

103^D CONGRESS
1ST SESSION

H. R. 587

To modernize the Federal Reserve System and to provide for prompt disclosure of certain decisions of the Federal Open Market Committee.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 26, 1993

Mr. HAMILTON (for himself and Mr. OBEY) introduced the following bill; which was referred jointly to the Committees on Banking, Finance and Urban Affairs and Government Operations

A BILL

To modernize the Federal Reserve System and to provide for prompt disclosure of certain decisions of the Federal Open Market Committee.

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 “Federal Reserve Re-
5 form Act of 1993”.

1 **SEC. 2. CONSULTATION BETWEEN FEDERAL OPEN MARKET**
2 **COMMITTEE AND THE SECRETARY OF THE**
3 **TREASURY, THE DIRECTOR OF THE OMB, AND**
4 **THE CHAIRMAN OF THE CEA.**

5 Section 2A of the Federal Reserve Act (12 U.S.C.
6 225a) is amended—

7 (1) in the first sentence, by striking “The
8 Board of Governors” and inserting “(a) IN GEN-
9 ERAL.—The Board of Governors”; and

10 (2) by adding at the end the following new sub-
11 section:

12 “(b) CONSULTATION REQUIRED.—The Federal Open
13 Market Committee shall meet and consult with the Sec-
14 retary of the Treasury, the Director of the Office of Man-
15 agement and Budget, and the chairman of the Council of
16 Economic Advisors—

17 “(1) during the 30-day period immediately pre-
18 ceding the date on which each report required under
19 the second sentence of subsection (a) is submitted to
20 the Congress by the Board of Governors; and

21 “(2) during the 30-day period beginning on the
22 date which is 100 days immediately preceding the
23 date by which the President is required to submit
24 the budget under section 1105(a) of title 31, United
25 States Code.”.

1 **SEC. 3. APPOINTMENT OF THE CHAIRMAN AND VICE**
2 **CHAIRMAN.**

3 (a) APPOINTMENT OF THE CHAIRMAN AND VICE
4 CHAIRMAN.—The second paragraph of section 10 of the
5 Federal Reserve Act (12 U.S.C. 242) is amended by strik-
6 ing the third sentence and inserting the following: “The
7 President shall appoint, by and with the advice and con-
8 sent of the Senate, one member of the Board to serve as
9 Chairman. The term of such member as Chairman shall
10 expire on January 31 of the first calendar year beginning
11 after the end of the term of the President who appointed
12 such member as Chairman. If a member appointed as
13 Chairman does not complete the term of such office as
14 established in the preceding sentence, the President shall
15 appoint, by and with the advice and consent of the Senate,
16 another member to complete the unexpired portion of such
17 term. The President shall also appoint, by and with the
18 advice and consent of the Senate, one member of the
19 Board to serve as Vice Chairman for a term of 4 years.
20 The Chairman and the Vice Chairman may each serve
21 after the end of their respective terms until a successor
22 has taken office.”.

23 (b) PERFORMANCE OF DUTIES.—The second para-
24 graph of section 10 of the Federal Reserve Act (12 U.S.C.
25 242) (as amended by subsection (a)) is amended by insert-
26 ing after the seventh sentence the following: “In the event

1 of the absence or unavailability of the Chairman, the Vice
2 Chairman or (in the Vice Chairman's absence) another
3 member of the Board may be designated by the Chairman
4 to perform the duties of the office of the Chairman. If
5 a vacancy occurs in the office of the Chairman, the Vice
6 Chairman shall perform the duties of the Chairman until
7 a successor takes office. If a vacancy occurs in the office
8 of the Vice Chairman while the office of the Chairman
9 is vacant, the member of the Board with the most years
10 of service on the Board shall perform the duties of the
11 Chairman until a successor takes office.”.

12 (c) EFFECTIVE DATE.—

13 (1) IN GENERAL.—Except as provided in para-
14 graph (2), the amendments made by this section
15 shall take effect on the date of enactment of this
16 Act.

17 (2) CURRENT CHAIRMAN TO COMPLETE
18 TERM.—Notwithstanding the amendment made by
19 subsection (a), any member who holds the office of
20 Chairman of the Board of Governors of the Federal
21 Reserve System on the date of enactment of this Act
22 shall continue in such office during the remainder of
23 the term to which such member was appointed.

1 **SEC. 4. DISCLOSURE OF INTERMEDIATE TARGETS.**

2 Section 12A(b) of the Federal Reserve Act (12
3 U.S.C. 263(b)) is amended by adding at the end the fol-
4 lowing: “Notwithstanding any other provision of law, each
5 change, of any nature whatsoever, in the intermediate tar-
6 gets for monetary policy, which change is adopted by the
7 Committee, shall be disclosed to the public on the date
8 on which such change is adopted. For purposes of this
9 subsection, the term ‘intermediate targets’ means any pol-
10 icy objectives regarding monetary aggregates, credit ag-
11 gregates, prices, interest rates, or bank reserves.”.

12 **SEC. 5. AUDIT OF FINANCIAL TRANSACTIONS BY COMP-**
13 **TROLLER GENERAL.**

14 Section 714(b) of title 31, United States Code (relat-
15 ing to audits by the Comptroller General), is amended—

16 (1) in paragraph (1), by inserting “or” at the
17 end;

18 (2) by striking paragraphs (2) and (3); and

19 (3) by amending paragraph (4) to read as fol-
20 lows:

21 “(2) memoranda, letters, or other written com-
22 munications between or among members of the
23 Board of Governors of the Federal Reserve System
24 or officers or employees of the Federal Reserve Sys-
25 tem relating to any transaction described in para-
26 graph (1).”.

1 **SEC. 6. BOARD SUBJECT TO BUDGET PROCESS.**

2 Section 1105 of title 31, United States Code (relating
3 to budget contents and submission to Congress), is amend-
4 ed by adding at the end the following new subsection:

5 “(g) FEDERAL RESERVE BOARD BUDGET TREAT-
6 MENT.—Not later than October 16 of each year, the esti-
7 mated receipts and proposed expenditures of the Board
8 of Governors of the Federal Reserve System and all Fed-
9 eral Reserve Banks for the current year and the next 2
10 succeeding years shall be transmitted by the Board to the
11 President. The President shall transmit to the Congress
12 the information received in accordance with this sub-
13 section, without change, together with the budget trans-
14 mitted to the Congress under subsection (a).”.

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