

Statement of Senator Tim Johnson
Senate Committee on Banking, Housing and Urban Affairs
“Nomination of the Honorable Ben Bernanke to be Chairman of the Federal Reserve
Board of Governors”
December 3, 2009

Thank you Chairman Dodd and Ranking Member Shelby for holding the nomination hearing for Ben Bernanke to serve another term as Chairman of the Federal Reserve Board of Governors. This will be one of the most important nomination hearings the Banking Committee will hold all year, as the Administration and Congress continue to look for ways to restore our nation's financial stability, promote economic recovery, and work on legislation to ensure that another economic crisis like the one we faced last year never happens again.

While there has certainly been criticism of the Federal Reserve for not doing enough to protect consumers and for the unprecedented actions it took during the financial crisis, there is also consensus that Mr. Bernanke kept our nation out of a Depression and has kept inflation in check. As our nation recovers, and faces additional challenges in the months ahead, there is no doubt that having one of the world's foremost experts on the Great Depression at the helm of the Federal Reserve is a benefit to our nation as a whole.

As it is the Fed's independence and its ability to carry out day-to-day decisions about monetary policy without the intrusion of Congress that strengthens the Fed's credibility in the eyes of the private sector and allows it to follow policies that maximize price stability and economic stability, I do question what other responsibilities the Fed should have. Should the Fed supervise the biggest banks? Were the stress tests effective? Has the Fed constrained excessive risk-taking in the financial sector? Has the Fed done enough since the crisis to improve its oversight of bank holding companies and to be able to predict and prevent the next crisis? Does the Fed have too much power and responsibility and should Congress designate some of the Fed's obligations to other agencies? These are all questions that this Committee must consider in the coming weeks with regulatory reform legislation. Finding the right answers to these questions is important to our nation's economic stability.

All this said, the Fed has economic and financial expertise that is unrivaled, and I believe that Mr. Bernanke has been rightly re-nominated for this post. I look forward to the opportunity to hear Mr. Bernanke's testimony, and to hear his responses to my questions and my colleagues' questions.