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Monetary Policy Isn't a Partisan Issue

On most public policy controversies, there are two fairly well-defined sides, often aligned with the two major political parties, and the challenge is to win elections so that "your" party's policies will get enacted. In contrast, monetary policy has traditionally been characterized by pervasive voter ignorance. Most voters have no opinion about the subject at all, and many of the voters who do have an opinion are deeply misinformed.

And unfortunately, a vocal minority of the political right has gotten themistaken impression that we're currently suffering from too-loose monetary policy. So I was delighted to see this new piece from economist David Beckworth and conservative commentator Ramesh Ponuru. They explain that monetary policy has actually been far too *tight* in the last four years, and they make the case for shifting monetary policy to focus on achieving a steady growth in nominal (that is, non-inflation-adjusted) incomes. Beckworth and Ponuru's article is consistent with the views of the late Bill Niskanen, who penned the Cato Institute's official position on monetary policy back in 2008.

It's hard to overstate how important this issue is. If Beckworth and Ponuru are right, and I think they are, Ben Bernanke could (with the support of the Fed's board of governors) end the recession in a matter of weeks if he wanted to. That wouldn't solve all the world's problems, but many of the world's problems are exacerbated by our anemic growth rates and persistently high unemployment. Better monetary policy is not, and should not be, a partisan issue.