

Rob Curran of the WSJ reporting:

COLLEGE STATION, Texas—Federal Reserve Bank of Dallas President [Richard Fisher](#) said U.S. economic growth is "modest to moderate," but structural economic problems linger despite a stock-market rally.

While third-quarter gross domestic product growth of 3.6% reported Thursday was a "pretty good clip," much of that growth was driven by inventory buildup, said Mr. Fisher, in a speech hosted by the Dallas Fed at the Memorial Student Center at Texas A&M University.

Asked whether the stock-market highs were sustainable given the chance that the Fed will change policy, Mr. Fisher said they may not be. He pointed to the stock market's reaction to "tapering" fears in the summer as evidence of the influence of Fed policy on perceptions of markets and the economy.

"We had a discussion about whether" to dial back purchases and it "sent a shiver up the spine of the economy," Mr. Fisher said.

"That tells me people are way too dependent on Federal Reserve," Mr. Fisher said.

"One has to take into account whether on a nominal basis or an inflation-adjusted basis, we're a few points off all-time highs" on the stock market, Mr. Fisher said.

"I believe markets are manic depressive mechanisms...they overshoot on both sides," Mr. Fisher said.

"We're at least a standard deviation above the norm on an inflation adjusted basis. Is that sustainable? You know your math; it's rarely sustainable."

The stock-market rally also means the Fed's policy has benefited

rich investors, like [Warren Buffett](#), rather than improving the livelihood of all Americans as intended, Mr. Fisher said.

"I admire them," he said. "I wish I had their assets. But that's not who the Federal Reserve works for.

That's not our job. Our job is not to make rich people richer."

The unemployment rate is "yet to be satisfactory," he said.

"That's why we're running accommodative policy, to provide the fuel for businesses to go out and hire more employees," Mr. Fisher said.

"As the data comes in, it's pretty clear there is some structural unemployment," Mr. Fisher said. For example, he said, trucking companies were having difficulty finding drivers who had enough math skills to handle inventory reports.

The main impediment to jobs growth remains the U.S. Congress, which is "guilty of misfeasance," he said. Businesses are reluctant to hire new workers when a "dysfunctional" Congress cannot agree on a budget and passes regulations that create a "fog" of uncertainty, Mr. Fisher said.

Mr. Fisher said he isn't concerned about a low inflation rate because it is "driven by supply enhancements, mainly in the energy field [and] also in the agricultural field." That indicates deflation isn't a concern, he said.