



Written by [John F. McManus](#) on July 24, 2018

Trump Calls Out the Power of the Federal Reserve

Presidents are expected to keep quiet about whatever the Federal Reserve does. But Donald Trump has become famous for upending supposedly sacrosanct protocols.

On July 20 during an interview aired by CNBC, the president complained about the Fed's raising of interest rates. He said: "I don't like all of this work that we're putting into the economy and then I see rates going up. I am not happy about it." Obviously concerned about the rate hikes having an impact on the fall congressional elections, Mr. Trump seems unaware that the Fed has frequently used its power over monetary policy to sway voters. That such power is completely unconstitutional and should be abolished hasn't become an issue with Mr. Trump although he seems aware that it exists.



Over the years, there have been occasional bits of attention paid to this enormously important Fed power. In the July 25, 1988 issue of *U.S. News and World Report*, for instance, writer Monroe Karman indicated his awareness when he wrote:

In short the central bank wants to strike a pose of neutrality for the contest between George Bush and Michael Dukakis. The Fed will neither plunge the economy into a recession as [Fed Chairman] Paul Volcker did in 1980 to sabotage Jimmy Carter's chances for reelection, nor open up the money spigots wide, as Arthur Burns did in 1972 to help Richard Nixon win another term.

Get it? Recession to help one candidate and a burst of temporary prosperity to help another. The Fed can and does use this generally unknown ability to impact the thinking of voters. It does so all the time, not only prior to presidential contests but also in the months leading up to congressional elections.

More than a full year before President Ronald Reagan sought reelection, columnist William Safire told of his awareness of the Fed's use of its political clout. He explained what he knew in his *New York Times* column appearing in May 16, 1983:

A presidential candidate wants a Fed chairman who will swing a little. Comes the spring of '84, if interest rates are climbing upward and hurting housing, the incumbent will want a Fed chairman to start shoveling money like mad — even if it upsets conservatives.

This kind of power possessed by the Fed is almost totally unknown to the American people. In fact, all of what the Fed does affects every American and all is almost totally hidden. The Fed is extremely powerful and an aspect of its vast power resides in its ability to keep quiet about what it does, and keep others similarly quiet.

In a June 6, 1968 newsletter to his constituents, Congressman Wright Patman, then the Chairman of the



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House Banking Committee, wrote of his frustration about the “independent, uncontrolled and uncoordinated government in the Federal Reserve System.” He said that our nation had two governments: the duly constituted government and the Fed. And there was nothing he could do about it.

There has been a bit of an awakening about the Fed in recent years. A measure calling for an audit of the Fed (it has never been audited) has been approved in the House of Representatives. But needed similar action was not forthcoming from the Senate.

President Trump could find himself experiencing the effect of the Fed’s manipulative power in the 2018 congressional elections. Or, he could find out that the Fed can sink his chances for reelection in 2020. It would behoove him to draw attention to the illegitimate Fed power sooner rather than later. In any case, the drive for an impartial audit of the Fed would help, not just him but all who crave freedom.

If our nation remains a captive of the Fed, it will become a captive a United Nations version of the Fed. And both independence for the nation and continued liberty for the people will disappear.

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