

It has been a pleasure to work with Pat over the past 3 years. He is passionate and serious about his work and he has a great sense of humor, an underrated trait in Congress. As a native Chicagoan, Pat is an ardent supporter of the Cubs, Bulls, Blackhawks, and Bears. We will also miss his devotion to soccer or, as I like to call it, weed hockey.

Mr. Speaker, I wish Pat the best of luck as he begins a master's program at the School of Advanced International Studies at the Johns Hopkins University. I thank him for his service to the Illinois Fifth Congressional District.

SEMINOLE HIGH SCHOOL CELEBRATES ITS 50TH ANNIVERSARY

HON. C.W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 25, 2012

Mr. YOUNG of Florida. Mr. Speaker, it is with great pleasure that I rise to join with the students, faculty, staff and past graduates of Seminole High School in celebrating its 50th anniversary.

Located in Seminole, Florida, Seminole High is an institution with students who excel, not only in the classroom, but in the arts and sports as well. It was established in 1962 to meet the pressing need for a high school in the rapidly growing Seminole area. Now, 50 remarkable years later, this comprehensive public school, that I have the privilege of representing, has quite a history, which would not be possible without the hard work and dedication of the students, teachers, and faculty alike, who have devoted their time and energy into making Seminole High School what it is today.

Home to several National Merit Scholars and the three-time winner of the "St. Petersburg Times' All Sports Award" for best athletic programs in the Tampa Bay area, it is no wonder that Seminole High is a seven-time winner of the Florida Department of Education's Five Star School Award, which is presented to schools that have "shown evidence of exemplary community involvement." Seminole High School's academic record also has received special attention as it exceeds the state average with a higher graduation rate than most other schools, not only in its district, but in the entire State of Florida.

With such a gifted student body, this school has many famous alumni ranging from professional football players, Olympic swimmers, a Miss America, and my wife, Beverly. The Seminole Warhawk marching band has performed in famous events such as the Macy's Thanksgiving Day Parade in New York City, as well as the Rose Bowl Parade, which they are due to participate in for the second time this New Year's Day.

With half a century of history and a record of sterling accomplishments, it is no surprise that Seminole High School has progressed from what was once only a simple two-building complex in the 1960s, to a superior academic and athletic high school that it is today. It is due to the extraordinary faculty, and of course, the talented student body that has allowed Seminole High School to excel for 50 years. Certainly, Seminole High has much to be proud of and I look forward to seeing what successes they will achieve over the next 50 years.

IN MEMORIAM AND REMEMBRANCE OF SYLVIA WOODS

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 25, 2012

Mr. RANGEL. Mr. Speaker, it is with great sadness, but also great pride, that I rise today to share a few words about Sylvia Woods, founder of Sylvia's Restaurant in Harlem, who passed away on Thursday, July 19, 2012. Ms. Woods was a local hero and a world renowned restaurateur, but also a dear personal friend; her death marks a devastating loss to Harlem and the greater New York City community, and she will be sorely missed. On behalf of the Harlem community, my wife Alma and I extend our sincere and heartfelt support, love, and sympathy to Ms. Sylvia's entire family.

Ms. Sylvia was an exceptional woman whose extraordinary work ethic and wonderful character should serve as a model for all Americans. Her life epitomized the American dream. Growing up on a farm in Hemingway, South Carolina, she began working in the field as a young girl and then made her way to New York in search of opportunity. After working as a teenager in a Queens hat factory for several years, she began working as a waitress at a luncheonette in Harlem.

This would mark the beginning of her fortuitous journey to the center of Harlem society. Ms. Sylvia would eventually purchase that luncheonette and, with hard work and patience, transform the small restaurant into a commercial empire boasting a catering service, banquet hall, and a nationally distributed line of prepared foods. Her farm to fame journey should remind us all of the great opportunity this country represents, and the hard work necessary to achieve it.

But Ms. Sylvia's success was as much a result of her charming personality as it was of her work ethic. She was a dynamic, warm, and kind woman who greeted every customer with a friendly and inviting smile. Her incredible hospitality and personable nature were symbolic of Harlem's rich communal character, and for that she was beloved. Her energetic personality attracted local and national politicians, international celebrities, tourists, and ordinary neighborhood residents, and created an environment so comfortable that it naturally became the social center of our community.

I want to thank Ms. Sylvia for her decades of service to our community, and for the many personal memories that I will cherish forever. Thank you for creating such a special, magical place at the soul of Harlem. Nothing can replace you, but your legacy will live on forever in our hearts.

Mr. Speaker, I ask that you and my distinguished colleagues join me in mourning Ms. Sylvia Woods' passing. It is my hope that her example will serve as a testament that, with hard work and genuine character, we can achieve our greatest dreams.

