

114TH CONGRESS
1ST SESSION

S. 1786

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

JULY 16, 2015

Mr. CORNYN (for himself, Mr. PAUL, and Mr. CRUZ) 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 2015”.

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 System a monetary mandate to provide an
21 elastic currency, within the context of a gold stand-
22 ard, in response to seasonal fluctuations in the de-
23 mand for currency.

24 (5) Congress also gave the Federal Reserve
25 System a financial stability mandate to serve as the

1 lender of last resort to solvent but illiquid banks
2 during a financial crisis.

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

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

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

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

22 (10) The Federal Reserve System has taken ex-
23 traordinary actions in response to the recent eco-
24 nomic challenges.

1 (11) The Federal Open Market Committee has
 2 engaged in multiple rounds of quantitative easing,
 3 providing unprecedented liquidity to financial mar-
 4 kets, while committing to holding short-term interest
 5 rates low for a seemingly indefinite period, and pur-
 6 suing a policy of credit allocation by purchasing
 7 Federal agency debt and mortgage-backed securities.

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

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

18 **SEC. 3. ESTABLISHMENT.**

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

22 **SEC. 4. DUTIES.**

23 (a) STUDY OF MONETARY POLICY.—The Commis-
 24 sion shall—

1 (1) examine how United States monetary policy
2 since the creation of the Board of Governors of the
3 Federal Reserve System in 1913 has affected the
4 performance of the United States economy in terms
5 of output, employment, prices, and financial stability
6 over time;

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

14 (A) discretion in determining monetary
15 policy without an operational regime;

16 (B) price level targeting;

17 (C) inflation rate targeting;

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

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

21 (F) the gold standard;

22 (3) evaluate the use of macro-prudential super-
23 vision and regulation as a tool of monetary policy in
24 terms of achieving the maximum sustainable level of

1 output and employment and price stability over the
2 long term;

3 (4) evaluate the use of the lender-of-last-resort
4 function of the Board of Governors of the Federal
5 Reserve System as a tool of monetary policy in
6 terms of achieving the maximum sustainable level of
7 output and employment and price stability over the
8 long term; and

9 (5) recommend a course for United States mon-
10 etary policy going forward, including—

11 (A) the legislative mandate;

12 (B) the operational regime;

13 (C) the securities used in open market op-
14 erations; and

15 (D) transparency issues.

16 (b) REPORT ON MONETARY POLICY.—Not later than
17 December 1, 2016, the Commission shall submit to Con-
18 gress and make publicly available a report containing a
19 statement of the findings and conclusions of the Commis-
20 sion in carrying out the study under subsection (a), to-
21 gether with the recommendations the Commission con-
22 siders appropriate.

23 **SEC. 5. MEMBERSHIP.**

24 (a) NUMBER AND APPOINTMENT.—

1 (1) APPOINTED VOTING MEMBERS.—The Com-
2 mission shall contain 12 voting members as follows:

3 (A) Six members appointed by the Speaker
4 of the House of Representatives, with four
5 members from the majority party and two
6 members from the minority party.

7 (B) Six members appointed by the Presi-
8 dent pro tempore of the Senate, with four mem-
9 bers from the majority party and two members
10 from the minority party.

11 (2) CHAIRMAN.—The Speaker of the House of
12 Representatives and the majority leader of the Sen-
13 ate shall jointly designate one of the members of the
14 Commission as Chairman.

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

17 (A) One member appointed by the Sec-
18 retary of the Treasury.

19 (B) One member who is the president of a
20 district Federal Reserve bank appointed by the
21 Chair of the Board of Governors of the Federal
22 Reserve System.

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

1 (c) TIMING OF APPOINTMENT.—All members of the
 2 Commission shall be appointed not before January 5,
 3 2015, and not later than 30 days after the date of the
 4 enactment of this Act.

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

8 (e) MEETINGS.—

9 (1) INITIAL MEETING.—The Commission shall
 10 hold its initial meeting and begin the operations of
 11 the Commission as soon as is practicable.

12 (2) FURTHER MEETINGS.—The Commission
 13 shall meet upon the call of the Chair or a majority
 14 of its members.

