



## *The Fed's Crony Capitalism*

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by George Leef

Jim Dorn of Cato Institute has a good [piece](#) on Forbes in which he discusses the Federal Reserve's policy of depressing interest rates to almost zero. That policy keeps the federal government's prodigious borrowing costs down, but here is the downside: "By pegging nominal interest rates at artificially low levels, the Fed is penalizing millions of people who have their assets in savings accounts or money market funds and getting near zero nominal returns. With CPI inflation of 3 percent in 2011, the real rate on those assets is negative."

So, in order to keep the cost of federal borrowing down, thus enabling the wonderful politicians in Washington to keep spending like crazy on a host of foolish and unconstitutional programs, a lot of people who have to make do with modest investment income suffer. Hardly seems like a policy that should appeal of anyone, much less liberals who profess concern over "social justice."