NEW HAMPSHIRE UNION LEADER

Deroy Murdock: Trump pick Stephen Moore a good choice to join the Fed

Deroy Murdock

April 30, 2019

PRESIDENT DONALD J. Trump has tapped veteran supply-side economist and public-policy expert Stephen Moore to join the Federal Reserve Board. Moore is exactly the pro-growth presence the Fed needs. As a fellow movement conservative, I have attended countless pro-market conferences, broadcasts, and banquets with Moore. He is reliably cheerful, informative, dedicated to liberty and prosperity and generous with his time and attention.

But he has his detractors. Bland, conventional economists don't like Moore's kind. So, they have hurled rocks at him since his nomination.

"He's not an economist!" his critics complain. Moore's lack of a Ph.D. in economics supposedly disqualifies him. Tell that to Fed Chairman Jerome Powell. He has no Ph.D. According to the Fed's website, former Fed chairman G. William Miller, former governor Daniel K. Tarullo, and current governors Randal K. Quarles and Michelle W. Bowman are equally Ph.D.-challenged.

N. Gregory Mankiw, Ph.D., G.W. Bush's chief economist, claims that Moore lacks "intellectual gravitas." (Too bad Mankiw's intellectual gravitas did not prevent the 2007-08 financial meltdown.) Sen. Sherrod Brown, D-Ohio, said, "I think Moore was selected because Trump read an article or he saw him on TV and he liked him and that was as far as it went."

Actually, Moore has advised candidate and President Trump and helped craft the Tax Cuts and Jobs Act, widespread regulatory relief, and an energy renaissance, all of which fuel today's economic boom. Moore explains these policies in his latest book, Trumponomics — one of five he has co-authored with supply-side guru Dr. Arthur Laffer. Moore has penned three of his own books, "scores of editorials" while at the Wall Street Journal, he says, and "about 50 policy studies for the Cato Institute and the Heritage Foundation," where he is a Distinguished Visiting Fellow.

Crucially, Steve Moore is no prosperophobe. Like too few Fed governors — past and present — he does not blame growth for inflation.

It was sad and sickening last year to watch the Fed greet the return of healthy GDP growth (from 1.6 percent in 2016 under Obama to 2.2 percent in 2017 and 2.9 percent in 2018 under Trump) not with applause but with enfeebling interest-rate hikes. Wages for U.S. workers finally started to rise. Then — POW! — Powell and the Fed boosted interest rates, decelerated the economy, diluted the benefits of the Trump/GOP tax cuts and deregulation, and triggered a 4Q financial-market sell-off. All this, supposedly, to crush inflation, which crawled at 2.4 percent.

How foolish. How unnecessary. How unfair.

Also important for this position, Moore is easy to understand, reflecting the clarity of his thought. Rather than untranslatable Fedspeak ("A 24/7 economy with 24/7 real-time payments needs 24/7 real-time settlement, and RTGS is the way to achieve this"), Moore would use something seldom seen at the Fed: Plain English.

In fact, Moore wants more transparency at the Fed. The interest-rate-setting Federal Open Market Committee recalls Plato's Cave Allegory: Twelve wise men and women sitting in front of a fire, studying the shadows that the dancing flames cast upon a stone wall. While less influential federal agencies (e.g the Federal Communications Commission) meet in public, the Fed's Albert Speer-style marble palace is a semi-secret cave.

If the Fed arrogates onto itself the power to use interest rates to fix the price of money, can't the rest of us at least watch? Moore says, Yes. "I favor transparency at the Fed," he tells me. "The Fed should be audited by outside agencies. And let's invite C-Span's cameras to cover meetings of the FOMC."

Brains, a passion for growth, and a belief in openness: Steve Moore is just what the Fed needs — and not a basis point too soon.