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

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

22 **SEC. 6. POWERS.**

23 (a) HEARINGS AND SESSIONS.—The Commission or,
 24 on the authority of the Commission, any subcommittee or
 25 member thereof, may, for the purpose of carrying out this

1 Act, hold hearings, sit and act at times and places, take
2 testimony, receive evidence, or administer oaths as the
3 Commission or such subcommittee or member thereof con-
4 siders appropriate.

5 (b) CONTRACT AUTHORITY.—To the extent or in the
6 amounts provided in advance in appropriation Acts, the
7 Commission may contract with and compensate Govern-
8 ment and private agencies or persons to enable the Com-
9 mission to discharge its duties under this Act, without re-
10 gard to section 3709 of the Revised Statutes (41 U.S.C.
11 5).

12 (c) OBTAINING OFFICIAL DATA.—

13 (1) IN GENERAL.—The Commission is author-
14 ized to secure directly from any executive depart-
15 ment, bureau, agency, board, commission, office,
16 independent establishment, or instrumentality of the
17 Government, any information, including suggestions,
18 estimates, or statistics, for the purposes of this Act.

19 (2) REQUESTING OFFICIAL DATA.—The head of
20 such department, bureau, agency, board, commis-
21 sion, office, independent establishment, or instru-
22 mentality of the Government shall, to the extent au-
23 thorized by law, furnish such information upon re-
24 quest made by—

25 (A) the Chair;

1 (B) the Chair of any subcommittee created
 2 by a majority of the Commission; or

3 (C) any member of the Commission des-
 4 ignated by a majority of the commission to re-
 5 quest such information.

6 (d) ASSISTANCE FROM FEDERAL AGENCIES.—

7 (1) GENERAL SERVICES ADMINISTRATION.—

8 The Administrator of General Services shall provide
 9 to the Commission on a reimbursable basis adminis-
 10 trative support and other services for the perform-
 11 ance of the functions of the Commission.

12 (2) OTHER DEPARTMENTS AND AGENCIES.—In
 13 addition to the assistance prescribed in paragraph
 14 (1), at the request of the Commission, departments
 15 and agencies of the United States shall provide such
 16 services, funds, facilities, staff, and other support
 17 services as may be authorized by law.

18 (e) POSTAL SERVICE.—The Commission may use the
 19 United States mails in the same manner and under the
 20 same conditions as other departments and agencies of the
 21 United States.

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

23 (a) APPOINTMENT AND COMPENSATION OF STAFF.—

24 (1) IN GENERAL.—Subject to rules prescribed
 25 by the Commission, the Chair may appoint and fix

1 the pay of the executive director and other personnel
2 as the Chair considers appropriate.

3 (2) APPLICABILITY OF CIVIL SERVICE LAWS.—

4 The staff of the Commission may be appointed with-
5 out regard to the provisions of title 5, United States
6 Code, governing appointments in the competitive
7 service, and may be paid without regard to the pro-
8 visions of chapter 51 and subchapter III of chapter
9 53 of that title relating to classification and General
10 Schedule pay rates, except that an individual so ap-
11 pointed may not receive pay in excess of level V of
12 the Executive Schedule.

13 (b) CONSULTANTS.—The Commission may procure
14 temporary and intermittent services under section 3109(b)
15 of title 5, United States Code, but at rates for individuals
16 not to exceed the daily equivalent of the rate of pay for
17 a person occupying a position at level IV of the Executive
18 Schedule.

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

1 **SEC. 8. TERMINATION.**

2 (a) IN GENERAL.—The Commission shall terminate
3 on June 1, 2017.

4 (b) ADMINISTRATIVE ACTIVITIES BEFORE TERMI-
5 NATION.—The Commission may use the period between
6 the submission of its report and its termination for the
7 purpose of concluding its activities, including providing
8 testimony to a committee of Congress concerning its re-
9 port.

10 **SEC. 9. AUTHORIZATION OF APPROPRIATIONS.**

11 There are authorized to be appropriated such sums
12 as may be necessary to carry out this Act and such sums
13 shall remain available until the date on which the Commis-
14 sion terminates.

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