

## **[The Federal Reserve: Interest Rate Manipulator, Bubble Blower, Recovery Impeder, Just Doin' Its Job!](#)**

[Brian Doherty](#) | Aug. 15, 2012 6:32 pm

James Dorn of the Cato Institute has a good summation of everything the American economy has been getting from [its central bank, the Federal Reserve](#), lately.

It has, as Dorn explains, succeeded in facilitating booming federal debt; likely blowing a bond bubble in its feckless attempt to facilitate growth through eternally small interest rates; continuing to make saving a bum deal for most of us; encouraging banks to just hoard money rather than lend it through paying interest on reserves; and in general screwing with the national and world economy with its hubristic attempt to manage us to smooth growth and high employment.

Dorn's recommendation:

Getting rid of the Fed's dual mandate, eliminating interest on excess reserves, moving away from interest-rate targeting and toward directly controlling the monetary base, and focusing on long-run price stability would be a start. Getting rid of monopolistic central banks and moving toward a rules-based system of competitive "free banking" would offer an alternative that is consistent with a liberal economic order.

Tim Cavanaugh has written [many biting and interesting bits](#) about the Fed for us here at *Reason*.

My 2009 *Reason* feature on the movement to curb, audit, or [end the Federal Reserve](#).