

The Real Winner of the Presidential Election

By [Washington's Blog](#)

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Image by [William Banzai](#)

The Federal Reserve Is the Real Winner

US News and World Report notes that [Bernanke helped Obama to get re-elected by juicing the economy](#)... at least temporarily:

The Federal Reserve had a key role in the presidential election—possibly even a decisive one.

Exit poll results show that, not surprisingly, a majority of voters said the struggling economy was their top concern In the end, voters seemed to believe the economy was gradually getting better, and Obama deserved more time to make things right.

Without question, the biggest factor impacting the economy this fall was the Federal Reserve's decision in September to extend its controversial quantitative easing program indefinitely, until the economy is back on track for good. This type of monetary easing is an arcane strategy that doesn't directly impact consumers. But it can have a powerful effect on the economy that filters through to ordinary people in many important ways. And the biggest advocate of quantitative easing has been Fed Chairman Ben Bernanke.

Consumer confidence, in fact, rose sharply in the weeks leading up to the election, even as business leaders were becoming more worried about problems such as the looming fiscal cliff. That's one thing that pushed our Obamanometer reading onto Obama's side. The Fed probably had as much to do with that as anything else.

Bernanke has also shown himself to be a pragmatist determined to do whatever is necessary to help the economy recover today, even if it risks unpleasant consequences—such as higher inflation—in the future. Voters seem to approve. So maybe the politicians ought to listen.

While Romney is as mainstream economically as Obama, he did make noises about [auditing the Fed](#), criticized [additional Fed easing](#), called Fed stimulus [“artificial”](#), [“ineffective”](#) and [“just making it up”](#), promised to appoint some [monetary hawks](#), and said that he would [challenge Bernanke's re-appointment](#).

Some of it was undoubtedly attempting to appease Ron Paul supporters (and [other libertarians](#)), who hate the Fed. But at least some of it appears to have been genuine.

As such, the big winner from the election is the Federal Reserve.

Postscript: Numerous economists say that [we must end or substantially rein in the Fed](#). Both liberal and conservative protesters – Occupy and Tea Party alike – have [railed against](#) the [unchecked power of the Federal Reserve](#).

Support among the public and House for auditing the Fed is almost 100% ... but Democratic Senate leader Reid has [vowed to kill](#) an audit (even though he [previously supported it](#)). Given that Obama has been re-elected, and the Dems have kept the Senate, it appears that the Fed will retain its powers without any real checks or balances.

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