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Jeff Bell Takes on Cory Booker, and the Fed

Republican Senate Hopeful Says Easy-Money Policies Have Led to Budget Deficits

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HOBOKEN, N.J.— Jeff Bell has spent decades as a conservative policy wonk and aide to Republican politicians. But the main issue animating the GOP Senate nominee's campaign isn't found anywhere in the talking points of the national party.

"As long as there is a widespread belief that the Fed isn't the problem, we are in trouble," Mr. Bell said recently at a restaurant in this small riverfront city, slamming his hands down on a table.

Mr. Bell is challenging New Jersey Democratic Sen. Cory Booker, but his real target is the Federal Reserve and its easy-money policies, which he believes have hurt savers and enabled federal budget deficits. His solution: a return to the gold standard.

Most other GOP Senate candidates are focusing on such issues as the Affordable Care Act, immigration and perceived federal overreach. While a push for "sound money" appears in the Republican Party platform, it has made little appearance on the campaign trail. But Mr. Bell, 70 years old, is a rarity, one of the few veterans of Washington's policy shops to move from writing white papers to taking his ideas directly to voters as a candidate.

"He's one of the smartest guys I've ever worked with," said Lee Edwards, a Heritage Foundation scholar and biographer of Ronald Reagan, for whom Mr. Bell once worked as a campaign aide. "He's a contrarian who is a true believer, someone who isn't just about the politics."

Polls and political experts give Mr. Bell little chance of beating Mr. Booker, and the Republican had raised less than \$200,000 for his campaign as of June 30, federal filings show. By contrast, Mr. Booker had raised more than \$16 million.

Still, Mr. Bell's campaign will offer a direct test of whether criticism of the Fed has any currency among mainstream voters.

Mr. Bell isn't alone in complaining about the Fed. The central bank's unprecedented efforts to halt the financial crisis and stimulate a wounded economy included emergency assistance to

large financial firms, three rounds of bond-buying and pinning interest rates near zero since December 2008. Some Americans, especially libertarian-minded Republicans have said those steps amounted to bailing out Wall Street and threaten to cause out-of-control inflation without generating sustainable economic growth.

Fed officials have said their stimulus efforts are aimed at helping places such as New Jersey, where unemployment lingered above 9% until last year, though it has fallen quickly since then, the Labor Department says. Some 8.1% of the state's mortgage loans were in foreclosure as of June 30, the highest rate in the nation, according to the Mortgage Bankers Association.

Mr. Bell doesn't think the Fed has helped much. He argues that by keeping interest rates low, the central bank punishes people who rely on their savings for income but helps the federal government borrow money cheaply. He says the Fed's easy-money ways have eaten away at the value of the U.S. dollar, and he favors returning to a system where the dollar's value is linked to that of gold, which the U.S. fully abandoned in 1971.

"It's easier to go back to the gold standard than fix all the problems gradually," he said.

Some of his worries are shared by serious economists and fit comfortably within the mainstream debate over the Fed's actions, said Mark Calabria, an economist and director of financial-regulation studies at the libertarian Cato Institute. But his policy solution, a dollar backed by gold, is more heterodox.

"You don't see a lot of economists pushing a gold standard," Mr. Calabria said. John Makin, an economist and resident scholar at the conservative American Enterprise Institute, offered a more blunt assessment: the gold standard is "hokum," he said.

Even Mr. Bell, who was the GOP Senate nominee in 1978 and also ran in 1982, acknowledges the difficulty of his task. "If I win, I still think there will be enormous resistance to changing monetary systems," Mr. Bell said. "If I lose, that will enable people to dismiss it entirely."

Mr. Booker, Mr. Bell's opponent, said no one in Washington is willing to seriously consider passing legislation that reflects his opponent's position. "The monetary policy he's talking about is soundly rejected by economists on both sides of the aisle," said Mr. Booker, age 45, in a recent interview. "He wants to take us back to the '70s."

Mr. Bell isn't the first politician to use the Fed as a rhetorical punching bag. But in the past, pressure on the central bank has typically come from officials "who don't want to raise rates or want to lower them, who want easier policies," said Donald Kohn, a former Fed vice chairman. "What's unusual about the recent situation is, the noise is coming more from folks who are worried about what they call debasing the currency, that there's going to be inflation down the road."

Mr. Kohn doesn't share those concerns, and there is no sign of runaway prices in recent government data. U.S. inflation has undershot the Fed's 2% target for more than two years, according to the Commerce Department's personal consumption expenditures price index.

Mr. Bell has talked during the campaign about other issues: He is against abortion rights and gay marriage, and he believes the U.S. should "bomb the daylight out" of Islamic State and should express more support for Israel.

He has won some mainstream support. Republican Gov. Chris Christie has agreed to hold two fundraisers for him, though the governor is also friends with Mr. Booker.

Mr. Bell has criticized others in his party, saying Republicans criticize President Barack Obama without proposing any revolutionary ideas of their own. He said Mr. Christie was better than some Republicans but also hasn't "really elaborated an economic answer." A Christie spokesman declined to comment.