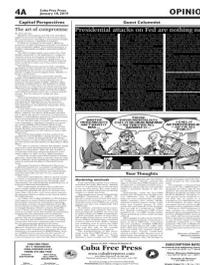


Title: **Presidential attacks on Fed are nothing new**
 Author:
 Size: 53.16 column inches
 Cuba, MO Circulation: 3250



Presidential attacks on Fed are nothing new

By Rik W. Hafer and Howard J. Wall

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The president's reaction to the Fed's decision was not surprising. He recently called the Fed "loco" and that he was "not even a little bit happy" with his nomination of Powell to be Fed Chair. What really startled observers was President Trump's direct threat to the independence of the Federal Reserve and its chairman. Concerns ramped up when the president declared via Twitter on Christmas Eve that the Fed is the "only problem our economy has."

Although President Trump's methods and language of criticizing the Fed are new, presidential outbursts against the Fed are not uncommon. Trump's recent rants are a revival of a presidential tradition.

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Most Fed Chairs have, at one time or another, been subjected to political pressure over their policies. Whether it is by the sitting president or members of Congress—Congressman Henry Gonzalez (D-Tex) was infamous for constantly trying to impeach the Fed chair and Board members in the 1980s—such public assaults go with the territory.

But the key point is that, unlike most other central bank systems around the world, the Federal Reserve is a politically independent arm of the government. Though created by Congress, its independence allows it to conduct monetary policy without undue political manipulation. The Fed is able to conduct policy as it sees fit, enduring the wrath and indignation of presidents and politicians, who have disagreed with its policy actions.

We have followed monetary policy and, as Fed economists, have even participated in the making of it for the better part of the last 40 years. Was the Fed's recent decision correct? Even the two of us disagree on certain aspects of a rate increase. But what we totally agree on, as backed by a vast amount of research, is that the Fed's actions should

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 Sheridan, MO Circulation: 500



Opinion – Attacks on Fed Reserve Nothing New

R.W. Hafer * Professor of Economics and Director, Center for Economics and the Environment * Lindenwood University

Howard J. Wall * Professor of Economics and Director, The John W. Hammond Institute for Free Enterprise * Lindenwood University

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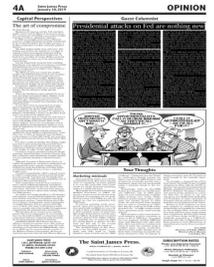
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The Fed must focus its actions on controlling the rate of inflation over time, regardless of the political pressures placed on the Fed. Failing to do so could produce a replay of the 1960's and 1970's, when inflation rose from 2 or 3 percent to double digits. And thus, the recent increase falls into that category.

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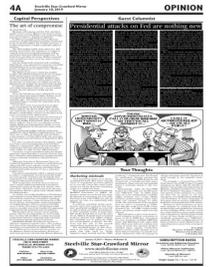
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