



Will Stephen Moore Make Gold Great Again?

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Last month, Trump said that he considered Herman Cain and Stephen Moore as his picks to the Federal Reserve Board. As the former had withdrawn his name from consideration, the focus shifted to the latter. Who is Mr. Moore exactly and what would his nomination imply for the gold market?

Who Are You, Mr. Moore?

There are still two vacancies at the Board of Governors of the Federal Reserve Board of Governors. It's possible that Stephen Moore will fill one gap, which has provoked great controversy. President Trump has not officially nominated him yet, but the White House supports Moore for a seat on the Board, as Larry Kudlow, Trump's top economic adviser, has recently reaffirmed.

Who is Stephen Moore? Well, he is a longtime conservative commentator and former Wall Street Journal editorial board member. In the past, Moore worked as a research director of President Ronald Reagan's Privatization Commission and a senior economist of the U.S. Congress Joint Economic Committee. Moore also worked at the Heritage Foundation and the Cato Institute, two influential conservative and libertarian think-thanks. More recently, he served as one of Trump's top economic advisers during his presidential campaign. Last year, he co-authored *Trumponomics*, the book which praises the Trump administration's economic policies.

All These Controversies

Why is Moore's candidacy so controversial? There are three reasons. First, his critics accuse Moore of making sexist comments. In the time of political correctness, any remarks about women are a very delicate matter, so Moore will not have an easy path to a job at the Fed.

Second, Moore's past is not crystal clear. He allegedly has \$75,000 lien of unpaid taxes, and, according to *The Guardian*, he was held in contempt of court for not paying his ex-wife more than \$300,000 in alimony, child support and a divorce settlement. Not nice, if true.

Third, many people question Moore's competence to be a Board Member. After all, Moore received only a Master of Arts in economics, he does not hold a PhD. The lack of title is not the biggest problem. Even by his own admission, Moore doesn't have much background in monetary theory or monetary policy. Indeed, he has not written any peer-reviewed journal articles.

Another problem is his shifting view on interest rates, depending on who lives in the White House. Moore said that they should be higher under President Barack Obama, but now he believes that they should be lower, despite a much stronger economy since the Great Recession.

Moore also holds the controversial idea that monetary policy should track not the general price level but commodity prices instead.

Implications for Gold

What would Moore's nomination imply for the US monetary policy and the gold market?

Well, Moore would strengthen the dovish camp at the Board of Governors (at least as long as Trump is the POTUS). He has recently said that Powell should be fired for rate hikes last year, so he would oppose the tightening of monetary policy that could undermine Trump's efforts to stimulate the economy before the next elections. A more dovish Fed should imply lower real interest rates and weaker greenback, which would be supportive for the gold prices.

Another important implication could be a more politicized Fed. The US central bank is officially non-partisan, as the Fed officials are obliged to conduct policies which are in the interest of the economy. But many people worry that Moore is a propagandist who will vote at the FOMC in a way that would please Trump or Republicans. Thus, the Moore's political nomination could undermine the Fed's independence and investors' confidence in the US central bank. This would be good news for gold bulls: the yellow metal shines the most, when investors lose the faith in the Fed and the US dollar.