

worthless. Nothing could be further from the truth. As in Japan, the policy known as “quantitative easing” is far more likely to prove ineffective than lethal. It is a leaky hose, not a monetary Noah’s Flood.

So what is the Fed doing? Why is it doing it? Why are the criticisms ludicrous? What should the Fed be doing, instead?

The answer to the first is clear. As the Fed stated on November 3, “to promote a stronger pace of economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate, the [federal open market] committee decided today to expand its holdings of securities. The committee will maintain its existing policy of reinvesting principal payments from its securities holdings. In addition, the committee intends to purchase a further \$600bn of longer-term Treasury securities by the end of the second quarter of 2011, a pace of about \$75bn per month.”

Ben Bernanke, the Fed chairman, gave the rationale in a speech last month. He pointed out that US unemployment is far above any reasonable estimate of equilibrium. Moreover, prospective economic growth makes it unlikely that this will change over the course of 2011. This is bad enough, but what makes it worse is that underlying inflation has fallen to close to 1 per cent, in spite of the expansion of the Fed’s balance sheet, over which so many tears were shed. Expectations of inflation are well anchored, he added, but that might change once deflation gripped. Given the slack, that might not be far away (see charts).

The Fed, added the chairman, has a dual mandate, to foster maximum employment and price stability. Doing nothing would be incompatible with this obligation. The only question is what is to be done. The answer is the proposed purchases of Treasury bonds. This simply extends classic open market operations up the yield curve. It would also only expand the Fed’s balance sheet by about a quarter, or around 4 per cent of gross domestic product. Is the US really on the same road as the Weimar Republic? In a word, no.

It is hardly a surprise that Wolfgang Schäuble, finance minister of Germany, thinks differently. He describes the US growth model as in “deep crisis”, adding that “it’s not right when the Americans accuse China of manipulating exchange rates and then push the dollar exchange rate lower by opening up the flood gates”. Presumably, he believes that, in a proper world, the US would be forced to follow the deflationary route imposed upon Greece and Ireland, instead. This is not going to happen. Nor should it.

Boiled down, the criticisms of the Fed come down to two: its policies are leading to hyperinflation; and they are “beggar my neighbour”, in consequence, if not intention.

The first of these criticisms is not just wrong, but weird. The essence of the contemporary monetary system is creation of money, out of nothing, by private banks’ often foolish lending. Why is such privatisation of a public function right and proper, but action by the central bank, to meet pressing public need, a road to catastrophe? When banks will not lend and the broad money supply is barely growing, that is just what it should be doing (see chart).

The hysterics then add that it is impossible to shrink the Fed’s balance sheet fast enough to prevent excessive monetary expansion. That is also nonsense. If the economy took off, nothing would be easier. Indeed, the Fed explained precisely what it would do in its monetary report to Congress last July. If the worst came to the worst, it could just raise reserve requirements. Since many of its critics believe in 100 per cent reserve banking, why should they object to a move in that direction?

Now turn to the argument that the Fed is deliberately weakening the dollar. Any moderately aware person knows that the Fed’s mandate does not include the external value of the dollar. Those governments that have piled up an extra \$6,800bn in foreign reserves since January 2000, much of it in dollars, are consenting adults. Not only did no one ask China, the foremost example, to add the huge sum of \$2,400bn to its reserves, but many strongly asked it not to do so.

It is also simply false to argue that the weakening dollar is due to Fed policies alone. Indeed, anyone with half a brain should realise that the US can no longer combine a large trade deficit with a manageable fiscal position. Those who want their US bonds to stay sound should welcome anything that helps the US expand domestic demand and rebalance its external position. Current US monetary policies are, contrary to Mr Schäuble’s views, simply the yang to the yin of east Asian mercantilism.

More fundamentally, market forces, not monetary policy, are pushing global rebalancing, as the private sector tries to put its money where it sees the opportunities. The Fed’s monetary policies merely add a twist. Instead of all the futile bleating, what was needed was a co-ordinated appreciation of the currencies of the emerging economies. The fault here does not lie with the US. I sympathise strongly with a Brazil or a South Africa, but not with China.

The sky is not falling. But this does not mean the Fed’s policies are the best possible. It is probable that any impact on the yields on medium-term bonds will have a modest economic effect. It would be far better if the Fed could shift inflation expectations upwards, by issuing a commitment to offset a prolonged period of below-target inflation with one of above-target inflation. A decision to monetise additional government spending might be an even more effective tool. Equally necessary is a plan to accelerate the restructuring of the overhang of excessive debt. But, in the absence of co-operation with the newly elected Congress, what the Fed is doing is, alas, about the most we can now expect, though it should have dared to do more. Meanwhile, “sound” people will shriek that the sky is falling only to be surprised that it is not. We have seen this play before—in Japan in the 1990s. Japan fell into chronic deflation, instead.

Yes, it may be reasonable to call for a reconsideration of the global monetary system, as Robert Zoellick, the World Bank president, has done. But gold? Does anyone expect politicians to put placating the world’s most speculative commodity market before worrying about a slump? Whom the gods wish to destroy they first make mad.

