

115TH CONGRESS
1ST SESSION

H. R. 4270

To amend the Federal Reserve Act to ensure transparency in the conduct of monetary policy, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 7, 2017

Mr. BARR introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Federal Reserve Act to ensure transparency in the conduct of monetary policy, and for other purposes.

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 “Monetary Policy
5 Transparency and Accountability Act of 2017”.

6 **SEC. 2. MONETARY POLICY TRANSPARENCY AND ACCOUNT-**
7 **ABILITY.**

8 Section 12A of the Federal Reserve Act (12 U.S.C.
9 263) is amended—

1 (1) by redesignating subsections (b) and (c) as
2 subsections (d) and (e), respectively; and

3 (2) by inserting after subsection (a) the fol-
4 lowing new subsections:

5 “(b) POLICY TRANSPARENCY.—

6 “(1) MONETARY POLICY STRATEGY.—

7 “(A) IN GENERAL.—The Committee shall
8 annually establish exactly 1 monetary policy
9 strategy, which shall serve as a non-technical
10 public communication of the Committee’s con-
11 sensus expectation for the conduct of monetary
12 policy during that calendar year.

13 “(B) REQUIREMENTS.—Each monetary
14 policy strategy of the Committee shall include
15 the following:

16 “(i) A plain English description of
17 how the Committee would adjust each of
18 the following monetary policy instruments
19 in reaction to changes in a small and well-
20 defined set of publicly available economic
21 indicators:

22 “(I) Short-term interest rate tar-
23 gets established by the Committee.

24 “(II) Open-market operations au-
25 thorized under section 14.

1 “(III) Earnings on balances
2 maintained at a Federal reserve bank
3 by or on behalf of a depository institu-
4 tion under section 19(b)(12).

5 “(ii) An identification of 1 monetary
6 policy instrument from the list in clause (i)
7 that the Committee expects to use as the
8 primary instrument for implementing the
9 monetary policy strategy described under
10 subparagraph (A).

11 “(2) REFERENCE MONETARY POLICY RULES.—
12 In addition to the monetary policy strategy required
13 under paragraph (1), the Committee shall annually
14 adopt at least 1 and not more than 3 reference mon-
15 etary policy rules, each of which shall mathemati-
16 cally express how the primary monetary policy in-
17 strument identified under paragraph (1)(B)(ii) re-
18 acts to changes in a small and well-defined set of
19 publicly available economic indicators.

20 “(3) DEVIATIONS.—Nothing in this subsection
21 shall be construed to prevent the Committee from
22 setting short-term interest rate targets, conducting
23 open-market operations, or paying earnings on bal-
24 ances pursuant to section 19(b)(12) in a manner
25 that deviates from a monetary policy strategy or any

1 reference monetary policy rules established under
2 this subsection.

3 “(c) TESTIMONY AND REPORTS OF THE CHAIR-
4 MAN.—The Chairman shall, concurrent with each semi-an-
5 nual hearing required under section 2B, submit a report
6 to the Committee on Banking, Housing, and Urban Af-
7 fairs of the Senate and the Committee on Banking and
8 Financial Services of the House of Representatives, con-
9 taining—

10 “(1) a statement as to whether the monetary
11 policy strategy established under subsection (b)(1)
12 qualitatively differs from any of the reference mone-
13 tary policy rules required under subsection (b)(2)
14 and, if applicable, a full and non-technical expla-
15 nation of any such difference;

16 “(2) a statement as to whether the Committee’s
17 conduct of monetary policy since the previous report
18 quantitatively differs from any reference monetary
19 policy rule and, if applicable, a full and non-tech-
20 nical explanation of any such differences; and

21 “(3) a description of—

22 “(A) the circumstances under which the
23 Committee’s monetary policy strategy may be
24 amended from year to year; and

1 “(B) a full and non-technical explanation
2 of any such actual amendment.”.

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