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# Fed Policy Contributed to Recession It Ended

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Regarding Ben Bernanke's "How the Fed Saved the Economy" (op-ed, Oct. 5): The title of Mr. Bernanke's new book "The Courage To Act" would have been more appropriate if he had insisted the White House adopt a more prudent fiscal policy and drop its antibusiness rhetoric and policies. Between raising taxes, admonishing successful entrepreneurs that they didn't build it, adding strangulating government regulations and instituting ObamaCare, plus the failure to adopt pro-growth tax policies, we have experienced the worst economic recovery since World War II.

Mr. Bernanke and his Fed predecessor kept real interest rates below zero, creating a housing bubble that caused an economic meltdown. Barack Obama has added more to the country's national debt than all the presidents who preceded him. This is in contrast to a promise he would cut deficits in half. Recall President Obama labeling George W. Bush "unpatriotic" for running deficits.

It hardly took courage to accommodate the president's reckless spending and unproductive economic policies by inflating asset prices with negative real rates. Sadly, the Fed's easy-money policies have left 46 million people on food stamps compared to 32 million when the president took office, and real incomes have declined over the past six years. It's time for our Fed chairwoman to show some courage and inform the president she will not create another economic bubble.

**Robert M. Sussman**
*Paradise Valley, Ariz.*

While Mr. Bernanke isn't to blame for political decisions by Congress, Fannie Mae and Freddie Mac that enabled the subprime crisis, the Fed should be blamed for the lowering of bank capital requirements that made it worse. How many times can the Fed "rescue" the economy by doubling the national debt?

**Ed Kahl**
*Woodside, Calif.*

What Mr. Bernanke doesn't tell us is that the Fed helped produce the crisis by holding rates too low for too long, didn't foresee the housing bubble and substantially expanded its power. Moreover, the Fed's quantitative easing and zero interest-rate policy have encouraged risk-taking, fleeced savers, discouraged private investment, misallocated credit and financed government debt on the cheap—thus encouraging big government. The Fed's unconventional monetary policies have created a pseudo wealth effect, not a permanent net addition to the stock of capital. When interest rates begin to rise, as they must, asset prices will fall and wealth will be destroyed.

**James A. Dorn**
*Cato Institute*
*Washington*

Mr. Bernanke neglects to mention that the real engine for growth is when a person willing to take risks feels that there is a worthy chance of reward that won't be stymied by onerous regulations, excessive taxes, ridiculous tort liabilities, redistribution of income in pursuit of fairness, politicians who want to control prices (profits) for innovative developments and a whole boatload of toil that makes the whole pursuit not worth it.

**Rick Wohlner**
*Waukegan, Ill.*

Unfortunately the Fed has managed to do what Democrats despise: make the rich richer by flooding the capital markets with money and absolutely destroying everyone living on earnings from fixed-income investment.

**Bill Faust**
*Scottsdale, Ariz.*

The statement that the unequal benefits of growth "aren't problems that the Fed has the power to alleviate" is patently false. The volatility of equities and the systematic destruction of savings is a direct result of Fed market intervention that creates winners and losers as surely as tax policy.

**Mike Smith**
*Sugar Land, Texas*

Mr. Bernanke mistakes economic activity for economic progress. He appears clueless about how unemployment statistics are calculated. He cannot differentiate between the use of resources and the efficient use of resources. Saved the economy? One marvels at the resiliency of the American economy in that it survived his misrule at the Fed.

**Charles Meyrick**
*Housatonic Community College*
*Bridgeport, Conn.*

Those of us who looked at computer screens day after day in late 2008 and early '09 have a great deal of reverence for those who pulled us out of those dire circumstances. How about a Mt. Rushmore II with likenesses of Mr. Bernanke, Tim Geithner and Hank Paulson carved in stone?

**Doug McPeek**
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