

Powell: Dreaming the impossible dream

In his intro to the [Congressional Hearing](#) today, Powell said:

“Monetary policy affects everyone and should be a mystery to no one.”

Which brought to my mind Greenspan’s tirade shortly after taking the Fed’s helm:

“Since I’ve become a central banker, I’ve learned to mumble with great incoherence. If I seem unduly clear to you, you must have misunderstood what I said.” -Alan Greenspan, 1987

The undeniable fact is that to the great majority of people, monetary policy will always be a mystery. It’s therefore an impossible dream to think it “should be a mystery to no one”. Greenspan recognized that it was impossible to try to explain what he was doing or why he was doing whatever.

It would be a useless endeavor because “no one would understand”. What matters in monetary policy are the results. The correct perspective: “Did the Fed, through its decisions, secure the appropriate nominal stability? If yes, it made everyone’s life more “satisfying” If not, it “messed up”!
