



On Sunday, March 11, 2019, Federal Reserve Chairman Jerome Powell was interviewed by Scott Pelley on 60 Minutes. We thought it would be helpful to cite a few sections of their conversation and provide you with prior articles in which we addressed the topics discussed.

We have been outspoken about the role of the Fed, their mission and policy actions over the last ten years. We are quick to point out flaws in Fed policy for a couple of reasons. First, is simply due to the enormous effect that Fed policy actions and words have on the markets. Second, many in the media seem to regurgitate the Fed's actions and words without providing much context or critique of them. The combination of the Fed's power over the market coupled with poor media analysis of their words and actions might expose investors to improper conclusions and therefore sub-optimal investment decision-making.

With that, we review various parts of the 60 Minutes interview and offer links to prior articles to help provide alternative views and insight as well as a more thorough context of Chairman Powell's answers.

Click the following links for the interview [TRANSCRIPT](#) and [VIDEO](#).

Can the Fed Chairman be fired?

PELLEY: Do you listen to the president?

POWELL: I don't comment on the president or any elected official.

PELLEY: Can the president fire you?

POWELL: Well, the law is clear that I have a four-year term. And I fully intend to serve it.

PELLEY: So no, in your view?

POWELL: No.

Our Take: Yes, the Federal Reserve Act which governs the Fed makes it clear that he can be fired for cause. - [Chairman Powell You're Fired](#)

Does the Fed play a role in driving the growing income and wealth inequality gaps?

PELLEY: According to federal statistics, the upper half of the American people take home 90% of income, leaving about 10% for the lower half of Americans. Where are we headed in this country in terms of income disparity?

POWELL: Well, the Fed doesn't have direct responsibility for these issues. But nonetheless, they're important.

Our Take: Inflation hurts the poor and benefits of the wealthy. The Fed has an inflation target and therefore takes direct policy action that fuels the wealth divide. - [Two Percent for the One Percent](#)

Will Chairman Powell know when a recession is upon us?

PELLEY: This is the longest expansion in American history. How long can it last?

POWELL: It will be the longest in a few months if it continues. I would just say there's no reason why it can't continue.

PELLEY: For years?

Our Take: In January of 2008 Chairman Bernanke said a recession was not in the cards. It turns out the official recession started a month earlier. ? [Recession Risks Are Likely Higher Than You Think](#)

How healthy is the labor market?

POWELL: So, the U.S. economy right now is in a pretty good place. Unemployment is at a 50-year low.

Our Take: We continually hear about the strength of the labor market. While that may seem to be the case, wages and the labor participation rate paint a different picture. ? [Quick Take: Unemployment Anomaly \(RIA Pro - Unlocked\)](#)

Do record high stock valuations represent healthy financial conditions?

PELLEY: We have seen big swings in the stock markets in the United States. And I wonder, do you think the markets today are overvalued?

POWELL: We don't comment on the valuation of the stock market particularly. And we do though, we monitor financial conditions carefully. Our interest rate policy works through financial conditions. So we look at a very broad range of financial conditions. That includes interest rates, the level of the dollar, the availability of credit and also the stock market. So we look at a range of things. And I think we feel that conditions are generally healthy today.

Our Take: We beg to differ with over 100 years of history on our side. ? [Allocating on Blind Faith \(RIA Pro ? Unlocked\)](#)

Is the Fed Chairman aware of the burden of debt and its economic consequences?

PELLEY: But the overarching question is are we headed to a recession?

POWELL: The outlook for our economy, in my view, is a favorable one. It's a positive one. I think growth this year will be slower than last year. Last year was the highest growth that we've experienced since the financial crisis, really in more than ten years. This year, I expect that growth will continue to be positive and continue to be at a healthy rate.

Our Take: The record amount of debt on an absolute basis and relative to economic activity is a burden on the economy. Expectations should be greatly tempered. ? [The Economic Consequences of Debt](#) and [Economic Theories ? Debt Driven Realities](#)

Does Chairman Powell bow at the altar of the President and Congress?

On December 17 & 18 of 2019 President Trump tweeted the following:

?It is incredible that with a very strong dollar and virtually no inflation, the outside world blowing up around us, Paris is burning and China way down, the Fed is even considering yet another interest rate hike. Take the Victory!?

I hope the people over at the Fed will read today?s Wall Street Journal Editorial before they make yet another mistake. Also, don?t let the market become any more illiquid than it already is. Stop with the 50 B?s. Feel the market, don?t just go by meaningless numbers. Good luck!?

PELLEY: Your Fed is apolitical?

POWELL: Strictly non-political.

Considering the Fed made an abrupt U-Turn of policy following the Tweets above, a sharp market decline and very little change in the data to justify it, we think otherwise. ? [The Fed Doesn?t Target The Market](#)

Summary

The Fed has a long history of talking out of both sides of their mouths. They make a habit of avoiding candor about policy uncertainties in what appears to be an effort to retain credibility and give an appearance of confidence. The Fed?s defense of their extraordinary actions over the past ten years and reluctance to normalize policy is awkward, to say the least and certainly not confidence inspiring. As evidenced by his responses to Scott Pelley on 60 Minutes, Jerome Powell is picking up where Bernanke and Yellen left off.

This article aims to contrast the inconsistencies of the most current words of the Fed Chairman with truths and reality. Thinking for oneself and taking nothing for granted remains the most powerful way to protect and compound wealth and avoid large losses.