#### TRIBUTE ON THE BIRTH OF DANIEL BOLDEN GILCHRIST

**HON. JOE WILSON**

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

*Monday, November 15, 2010*

Mr. WILSON of South Carolina. Madam Speaker, I am happy to congratulate Stephen Gilchrist and his wife Tammie on the birth of their new son Daniel Bolden Gilchrist. Daniel was born on October 22, 2010, at 10:26 in the evening.

I am so excited for this new blessing to the Gilchrist family and wish them all the best.

IN HONOR AND REMEMBRANCE OF  
UNITED STATES ARMY PRIVATE  
FIRST CLASS JAMES C. KONYUD

**HON. DENNIS J. KUCINICH**

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Monday, November 15, 2010*

Mr. KUCINICH. Madam Speaker, I rise today in honor and remembrance of United States Army Private First Class James C. Konyud, who courageously and selflessly rose to the call to duty and made the ultimate sacrifice in service to his country.

Pfc. Konyud was drafted into the U.S. Army and became a member of the 121st Infantry Regiment, 8th Infantry Division-K Company. In 1943, he was twenty-six years old when he travelled from Cleveland, Ohio to Germany during World War II. Two years later, after heavy combat in the Huertgen Forest in Germany, near Belgium, Pfc. Konyud was reported missing in action. He was declared dead one year later. Pfc. Konyud’s remains, including his military identification tags, were finally located three years ago by a German explosive-ordnance team working near the Belgian border where he was last seen. American POW/MIA Command Teams were dispatched to Germany, and with the help of local farmers, discovered military equipment and a second set of Pfc. Konyud’s identification tags. Sixty-seven years after travelling to Europe to serve our nation, Pfc. Konyud was finally flown home.

George Konyud, the youngest of nine brothers and sisters and Pfc. Konyud’s only surviving sibling, gathered with family members and more than one hundred mourners on Saturday, September 25th at Calvary Cemetery in Cleveland, Ohio, to pay their final respects and to honor the life and sacrifice of Pfc. James Konyud. He was buried with full military honors.

Madam Speaker, and colleagues, please join me in honor and remembrance of U.S. Army Private First Class James Konyud, whose service to our nation will be forever honored and remembered. Although sixty-seven years have passed, the memory of Pfc. Konyud will continue to live on within the hearts and memories of our entire community.

IN RECOGNITION OF CHARLOTTE  
AYERS

**HON. TOM PRICE**

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, November 15, 2010*

Mr. PRICE of Georgia. Madam Speaker, I would like to congratulate Charlotte Ayers on her outstanding tenure as the Chief Executive Officer of the Georgia’s Own Credit Union. After 41 years of service, and 11 years at the helm, Mrs. Ayers is retiring from Georgia’s Own Credit Union.

When Charlotte Ayers became President and CEO of Georgia’s Own Credit Union in 1999, she pledged that the Credit Union would be a beacon of social and personal responsibility, and vowed it would be the industry leader in terms of growth and service. Mrs. Ayers has fulfilled that promise to the firm’s members and employees, and she is credited with

transforming the 76-year-old company from a \$600 million enterprise in 1999 when she was named President & CEO to over \$1.5 billion today. Mrs. Ayers has worked closely with the Board of Directors and management teams to develop innovative, convenient, and value-packed products and services to the members of Georgia's Own.

Amid economic turmoil for many of our nation's financial corporations, Mrs. Ayers has dedicated her leadership to ensuring her company is doing the best by its members. Charlotte's legacy will be building one of the most trusted financial institutions in the state. Her hard work and dedication will be greatly missed.

#### RECOGNIZING GOLD STAR MOTHERS

#### HON. PETER J. ROSKAM

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Monday, November 15, 2010*

Mr. ROSKAM. Madam Speaker, I rise today to recognize Gold Star Mothers day, which was observed on the last Sunday of September. This day commemorated the supreme sacrifice made by those who have lost a son or daughter serving in the Armed Forces. By honoring these mothers, we also remember all those who have given their lives in service for our country.

The American Gold Star Mothers assist veterans of the Armed Forces and their dependents in the presentation of claims to the Department of Veterans Affairs, and aid members of the Armed Forces who served and died, or were wounded or incapacitated during hostilities. Their services have strengthened and inspired Americans throughout the history of the United States.

The sacrifice of Gold Star Mothers emphasizes the role of the home and the family as the true foundation of the United States. The American mother is a source of moral and spiritual guidance for the people of the United States; she acts as a positive force to promote good government and peace among all mankind.

For more than eighty years, American Gold Star Mothers have banded together to show their pride and love of our country. These women have given their time and effort to honor all fallen children and assist veterans. In spite of their grief, they have demonstrated an ardent support for and deep service of our country.

Madam Speaker and Distinguished Colleagues, please join me in recognizing the heroic precedent set by Gold Star Mothers and their legacy of patriotism, sacrifice, and service.

#### A TRIBUTE TO EPHRAIM BENTON

#### HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, November 15, 2010*

Mr. TOWNS. Madam Speaker, I rise today in recognition of Ephraim Benton for his achievements.

Ephraim Benton was born in Brooklyn, New York. He is the oldest of seven children, and

has worked hard to make a mark on the entertainment industry.

