

Monetary Policy

Markets, not the Federal Reserve, must determine interest rates and monetary policy.

In their seminal work, *A Monetary History of the United States, 1867–1960*, Milton Friedman and Anna Schwartz meticulously detailed how the Fed’s catastrophic policy errors directly triggered and prolonged the Great Depression.

Rates must ultimately be determined by the market: the natural supply of savings and demand for credit.

The Federal Reserve’s attempt to micro-manage the economy is fundamentally flawed. As Friedrich Hayek famously argued, no centralized committee can ever possess the vast, decentralized knowledge of millions of individual participants in a free market.

Centralized manipulation of the money supply disrupts natural economic signals, leading to inflation and artificial boom-and-bust cycles. The Fed’s discretionary fine-tuning almost always backfires due to unpredictable economic lags.

Furthermore, the concept of a “non-political” and “independent” Federal Reserve is a dangerous myth that shields unelected bureaucrats from public accountability. History proves that monetary policy is inherently political and deeply impacts every American taxpayer.

To restore accountability, the Fed should be stripped of its unilateral decision-making power and relegated to an advisory role, submitting its economic reports and recommendations directly to the Secretary of the Treasury.

Ultimate policy decisions must rest with an accountable, Senate-confirmed Cabinet official, forcing transparency and ending the shadow governance of central bankers.

We must replace erratic bureaucratic choices with a strict, predictable rule-based system modeled after Milton Friedman’s advocacy for steady, automated guidelines to ensure long-term price stability.

We’d all be better off if markets not bureaucrats set interest rates.