



## Trump Offers Fed Board Position to Economic Commentator Stephen Moore

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President Trump said Friday he would nominate former campaign adviser Stephen Moore to serve on the Federal Reserve's board of governors, which would place a fierce critic of the central bank's leadership inside the consensus-oriented institution.

Mr. Trump made the offer to Mr. Moore earlier this past week, an administration official said, after reading an opinion article Mr. Moore and a co-author wrote criticizing Fed Chairman Jerome Powell, a regular target of Mr. Trump's disapproval. The article was published last week in The Wall Street Journal, where Mr. Moore previously worked as an editorial-page writer.

"I have known Steve for a long time and have no doubt he will be an outstanding choice," Mr. Trump said on Twitter Friday. In a brief telephone interview before Mr. Trump's announcement, Mr. Moore said he would be eager to serve in the position.

Mr. Moore hasn't gone through the customary vetting process that is typical before a presidential announcement, the official said, which means it could take weeks or months before the nomination is formally submitted for Senate confirmation.

The Fed's seven-member board has two vacancies.

Confirmation of Mr. Moore, a commentator on CNN, would bring a more partisan political advocate to a Fed board typically populated by technocratic policy veterans. He has veered from criticizing the Fed's easy-money policies under President Obama, to opposing the Fed's moves to tighten policy after Mr. Trump's election. He has been a vocal supporter of Mr. Trump's policies to cut taxes and regulations.

In recent months, Mr. Moore has echoed Mr. Trump's complaints about the Fed's decisions last year to raise borrowing costs, saying they are holding back economic growth. "The Fed is a disaster," Mr. Moore said in a Journal interview last December. "We should have a discussion in this country about whether we need a Fed."

Mr. Moore also said in the interview he believed Mr. Powell should resign. "He's totally incompetent," he said. "Everyone's saying he has to be independent. Well, what do we do when we have someone at the Fed who doesn't know what he's doing?"

He added, "If he's not responsive to the president, then who's he responsive to?"

In a radio interview last December, Mr. Moore said Mr. Trump should be allowed to fire Mr. Powell. “The law says he can replace the Federal Reserve chairman for cause. I would say, well, the cause is that he’s wrecking the economy,” he said.

A Fed spokeswoman declined to comment on Friday.

Mr. Moore’s views on monetary policy have often placed him at odds with mainstream thinking. He has advocated for setting interest rates with the goal of maintaining stable commodity prices, which are heavily influenced by global demand, especially from emerging-market economies, especially China. Critics of such an approach say it would lead to considerable interest-rate volatility and that it would set rates based on a small segment of economic output.

All four of the Fed’s rate increases last year were unanimous. Its rate-setting committee includes the board members, the New York Fed president and four of the other 11 regional Fed presidents who vote on a rotating basis.

Mr. Moore’s recent opposition to the Fed’s efforts to unwind its postcrisis policies is relatively new. For years, he argued against the Fed’s postcrisis policies to keep rates low and to buy long-term bonds to stimulate growth. He warned the measures would stoke high inflation and erode the value of the dollar, which didn’t materialize.

In 2014, for example, he said the central bank should quickly unload hundreds of billions of dollars of bonds it purchased to stimulate growth. “The longer it holds onto these securities, the greater the danger the Fed will not be able to control future inflation,” he wrote with a colleague at the Heritage Foundation, a conservative think tank where he is a visiting fellow.

The Fed opted against any active bond sales, and the much more passive approach it adopted—allowing some securities to mature without replacing them—has been heavily criticized by Mr. Trump in recent months for being too heavy handed.

Mr. Moore founded and served as president of the Club for Growth, a conservative advocacy group, and he remains close to Lawrence Kudlow, who became director of the White House National Economic Council last year.

Reaction to Mr. Moore’s selection suggested a contentious Senate confirmation battle could loom. “He’s a complete ideologue, and what the Fed doesn’t need is a complete ideologue,” said David Shulman, senior economist at the UCLA Anderson Forecast. “He’s very sycophantic to the president. Trump found his toady.”

George Selgin, a monetary-policy researcher at the libertarian Cato Institute who has also been a frequent critic of the central bank, called Mr. Moore “unfit” to serve at the Fed. This month’s WSJ op-ed, Mr. Selgin said, didn’t accurately characterize price pressures in the economy. “A board member should know the difference between inflation and deflation,” he said.

“Moore’s monetary commentary has, for well over a decade, been relentlessly partisan, illogical and fact-fudged,” said Benn Steil, director of international economics at the Council on Foreign Relations.

Mr. Moore’s supporters said the pick would help shake up entrenched thinking. “The results of the Fed’s consensus-driven approach over the last 20 years” have yielded poor results, said J.W. Verret, a law professor at George Mason University who is friends with Mr. Moore.

## President Trump and the Political Economy

The Federal Reserve sent some important signals this week about the state of the U.S. economy. WSJ's Gerald F. Seib explains why that spells good news and bad news for President Trump.

Photo: Getty

The White House isn't as far along in narrowing down a list of candidates for the second Fed vacancy.

Mr. Trump previously nominated former Fed economist Nellie Liang for one of the vacancies. She withdrew from consideration in January after the Senate didn't act on her nomination last fall.

In 2017, the president nominated Carnegie Mellon economist Marvin Goodfriend. A Senate committee advanced his nomination last year on a party-line vote, but the nomination expired with the adjournment of the last Congress because it never received a vote on the Senate floor.

Nominations to the Fed's board are the primary way for a White House to influence central-bank policy. The 14-year terms are staggered, but because of retirements and because the Senate in 2016 didn't act on two of President Obama's nominations, Mr. Trump has had an unusual opportunity to remake the Fed's board.

He tapped Mr. Powell in November 2017 to succeed then-Chairwoman Janet Yellen in February 2018. He has also filled three other board seats, including those now held by Vice Chairman Richard Clarida and Randal Quarles, the vice chairman for bank supervision.

One challenge for the White House is that many conservative economists or policy veterans who are popular with Senate Republicans have for many years argued against the kind of easy-money policies advocated by Mr. Trump.

Mr. Trump began sharply criticizing the Fed's moves to raise rates in the second half of last year. After the Fed raised its benchmark rate in a unanimous decision last December, Mr. Trump vented to his advisers about firing Mr. Powell.

Mr. Powell has said he won't resign from his post if asked and that he doesn't believe he can be dismissed over a policy dispute. Mr. Trump dined at the White House last month with Mr. Powell and Mr. Clarida.

The Fed signaled Wednesday it is done raising rates. Mr. Powell at a press conference cited slowing global economic growth, restrained inflation pressures and political uncertainty, including from the Trump administration's tariffs and trade negotiations, as prompting that pivot.

Mr. Powell has repeatedly said political considerations never enter into the Fed's policy decisions, and he has avoided responding directly to any of Mr. Trump's broadsides.