



Written by [Thomas R. Eddlem](#) on June 23, 2009

Obama: Fed “Performed Better Than Most Other Regulators”

Obama’s words constituted praise for a Federal Reserve Bank that is almost single-handedly responsible for the housing boom and bust. The Federal Reserve Bank (Fed) began [suppressing interest rates in 1999](#), an action that led to loose credit nationwide. The Fed only let off the throttle in 2006 after credit had so loosened that the bubble was already enormous. (For more information on how the Fed suppression of interest rates contributed to the housing boom/bust, click [here](#).)



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For President Obama to claim the Federal Reserve’s loose credit policy constituted better performance prior to the economic crisis than other regulatory mechanisms is to fail to acknowledge economic reality. Of course, this is from the same administration that [promised](#) earlier this year that the national unemployment level would never rise to more than 8 percent under his “stimulus” bill. Just four months later, unemployment is already at 9.5 percent and even the president himself [acknowledged during the June 23 press conference](#) it will top 10 percent this year. And he refused to forecast a high point for future unemployment when prompted during the June 23 press conference, claiming he doesn’t have an economic “crystal ball.”

That’s a statement with which even the president’s critics can readily agree.

Obama’s solution to the economic crisis (other than to increase the national debt and further loosen credit in this recession that even he acknowledged was caused by too much loose credit) is to give the Fed, the same body responsible for the current economic mess, more responsibility for ensuring it doesn’t happen again: “We believe that the Fed has the most technical expertise and the best track record in terms of doing that.” Obama was asked by a reporter if he was proposing to give the Fed too much power during that same press conference, and Obama [denied](#) he was expanding its power: “If — if you look at what we’ve proposed, we are not so much expanding the Fed’s power as we are focusing what the Fed needs to do to prevent the kinds of crises that are happening again.”

This is, of course, precisely the opposite of [what he told reporters just one week earlier](#), when he announced proposals for new financial regulations from the East Room of the White House: “I am proposing that the Federal Reserve be granted new authority — and accountability — for regulating bank holding companies and other large firms that pose a risk to the entire economy in the event of failure.”

Since when granting is granting the Fed “new authority” not “expanding the Fed’s power”? Since last week, apparently. Obama’s answers, along with the meaning of simple English language words, change according to the time of day.

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