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We Hear Fed's 'Mission Accomplished' but It's Not Over

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What Mr. Goolsbee fails to note is that the Fed has largely engaged in credit allocation, not pure monetary policy. Money growth has been moderate because banks have elected to hold most of the new base money the Fed has created as excess reserves. QE and low rates have benefited big business and big government while harming smaller businesses and depriving savers of billions of dollars in interest income.

The Bernanke Fed has allowed Congress to dodge hard decisions, expanded the size and scope of government, allocated credit to politically favored groups and fueled assets bubbles by encouraging risk-taking. As Ray Dalio of Bridgewater Associates notes, only a small percentage of the gain in U.S. stock prices in 2013 can be attributed to growth in real earnings; most of the increase came from investors searching for yield.

Mr. Bernanke's "creativity" may have been applauded in Philadelphia at the American Economic Association meeting, but his legacy will be decided as the Fed exits its unconventional policy and the markets price in the costs of bringing rates back to normal.

James A. Dorn

Cato Institute

Washington