

From: Maxwell Paderewski
Proposal: 1476 (RIN 7100-AE08) - Reg A -- Extensions of Credit by Federal Reserve Banks
Subject: Regulation A

Comments:

Comment: This proposed rulemaking would be a step in the right direction. The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) is a far-reaching piece of legislation intended to prevent future economic crises. In my opinion, Dodd-Frank includes a mix of good and bad regulations for financial institutions and the central bank. This proposed rule deals mostly with increasing regulation and oversight of the Federal Reserve, which is support.

With the hindsight we have in 2014 of the 2008 Troubled Asset Relief Program and the American Recovery and Reinvestment Act of 2009, we know that increasing liquidity to particular corporations (commonly known as "bailouts") does not always prove fruitful, and often creates much public resentment. If one of the goals of Dodd-Frank is to "protect taxpayers from losses," then the Federal Reserve should have stricter standards for lending money.

This rulemaking forces the Federal Reserve to be more transparent by providing evidence of solvency in markets to which it plans to extend credit. This rule also ensures that taxpayer losses are a major factor in making credit-extending decisions. It's astounding that this wasn't already a major factor.

Furthermore, the rulemaking attempts to ensure that the Federal Reserve does not extend credit to particular organizations, but rather to markets and industries as a whole. Sound economic policies do not reward certain organizations that make poor and risky decisions; if this occurs, it would only incentivize more of that activity.

In conclusion, increasing regulation and oversight of the Federal Reserve is necessary to ensure that main goals of Dodd-Frank are met. Since already so much of the Federal Reserve decision process is made behind closed doors, increasing transparency and enforcing strict credit-extension guidelines will better harmonize the relationship between the State and the Individual.