



Written by [Steven Yates](#) on December 17, 2009

Senate Banking Committee Confirms Bernanke, With Dissent

The Senate Banking Committee convened Thursday morning, December 17, and voted 16-7 to confirm Ben Bernanke for a second four-year term as Chairman of the Federal Reserve.

There was some dissent — expected in the current economic environment — plus loud calls, unprecedented in our lifetime, for a full audit of the Fed's books. Adding to Bernanke's high visibility at the moment is his having been appointed [Time Magazine's Person of the Year for 2009](#) earlier this week. All but one of the dissenting seven voices were Republicans; the one Democrat voting against was Sen. Jeff Merkley (D-Ore.).



Sen. Richard Shelby (R-Ala.) offered his reason for voting thumbs down against Bernanke at the meeting, "I strongly disapprove of some of the past deeds of the Federal Reserve while Ben Bernanke was a member and its chairman, and I lack confidence in what little planning for the future he has articulated." He concluded, "I will be opposing a second term for Dr. Bernanke."

Sen. Jim Bunning (R-Ky.), who also voted against the confirmation, argued that the panel ought to delay any vote on Bernanke until the Federal Reserve makes the full scope of its activities more transparent to Congress. Sen. Bunning has demanded the specifics of the Fed's assistance to troubled corporations such as American International Group Inc. He said, "I hope and ask that every member of the Committee will join me in demanding that we be given this information before moving forward. We must know what the Fed is hiding from us and from the American people."

Sen. Kay Bailey Hutchison (R-Texas) believes the Fed has misled Congress and the people about how Treasury officials have used the Troubled Assets Relief Program (TARP) to stabilize markets.

Sen. Merkley opposed a second term for Bernanke for broader reasons, stating, "As [Fed] Chairman, Dr. Bernanke failed to recognize and remedy the factors that paved the road to this dark and difficult recession. Following the collapse of our economy, it is apparent that Dr. Bernanke has not changed his overall approach of prioritizing Wall Street over American families."

The Dow has risen steadily over the past several months, poking above 10,500 for the first time in over a year just this past Monday, December 14. This hasn't helped the hundreds of thousands of Americans who are unemployed or underemployed in an economy where the [real unemployment rate—the figure that measures "discouraged workers" who have given up seeking work—stands at around 22 percent.](#)

Thus a curious coalition of fiscal conservatives and unabashed liberals has developed around the idea of reining in the Federal Reserve. Lawmakers who disagree on much else are in agreement that the Fed



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has too much power that it exercises with too much secrecy. The most visible opponent of the Fed is, of course, Ron Paul (R-Texas) whose book *End the Fed* made the *New York Times* bestseller list earlier this year. Dr. Paul and others schooled in or influenced by the Austrian school of economics, as opposed to the dominant Keynesian school, are severely critical of the Fed's practice of creating hundreds of billions of dollars out of thin air. Keynesians favor a loose monetary policy as a means of stimulating the economy. The Austrian school, however, argues that in the long run, money creation out of nothing — a staple of the fractional reserve system practiced by all central banks around the world — must eventually lead to currency devaluation and eventual economic collapse. The dollar has lost over 95 percent of its value since the Fed was created in 1913.

Another Fed opponent is the extremely liberal Bernie Sanders (I-Vt.), who [recently described](#) Bernanke as a “key architect of the Bush economy,” although in fairness, Bernanke was following in the footsteps of his predecessor, Alan Greenspan. Sanders added in an interview Wednesday in response to the *Time* award that “Wall Street is very powerful. Bernanke is their guy and they want their guy to stay in office.”

Bernanke's first term expires on Jan. 21, 2010. The full Senate vote, which could come this month or be delayed until after the start of the new year, is expected to confirm him for a second term.

Photo of Sen. Jim Bunning: AP Images



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