



## **GOP field piles on the Fed**

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The Federal Reserve is emerging as one of the most popular punching bags on the GOP campaign trail.

In a crowded GOP field, Republicans of all stripes are eager to take a shot at the central bank and policies they say have weighed on the economic recovery.

And it's not just conservative and libertarian-leaningers with long pedigrees in Fed-bashing who are throwing rhetorical elbows at the Fed.

New Jersey Gov. Chris Christie, seen as a more business-friendly Republican, and former Sen. Rick Santorum (R-Pa.), known more for his socially conservative stances, each took turns assailing the Fed during the most recent GOP debate.

In the pair of debates hosted by Fox Business earlier this month, seven of the 12 GOP candidates took time to knock the central bank.

Of course, jabbing is not entirely novel in 2016.

Texas Gov. Rick Perry drew headlines during the 2012 campaign when he called the Fed's policy moves "almost treasonous." And ever since the crisis, the Fed has been a regular target of Republicans critical of its efforts to drive down borrowing costs via unprecedented economic stimulus.

But the breadth and frequency of the criticism appears to be on the uptick. While the engineers of the Fed's most recent easy money policies received backing from both Republican and Democratic administrations, it's clear Fed criticism is the popular play in a GOP primary.

“The Republican field, or at least the parts of it that are very critical of the Fed, is speaking to voters who are very mistrustful of government. And the Fed is government with a big ‘G,’” said David Wessel, director of the Hutchins Center on Fiscal and Monetary Policy at the Brookings Institution. “It’s not elected. It’s very mysterious, and it’s always been the subject of suspicion by populists.

In the years since the financial crash, the Fed has seen its reputation fall under intense scrutiny.

Some Democrats have accused the Fed of going soft on Wall Street as regulators, but most of the heat has come from the right. The libertarian wave set off by former Rep. Ron Paul (R-Texas) has reverberated to a GOP field that now includes his son. And as it was with the elder Paul, Fed criticism is a major target.

On Tuesday night, almost any question on the economy provided an opening to criticize the central bank.

Sen. Ted Cruz (R-Texas) dismissed it as run by “philosopher kings” and advocated a return to the gold standard. Sen. Rand Paul (R-Ky.) said it drove income inequality, after bemoaning the “arrogance” of former Fed chief Ben Bernanke at a previous debate. Christie called the Fed the “most political” he has ever seen, and Santorum said its policies were hurting average Americans to fill Wall Street coffers.

And several of the candidates who did not address the Fed on stage have used other venues to air their own Fed grievances. Carly Fiorina blamed an August stock selloff on easy money policies, and Donald Trump has accused Fed Chairwoman Janet Yellen of pushing harmful policies explicitly to the political benefit of President Obama.

Mark Calabria, a former Senate Banking Committee aide and director of financial regulation studies at the Cato Institute, said Republicans are invigorating the GOP base in their railing against Fed policies they argue botched the economic recovery.

But in the scheme of generating votes and support, he suggested that GOP candidates are better off keeping their arguments on the vague side.

“In terms of getting people grassroots energized the bashing alone and the bullet points are probably all you want,” he said.

Former Florida Gov. Jeb Bush has been fairly quiet on the Fed, leaving Ohio Gov. John Kasich to emerge as the lone Republican White House hopeful opposed to increased congressional oversight of the Fed. Modeling himself as a much-needed moderate, Kasich went to bat for the Fed during the most recent GOP debate, criticizing efforts by Cruz and Paul to bring the central bank under Congress's heel.

And even that came with a caveat. Kasich argued the Fed may be wrong, but bringing Congress into the picture wouldn't be any better.

"I don't like what the Fed is doing, but I'll tell you what worries me more than anything else is turning the Fed over to the Congress," he said.

Andrew Busch, editor of the political and financial newsletter The Busch Update, said that Republicans candidates would do better by honing their message about the Fed.

He said the GOP should call on the Fed to normalize monetary policy — including stepping away from a seven-year dependence on low interest rates to generate economic growth — so Congress can be more aggressive and begin much-needed work on tax, regulatory and education reform such as student loans.

"The Fed needs to stop being an enabler of bad behavior by Congress, which has taken no action on key issues," he said.

An odd wrinkle to all the Fed criticism this time around is that the central bank is on the cusp of doing what Republicans have been clamoring for in recent years: raising interest rates.

A series of strong economic data has most Fed watchers believing the Fed will hike interest rates for the first time since the crash at its December meeting.

When the Fed has come under significant public pressure in the past, it often was because it was setting rates uncomfortably high. Paul Volcker's Fed fought inflation in the 1980s by raising rates, and saw the bank's Washington offices surrounded by outraged farmers on tractors.

Yellen's Fed is adamant it can slowly raise rates without upending an economic recovery that many still don't feel. But if it fails, the central bank could face an entirely different set of political attacks.

"If this is the kind of grief they get with zero interest rates, what happens when they start raising them?" asked Wessel.