

AAll Survey: Readers React to President Trump's Verbal Assault on Federal Reserve

President Trump has been waging a one-sided war of words against the Federal Reserve in recent weeks. Last week's statement that the Federal Reserve is "my biggest threat" was the latest in a series of negative comments directed at the central bank. "Because the Fed is raising rates too fast. And it's independent, so I don't speak to him," Trump said in an interview with Fox Business, referring to Fed chairman Jerome Powell. "But I'm not happy with what he's doing because it's going too fast. Because—you look at the last inflation numbers, they're very low."

These statements came after Trump said the Fed has "gone crazy" and has blamed Fed chairman Jerome Powell recent drops in stocks. "I'm not blaming anybody, I put him there," Trump said of Powell. "And maybe it's right, maybe it's wrong. But I put him there."

In response to the president's comments, former Federal Reserve chair Janet Yellen said Trump's attacks on the central bank could be counterproductive if they cause investors to doubt the Fed's commitment to keeping inflation in check. She added that she didn't think the central bank or Fed chairman Jerome Powell would be influenced by Trump's. Attacking the central bank for raising rates as it deemed necessary "would politicize the Fed," she said. "It would undermine the confidence that the Fed has a commitment to price stability and to politicize it and to undermine that is something that is essentially damaging to the Fed and to financial stability."

Yellen also said the president was entitled to express his view about monetary policy. "There's no law against that," she said. "But I don't think it's wise."

AAll Weekly Survey Question

In light of the comments of President Trump and Janet Yellen, last week's survey question asked our readers with whom do they agree more.

Here are the results of the survey:

Earlier this month, President Trump said “the Fed is making a mistake,” in response to the central bank’s campaign to gradually raise short-term interest rates, adding, “I think the Fed has gone crazy.” In response, former Federal Reserve chair Janet Yellen said attacking the central bank for raising rates as it deemed necessary “would politicize the Fed.” She continued, “It would undermine the confidence that the Fed has a commitment to price stability and to politicize it and to undermine that is something that is essentially damaging to the Fed and to financial stability.” With whom do you agree with more?

Janet Yellen : 81% - Votes: 1924



President Trump : 19% - Votes: 456



In all, 2,380 readers participated.

The overwhelming majority of readers (81%) say they agree more with former Fed chair Yellen’s comments than President Trump’s (19%).

Weekly Special Question

While Janet Yellen pointed out there is no law against the president criticizing the Fed, our weekly special question asked whether our readers thought Trump’s comments are appropriate. Specifically, we asked:

Do you think it is appropriate for a sitting president to publicly criticize monetary policy undertaken by the Fed? Why or why not?

In all, we received 512 responses.

By a more than two-to-one margin (71% to 29%), our readers feel that President Trump’s negative comments directed toward the Federal Reserve are not appropriate.

Twenty-one percent of respondents say that the Fed shouldn’t be politicized, the largest single block of responses.

Another 15% feel that it is not okay for the sitting president to publicly criticize the Federal Reserve.

Ten percent believe that the president is entitled to his own opinions regarding the Fed’s monetary

policy and that the central bank doesn't have to act on it.

Another 10% feel that the president should not publicly comment on the Fed's monetary policy because he isn't educated on the topic.

Rounding out the top five groups of responses, slightly more than 6% of readers feel that the Fed knows best when it comes to monetary policy.

Here is a sampling of the responses from our readers regarding President Trump's criticism of the Federal Reserve and former chair Janet Yellen's rebuttal:

- "He's entitled to his own opinion, but as president, he should voice that opinion in private."
- "The Fed should always stay independent and should not be under pressure by the executive branch."
- "[The president should criticize the Fed] if they are unnecessarily constraining free market forces."
- "No. Especially when one has no clue what they are talking about."
- "No. It is important that the public have confidence in the integrity and independence of the Federal Reserve, otherwise, our financial stability becomes a house of cards."
- "Anyone, including the president, has the right to speak up. The Fed would not be hurt to listen to diverse points of view. This allows for checks and balances and for sharper ability to defend one's position."

Everybody has an opinion! Why not give us yours? Participate in our weekly member poll, updated every Monday, and see the results online at www.aaii.com/memberquestion.