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To establish a commission to examine the United States monetary policy, evaluate alternative monetary regimes, and recommend a course for monetary policy going forward.

IN THE SENATE OF THE UNITED STATES

JANUARY 6, 2014

Mr. CORNYN introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To establish a commission to examine the United States monetary policy, evaluate alternative monetary regimes, and recommend a course for monetary policy going forward.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Centennial Monetary
5 Commission Act of 2013”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) The Constitution endows Congress with the
2 power “to coin money, regulate the value thereof”.

3 (2) Following the financial crisis known as the
4 Panic of 1907, Congress established the National
5 Monetary Commission to provide recommendations
6 for the reform of the financial and monetary systems
7 of the United States.

8 (3) Incorporating several of the recommenda-
9 tions of the National Monetary Commission, Con-
10 gress created the Federal Reserve System in 1913.
11 As currently organized, the Federal Reserve System
12 consists of the Board of Governors in Washington,
13 District of Columbia, and the Federal Reserve
14 Banks organized into 12 districts around the United
15 States. The stockholders of the 12 Federal Reserve
16 Banks include national and certain state-chartered
17 commercial banks, which operate on a fractional re-
18 serve basis.

19 (4) Originally, Congress gave the Federal Re-
20 serve a monetary mandate to provide an elastic cur-
21 rency, within the context of a gold standard, in re-
22 sponse to seasonal fluctuations in the demand for
23 currency.

24 (5) Congress also gave the Federal Reserve a fi-
25 nancial stability mandate to serve as the lender of

1 last resort to solvent but illiquid banks during a fi-
2 nancial crisis.

3 (6) In 1977, Congress changed the monetary
4 mandate of the Federal Reserve to a dual mandate
5 for maximum employment and stable prices.

6 (7) Empirical studies and historical evidence,
7 both within the United States and in other coun-
8 tries, demonstrate that price stability is desirable be-
9 cause both inflation and deflation damage the econ-
10 omy.

11 (8) The economic challenge of recent years—
12 most notably the bursting of the housing bubble, the
13 financial crisis of 2008, and the ensuing anemic re-
14 covery—have occurred at great cost in terms of lost
15 jobs and output.

16 (9) Policymakers are reexamining the structure
17 and functioning of financial institutions and markets
18 to determine what, if any, changes need to be made
19 to place the financial system on a stronger, more
20 sustainable path going forward.

21 (10) The Federal Reserve has taken extraor-
22 dinary actions in response to the recent economic
23 challenges.

24 (11) The Federal Open Market Committee has
25 engaged in multiple rounds of quantitative easing,

1 providing unprecedented liquidity to financial mar-
2 kets, while committing to holding short-term interest
3 rates low for a seemingly indefinite period, and pur-
4 suing a policy of credit allocation by purchasing
5 Federal agency debt and mortgage-backed securities.

6 (12) In the wake of the recent extraordinary ac-
7 tions of the Federal Reserve, Congress—consistent
8 with its constitutional responsibilities and as it has
9 done periodically throughout the history of the
10 United States—has once again renewed its examina-
11 tion of monetary policy.

12 (13) Central in such examination has been a re-
13 newed look at what is the most proper mandate for
14 the Federal Reserve to conduct monetary policy in
15 the 21st century.

16 **SEC. 3. ESTABLISHMENT.**

17 There is established a commission to be known as the
18 “Centennial Monetary Commission” (in this Act referred
19 to as the “Commission”).

20 **SEC. 4. DUTIES.**

21 (a) **STUDY OF MONETARY POLICY.**—The Commis-
22 sion shall—

23 (1) examine how United States monetary policy
24 since the creation of the Board of Governors of the
25 Federal Reserve System in 1913 has affected the

1 performance of the United States economy in terms
2 of output, employment, prices, and financial stability
3 over time;

4 (2) evaluate various operational regimes under
5 which the Board of Governors of the Federal Re-
6 serve System and the Federal Open Market Com-
7 mittee may conduct monetary policy in terms achiev-
8 ing the maximum sustainable level of output and
9 employment and price stability over the long term,
10 including—

11 (A) discretion in determining monetary
12 policy without an operational regime;

13 (B) price level targeting;

14 (C) inflation rate targeting;

15 (D) nominal gross domestic product tar-
16 geting (both level and growth rate);

17 (E) the use of monetary policy rules; and

18 (F) the gold standard; and

19 (3) recommend a course for United States mon-
20 etary policy going forward, including—

21 (A) the legislative mandate;

22 (B) the operational regime;

23 (C) the securities used in open market op-
24 erations; and

25 (D) transparency issues.

