

Trump Nominates Federal Reserve Critic Stephen Moore To Serve On Its Board

Conservative economist Moore served on Trump's 2016 campaign and recently penned an op-ed that concluded it was "time for a new pilot at the Fed."

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Stephen Moore of The Heritage Foundation.

President Donald Trump said on Friday that he will nominate Stephen Moore, who has been critical of Federal Reserve policy and its current chairman, to one of two vacant seats on the board.

"I will be nominating Mr. Moore for the Fed," Trump said. "going to be great."

Moore, 59, previously served as a Trump 2016 campaign adviser and is currently a visiting fellow at the Heritage Foundation. He also co-authored a 2018 book titled, "Trumponomics: Inside the America First Plan to Revive Our Economy."

The controversial choice underscores Trump's lack of confidence in the nation's central bank. Moore, a member of the Wall Street Journal editorial board, wrote an op-ed just last week that criticized the Fed's "inexplicable" rate hikes and dismissed its economic growth projections as "nonsense."

"I have known Steve for a long time – and have no doubt he will be an outstanding choice!" Trump tweeted on Friday afternoon.

As just one member on the Fed's seven-member board of governors, Moore would have limited sway on his own. "That's one of the benefits of being on a committee," said Mark Zandi, chief economist at Moody's Analytics. "From that perspective, I'm not too worried, but he's not going to be able to contribute in a meaningful way of setting appropriate monetary policy," he said, pointing out that Moore doesn't have the policymaking background and experience of other board members.

And some suggested that having an outlier opinion on the board could be healthy for the central bank. "Steve Moore will be a very effective governor of the Fed in terms of laying out very different views than his colleagues," said Karen Shaw Petrou, managing partner of Federal Financial Analytics, a consulting firm.

A more serious — and widely shared — concern among economic experts is that Moore’s proximity to Trump’s inner circle could cause Wall Street to worry that White House pressure, rather than data, is driving the Fed’s actions.

“If Trump hires Moore, and the Senate confirms him, it would no doubt further politicize the Fed,” said George Kiraly, founder and CIO of the LodeStar Advisory Group. “The last thing the markets want to see is a Fed, which has already lost credibility, now further politicized.”

Chipping away at the institutional impartiality of the nation’s central bank the poses a risk to both the markets and the real economy, Zandi warned. “That’s a key pillar of our nation’s economic security,” he said.

“The president has made very clear his displeasure with the Fed raising interest rates and is willing to be very public — obviously trying to influence the Fed,” Zandi said. “I’m increasingly worried he’s going to debase the independence of the Federal Reserve. He’s made no bones about his efforts to do that.”

“I don’t think Moore would be effective as a Fed governor because his mind is already made up about policy,” said Mitchell Goldberg, president of ClientFirst Strategy. “We need people on the Fed who are professionals; open minded and who see solutions in numbers and stats, not politics.”

“His presence would be more about helping Trump turn up pressure on the Fed,” he said. Trump launched fresh criticism of Chairman Powell on Friday, saying GDP growth would have risen above 4 percent if the central bank hadn’t raised rates.

“If we didn’t have somebody raising interest rates and do quantitative tightening we would have been over 4 [percent] instead of at 3.1 [percent],” Trump told Fox Business host Maria Bartiromo in an interview. “I’m not happy with it.”

Economists, however, say trade tensions and chaos in Washington are magnifying the effect of a slowing economy by hurting business and investor confidence.

The nomination requires Senate confirmation. 

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