



Key Republican senator says he will push Fed reform measure

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WASHINGTON (MarketWatch) — The Senate Banking Committee’s chairman, Richard Shelby of Alabama, has indicated he plans to draft legislation to reform the Federal Reserve, significantly improving the chances of a bill reaching the floor of the upper chamber.

After a hearing Tuesday on Fed reform, Shelby told [Bloomberg News](#) that he wants to work with Democrats on his committee to create a bipartisan bill. “I do see some interests that might be put together hopefully in a legislative package,” he said. “What we’re going to do is continue hearings and see what we can fashion or bring together.

Shelby said he is interested in stronger congressional oversight of the Fed.

“Having the chairman of the committee backing a bill means there is a significant chance of action on the Senate floor,” said Mark Calabria, director of financial regulatory studies at the Cato Institute and a former Banking Committee staffer.

Fed reforms have passed the House in recent years only to be ignored by the Senate.

Senate Democrats also have been open to some central-bank reform, even though they do not support a measure to “audit the Fed” championed by Sen. Rand Paul, a Republican from Kentucky, which would allow the Government Accountability Office to examine monetary-policy decisions.

At the hearing Tuesday, Sen. Elizabeth Warren, a Democrat from Massachusetts, called for curbs on the Fed’s emergency lending powers.

Shelby also seemed less interested in the audit push and more interested in a proposal made by Richard Fisher, the retiring president of the Dallas Fed, to shift some of Fed power away from Washington and Wall Street.

Fisher has suggested that the president of the Federal Reserve Bank of New York should no longer be the permanent vice chairman of the Fed’s policy committee and that regional Fed presidents should get more votes on the monetary-policy-setting committee.