President Trump has continued his critique of the Federal Reserve’s decision to raise interest rates. AAF’s Director of Financial Services Policy Thomas Wade analyzes the potential problems that could arise from political interference in the Fed’s operations.

An excerpt:

Putting aside the substantive merit of Trump’s comments, it is worth noting that by simply making his remarks at all the President imperils the smooth operation of the Fed. As former Fed Chairman Ben Bernanke remarked, “Careful empirical studies support the view that more-independent central banks tend to deliver better inflation outcomes than less-independent central banks, without compromising economic growth.” The data appear clear, and that conclusion is supported by common sense. The Fed is dealing in enormously complex, long-term macroeconomic theory, and its decisions should not be influenced, let alone determined, by any one individual outside the Fed.