



Written by [Alex Newman](#) on May 4, 2010

Unions and More Economists Join Push to Audit Fed as Obama and Bankers Fight Back

“Big Labor” and a host of prominent economists announced their support over the weekend for efforts to “Audit the Fed.” These efforts are growing stronger as the bipartisan coalition for Federal Reserve transparency continues to build momentum. But the Obama administration and the banking cartel are pushing back.



An amendment requiring a full audit of the central bank sailed through the House of Representatives with overwhelming support as part of a broader legislative package. Recent polls indicate that around 80 percent of Americans also support the measure. And the nation’s biggest labor unions’ announcement that they would put the power of their members behind it just gave the proposal another powerful boost. But in the Senate, the audit legislation faces an uncertain future as the Obama administration [allies](#) itself with the Fed and big banks.

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Independent Senator Bernie Sanders of Vermont, who introduced the “audit the fed” [amendment](#) in the Senate, blasted the administration’s opposition. “When it comes to openness vs. secrecy, Wall Street vs. Main Street, taxpayers vs. the big bankers, I am sorry to say that the White House has come down on the wrong side,” he explained in a [statement](#) released over the weekend. “With growing support for this amendment from both the left and right, I hope that the administration reconsiders.”

Sanders has also rallied support for the audit among a diverse group of fellow Senators including establishment Democrats like Barbara Boxer and big-government Republicans like John McCain. “Let’s be clear, this money does not belong to the Federal Reserve,” Sanders charged. “It belongs to the American people, and the American people have a right to know where their taxpayer dollars are going.”

Hundreds of non-profit organizations across the political spectrum have announced their support as well. And over the weekend, the coalition of top labor unions and economists which also jumped on board quickly grabbed [headlines](#). “The Senate financial reform bill includes some positive measures to address the lack of transparency at the Federal Reserve, but much of the information regarding details of who received this financial assistance during the recent crisis will not have to be disclosed,” wrote AFL-CIO director of government affairs William Samuel in a letter supporting the audit. “Working



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people want to know who benefited from the liquidity provided by taxpayers during the crisis and this amendment will ensure that we receive that information.”

Another letter advocating Senate support for the Fed transparency amendment was made public this weekend, and is already making big waves as well. It was signed by Service Employees International Union president Andrew Stern, United Steelworkers International president Leo Hindery, Jr., and a vast coalition of economists and other big players.

“Since the start of the financial crisis, the Federal Reserve has dramatically changed its operating procedures. Instead of simply setting interest rates to influence macroeconomic conditions, it rapidly acquired a wide variety of private assets and extended massive secret bailouts to major financial institutions,” read the letter, citing more than \$2 trillion in acknowledged Fed bailouts and commitments with the potential to increase that figure even more. “Who received the money? Against what collateral? On what terms and conditions? The only way to find out is through a complete audit of the Federal Reserve.”

Pressure against the Fed’s secrecy has been mounting in recent months as its role in the economic meltdown and the subsequent transfer of wealth came under increasing scrutiny from legislators like conservative Rep. Ron Paul of Texas and liberal Rep. Alan Grayson of Florida. The duo recently [appeared](#) on MSNBC to discuss the proposal and its bipartisan support. Media giants including FOX and Bloomberg are also battling the Fed for disclosure in federal court. [Bloomberg](#) actually won its original suit, and a subsequent appeal filed by the central bank. Unfortunately, the Fed is still refusing to hand over the information and is even considering taking the issue to the Supreme Court.

As reported last week by *The New American* in an article entitled "[Fed Facing Lawsuits, Criminal Complaints Over Market Manipulation](#)," investors who lost money because of the banking cartel’s manipulation of the market are pursuing other avenues, including lawsuits for damages and even criminal complaints filed with the SEC and the FBI. The Gold Anti-Trust Action Committee also [filed suit](#) in federal court demanding information about Fed manipulation of the gold market. Its chairman, who spoke with *The New American* about the lawsuit (which will be covered in an upcoming article) is also rallying behind efforts to audit the Fed.

But despite the unprecedented bipartisan efforts to find out what is going on behind the central bank’s veil of secrecy, the cartel and its allies are not going down without a fight. Among opponents lobbying against transparency are the Fed, the U.S. Treasury, the Obama administration, and a powerful coalition of big banks including Bank of America, Citigroup, Deutsche Bank, and JPMorgan Chase through the Clearing House Association.

The main argument advanced by advocates of secrecy is that the Fed might lose some of its “independence” if it had to disclose what it was doing. But that is simply not true. A mere audit, unfortunately, would not affect the Fed’s ability to print trillions of dollars and hand them to foreign banks or financial institutions, or to artificially manipulate interest rates, or anything else really. But that, at least, is their argument.

The Senate vote on Sanders’ amendment could come as early as Tuesday, May 4. And it will almost certainly be the most closely followed amendment of the whole debate on Congress’ so-called “financial reform” bill. The issue of Fed transparency transcends politics — the American people are simply tired of an unaccountable, unconstitutional institution impoverishing them and enriching the banks without even so much as an audit. Senators who value their careers, the wishes of their constituents, and their



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oath of office should carefully consider how they vote on this amendment. The people are watching.

Photo of Senator Bernie Sanders: AP Images



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