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HEADLINE: Clinton Won't Join Debate On Fed Interest Rate Hikes

BYLINE: By ROBERT NAYLOR JR., AP Labor Writer

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BODY:

President Clinton declined on Friday to criticize the Federal Reserve's decision to push up interest rates again and some economists said he made the proper call.

Clinton, responding to a question during a White House news conference, said he saw no evidence the five increases this year in short-term rates have hurt the economy.

"When it is apparent to me that the drag on the economy will be more about slowing the economy down than stopping inflation, I will do what I can to influence that policy," he said. "But I think my policy of letting them do their job and having me do mine has worked out rather well."

The Fed pushed up interest rates half a percentage point on Tuesday in an attempt to prevent inflation from accelerating next year.

Some economists said Clinton was right to be guarded.

"If you really want to communicate with the Fed, you don't put them on the spot in public," said Murray Weidenbaum, director of the Center for the Study of American Business at Washington University and President Reagan's first chairman of the Council of Economic Advisers.

"If it was the case that the Fed jumped interest rates a couple of percentage points and the economy suddenly screeched to a halt and we were facing an impending recession, that's the time when the president would jump in and ask what's going on," said Campbell Harvey, a professor of finance at Duke University's Fuqua School of Business.

Injecting White House politics into the process would tarnish the integrity of the Fed, said Norman Robertson, an economist and adjunct professor at Carnegie Mellon University.

"As long as we want to have an independent central bank, which I think is highly desirable," he said, "I think it is essential for the president to adopt

a hands-off policy."

Clinton said his policies have produced greater economic growth than either he or the Federal Reserve had anticipated.

He agreed with economic analysts who fear high interest rates could choke off growth, saying, "It could be slowed too much." But he added, "we don't at this time have evidence that that has occurred."

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