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Editorial: Reconfirm the chief of Federal Reserve

Despite early errors, he's best-suited to continue recovery efforts.

Last update: January 7, 2010 - 6:59 PM

Is the person who some blame for leading us into the financial crisis the best person to lead us out of it?

That's one way to frame the reconfirmation vote for Ben Bernanke, the chairman of the Federal Reserve System, after the Senate Banking Committee approved him by a 16-7 vote in December.

Those highly critical of Bernanke rightly point out that the Fed itself -- under the leadership of both Bernanke and his predecessor Alan Greenspan -- created the conditions that led to the crisis by not only not recognizing the housing bubble at the heart of the Great Recession but inflating it with monetary policy.

Bernanke seems to see it differently, stating in a speech Sunday to the American Economic Association that "stronger regulation and supervision aimed at problems with underwriting practices and lenders' risks management would have been a more effective and surgical approach to containing the housing bubble than a general increase in interest rates. ... When historical relationships are taken into account, it is difficult to ascribe the house price bubble either to monetary policy or to the broader macroeconomic environment."

In other words, don't blame low interest rates but rather a failure to regulate the go-go years they helped spawn.

Bernanke's half right. Regulatory failure was indeed a contributor to the cauldron of bad decisions and missed signals. But the Fed and Bernanke should shoulder much of the blame for not using the strongest tool -- setting interest rates -- to cool the housing sector.

Featured comment

Ben Bernanke, the chairman of the Federal Reserve System, should be put in federal prison for cheating the citizens of the United States.

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TWO VIEWS OF BEN BERNAKKE

"He will not be an independent chairman, in that he will bend to the will of the political structure in Washington that wants loose monetary policy -- that wants the recreation of the bubble, essentially. ...We're going down the route of trying to recreate bubbles."

Mark A. Calabria, director of financial regulation studies at the Cato Institute

"The complaints about Bernanke -- which have considerable justification -- relate to what he did prior to over a year ago. But when you look at what he did once the financial crisis was in full flower, I think he's been imaginative and bold and intelligent. He's also an expert on major economic and financial crises. And of course he's the architect of what's been done in the last year and a half. So as we look

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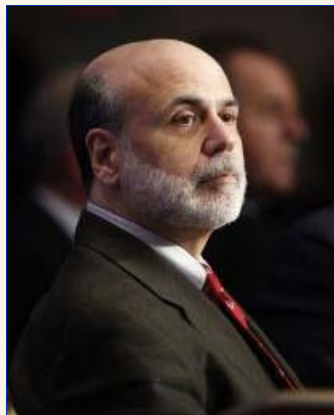
Nevertheless, Bernanke's newfound zeal for regulatory reform is one of the many reasons he should be reconfirmed for a second term. President Obama's package of financial regulatory reform is languishing in Congress, and no one can speak with more moral and experiential authority on the need for more muscular regulation.

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forward to how to unwind the emergency actions, I simply think he's the best placed person to do it."

Douglas J. Elliott, a fellow in economic studies at the Brookings Institution

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End Poverty by Ending the Fed

The writer of this editorial has demonstrated a profound lack of understanding of the role of our nation's central bank. The Federal Reserve is a banking cartel that exists to ensure that its member banks remain highly profitable, even if at the expense of the rest of the country. Bailout Ben Bernanke should not be reconfirmed, the Federal Reserve should be outlawed and the country's money should once again be based on gold and silver as clearly stated in Article 1, Section 10 of the Constitution.

posted by seff0001 on Jan 8, 10 at 9:43 am |

2 of 2 people liked this comment.

Berneke - What a smug SOB.

The look on his face even gives away his evilness. I am smarter than you and control you. I say what is what. These hearings are all just for you as a show they mean nothing. We operate outside of government. Here Here King Ben!!

posted by parksoy125 on Jan 8, 10 at 9:50 am |

3 of 3 people liked this comment.

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I hope he gets reconfirmed too!

While I can't say there isn't a very large part of me that too would like to see the likes of Bernanke and Greenspan in prison for their actions as Federal Reserve Chair, there is also a part of me that sees a golden opportunity in keeping Mr. Bernanke onboard. Were Mr. Bernanke not reconfirmed and another individual appointed as Federal Reserve Chair, all of the bi-partisan effort that is shaping up to lift the veil of secrecy on the Federal Reserve Bank (HR 1207 & S604) would likely fall by the wayside.

posted by [soapboxgod](#) on Jan 8, 10 at 9:57 am |

Bologna

It's time to fire the architects of economic ruin and fraud. Fire Bernanke, then Geitner. These clowns, and their handler -- the smug fool in the Oval office -- can't be trusted.

posted by [schroeder12](#) on Jan 8, 10 at 10:05 am |

1 of 1 people liked this comment.

"...nothing I've seen here is even close to a (realistic) solution."

Really? Seems to me the following is succinctly stated. "...the country's money should once again be based on gold and silver as clearly stated in Article 1, Section 10 of the Constitution."

posted by [soapboxgod](#) on Jan 8, 10 at 10:31 am |

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