

CAROLYN B. MALONEY
12TH DISTRICT, NEW YORK
2308 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3212
(202) 225-7944
COMMITTEES:
FINANCIAL SERVICES
GOVERNMENT REFORM
JOINT ECONOMIC COMMITTEE,
[SENIOR HOUSE DEMOCRAT]



Congress of the United States
House of Representatives
Washington, DC 20515-3212

DISTRICT OFFICES:
1651 THIRD AVENUE
SUITE 311
New York, NY 10128
(212) 660-0606
31-19 NEWTOWN AVENUE
Astoria, NY 11102
(718) 932-1804
619 LORIMER STREET
Brooklyn, NY 11211
(718) 349-5972
WEBSITE: www.house.gov/maloney

April 9, 2019

Honorable Mike Crapo
Chairman
Senate Banking, Housing and Urban Affairs Committee
534 Dirksen Senate Office Building
Washington, DC 20510

Honorable Sherrod Brown
Ranking Member
Senate Banking, Housing and Urban Affairs Committee
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

As Vice Chair of the Joint Economic Committee, I am writing to register my deep concern about President Trump's decision to nominate Stephen Moore to serve a 14-year term on the Federal Reserve Board of Governors. In doing so, I join with economists from across the political spectrum who have expressed serious misgivings about Mr. Moore taking on this key role given his out of the mainstream views, including support for the gold standard, and his record of partisan statements that casts doubt on his ability to serve independently as a member of the central bank.¹

Mr. Moore is superbly underqualified for the role for which he has been nominated. He is not an economist, nor is he an expert on monetary policy or financial regulation. Mr. Moore is a commentator on economic issues who has worked on the editorial board of the Wall Street Journal and is a founder of the Club for Growth, which he created to elect Republicans who would be willing to cut taxes at all costs. In an interview after the president announced his plans to nominate him, Mr. Moore acknowledged his lack of background in monetary policy, "I'm kind of new to this game, frankly, so I'm going to be on a steep learning curve myself about how the Fed operates, how the Federal Reserve makes its decisions."²

Economists from across the ideological spectrum have raised serious concerns about Mr. Moore's nomination. Greg Mankiw, an economist who served as chair of the Council of Economic Advisers under President George W. Bush, said: "Steve is a perfectly amiable guy, but he does not have the intellectual gravitas for this important job. If you doubt it, read his latest book *Trumponomics* (or my review of it). It is time for Senators to do their job. Mr. Moore should not be confirmed."³ Economist Justin Wolfers, a member of the Congressional Budget Office Panel of Economic Advisers, said that "More than possibly any other economist in modern America, he has a track record of getting the big issues wrong. Not just occasionally but time after time."⁴ Benn Steil, director of international

economics at the Council on Foreign Relations, observed: “Moore’s monetary commentary has, for well over a decade, been relentlessly partisan, illogical and fact-fudged.”⁵

Mr. Moore has a record of being wrong on the economy and wrong on basic facts. In one well-known incident, the editorial page editor of the Kansas City Star said that she would never publish Moore’s work again because he had been factually incorrect so many times.⁶ Mr. Moore wrongly predicted Obama’s policies would trigger inflation.⁷ More recently, Mr. Moore wrote a March 13, 2019 op-ed in the Wall Street Journal that said the United States was experiencing deflation. It is not. In the same op-ed, he wrote that former Federal Reserve Chair Paul Volcker broke inflation in the 1970s by linking interest rates to commodity prices. That is factually incorrect.⁸

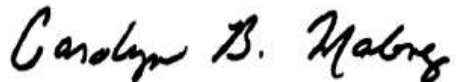
Mr. Moore is a leading proponent of the questionable theory that “tax cuts pay for themselves.” Mr. Moore’s views on economic policy have already had real word consequences in the state of Kansas. Mr. Moore, along with economist Arthur Laffer helped design the supply-side tax cuts pushed by Kansas Governor Sam Brownback and enacted in 2012.⁹ These cuts, which were among the largest ever at the state level, reduced revenues substantially, leading to cuts in education and other core services and downgrades from rating agencies.¹⁰ The growth promised by Moore and Laffer did not materialize. Kansas trailed neighboring states and the economy as a whole in economic growth.¹¹ The Kansas experience should have been a cautionary tale for the federal government. Instead, the president has selected one of its architects to sit on the Federal Reserve.

Perhaps most disturbingly, Mr. Moore has shown a pronounced tendency to change his monetary policy recommendations based on his support for the sitting president and the president’s political party.¹² Independence is core to the Fed’s credibility, allowing it to communicate effectively to financial markets and ensure its policies have the desired effect. Letting someone with Mr. Moore’s track record take part in monetary policy decisions would threaten this independence and credibility of the Federal Reserve in its pursuit of stable prices and full employment.

The challenges facing our economy demand skilled management of both fiscal and monetary policy. That calls for appointing and confirming talented, data-driven policy experts who can contribute their knowledge to the careful stewardship of the economy. Mr. Moore in no way fits that description. As one of the nation’s leading papers put it: “Stephen Moore would be a loyalist, not an expert, at the Fed.”¹³

I hope this perspective is helpful to you and your Committee and I appreciate your thoughtful consideration of these issues.

Sincerely,

A handwritten signature in black ink that reads "Carolyn B. Maloney". The signature is written in a cursive, flowing style.

CAROLYN B. MALONEY
Vice Chair, Joint Economic Committee

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- ¹ Abrams, Abigail. "[Trump's Pick for the Nation's Central Bank Has Economists Worried.](#)" TIME. March 20, 2019.
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- ² Chapman, Matthew. "[Trump nominee admits he does not know how the Federal Reserve works: 'A steep learning curve!'](#)." Salon. March 25, 2019.
- ³ Greg Mankiw's Blog. "[Memo to Senate: Just Say No.](#)" March 22, 2019.
- ⁴ Horsley, Scott. "[Economists Forecast Stephen Moore Wouldn't Be Good For Fed Post.](#)" National Public Radio. March 27, 2019.
- ⁵ Timiraos, Nick. "[Trump Offers Fed Board Position to Economic Commentator Stephen Moore.](#)" Wall Street Journal. March 22, 2019.
- ⁶ Lee, Deron. "[Why one editor won't run any more op-eds by the Heritage Foundation's top economist.](#)" Columbia Journalism Review. July 31, 2014.
- ⁷ Weil, Dan. "[Stephen Moore: Gold Will Soar to \\$2,000 When Inflation Hits.](#)" Newsmax. September 7, 2010.
- ⁸ Rampell, Catherine. "[The op-ed that got Stephen Moore his Fed nomination is based on two major falsehoods.](#)" Washington Post. March 26, 2019.
- ⁹ Lowry, Bryan. "[Trump's pick for Federal Reserve had hand in creation of Brownback tax 'experiment'.](#)" McClatchy. March 27, 2019.
- ¹⁰ Reuters. "[S&P downgrades Kansas in another blow to Brownback tax cuts.](#)" August 6, 2014.
- ¹¹ Mazerov, Michael. "[Kansas Provides Compelling Evidence of Failure of 'Supply-Side' Tax Cuts.](#)" Center on Budget and Policy Priorities. January 22, 2018.
- ¹² Appelbaum, Binyamin. "[Stephen Moore Would Be a Loyalist, not an Expert, at the Fed.](#)" New York Times. March 23, 2019.
- ¹³ Appelbaum, Binyamin. "[Stephen Moore Would Be a Loyalist, not an Expert, at the Fed.](#)" New York Times. March 23, 2019.