Fed Announces Another Rate Cut

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Earlier today the Federal Reserve announced in a press release that it is cutting interest rates by 1/4 percent, with the Federal Open Market Committee (FOMC) setting the target range for the federal funds rate at 4 1/4 percent to 4 1/2 percent. According to the Fed, this adjustment is part of the FOMC's two-percent inflation target, and goal of supporting maximum employment. The 1/4 percent interest rate cut is the third this year, with the first 1/2 percent cut announced on September 18, and the second cut of 1/4 percent announced on November 7.

Eleven of the 12 FOMC members voted in favor of the rate cut. Beth M. Hammack, president and chief executive officer of the Federal Reserve Bank of Cleveland, was the single vote against the adjustment, preferring to maintain the current interest rate of 4 1/2 to 4 3/4 percent.

The Federal Reserve press release stated it will continue to monitor the economic situation closely in regard to additional rate adjustments, stating, "the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks."

Fed Chairman Jerome Powell stated the decision was made to support ongoing economic strength, in accordance with the FOMC's commitment to its goal of maximum employment and price stability:

> My colleagues and I remain squarely focused on achieving our dual mandate goals of maximum employment and stable prices for the benefit of the American people. The economy is strong overall and has made significant progress toward our our goals over the past two years. The labor market has cooled from its formerly overheated state and remains solid. Inflation has moved much closer to our 2 percent longer run goal. We're committed to maintaining our economy's strength by supporting maximum employment and returning inflation to our 2 percent goal. To that end today, the Federal Open Market Committee decided to take another step in reducing the degree of policy restriction restraint by lowering our policy interest rate by a quarter percentage point.

Critics of the Fed correctly point out that many of America's current economic problems are the result of Federal Reserve and its manipulation of the nation's currency supply, rigging markets and causing inflation and economic recessions. A return to stable money, such as gold and silver, and the abolition of the Federal Reserve system would do much more to help the American economy than a small interest-rate cut.