

Steve Moore's Critics Miss the Point

Deroy Murdock

April 25, 2019

President Donald Trump has tapped veteran supply-side economist and public-policy expert Stephen Moore to join the Federal Reserve Board of Governors. Moore is exactly the pro-growth presence the Fed needs. I have attended countless free-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. Then again, what is an economist? Unlike attorneys, who must pass bar exams, or doctors, who wield medical licenses, economists are not thus restricted. 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.

[Gregory Mankiw](#), Ph.D., George 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.) Senator 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 advised both candidate and president Trump and helped craft the Tax Cuts and Jobs Act, widespread regulatory relief, and an energy renaissance, all of which have fueled today's economic boom. Moore explains these policies in his latest book, *Trumponomics* — one of five he has co-authored with supply-side guru Arthur Laffer, Ph.D. 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 ([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. (According to the Bureau of Labor Statistics, average median weekly earnings have grown from 2.02 percent annually under Obama to 3.01 percent, so far, under Trump.) Then Powell and the Fed hiked interest rates. Many believe that this move

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 averaged a tepid 2.4 percent in 2018.

It was like watching someone with a broken leg finally remove his cast, put aside his crutches, and walk down the street — only to have some bruiser run up from behind, scream, “Slow down!” and then shove him to the ground.

The latest Bloomberg Businessweek also suggests that the Fed’s fear of rampant price rises is deeply misguided. The cover features a completely exhausted dinosaur lying on its side. The magazine asks: “Is Inflation Dead?”

Moore lacks the confounding grimness that has made too many Fed-level economists painfully unfathomable. His clear thinking and years of explaining economics to newspaper readers and TV viewers in plain English should make his pronouncements easy to understand, which is good for markets.

Also in Moore’s favor, he wants to increase 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.

As long as the Fed’s policy decisions affect 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.