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House Republicans propose Fed reforms, set hearing

By Michael Flaherty

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(Reuters) - Republicans in the U.S. House of Representatives on Monday introduced a bill that would require the Federal Reserve to disclose more information, and set a hearing to discuss reform at the U.S. central bank.

The title of the hearing is "Legislation to Reform the Federal Reserve on Its 100-year Anniversary," according to an announcement by the U.S. House Financial Services Committee. The hearing was set for Thursday, 10:00 am EST.

The notice did not mention any specific legislation, but a memo sent later by committee staffers said two Republican congressmen have introduced H.R. 5018, known as the Federal Reserve Accountability and Transparency Act.

The bill, sponsored by Representatives Bill Huizenga of Michigan and Scott Garrett of New Jersey, would require the Fed to conduct cost-benefit analysis when adopting new rules and require transparency for Fed stress tests on banks and on international regulations. The bill also would require the Fed to disclose the salaries of highly paid employees, according to the memo, which was obtained by Reuters.

House staffers said the bill will be discussed at the hearing on Thursday.

The memo said the hearing would include economics professors John Taylor of Stanford, Simon Johnson of the Massachusetts Institute of Technology along with Mark Calabria of the Cato Institute and Hester Peirce, of George Mason University.

Committee Chairman Jeb Hensarling has pledged to demand more transparency from the Fed.

Some politicians have criticized the central bank for its aggressive actions after the financial crisis to lower unemployment and stimulate the economy using unconventional tools such as a monthly bond-buying program and building a balance sheet that now exceeds \$4.5 trillion.

A Federal Reserve Spokeswoman declined to comment on the upcoming hearing.

Republican lawmakers have grown more critical of the Fed and the powers granted to it under the 2010 Dodd-Frank financial reform law that was passed in response to the U.S. financial crisis of 2007-09.

Congressman Scott Garrett, a New Jersey Republican, introduced legislation this year that takes aim at the Financial Stability Oversight Council (FSOC), created under Dodd-Frank to monitor emerging systemic risks. The council comprises heads of the top financial regulators including the Federal Reserve, and is chaired by Treasury Secretary Jack Lew. The group can impose additional regulations on any financial firms large enough that their failure could destabilize the economy.

Garrett's bill contains a number of measures to make the council more transparent.

Prior attempts to rein in the Fed include a 2012 proposal to subject the central bank to audits, which sailed through the U.S. House of Representatives. The legislation, written by Republican representative Ron Paul, whose anti-Fed crusade prompted a presidential bid and his grass-roots folk-hero status, was re-introduced last year.

Texas Congressman Kevin Brady is also sponsoring a bill that aims to strip the Fed of its low unemployment mandate, among other measures.