



Written by [Thomas R. Eddlem](#) on August 26, 2009

Bernanke Renominated as Fed Chairman

President Barack Obama on August 25 renominated current Federal Reserve Chairman Ben Bernanke to another four-year term as Chairman of the Federal Reserve Board of Governors, but free-market economists have concluded that Bernanke's policies are creating the seeds of another economic crash.



President Obama [said](#) in his nomination statement that Bernanke has engaged in "bold, persistent experimentation" which "has brought our economy back from the brink. They're steps that are working."

But free-market analysts say the reverse is true, and that Bernanke is actually pursuing policies that are making the economy worse. Euro-Pacific Capital President Peter Schiff noted in a [video blog](#):

He has done an horrific job as Fed chairman. Certainly if you want to say he's done a good job in temporarily easing the pain, he's done that. But with major negative long-run consequences. He's simply repeated the mistakes of Alan Greenspan, who did the same thing, who inherited a busting stock market bubble in a recession. And he "saved the economy." He made sure that the recession of 2001 and 2002 was very mild. Yet the actions he took to do this is the reason that we had all the problems in 2008. We would never had a housing bubble, we wouldn't have had a sub-prime mortgage crisis, had it not been for what the Fed did to ease the pain of that recession. And that, of course, was why Greenspan was so widely heralded as the greatest Fed chairman ever, when I correctly labeled him the worst Fed chairman ever. Now Ben Bernanke is receiving accolades for making the same mistakes.

Schiff argued that Bernanke's policy of reducing interest rates to zero is actually worse than Greenspan's policy of reducing interest rates to one percent, and that it will result in a new financing bubble that will burst. Moreover, Schiff [argues](#), the Federal Reserve's policy of purchasing federal debt is enabling fiscal irresponsibility by Congress. "Ben Bernanke is making none of the tough choices, and he is making sure that Congress doesn't have to make any tough choices," Schiff emphasized. "By monetizing all the deficits, he is letting Congress off the hook. He is making it so they don't have to cut spending, they don't have to balance the books, they can run these huge deficits."

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