

[Banking and Finance Law Daily Wrap Up, TOP STORY—Warren seeks answers from potential Fed nominees, \(Apr. 15, 2019\)](#)

Banking and Finance Law Daily Wrap Up

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By Nicole D. Prysby, J.D.

Senator Elizabeth Warren has requested answers from two potential Fed nominees regarding statements they have made in the past that she asserted show a lack of understanding of the Fed's role. She questioned Stephen Moore and Herman Cain on various economic and monetary policy claims they have made, which she asserted are radical or inaccurate.

Senator Elizabeth Warren (D-Mass) has announced that she is seeking answers from two potential nominees to the Federal Reserve Board of Governors regarding public statements they have made. In one [press release](#), Warren expressed concern with "false, contradictory, and politically motivated statements" made by potential nominee Stephen Moore. In another [press release](#), the senator expressed concern with statements from potential nominee Herman Cain that indicate "a lack of expertise and political independence." Within the past several weeks, President Trump announced that he would be nominating the two men to the Fed. Moore, a Visiting Fellow at The Heritage Foundation, founded and served as president of the conservative Club for Growth. Cain, Co-Chairman for the American Fighting Back political action committee, is a former Republican presidential candidate and Godfather's Pizza CEO.

In her [letter](#) to Moore, Warren stated that he has "a long history of making wildly inaccurate claims about economic policy that appear to serve political ends." For example, he served as the principal architect of tax cuts enacted by Kansas in 2012, and he asserted that the cuts would boost the state's economy. Instead, the economy was devastated and private-sector employment rose only half as quickly in Kansas as in the rest of the country. She also stated that he falsely claimed that the United States was suffering from deflation in December 2018 and that former Fed Chairman Paul Volcker had linked Fed monetary policy to changes in commodity prices. She asserted that a number of his statements were made based on political loyalties, such as a claim in 2004 that President George W. Bush's tax cut policies had been a "stunning success." Warren asked Moore to respond to a number of questions by April 26, including whether he still holds the view expressed in 2015 that the United States should move toward a gold standard and whether he believes that the United States is experiencing deflation.

In her [letter](#) to Cain, Warren stated that he has a long history of "inaccurate, radical, and dangerous statements related to economic policy." For example, he stated in 2017 that the Fed does not have a mandate to battle unemployment. In 2012, he urged subscribers to his email list to purchase penny stocks, claiming that certain investments could double or triple in 18-24 months. She also stated that he has a history of making politically-motivated statements, such as criticizing the Fed in 2014 for setting interest rates too low, then claiming in 2019 that the Fed should pursue a more expansionary monetary policy and fear deflation more than inflation. Warren asked Cain to respond to a number of questions by April 29, including whether he still holds the view that the U.S. should move toward a gold standard and whether he believes his 2014 statement that wage stagnation over the past 40 years is entirely due to the Fed trying to control unemployment. She also asked whether he intends to maintain his role at the American Fighting Back PAC if nominated, and which individuals and corporations have contributed the most to the PAC.

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