



Written by [Ron Paul](#) on August 7, 2023

Will the Fed End Trump?

Early in 2017, Senator Chuck Schumer stated that then-newly elected President Donald Trump was dumb to be antagonizing the intelligence community because “they have six ways from Sunday to get back at you.” Senator Schumer seems to have been onto something, given the possible involvement of US national security officials in the various attempts to remove President Trump from office and then sabotage his reelection campaign.



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As powerful as the intelligence agencies are, there is another secretive government institution that also has great ability to harm, or help, politicians: the Federal Reserve. By manipulating the money supply and interest rates, the Fed can cause a temporary boom or slowdown. As we have seen over the past several years, the Federal Reserve’s money creation will also lead to rising prices, which can offset any economic benefits the average American receives from a Fed-created boom.

While the Fed is responsible for boom and bust cycles that plague the American economy, most people give the credit or blame for a strong or weak economy to the president and other elected officials. Partisan politics play a role in this too, like when Republicans labeled the price inflation created by the Fed’s unprecedented money creation “Bidenflation,” suggesting Biden was responsible.

Since the Federal Reserve’s creation, presidents have pressured the Fed to implement monetary policies helpful to their administrations. Usually, the Fed tries to accommodate presidents, which is why economists refer to the political business cycle. However, the Fed does not always accommodate presidents. President George H.W. Bush and members of his administration blamed his 1992 loss on Fed Chairman Greenspan’s refusal to lower interest rates to help the economy recover from a recession.

Trump, as a presidential candidate, accused the Fed of keeping rates low in 2016 to help Hillary Clinton. Then, Trump, as president, appointed Jerome Powell to be chairman of the Federal Reserve. Trump proceeded to regularly criticize Powell on Twitter for not lowering interest rates, even though rates were already at historically low levels. Trump was criticized for trying to influence the Fed even though almost every president tries in some way or another to influence the Fed’s monetary policies. Trump’s mean tweets certainly do not compare to Lyndon Johnson, who once shoved Fed Chair William Martin against a wall after a Fed interest rate increase that would hinder financing of the Great Society at home and the Vietnam War abroad.

Biden has stated that he would respect the Fed’s independence. So, it makes sense that Powell would prefer four more years of Biden’s silence to four more years of Trump’s online attacks. The desire to help, or at least not hurt, Biden could be the reason the Fed is signaling it will stop raising rates next year. This may also be one reason many “mainstream” economic commentators are saying the Fed has succeeded in bringing down inflation without throwing the economy into recession.

If President Trump had pushed for passage of the Audit the Fed legislation, he might not have had to worry about a secretive central bank undermining his campaign to regain the presidency. Furthermore,



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if Trump's opponents really care about protecting the American people, they would focus on the threats to liberty, prosperity, and limited constitutional government posed by the Federal Reserve's fiat money insurrection.



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