Mr. Benton is constantly developing his own projects, and has already executive produced, written, directed and starred in two short films titled "Brown Paper Bags" and "3 Quarters of Face Value." He also produced an animated documentary about the life of President Barack Obama titled "HIStory," and is the founder of two film festivals.

In 2009, Mr. Benton made his mark beginning with a small role in the Academy Award Nominee film "Precious: Based on the Novel Push by Sapphire" directed by the critically acclaimed Lee Daniel. He then played Shawn in the film "Shades of Brooklyn Vol. 1" that debuted on HBO Short Series. Mr. Benton also stars in the award winning indie film "Inside a Change" directed by BET Award Video Director of the Year nominee Rik Cordero. He gives a compelling performance as Chris Price, a teenager about to serve 180 days in prison for a first-time offense who discovers that his family is falling apart when his mother invites him home for dinner, and is forced to re-examine his life and how he can bring everyone together for his mother's birthday.

Additionally, Mr. Benton is a member of two community advisory boards and has used his life experiences and success to give back to the community through his non-profit organization.

Madam Speaker, I urge my colleagues to join me in recognizing Ephraim Benton.

#### RECOGNIZING THE 10TH ANNIVERSARY OF THE PRINCE WILLIAM COUNTY BAR FOUNDATION

#### HON. GERALD E. CONNOLLY

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, November 15, 2010*

Mr. CONNOLLY of Virginia. Madam Speaker, I rise to recognize the 10th Anniversary of the Prince William County Bar Foundation.

The Prince William County Bar Foundation was created in 2000 by members of the PWC Bar Association for the purpose of funding community service projects that promote access to justice and law related services for the people of Prince William County. The Foundation is an all volunteer, non-profit organization that operates solely on the basis of donated time, funds and resources provided by local attorneys, law firms and community groups.

In its first year, the Foundation adopted the Beat the Odds® program to recognize at-risk youth involved in the juvenile justice system and foster care programs who have overcome the odds against their success. The Foundation provides them with attorney mentors, scholarships towards college and vocational education. Since its first year participating in the Beat the Odds program, the Foundation has supported more than 100 young men and women in the community and has provided close to \$200,000 in scholarships, vocational funds and educational awards to encourage each Beat the Odds award recipient to continue to seek a positive path into adulthood.

The Foundation has grown to include a number of other programs that match needs in the community with resources available through Bar Association members. The Foundation provides for the printing of court infor-

mational pamphlets to assist the public in understanding the legal process, awards for the County's middle-school "Character Counts" annual essay contest, supports the Prince William County National Adoption Day in which foster care children move into permanent homes, and partners with the Gang Response Intervention Team to assist with its gang tattoo removal program. The Foundation recently undertook the project "Books for Troubled Teens" in order to provide a steady supply of books to children who spend time waiting in the hallways of juvenile court or reside at the Juvenile Detention Center or juvenile shelter care facility.

Madam Speaker, I ask that my colleagues join me in celebrating the 10th Anniversary of the Prince William County Bar Foundation. The Foundation's educational outreach, crime prevention and rehabilitation programs are effective tools for providing positive encounters with the justice system to at-risk children. I would like to extend my personal appreciation to the members of the Foundation for their efforts to instill respect for the law and justice in our community's young people.

#### IN HONOR OF FIVE RETIRING MEMBERS OF THE CAMDEN CITY FIRE DEPARTMENT

#### HON. ROBERT E. ANDREWS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Monday, November 15, 2010*

Mr. ANDREWS. Madam Speaker, I rise today to honor five members of the Camden City Fire Department who have provided years of dedicated service to the Camden, New Jersey community. Chief Kevin Hailey, Chief Ralph Roberts, Chief Maurice Wilson, Chief Darryl Lewison and Chief Larry Wilson deserve to be recognized for their hard work and devotion to the Camden City Fire Department.

Chief Kevin Hailey began his many years of service in April of 1981 when he was hired by the Camden City Fire Department. The youngest Fire Captain in the Camden City Fire Department's history, Chief Hailey went on to become Battalion Chief and then Deputy Chief. After 28 years of devoted service to the Camden City Fire Department, Chief Hailey retired on May 1, 2010. Married to his high school sweetheart Melvina since 1989, Chief Hailey is the proud father of one daughter, Kelly.

Chief Ralph Roberts has represented the Camden City Fire Department as Firefighter, Fire Inspector, Fire Captain, Assistant Training Officer, Fire Sub Code Official, Emergency Management Coordinator and New Jersey State Licenses Inspector. An advisor on many city boards who holds a degree in Fire Science, Chief Roberts was an invaluable member of the Camden City Fire Department for 28 years. He retired on June 1, 2010.

Chief Maurice Wilson became a member of the Camden City Fire Department in April of 1982. After being promoted to Captain in February of 1996, he was further promoted to Battalion Chief in April of 2001 and Deputy Chief in January of 2005 before retiring on May 1, 2010 after 28 years with the Camden City Fire Department. Chief Wilson and his wife Betty have two children.

Chief Darryl Lewison was hired by the Camden City Fire Department in 1982 and was