1 (b) REPORT ON MONETARY POLICY.—Not later than
2 June 30, 2014, the Commission shall submit to Congress
3 and make publicly available a report containing a state-
4 ment of the findings and conclusions of the Commission
5 in carrying out the study under subsection (a), together
6 with the recommendations the Commission considers ap-
7 propriate.

8 **SEC. 5. MEMBERSHIP.**

9 (a) NUMBER AND APPOINTMENT.—

10 (1) VOTING MEMBERS BY POSITION.—The
11 Commission shall contain 6 voting members as fol-
12 lows:

13 (A) The Chair of the Joint Economic Com-
14 mittee, who shall serve as Chair of the Commis-
15 sion.

16 (B) The ranking minority member of the
17 Joint Economic Committee, who shall serve as
18 Vice Chair of the Commission.

19 (C) The Chair of the Committee on Finan-
20 cial Services of the House of Representatives or
21 another majority member of such Committee
22 designated by the Chair.

23 (D) The ranking minority member of the
24 Committee on Financial Services of the House
25 of Representatives or another minority member

1 of such Committee designated by the ranking
2 minority member.

3 (E) The Chair of the Committee on Bank-
4 ing, Housing, and Urban Affairs of the Senate
5 or another majority member of such Committee
6 designated by the Chair.

7 (F) The ranking minority member of the
8 Committee on Banking, Housing, and Urban
9 Affairs of the Senate or another minority mem-
10 ber of such Committee designated by the rank-
11 ing minority member.

12 (2) APPOINTED VOTING MEMBERS.—The Com-
13 mission shall contain 6 voting members, who may
14 not be Members of Congress, as follows:

15 (A) Two members appointed by the Speak-
16 er of the House of Representatives.

17 (B) One member appointed by the minor-
18 ity leader of the House of Representatives.

19 (C) Two members appointed by the major-
20 ity leader of the Senate.

21 (D) One member appointed by the minor-
22 ity leader of the Senate.

23 (3) NON-VOTING MEMBERS.—The Commission
24 shall contain 2 non-voting members as follows:

1 (A) One member appointed by the Sec-
2 retary of the Treasury.

3 (B) One member who is the president of a
4 district Federal reserve bank appointed by the
5 Chair of the Board of Governors of the Federal
6 Reserve System.

7 (b) PERIOD OF APPOINTMENT.—Each member shall
8 be appointed for the life of the Commission.

9 (c) TIMING OF APPOINTMENT.—All members of the
10 Commission shall be appointed not before January 5,
11 2013, and not later than 30 days after the date of the
12 enactment of this Act.

13 (d) VACANCIES.—A vacancy in the Commission shall
14 not affect its powers, and shall be filled in the manner
15 in which the original appointment was made.

16 (e) MEETINGS.—

17 (1) INITIAL MEETING.—The Commission shall
18 hold its initial meeting and begin the operations of
19 the Commission as soon as is practicable.

20 (2) FURTHER MEETINGS.—The Commission
21 shall meet upon the call of the Chair or a majority
22 of its members.

23 (f) QUORUM.—Seven voting members of the Commis-
24 sion shall constitute a quorum but a lesser number may
25 hold hearings.

1 (g) MEMBER OF CONGRESS DEFINED.—In this sec-
2 tion, the term “Member of Congress” means a Senator
3 or a Representative in, or Delegate or Resident Commis-
4 sioner to, the Congress.

5 **SEC. 6. POWERS.**

6 (a) HEARINGS AND SESSIONS.—The Commission or,
7 on the authority of the Commission, any subcommittee or
8 member thereof, may, for the purpose of carrying out this
9 Act, hold hearings, sit and act at times and places, take
10 testimony, receive evidence, or administer oaths as the
11 Commission or such subcommittee or member thereof con-
12 siders appropriate.

