



Written by [William F. Jasper](#) on May 12, 2010

Ron Paul: Auditing the Fed is Responsibility of Congress

Rep. Ron Paul (R-Texas) addressed his colleagues from the floor of the House on May 11, expressing his displeasure with the cave-in by Senator Bernie Sanders and other Senators over the proposal to audit the Federal Reserve, an issue that Rep. Paul has been championing for decades. On May 6, Sen. Sanders flip-flopped on his earlier commitment to sponsor an audit amendment identical to the one by Rep. Paul, which had passed in the House with broad, bipartisan support and 319 co-sponsors.



Instead, Sanders offered a weaker substitute amendment that was acceptable to the Federal Reserve and the Obama administration, but which will not allow for a genuine audit of the Fed's ongoing secret operations. The Senate adopted the new Sanders substitute amendment (which many "Audit the Fed" advocates call a "sellout" amendment) by a vote of 96 to 0 on Tuesday, May 11.

A short timer later, the Senate voted on an amendment by Sen. David Vitter (R-La.), which contained the stronger audit language of Ron Paul's House bill, H.R. 1207. Only 37 Senators voted for the genuine audit proposed by the Vitter amendment. (To see the vote, click [here](#)).

Following the Vitter amendment vote in the Senate, Rep. Paul addressed his House colleagues, pointing out that due to the Fed's actions, we are in the midst of a serious financial crisis that is rapidly becoming an even much more serious currency crisis. Rep. Paul called on them to exercise their Constitutional responsibility to provide oversight and rein in the Federal Reserve before it can engage in more bailouts of Europe.

Rep. Paul called the Senate vote "disturbing" and pointed out that "our dollar has been devalued 80 percent in terms of gold" in the past 10 years. According to the Congressman, "a currency crisis is on our doorstep," and the Fed is largely responsible for it.

Rep. Paul stated:

The reason this is so disturbing is because of the current events going on in the financial markets. We are right now involved in bailing out Europe and especially bailing out Greece, and we're doing this through the Federal Reserve. The Federal Reserve does this with currency swaps and they do this literally by giving loans and guarantees to other central banks, and they can even give loans to governments. So this is placing the burden on American taxpayers — not by direct taxation, but by expanding the money supply this is a tax on the American people because this will



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bring economic hardship to this country. And because we've been doing this for so many years the economic hardship is already here [and] we've been suffering from it.

But the problem comes that once you have a system of money where you can create it out of thin air there's no restraint whatsoever on the spending in the Congress. And then the debt piles up and they get into debt problems as they are in Greece and other countries in Europe. And how they want to bail them out? With more debt. But what is so outrageous is that the Federal Reserve can literally deal in trillions of dollars. They don't get the money authorized, they don't get the money appropriated, they just create it and they get involved in bailing out their friends, as they have been doing for the last two years, and now they're doing it in Europe. So, my contention is that they deserve oversight. Actually they deserve to be reined in where they can't do what they're doing.

But, initially, we have to have some oversight, and this is why this vote of only 37 senators willing to audit the Federal Reserve in a thorough manner and hold them in check - which means there are 62 senators who support the idea of maintaining status quo with the Fed, and they will still be able to make these loans to these foreign central banks.

Now, what has this led to? It has led to tremendous pressure on the dollar. The dollar is the reserve currency of the world; we bail out all the banks and all the corporations. We've been doing it for the last couple years to the tune of trillions of dollars....

The real truth is that the dollar is very, very weak, because the only true measurement of the value of a currency is its relationship to gold.... In the last ten years, our dollar has been devalued 80 percent in terms of gold. That means, literally, that just means that we have printed way too much money, and right now we're just hanging on, the world is hanging on to the fact that the dollar is still usable....

So we face a very serious crisis. To me it is very unfortunate that we are not going to have this audit the Fed bill in the Senate. It has passed in the House, possibly we can salvage it in conference and make sure this occurs. But since the Federal Reserve is responsible for the business cycle and the inflation and for all the problems we have it is vital that we stand up and say, you know, its time for us to assume the responsibility because it is the Congress under the Constitution that has been authorized to be responsible for the value of the currency. As a matter of fact, the Constitution still says — it has not been amended, has not been changed — that only gold and silver are supposed to be used as legal tender, not pieces of paper, not computer entries. This can't work. It's not working very well; the world is starting to recognize this. And I am really concerned about what is going to happen because a currency crisis is much worse than a financial crisis. We've just been through the financial crisis, we're in the midst of it, but a currency crisis which is on our doorstep, means our dollar will be challenged.

It will take an all-out push by concerned citizens to convince House members to reject the Sanders substitute amendment in the House-Senate conference and stick to Ron Paul's genuine "Audit the Fed" bill, H.R. 1207, passed by the House.

Thumbnail photo of Ron Paul: AP Images

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