



Written by [Bob Adelman](#) on July 17, 2012

Ron Paul's Final Questions for Fed Chairman Ben Bernanke

When Federal Reserve Chairman Ben Bernanke appears tomorrow before the House Financial Services Committee, [he'll be facing, for the final time](#), his nemesis, Representative Ron Paul (R-Texas), author of *End the Fed*.



In the past, Paul has used kid gloves in his usual mild-mannered way to quiz and challenge the Fed chairman, asking him about the conflict between the Fed's stated policy of maintaining a stable dollar and the huge loss of purchasing power of the dollar under the Fed's tender care. He has asked the chairman about real money compared to paper money or money created out of the ether. He even waved a silver dollar in front of the chairman, asking him if it wasn't real money after all.

Tomorrow is his last chance to ask such questions. Here are some proposed questions the Texas congressman might consider in his efforts to expand the conversation about the Fed and extend citizens' understanding of the Fed's role in destroying the dollar and creating the business cycle of booms and busts, especially the current one.

First question: "Mr. Chairman, one of the roles of the Fed is to maintain a stable dollar. Would you explain, once again, for the benefit of myself and for the committee, how the Fed has managed to meet that role in light of the fact that, according to a popular [web-based inflation calculator](#), it would take \$2,317 in today's money to buy what just \$100 would have bought a hundred years ago? Just how do you explain that, please?"

Second question: "Mr. Chairman, what is your understanding of the difference between real money backed by gold and silver versus the paper money that has no backing today? Specifically, what actually backs up the paper money in our system today?"

Third question: "Mr. Chairman, can you explain for us the morality involved when the Fed creates new money, which it then lends out to its member banks on which those banks charge interest? In other words, what is the morality of charging interest on money created out of thin air?"

Fourth question: "Mr. Chairman, a year or so ago Huffington Post did [an extensive analysis](#) of the Fed's role in quashing dissension by buying up most of the economics profession through contracts, grants, or other financial incentives. For instance, over a three-year period ending in October 1994 the Fed awarded \$3 million in contracts to some 200 professors, while in 2008 the Fed spent \$389 million for those same services, a number that, according to HuffPost, jumped to \$433 million in 2009.

Please explain for the committee how this expenditure advances the understanding of monetary policy



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when all it appears to be doing is advancing the cause of the Federal Reserve?"

Fifth question: "In light of our current economic weakness — as you carefully noted yesterday in your testimony in the Senate — and your promise made back in 2002 [when you said](#):

Let me end my talk by abusing slightly my status as an official representative of the Federal Reserve. I would like to say to Milton and Anna [Friedman]: regarding the Great Depression. You're right, we did it. We're very sorry. But thanks to you, we won't do it again.

And yet an increasing number of indicators are showing that we are in fact headed back into another recession. Can you explain what exactly you have learned in the meantime, and why what you are doing isn't keeping us out of another one? "

Final question: "Mr. Chairman, in that same testimony before the Senate yesterday you reviewed our current dismal economic situation, but then reiterated the decision made by the Federal Open Market Committee (FOMC) in June that — quote — 'it is prepared to take further action as appropriate to promote a strong economic recovery....' Just what additional actions is the Fed going to take that it hasn't already taken which haven't worked?"

There is little likelihood that any of these questions, or variations on them, are likely to be asked by the good representative from Texas. He is too much a gentleman for that. But the questions that he is likely to ask will be carefully crafted to extend and expand the conversation and the understanding of the destructive role the Fed has played, and continues to play, in the current economic environment. Because Paul has a long-term view of history and his role in creating such understanding, [he is optimistic](#):

We're making inroads. We have a younger generation right now that's more informed about the Federal Reserve than I ever dreamed would happen.

Thank you, Mr. Paul, for your role in creating that greatly improved understanding among that younger generation. May your last conversation with the head of the Fed be a memorable one!

Photo: Rep. Ron Pau (R-Texas), a member of the House Financial Services Committee, at a hearing with Federal Reserve Chairman Ben Bernanke, Feb. 29, 2012, on Capitol Hill: AP Images



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