Trump: Fed Keeps Rates Low to Help Obama

Republican White House contender Donald Trump accused the U.S. Federal Reserve on Tuesday of keeping interest rates low at the bidding of Democratic President Barack Obama.

Trump, speaking at a news conference at his company's New York City headquarters, also called Fed Chair Janet Yellen "highly political."

The White House rejected Trump's assertions shortly after his news conference.

Trump's comments made him the latest Republican presidential candidate to bash the U.S. central bank. At a debate last month, U.S. Senator Ted Cruz of Texas criticized the Fed, saying he thought its monetary policy decisions should be audited and that the country should move toward a system backed by gold.

Another candidate vying to represent the Republican Party in the November 2016 election, U.S. Senator Rand Paul of Kentucky, has also called for an audit of the Fed as part of greater oversight of the central bank.

The Fed has been a target of some conservative critics in the U.S. Congress, who say the bank risked sparking inflation with its policies in response to the global financial crisis.

Fed officials say their independence is critical to making sound policy decisions.

Asked whether the Fed should raise rates, Trump, a billionaire real-estate developer who has spent much of the past few months as the favorite among Republican voters, said it should but would not for "political reasons."

“They are not raising them because Obama has asked them not to raise them,” Trump said, echoing similar comments he made in interviews last month. “He wants to get out of office, because we’re in a bubble, and when those rates are raised, a lot of bad things are going to happen.”

He added, “Janet Yellen is highly political and she’s not raising rates for a very specific reason: because Obama told her not to because he wants to be out playing golf in a year from now and he wants to be doing other things and he doesn’t want to see a big bubble burst during his administration.” Obama is due to leave office in January 2017.

White House spokesman Josh Earnest dismissed Trump’s comments when asked about them at a news conference later on Tuesday. He said the administration “goes to great lengths” to ensure that the Fed can make monetary policies that are in the best interests of the country and the economy.

A Fed spokesman declined to comment on Trump’s accusations.

Trump had called the news conference in Trump Tower’s marble-lined atrium to mark the release of his new book, “Crippled America: How to Make America Great Again,” which he described as something he had written “quickly” to be topical.

But he also took the opportunity, as he often does, to disparage some of his rivals for the Republican nomination, particularly U.S. Senator Marco Rubio of Florida; former Florida Governor Jeb Bush; and Ben Carson, a retired neurosurgeon who has recently dislodged Trump from his front-runner position in some polls.

“I think that, really, Marco is overrated, and frankly, had Bush been a better messenger, he has the better message,” Trump said. “You look at Ben, he’s very weak on immigration and he wants to get rid of Medicare,” Trump added, saying to do so would be a “horrible thing.”

Trump repeated his complaint that the dollar is not “competitive.”

“If you look at the (currency) devaluations of China, of Japan, of many, many different countries,” he said, “they’re making it impossible for our companies to compete with them because we don’t have leaders that know how to say to China, ‘Don’t do that. Don’t do that, because if you do that, we’re going to put a big fat tax on you.'” {eoa}

(Reporting By Caren Bohan, James Oliphant, Doina Chiacu, Susan Heavey and Jonathan Allen; Editing by Jonathan Oatis)