

## Union Calendar No. 500

115<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4270

[Report No. 115-652]

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

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### IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 7, 2017

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

APRIL 25, 2018

Additional sponsors: Mrs. WAGNER, Mr. HUIZENGA, Mr. ROKITA, Mr. PITTENGER, and Mr. BUDD

APRIL 25, 2018

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

# **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—

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

12           (2) by inserting after subsection (a) the fol-  
13 lowing new subsections:

14       “(b) POLICY TRANSPARENCY.—

15           “(1) MONETARY POLICY STRATEGY.—

16                   “(A) IN GENERAL.—The Committee shall  
17 annually establish exactly 1 monetary policy  
18 strategy, which shall serve as a non-technical  
19 public communication of the Committee’s con-  
20 sensus expectation for the conduct of monetary  
21 policy during that calendar year.

22                   “(B) REQUIREMENTS.—Each monetary  
23 policy strategy of the Committee shall include  
24 the following:

1           “(i) A plain English description of  
2           how the Committee would adjust each of  
3           the following monetary policy instruments  
4           in reaction to changes in a small and well-  
5           defined set of publicly available economic  
6           indicators:

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

9                       “(II) Open-market operations au-  
10                      thorized under section 14.

11                     “(III) Earnings on balances  
12                     maintained at a Federal reserve bank  
13                     by or on behalf of a depository institu-  
14                     tion under section 19(b)(12).

15           “(ii) An identification of 1 monetary  
16           policy instrument from the list in clause (i)  
17           that the Committee expects to use as the  
18           primary instrument for implementing the  
19           monetary policy strategy described under  
20           subparagraph (A).

21           “(2) REFERENCE MONETARY POLICY RULES.—

22           In addition to the monetary policy strategy required  
23           under paragraph (1), the Committee shall annually  
24           adopt at least 1 and not more than 3 reference mon-  
25           etary policy rules, each of which shall mathemati-

1 cally express how the primary monetary policy in-  
2 strument identified under paragraph (1)(B)(ii) re-  
3 acts to changes in a small and well-defined set of  
4 publicly available economic indicators.

5 “(3) DEVIATIONS.—Nothing in this subsection  
6 shall be construed to prevent the Committee from  
7 setting short-term interest rate targets, conducting  
8 open-market operations, or paying earnings on bal-  
9 ances pursuant to section 19(b)(12) in a manner  
10 that deviates from a monetary policy strategy or any  
11 reference monetary policy rules established under  
12 this subsection.

13 “(c) TESTIMONY AND REPORTS OF THE CHAIR-  
14 MAN.—The Chairman shall, concurrent with each semi-an-  
15 nual hearing required under section 2B, submit a report  
16 to the Committee on Banking, Housing, and Urban Af-  
17 fairs of the Senate and the Committee on Banking and  
18 Financial Services of the House of Representatives, con-  
19 taining—

20 “(1) a statement as to whether the monetary  
21 policy strategy established under subsection (b)(1)  
22 qualitatively differs from any of the reference mone-  
23 tary policy rules required under subsection (b)(2)  
24 and, if applicable, a full and non-technical expla-  
25 nation of any such difference;

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

6           “(3) a description of—

7                   “(A) the circumstances under which the  
8                   Committee’s monetary policy strategy may be  
9                   amended from year to year; and

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



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