

It Is Time to Dissolve All Central Banks, a Cancer on their Nations' Real Economies

By [George Washington's Blog](#)

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Region: [USA](#)

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As previously noted, the Federal Reserve has failed on its own terms. Specifically, it has [failed to provide the counter-cyclical influence on the economy](#) which is its very justification for existing in the first place.

Moreover, prominent Wall Street economist Henry Kaufman [says](#) that the Federal Reserve is primarily to blame for the financial crisis:

"I am convinced that the misbehavior of some would have been much rarer — and far less damaging to our economy — if the Federal Reserve and, to a lesser extent, other supervisory authorities, had measured up to their responsibilities ...

Kaufman directly criticized former Federal Reserve Chairman Alan Greenspan for not using his position to dissuade big banks and others from taking big risks.

"Alan Greenspan spoke about irrational exuberance only as a theoretical concept, not as a warning to the market to curb excessive behavior," Kaufman said. "It is difficult to believe that recourse to moral suasion by a Fed chairman would be ineffective."

Partly because the Fed did not strongly oppose the repeal in 1999 of the Depression-era Glass-Steagall Act, more large financial conglomerates that were "too big to fail" have formed, Kaufman said, citing a factor that has made the global credit crisis especially acute.

"Financial conglomerates have become more and more opaque, especially about their massive off-balance-sheet activities," he said. "The Fed failed to rein in the problem."...

"Much of the recent extreme financial behavior is rooted in faulty monetary policies," he said. "Poor policies encourage excessive risk taking."

Even the head of the Federal Reserve bank of San Francisco – during a talk on how runaway bubbles can lead to depressions – [admitted](#):

Fed monetary policy may also have contributed to the U.S. credit boom and the associated house price bubble ...

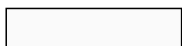
This is on top of the widely recognized fact that the Fed helped cause the Great Depression with its faulty monetary policy.

Indeed, if even half of what financial writer Ellen Brown [says](#) is true, central banks in all countries are parasitic organizations which do not have the best interest of their host nation in mind.

The central bank experiment has failed.

It is time to dissolve not only the Fed (as Ron Paul, Dennis Kucinich, Austrian school economists, and many others have demanded), but all central banks.

Whatever their motivation – whether selfish or altruistic – they have proven to be a net detriment to their respective economies.



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