helped finance more than 3.4 million loans to households (excluding credit card accounts), more than 100 million credit card accounts, 480,000 loans to small businesses, and 100,000 loans to larger businesses.
- And its purchases of longer-term U.S. government and agency securities have provided support to private credit markets and helped to reduce longer-term interest rates, such as mortgage rates.
- Taken together, the Federal Reserve's actions under Chairman Bernanke's leadership have contributed substantially to the significant improvement in financial conditions and to what now appear to be the beginnings of a turnaround in both the U.S. and foreign economies.

#### *On transparency and accountability*

- Chairman Bernanke—long an advocate of greater central bank transparency and openness prior to his service at the Federal Reserve—has renewed and strengthened the central bank's longstanding commitment to transparency and accountability.
- In the making of monetary policy, the Federal Reserve is highly transparent, providing a statement of policy action immediately after each FOMC meeting, detailed minutes three weeks after each policy meeting, quarterly economic projections, regular testimonies to the Congress, and much other information.
- The Federal Reserve's financial statements are public and audited by an outside accounting firm. The Fed also publishes a weekly balance sheet—unique among central

banks—and by virtue of Chairman Bernanke's leadership, provides extensive information publicly through monthly reports and on its website on all the temporary lending facilities developed during the crisis, including the collateral it has taken.

- Further, the Fed's financial activities are subject to review by an independent inspector general.
- And the Congress, through the Government Accountability Office, can and does audit all parts of operations, other than monetary policy and related areas explicitly exempted by a 1978 provision passed by the Congress. The Congress created that exemption to protect monetary policy from short-term political pressures and thereby to support the Fed's ability to effectively and independently pursue its mandated objectives of maximum employment and price stability.

#### **The Senate Should Confirm Chairman Bernanke Now**

- Failure of the Senate to act on Chairman Bernanke's nomination introduces uncertainty at exactly the wrong time for our economy and consumer and business planning.
- Nearly six months have elapsed since the President announced his intention to renominate Chairman Bernanke.
- Nearly six weeks have passed since the Senate Banking Committee held its confirmation hearing for Chairman Bernanke.
- Chairman Bernanke has responded to 110 follow-up questions, many with multiple parts, from committee members.
- Chairman Bernanke has met with every member of the Banking committee who wished to do so, as well as a number of other Senators.
- Chairman Bernanke has testified before Congress 43 times since he was confirmed in 2006. He has also held dozens of meetings with Senators, House members, committees and caucuses during that time.
- Having confirmed Chairman Bernanke three times already—once as a member of the Board of Governors, then as Chairman of the President's Council of Economic Advisers, and again as Chairman of the Board of Governors—the Senate has ample knowledge of, and experience with, Chairman Bernanke and clearly more than enough information to proceed to the advice and consent of his renomination.
- Moreover, given the state of the economic recovery and condition of financial markets, it is imperative that consumers, markets and businesses have a sense of policy certainty from the Federal Reserve.