

Bernanke's economic plan simply won't work

This letter is in response to an article in Saturday's Daily News, "Bernanke on perilous ground for fed chairman."

The article was insightful and revealing. Paul Wiseman and Jeannine Aversa noted that Federal Reserve Chairman Ben Bernanke seems to be veering into uncharted and dangerous territory with his latest proposals for dealing with the ailing economy.

"Bernanke has been under fire since Nov. 3, when the Fed announced a bold plan to buy \$600 billion in Treasury bonds," they write. "The bond purchases are intended to lower long-term interest rates, lift stock prices and encourage higher spending to energize the weak economy."

The immense criticism that Bernanke has received for this inane plan is both extraordinarily valid and exceptionally deserved.

As Thomas E. Woods Jr. argued in "Meltdown: A Free-Market Look at Why the Stock Market Collapsed, the Economy Tanked, and Government Bailouts Will Make Things Worse," the best course of action the Fed could possibly pursue would be to steer completely clear of this kind of inappropriate and superfluous interference in the market.

"The current crisis was caused not by the free market but by the government's intervention in the market," Woods writes. "The Fed's policy of intervening in the economy to push interest rates lower than the market would have set them was the single greatest contributor to the crisis that continues to unfold before us."

To date, Bernanke's attempts to artificially jump-start the economy have not resulted in any beneficial outcomes. The Fed's actions have not stimulated economic growth, contributed to lower unemployment, or otherwise been of any significant benefit to the average citizen.

In the very least, as Wiseman and Aversa correctly assert, "Bernanke may be putting at risk the Fed's strongest tools — its credibility and independence."

However well-intentioned, Bernanke has no business trying to influence policy decisions that

are clearly beyond his job description and scope of expertise.

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