The Independence of the Federal Reserve Board

Name

Institutional Affiliation
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America prides in the Federal Reserve System because it is the country’s central bank and is responsible for controlling the financial proceedings of the country. After problems arose during the Great Depression and Recession, the leaders came up with long-term systems to control monetary policies that affect the financial capability of the country. The Federal Reserve Board comprises of governors who the president appoints to oversee all the proceeding of the Federal Reserve System. The fact that the board is independent of public and political scrutiny has become a controversial topic over the years. However, the fact that they are independent of the government also means that the board of governors cannot be given restrictions as they seek to protect the money that the citizens work so hard for.

The Political Aspect

Politics can change the situation of a country in mere seconds. For this reason, finances cannot be part of this constant back-and-forth game. Inflation is one of the products of politics and numerous countries around the world have experienced this after involving their central bank systems into recovering financial losses. Streeck (2013) claims that rising debts, because of political instability, have been augmenting for over 40 years now. It has also led to increased unemployment, instability and tax resistance.

The Federal Reserve Board protects America from such atrocities and ensures that irrespective of political unrest or strife, the country’s finances are safe. Another reason why the Federal Reserve Board is independent is that it seeks to keep the local mean standard by reducing inflation expectations (Cecchetti et al., 2017). Here the board investigates the current political setup of the country to verify whether there is a need for panic concerning the political state and financial plummeting. Additionally, the Federal Reserve Board prides itself in being independent
because it can literally change financial outcomes through policies. The outcomes of policy-making rates are equivalent to inflation outcomes (Anene & D’Amico, 2018).

**The Global and International Lender**

Being an independent body has seen the Federal Reserve Board being able to help other countries during their financial crises. Broz (2014) asserts that America had previously provided over 14 countries with financial assistance when they were in dire need of it. By doing this, the system ascertains that the country is working with countries that could return the favor if need be. This seems unethical and venal, but it has made America a more global economy in terms of international alliances and partnerships. If the Federal Reserve System were linked to the government, the country would probably not have as many global connections as it does.

**Reduce Economic Pressure for Companies and Civilians**

The Central Bank is in charge of maintaining the price of products and services to alleviate price fluctuations that may lead to inflation. This also reduces the pressure of the reserve market. The system was designed that way because the board members knew that they had to control the economic system of the country. Evidently, this has been quite impactful seeing as it has enhanced the lifestyles of millions of U.S citizens. It has also been alleged that the Federal Reserve Board assists companies going through bankruptcy. A good example is the American International Group that was lent 85 billion dollars by the Central Bank (Pierce, 2014).

In conclusion, the Federal Reserve Board is an effective part of the country and should never be controlled by citizens or the government. It has continuously managed the stock market, product prices, loaned off billions to deserving companies and mitigated the prevalence of inflation in the country. If it were dependent on the government, it would probably not be as beneficial as it has been for the past decades.
References