13 (b) CONTRACT AUTHORITY.—To the extent or in the
14 amounts provided in advance in appropriation Acts, the
15 Commission may contract with and compensate govern-
16 ment and private agencies or persons to enable the Com-
17 mission to discharge its duties under this Act, without re-
18 gard to section 3709 of the Revised Statutes (41 U.S.C.
19 5).

20 (c) OBTAINING OFFICIAL DATA.—

21 (1) IN GENERAL.—The Commission is author-
22 ized to secure directly from any executive depart-
23 ment, bureau, agency, board, commission, office,
24 independent establishment, or instrumentality of the

1 Government, any information, including suggestions,
2 estimates, or statistics, for the purposes of this Act.

3 (2) REQUESTING OFFICIAL DATA.—The head of
4 such department, bureau, agency, board, commis-
5 sion, office, independent establishment, or instru-
6 mentality of the government shall, to the extent au-
7 thorized by law, furnish such information upon re-
8 quest made by—

9 (A) the Chair;

10 (B) the Chair of any subcommittee created
11 by a majority of the Commission; or

12 (C) any member of the Commission des-
13 igned by a majority of the commission to re-
14 quest such information.

15 (d) ASSISTANCE FROM FEDERAL AGENCIES.—

16 (1) GENERAL SERVICES ADMINISTRATION.—
17 The Administrator of General Services shall provide
18 to the Commission on a reimbursable basis adminis-
19 trative support and other services for the perform-
20 ance of the functions of the Commission.

21 (2) OTHER DEPARTMENTS AND AGENCIES.—In
22 addition to the assistance prescribed in paragraph
23 (1), at the request of the Commission, departments
24 and agencies of the United States shall provide such

1 services, funds, facilities, staff, and other support
2 services as may be authorized by law.

3 (e) **POSTAL SERVICE.**—The Commission may use the
4 United States mails in the same manner and under the
5 same conditions as other departments and agencies of the
6 United States.

7 **SEC. 7. COMMISSION PERSONNEL.**

8 (a) **APPOINTMENT AND COMPENSATION OF STAFF.**—

9 (1) **IN GENERAL.**—Subject to rules prescribed
10 by the Commission, the Chair may appoint and fix
11 the pay of the executive director and other personnel
12 as the Chair considers appropriate.

13 (2) **APPLICABILITY OF CIVIL SERVICE LAWS.**—

14 The staff of the Commission may be appointed with-
15 out regard to the provisions of title 5, United States
16 Code, governing appointments in the competitive
17 service, and may be paid without regard to the pro-
18 visions of chapter 51 and subchapter III of chapter
19 53 of that title relating to classification and General
20 Schedule pay rates, except that an individual so ap-
21 pointed may not receive pay in excess of level V of
22 the Executive Schedule.

23 (b) **CONSULTANTS.**—The Commission may procure
24 temporary and intermittent services under section 3109(b)
25 of title 5, United States Code, but at rates for individuals

1 not to exceed the daily equivalent of the rate of pay for
2 a person occupying a position at level IV of the Executive
3 Schedule.

4 (c) STAFF OF FEDERAL AGENCIES.—Upon request
5 of the Commission, the head of any Federal department
6 or agency may detail, on a reimbursable basis, any of the
7 personnel of such department or agency to the Commis-
8 sion to assist it in carrying out its duties under this Act.

9 **SEC. 8. TERMINATION.**

10 (a) IN GENERAL.—The Commission shall terminate
11 on February 28, 2015.

12 (b) ADMINISTRATIVE ACTIVITIES BEFORE TERMI-
13 NATION.—The Commission may use the period between
14 the submission of its report and its termination for the
15 purpose of concluding its activities, including providing
16 testimony to committees of Congress concerning its report.

17 **SEC. 9. AUTHORIZATION OF APPROPRIATIONS.**

18 There are authorized to be appropriated such sums
19 as may be necessary to carry out this Act and such sums
20 shall remain available until the date on which the Commis-
21 sion terminates.

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