

January 25, 2010

FOUR REASONS TO OPPOSE THE BERNANKE CONFIRMATION

Dear Democratic Colleague:

The American people are today suffering through the worst economy since the Great Depression with 17.3 percent of the American workforce either unemployed or underemployed. Millions more have lost their homes, their savings, their health care and their pensions. At a time like this let me provide four reasons why Ben Bernanke should not be confirmed as chairman of the Fed.

- 1) Not only was Mr. Bernanke first nominated to the Fed by President George W. Bush, but he served on the Bush Administration as Chairman of the Council of Economic Advisors. Let us never forget that the Bush years, even before the collapse of Wall Street, were an economic disaster for the average American. Mr. Bernanke, who was recently endorsed for reappointment by Alan Greenspan, played a major role in the deregulatory efforts that enabled major financial institutions to engage in reckless and illegal behavior. The American people gave us the responsibility to bring about change, not the maintenance of the status quo. Why, at this difficult moment in American history, should we reappoint Wall Street's candidate as chairman of the Fed?
- 2) One of the main functions of the Fed is to maintain the safety and soundness of our financial system. No one can deny that Mr. Bernanke, as Chairman of the Fed, was asleep at the wheel while Wall Street became the largest gambling casino in the history of the world and hurtled into insolvency – at enormous cost to our country. Not since the Great Depression has our financial system been as unsafe, unsound and unstable than under Ben Bernanke's tenure as chairman of the Fed. Why should Mr. Bernanke be rewarded with reappointment after he failed so terribly to do his job?
- 3) As part of the bailout, the Fed lent out trillions of dollars in virtually zero interest loans to large financial institutions. Mr. Bernanke has consistently refused to provide the transparency needed so that the American people can learn which banks received those loans and the terms that were provided to them. In addition, the Fed continues to keep secret a number of documents related to its role in the AIG bailout. Why should this type of secrecy be tolerated?

- 4) The Fed, today, has the tools to significantly improve our economy and a mandate to conduct monetary policy in support of full employment. It has the authority to protect consumers by lowering the outrageously high credit card interest rates that millions are paying. It has the authority to provide low-interest loans to credit-worthy small and medium size business that are in desperate need of that capital which will enable them to create the new jobs our economy needs. It has the authority to require bailed out banks to modify home loans to allow homeowners to stay in their homes. It has the authority to begin breaking up those huge financial institutions that, in a number of cases, are even bigger today than they were when we bailed them out because they were “too big to fail.”

Instead of confirming one of the key architects of George Bush’s economic agenda, a new nominee could transform the Fed into a central bank committed to the needs of the middle class of this country rather than powerful Wall Street executives responsible for the worst economic crisis since the Great Depression.

Sincerely,



Bernard Sanders
United States Senator