FEDERAL RESERVE TRANSPARENCY AND POLITICAL INDEPENDENCE

HON. PAUL RYAN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 25, 2012

Mr. RYAN of Wisconsin. Mr. Speaker, in response to the recession and financial crisis, the Federal Reserve had to take a variety of unorthodox measures to stabilize our credit markets and resuscitate the economy. Many in Congress have felt uneasy as the Fed took emergency actions to rescue individual companies and launched a variety of new credit facilities for an increasing number of banks, financial institutions and even investors. I share this unease and I believe that Congress should have the ability to gather information about the Fed's actions. That is why I voted in favor of H.R. 459, the Federal Reserve Transparency Act.

However, I do want to register my caution about opening up the Fed's monetary policy deliberations and actions to a government audit as it could erode the Fed's political independence. Even the appearance of politicians gaining some measure of influence over monetary policy decisions could have disastrous consequences. Political independence is not simply a luxury for our central bank. It is a core principle of good economic policy that yields real benefits for the American people. A number of empirical studies have shown that countries with independent central banks tend to have steadier economic growth and low and stable rates of inflation. This is not surprising. Just as politicians involved in fiscal policy have a bias toward greater spending, monetary policy influenced by politics would have a bias toward looser credit over the short term and therefore higher rates of inflation over the longer term. Financial markets would immediately recognize this and push up our borrowing rates and weaken our currency.

Congress should strive for robust oversight of the Fed, but it must guard against political interference. In the end, an independent Federal Reserve with a clear and focused mandate is the best way to achieve the desirable ends of sustainable economic growth, job creation, and low inflation.

FEDERAL RESERVE TRANSPARENCY ACT OF 2012

SPEECH OF

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 24, 2012

Mr. GEORGE MILLER of California. Mr. Speaker, while I fully believe that the Federal Reserve is in need of greater transparency and accountability, I rise in opposition to this bill, which I believe approaches the issue in a problematic way. I want to be clear that the Fed should not take my vote against this bill as a vote of confidence.

In order for the Federal Reserve to function properly as an independent central bank, I believe that its monetary policy functions must be independent of pressure from Congress, which would be jeopardized by a GAO audit of

the Fed's monetary policy. We've seen recently the harmful impact that congressional pressure can have on the Fed's monetary policy even without this audit, such as Republican members of Congress urging the Fed to take no further actions to rescue the economy, which is why I bring to my colleagues' attention the below column by former Federal Reserve Vice Chairman, Alan Blinder, in which he points out additional options for the Fed to tackle the elevated unemployment rate that are not being used.

That said, it is clear that cultural change is needed at the Federal Reserve, which has too often put the needs of America's biggest banks ahead of the interests of the American public. As just the latest example, JP Morgan Chase CEO, Jamie Dimon, has refused to resign from the board of the New York Federal Reserve Bank, despite the fact that the New York Fed is investigating misbehavior at JPMorgan Chase's Chief Investment Office that contributed to its recent multi-billion dollar trading loss.

Furthermore, I strongly supported a provision in the Dodd-Frank Act that has increased transparency at the Fed, providing for an audit of the emergency financial assistance provided by the Fed during the financial crisis, as well as requiring the Fed to release information going forward about parties participating in emergency lending programs and the details of those transactions. The bill also importantly limited the power of bankers like Mr. Dimon who serve on the boards of regional Federal Reserve Banks.

There is one aspect of today's bill that I strongly support, the provision of this bill added in committee by Mr. CUMMINGS, which provides for an audit of the Independent Foreclosure Review, which has been grossly mismanaged by the Fed and the Office of the Comptroller of the Currency and does not appear to be on track to provide appropriate compensation to homeowners who were abused. I believe that the Fed needs to know that their role is to look out for the American public, and I hope they hear that loud and clear today.

HOW BERNANKE CAN GET BANKS LENDING AGAIN

(By Alan S. Blinder)

If the Fed reduces the reward for holding excess reserves, banks will have to find something else to do with their money, like making loans or putting it in the capital markets.

The U.S. economy could use another boost, and it won't come from fiscal policy. Can the Federal Reserve provide it?

Chairman Ben Bernanke keeps insisting that the central bank is not out of ammunition, and in a literal sense he is right. After all, the Fed has not yet exhausted its bag of tricks. It is still twisting the yield curve. It can purchase more assets. It can tell us that its federal funds target interest rate will remain 0-25 basis points beyond late 2014. It can even nudge the funds rate down within that range. The operational question is: How powerful are any of these weapons?

Let's start with Operation Twist, which was recently extended through the end of this year. The Fed seeks to flatten the yield curve by buying longer-term Treasuries and selling shorter-term ones. And it's probably succeeding—a bit. But Federal Reserve activity in the Treasury markets is modest

compared with the vast volume of trading. Realistically, the U.S. yield curve is probably influenced far more by daily developments in Europe. In any case, the Fed will be out of short-term Treasuries to sell by December.

The logical next step would be more quantitative easing—QE3—or, as the Fed likes to call it, more large-scale asset purchases. Purchases of what? There are two main choices. One is Treasuries. But does anyone really think that lower U.S. Treasury rates are what this country needs?

