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Fed Chief Bernanke Faces Strong Criticism

Ben Bernanke appeared on December 3 before the Senate Banking Committee as part of the confirmation proceedings needed to approve a second four-year term as Federal Reserve chairman. He found some strong opposition and some fawning support among the Senators.

Even prior to the hearing, Vermont independent Bernie Sanders employed a Senate prerogative and placed a “hold” on the nomination proceedings. He insisted that the “American people want a new direction on Wall Street and at the Fed. They do not want as chairman someone who has been part of the problem.” His action means that 60 senators will eventually have to vote for confirmation rather than a simple majority of 51.



Especially sharp criticism of Bernanke came from Senator Jim Bunning (R-Ky.). Claiming that he will “do everything I can to stop your nomination,” Bunning stated, “from monetary policy to regulation, consumer protection, transparency and independence, your time as Fed chairman has been a failure.”

The Kentuckian, who is not running for reelection in 2010, obviously referred to G. Edward Griffin’s book about the Fed when he told Bernanke, “Your Fed has become the Creature from Jekyll Island.” The popular book with that very name debuted in 1994 and has gone through more than a dozen printings. It traces the history and monetary treachery of the Fed from the secret 1910 meeting held at Jekyll Island, Georgia, until recent times. It has awakened many Americans to a need to terminate the Fed.

Defending himself and his four years at the helm, Bernanke nevertheless admitted “There were mistake all around,” and even offered that he “did not anticipate a crisis of the magnitude” that the nation has gone through during the current recession. He took advantage of the opportunity to caution the Senators against creating too much political oversight on the Fed, and made a point of insisting that a move already underway in Congress to lessen the Fed’s independence by having the institution audited would be a serious mistake.

Connecticut’s Christopher Dodd, the committee’s chairman, reassured the Fed leader that all Senators do not agree with the criticism he was receiving. Dodd, who is likely to face a challenge from nationally known Fed opponent Peter Schiff in 2010, told Bernanke that he deserved “praise for your acumen and gratitude [for preventing] a far worse outcome than we might have otherwise seen.”

Despite the sharp criticism voiced by some senators, Bernanke is likely to be approved by the heavily Democratic Banking Committee and the full Senate.

Photo of Fed Chm. Bernanke: AP Images



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