

# THE PERISCOPE POST

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## Palin has a point

Wall Street Journal

Leader: "Palin's dollar, Zoellick's gold" **The Journal** was pleasantly shocked by erstwhile Alaskan governor Sarah Palin's "sophisticated knowledge" of monetary policy after she railed against the Federal Reserve's latest round of quantitative easing (their assessment of Palin's analysis may also be so positive because the paper happens to agree with her). Palin's commentary may have brought the economic and monetary policy debate back to the American dollar and its necessary stability; more than that, she may be ahead of the political game in that she "shows a talent for putting a technical subject in language that average Americans can understand". So Palin's talking about the dollar – and World Bank leader Robert Zoellick went a step further, hinting at a return to the gold standard in an op-ed for the FT. He may not be calling for a full-fledged return, but, **The Journal** noted, "His nonetheless useful point is that a system of global monetary cooperation needs a North Star to judge when it is running off course." Concluded the paper, "In their different ways, Mrs. Palin and Mr. Zoellick are offering a better policy path: More careful monetary policy in the U.S., and more U.S. leadership abroad with a goal of greater monetary cooperation and less volatile exchange rates."

Alan Reynolds: "Ben Bernanke's impossible dream" "Federal Reserve Chairman Ben Bernanke may be an excellent economist, but he is not a very good bond salesman," declared Alan Reynolds, senior fellow at the Cato Institute, a libertarian think tank, in an op-ed for **The Journal**. The Fed seems to think that it can raise inflation and lower long-term interest rates without invoking the ire of the bond buyers, who are about to see bond yields decline. "In other words, Mr. Bernanke and his FOMC allies are risking higher interest rates and inflated commodity costs in the pursuit of the contradictory objectives of higher inflation and lower bond yields, seemingly oblivious to all the evidence that they are pursuing an impossible dream."

**The Daily Mail**

Iain Duncan Smith: "Why these welfare reforms bring hope, not despair" In a bid to drum up sympathy and support for unpopular welfare reforms, Secretary of State for Work and Pensions Iain Duncan Smith took to the pages of **The Daily Mail** today. Hitting back at opposition politicians for branding the Coalition's planned reforms to the Local Housing Allowance, the bill for "social tenants in private rented accommodation", a bid to "socially cleanse" London. "They have even tried to suggest that our real purpose is not just to cut the budget deficit but to remove poor people from the heart of our cities. One critic even referred to it as the coalition's 'final solution for the poor'," he wrote. "This is not just untrue but vicious and a cold and calculated manipulation of language for political effect." The Coalition is just proposing a much-needed reform to a system that's been "ripping off" taxpayers for years, that's all.

Financial Times

Leader: "Gold digging at the World Bank" John Maynard Keynes, whose economic philosophy has been the Obama Administration's guiding star, once called gold "a barbarous relic". But, the **FT** noted, "relics

rarely cease to inspire devotion” and with World Bank president Robert Zoellick’s nod yesterday to returning to some sort of gold standard in his much talked-about **FT** op-ed, gold may be set for a revival. The **FT**, for its part however, isn’t sold: “In monetary policy, pegging the monetary base to gold would be a (very impractical) way to target prices. But the gold price is hardly the most useful price to fix. Unlike a broad price index, it is unrepresentative of the economy. Buffeted as its price is by private demand and supply, gold’s stabilising properties are also largely mythical.”

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<http://www.periscopepost.com/2010/11/palin-has-a-point/>

Published: 2010/11/09 at 15:11

Printed: 2010/11/09 at 16:11

Author: Periscope

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