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## Ron Paul Strikes Gold

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Ron Paul's legislative history is a lesson in principled failure. Among the bills he has co-sponsored: ending U.S. cooperation with the United Nations, a repeal of antitrust law "to restore the inherent benefits of the market economy," and stripping the government of the right to set a minimum wage. Just last week, he again introduced a bill "to repeal the Gun-Free School Zones Act of 1990," which would presumably make schools less safe but which would reinforce our right to bear arms. For Paul, ideology almost always trumps politics.

None of these bills, I should note, have picked up much support. And Paul's track record with economic legislation isn't any better. His perennial efforts—shifting the country back toward a gold standard, abolishing the personal income tax, and dismantling the Federal Reserve—are nonstarters. They so change the very fabric of this country that Paul can't marshal his colleagues to his side.

Which is why Paul's most recent legislative accomplishment is so impressive. He has rallied the majority of the House to support his new cause: an audit of the Federal Reserve. Legislators are sick of not knowing what's going on inside Bernanke's fortress, especially as the Fed becomes further enmeshed in the nation's fiscal policy. Paul's little bill has become emblematic of a larger movement, one that could spell trouble for Obama's troubled regulatory plan. Ron Paul—always an enemy of regulation—is now an enemy of Obama. And a mighty powerful one at that.

Paul wants to audit the Fed primarily because he wants to destroy it; the audit bill is just the latest chapter in Paul's lifelong crusade against it. His vendetta is fueled by the belief that the Federal Reserve is unconstitutional, a central bank within a country that doesn't allow central banks. That the Fed can manipulate the currency and "create legal tender out of thin air" is heresy. And so Paul attempts to dismantle it the only way he can: through legislation.

Thus we come to the audit. For Paul it's a foot in the door to a much larger goal. To the 244 co-sponsors—74 of them Democrats—it's a way to show their constituents that they're worried, too, about where taxpayer dollars are going. It's an amusing dissonance between the leader of the rebellion and his revolutionaries. The two parties are after entirely separate goals, one (transparency) vastly more achievable than the other (the end of the Federal Reserve).

This again makes Paul's coalition all the more remarkable. The distrust of the Fed has reached a point at which a majority of House members are following a radical into battle. Congress' frustration was evident last month when Bernanke got roasted in front of Congress, putting his future as Fed chairman and the health of Obama's regulatory plan in doubt.

Obama's proposal is to make the Fed a super-regulator; one that can both intervene and responsibly interfere whenever necessary. It would keep tabs on all the financial institutions that are too big to fail—banks and insurers, mainly—and, theoretically, keep the economy safer from major shocks like the one we just went through. But critics say that the Fed is partly to blame for getting us into this mess, and its track record when trying to cushion a bank's fall is suspect.

This is where the trouble begins. The Obama administration hasn't promised to make the Fed any more transparent despite making it all the more powerful. Already over the past year the Fed's role has become as large as the financial crisis was urgent. Yet we don't know anything more about how the Fed does its business now than we did before it started guaranteeing trillions of dollars of assets. The Fed's responsibilities have matured, but its personality has not. It is still the gifted child that can do whatever it wants—and its parents are still so in awe of its intelligence that they don't ask any questions.

The audit bill would change that; Obama's regulatory plan would not. The Obama administration has offered typical platitudes about accountability but doesn't have specifics about how it would work. Ironically, a regulatory plan

that's all about increased openness and transparency for the markets may fail to apply the same standards on its newly empowered regulator.

And so we're building toward a very interesting clash within the financial and political communities. Think of it as a math proof: Because of Ron Paul and the audit bill, we already know that Congress doesn't like the Fed. It feels this way because of the relationship between two variables: power and accountability. The Fed has too much power and too little accountability. Congress believes the two variables should have equal values. They do not, so Congress does not approve. Now, if you give the Fed more power but not more responsibility, this is going to make Congress upset. So upset that they may not pass the new regulatory legislation.

And so Obama finds himself in a difficult spot. He needs Congress on his side for a host of other legislation, so he may need to appease them here. But if he makes the Fed more accountable, the agency becomes even more a part of the government than it already is. This would be fine, except for the fact that the Fed isn't supposed to be a part of the government. So there's that.

But something has to give. Paul's Gang of 244 is fed up. They're ready to kill something. It will probably be Obama's regulatory plan. Then again, with Paul leading the charge you never know. It may be something central, something federal, something reserved. Never underestimate Ron Paul. Even if there's no reason not to.

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