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Breakingviews - Trump takes politics to heart of Fed with nominee

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New York (Reuters Breakingviews) - For a man who promised to surround himself “only with the best and most serious people,” Donald Trump has often delivered otherwise, and seen his administration racked by turmoil and ethical criticism. One exception has been the Federal Reserve, where the president has filled vacancies with a string of well-regarded experts, including Chairman Jay Powell.

Until now. Trump said on Friday he wants to nominate former campaign aide and conservative commentator Stephen Moore for a seat on the Fed board. That threatens to inject politics into the heart of the central bank.

First, though, there’s the question of expertise. Although he boasts a master’s in economics from George Mason University, Moore is more of a polemicist than an economist. His chief credentials are working as an editorial-page writer at the Wall Street Journal and advocating supply-side policies at conservative think tanks like the Cato Institute and the Heritage Foundation.

His Club for Growth lobbied actively for George W. Bush’s tax cuts in the early 2000s. And he worked with White House economic adviser Larry Kudlow to help shape the Trump administration’s signature 2017 tax reductions. Moore’s promised increase in government revenue hasn’t arrived, though. The Congressional Budget Office in January predicted the federal deficit would average more than \$1 trillion a year from 2020 through 2029.

As to monetary matters - not the thrust of most of his work - Moore lambasted the Fed’s quantitative easing earlier this decade under Chairs Ben Bernanke and Janet Yellen as misguided money-printing that depressed the economy. Lately, however, he has criticized the Fed for keeping money too tight. He said the central bank’s last rate hike in December threatened to tip the economy into recession and called on Powell to resign.

Setting aside questions about his economic rigor, those views themselves don’t disqualify Moore. The U.S. central bank could arguably use more varied perspectives. But his incendiary style is unlikely to help.

More importantly, someone so closely aligned politically with Trump - about whose economic populism Moore co-authored an approving book - ought to be a no-no for the Fed, whose credibility rests in large part on its independence from the partisan fray. If its governors want the president’s views, they only need to turn to Twitter.

