



Stop the Coup 2025

a public education and mobilization campaign

Chapter 24. Federal Reserve. Author Paul Winfree. *Winfree is a Distinguished Fellow in Economic Policy and Public Leadership at the Heritage Foundation. Before 2018, he was Deputy Assistant to the President, Deputy Director of the Economic Policy Council, and Director of Budget Policy at the White House. He led the Trump presidential transition team responsible for the Office of Management and Budget in 2016.*

Winfree presents a critique of the Federal Reserve that focuses on its expansive powers to influence the economy and its lack of independence from the political process. In Winfree's view, reforms are needed to curb its mandate which permits interventions beyond protection of the value of the dollar and taking steps to curb inflation. Of particular concern is the ability of the Federal Reserve to "print money" to finance its operations, to intervene in mortgage-backed securities and private and public debt markets and its ability to take steps targeted to achieve full employment or other "environmental, social or governance" goals. The Federal Reserve is overly influenced by political pressures, resulting in actions that increase government debt.

Proposed reforms:

- ✓ Limit the mandate of the Federal Reserve to protecting the dollar and restraining inflation
- ✓ Avoid any influence on the Federal Reserve to advance environmental, social or governance goals
- ✓ Limit the Federal Reserve's lender-of-last-resort function
- ✓ Limit the Federal Reserve's intervention/support of assets such as mortgage-backed securities, long-term government debt and corporate or municipal debt
- ✓ Stop paying interest on excess reserves
- ✓ Reform the core activity of manipulating interest rates and money by implementing any, or all, of these changes:
 - "Free banking" -- eliminate the Federal Reserve
 - "Commodity-Backed Money" (restoring the gold standard)
 - Inflation and Growth Targeting
- ✓ Congressional reforms should include:
 - Eliminate "full employment" from the Federal Reserve mandate
 - Eliminate "flexible average inflation targeting"
 - Focus regulatory activities on maintaining bank capital adequacy rather than financial stability
 - Curb last-resort lending practices that support "too big to fail" subsidization and rescue
 - Appoint a commission to explore the mission of the Federal Reserve and alternatives to this system
 - Prevent the institution of a Central Bank Digital Currency



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STC 2025 Commentary: In Chapter 24, Winfree argues for limiting the powers of the Federal Reserve to influence the economy or eliminating it altogether. In his view, the Federal Reserve is an outdated institution created in response to a crisis caused by irresponsible banking in 1913 and has outlived its usefulness. In its current form, it is overly subject to political pressure to “print money” to finance government spending. Its mandates include undesirable goals such as full employment, overall financial stability and other “environmental, social or governance” objectives. These mandates have produced government bailouts of banks and corporate entities considered “too big to fail” that increase government debt. Reforms proposed include doing away with the Federal Reserve and returning to the gold standard as a way to monitor and control government spending.

Chapter 24 - Key Points:

- ✓ Federal Reserve is outdated and needs significant reform or elimination
- ✓ Overly influenced by political pressures
- ✓ Hazardous “printing of money” fuels government spending and debt
- ✓ Return to the gold standard as a way to control government spending