Mortgage-backed securities (MBS) are a better choice, the idea being to reduce mortgage rates by shrinking the spread between MBS and Treasuries. But mortgage rates are already falling toward 3.5%. With 10-year expected inflation around 2.1%, can a 1.4% real interest rate be deterring many prospective home buyers? No, they are shut out of the market by the unavailability of credit. Posted rates are low, but try getting a mortgage.

The third available weapon is what the Fed calls “forward guidance”—that is, indicating (please don't say promising!) that the 0-25 basis points funds rate will be maintained for years to come. The Fed's current guidance (please don't call it a pledge!) extends “at least through late 2014.” While that's pretty far into the future, the Fed could stretch it to 2015, 2016 or 2025 for that matter.

In rational models, the yield curve should flatten a bit every time the Fed pushes that date out further. But the key words here are “rational” and “a bit.” To most bond traders, two and a half years is already an eternity. Would they really respond much if 2015 replaced 2014?

This brief analysis paints a pretty grim picture: The Fed has three weak weapons, one of which will be exhausted by year's end.

Fortunately, there is more the Fed can do. I have two out-of-the-box suggestions to make, one in today's column and another in a companion piece soon.

The simpler option is one I've been urging on the Fed for more than two years: Lower the interest rate paid on excess reserves. The basic idea is simple. If the Fed reduces the reward for holding excess reserves, banks will hold less of them—which means they will have to find something else to do with the money, such as lending it out or putting it in the capital markets.

The Fed sees this as a radical change. But remember that it paid no interest on reserves before the 2008 crisis and, not surprisingly, banks held practically no excess reserves then. In early October of that year, Congress gave the Fed authority to pay interest on reserves, which it promptly started doing. When the Fed trimmed the federal funds rate to its current 0-25 basis-point range in December 2008, it also lowered the interest rate on reserves to 25 basis points, where it has been ever since.

My suggestion is to push it lower in two stages. First, test the waters by cutting the interest on excess reserves (in Fedpeak, the “IOER”) to zero. Then, if nothing goes wrong, drop it to, say, minus-25 basis points—that is, charge banks a fee for holding their money at the Fed. Doing so would provide a powerful incentive for banks to disgorge some of their idle reserves. True, most of the money would probably find its way into short-term money-market instruments such as fed funds, T-bills and commercial paper. But some would probably flow into increased lending, which is just what the economy needs.

The Fed has steadfastly opposed this idea for years. Why? One objection is true but silly: Lowering the IOER might not be a very

powerful instrument. No kidding. Are there a lot of powerful instruments sitting around unused?

The other objection is that making the IOER zero or negative would push other money-market rates even closer to zero than they are now, thereby hurting money-market funds and otherwise impeding the functioning of money markets. My answer two years ago was that we have more important things to worry about. My answer today is that it has mostly happened anyway: U.S. money-market rates are negligible.

It is noteworthy that the European Central Bank just jumped ahead of the Fed by cutting the rate it pays on bank deposits to zero—and European money markets did not die. Denmark's National Bank went even further, dropping its deposit rate to minus 20 basis points. Yet the Little Mermaid still sits in Copenhagen harbor.

The Fed's hostility toward lowering the interest on excess reserves is almost self-contradictory. When Mr. Bernanke lists the weapons the Fed plans to use when the time comes to tighten monetary policy, he always gives raising the IOER a prominent role. His reasoning is straightforward and sound: If the Fed makes holding reserves more attractive, banks will hold more of them. Why doesn't the same reasoning apply in the other direction?

But suppose it doesn't work. Suppose the Fed cuts the IOER from 25 basis points to minus 25 basis points, and banks don't lend one penny more. In that case, the Fed stops paying banks almost \$4 billion a year in interest and, instead, starts collecting roughly equal fees from banks.

That would be almost an \$8 billion swing from banks to taxpayers. There are worse things.

Mr. Blinder, a professor of economics and public affairs at Princeton University, is a former vice chairman of the Federal Reserve.

ELEANOR LOGAN, LONDON 2012
OLYMPIC ATHLETE

HON. CHELLIE PINGREE

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 25, 2012

Ms. PINGREE of Maine. Mr. Speaker, I am pleased to highlight the outstanding accomplishments of a young woman from Maine's First District.

Eleanor Logan has been rowing since 2003. She has shown true dedication to the sport in her training and competition, and has won numerous awards for her rowing, both nationally and internationally. After winning gold in the 8-person shell at the 2008 Beijing Olympics, she set her sights on completing her undergraduate degree from Stanford University while also training for the 2012 U.S. Olympic Team. And now, within weeks, she will be representing our nation in the London Olympics.

I'm very proud to highlight Eleanor's success. She is a shining example of what can be accomplished with opportunity and commitment. Successfully balancing education and training, she has worked tremendously hard to achieve her Olympic dreams.

As Eleanor continues on her journey as an athlete and a leader, she is enabling Maine to shine on the international stage, as well.

Go Team USA!