



## Top economists give Trump's Fed pick Moore a rocky reception

Josh Boak and Zeke Miller

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President Donald Trump's latest pick to help lead the Federal Reserve has received a rocky reception — with top economists raising several red flags about whether Stephen Moore is qualified to be a governor of the world's most influential central bank.

Moore is a former Trump campaign adviser who helped design the 2017 tax cuts and the co-authored "Trumponomics." The economists say Moore poses the distinct risk of injecting politics into an institution that strives to remain free of political influence when setting short-term interest rates that can determine the path of employment, inflation and overall growth.

"He's merely a propagandist, as far as I can tell," said Menzie Chinn, an economist at the University of Wisconsin. "He makes just egregious mistakes in fact and theory."

Even a prominent Republican economist criticized the choice of Moore after Trump's announcement last week.

"Steve is a perfectly amiable guy, but he does not have the intellectual gravitas for this important job," Harvard University economist Greg Mankiw said in a blog post.

Mankiw, a former chairman of the White House Council of Economic Advisers for President George W. Bush, added: "It is time for Senators (sic) to do their job. Mr. Moore should not be confirmed."

Moore, who has been affiliated with multiple conservative groups including the Heritage Foundation, has taken a series of controversial stances about the Fed, despite acknowledging that he still needs to learn about how the regulator works.

He previously said that the Fed should be scrapped in favor of the gold standard. He called on the Fed to hike rates during the Great Recession, a move that could have further crippled the United States. And he recently said that Fed Chairman Jerome Powell should be fired for rate hikes last year that, in his opinion, undermined the gains from Trump's tax cuts.

The controversy took on a new dimension on Wednesday when it was reported that he had a lien of more than \$75,000 filed against him in January 2018 for unpaid taxes.

Moore did not respond to an interview request for this report.

A U.S. official familiar with the matter said Moore's background check, a requirement of the nomination process, was still underway. His nomination has not been sent to the Senate.

The official insisted on anonymity to discuss private conversations.

But the president is likely to stick with Moore after having been disappointed by his decision to make Powell chairman, said Dan Clifton, a partner at the advisory firm Strategas.

Clifton noted that the Fed has since backed off plans for rate hikes in 2019, suggesting that Moore was correct in his criticism of Powell in an opinion piece in the “Wall Street Journal.”

“Regardless of public criticism, Trump supports Steve and is willing to go to bat for him,” Clifton said. “When has establishment criticism stopped Trump before? Especially when it comes to someone Trump personally respects.”

Moore fits a profile of Trump nominees who have largely been radio and television pundits who defended the president, only to then get elevated to roles as policymakers. Their new jobs involve nuances, trade-offs and tough analysis that seldom make for snappy soundbites. Larry Kudlow, for example, segued from being a commentator on CNBC to director of the White House National Economic Council.

But decades of Moore’s public statements might now haunt him during the nomination process to be one of seven Fed governors.

“My concern with Stephen is actually not so much what he knows, but the fact that he claimed to know things that weren’t so,” said George Selgin, director of the center for monetary and financial alternatives at the libertarian Cato Institute, a Washington think tank.

Selgin noted that Moore has suggested that the Fed set rates based off changes in commodity prices, mistakenly claiming that former Fed Chairman Paul Volcker was guided by this principle when fighting a wave of inflation during the early 1980s.

Moore has at times been openly hostile to the idea of a central bank, saying that the United States should return to a gold standard — an idea openly dismissed by past Fed leaders such as Ben Bernanke as inefficient and unworkable in the current global economy.

“We have got to get rid of the Federal Reserve and move towards a gold standard in this country,” Moore said at a 2015 event for the conservative group FreedomWorks that is available on YouTube.

For his part, Moore claimed to be baffled by the criticism, saying that in a radio interview for Tim Constantine’s Capitol Hill Show that any attacks come from a “minority” of economists who likely object to his loyalty to Trump.

“I can’t explain why that is,” Moore said. “I think some are just Trump haters.”

But the critiques from the economic community have often stemmed from his past policy statements, not just his praise of the president’s physique and tax cuts.

In 2008, Moore argued for the Fed to raise interest rates as the economy crumpled during the Great Recession, saying on Glenn Beck’s CNN show that the Fed should “get less dollars out in the economy.”

The Fed, instead, slashed rates to near-zero and pumped money into the economy in order to boost spending, investment and halt the worst downturn since the Great Depression. The controversial and unprecedented move by the Fed is now generally seen as helping to rescue the battered U.S. economy.

“If the Fed had followed Moore’s advice, the economy would still be mired in recession, and we may have dragged the global economy down with us,” said Justin Wolfers, an economist at the University of Michigan.