

TRENDMACRO LIVE!

On Miran's Senate Banking Hearing: Triumph of the Weasel

Thursday, September 5, 2025

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Not a single question about the dangerous "Users Guide." Confirmation assured.

President Donald J. Trump has once again shown himself to be a master magician, tricking you into looking stage-left while he stuffs the rabbit in the hat stage-right. By escalating his administration's attempts to unseat Fed governor Lisa Cook, Trump moved the focus in [today's Senate Banking Committee hearing on his nomination of Stephen Miran to the Board exclusively to a referendum on Fed independence. No one – no Republican, no Democrat – even mentioned Miran's radical and hare-brained economic policy manifesto, "A Users Guide to Restructuring the Global Trading System", in which he advocated for the dollar to lose its reserve currency status, selling all the gold in Fort Knox and engineering a default disguised as a "Mar-a-Lago Accord" \(see, among many, \["Miran: We Warned You, and We're Warning You Again"\]\(#\) August 8, 2025\)](#)

- We have the strong sense that Miran's nomination will get approved by the committee on a party-line vote, and in the whole Senate as well. There is a good chance he will be seated in time for the September FOMC.

How concerned should we be, and why?

Like many topics Trump tricks us into paying attention to, Fed independence is less important – certainly less novel – than it feels. Trump repeatedly exploits a cognitive bias in all of us, under which we feel like whatever we are paying attention to must be important because we are paying attention to it. No, Trump just tricked you into paying attention to it. That doesn't make it important. All presidents try to control the Fed by appointing like-minded people to its Board. The question is what is in the minds of those like-minded people who, once on the Board, can act independently – yet at the same time in line with the wishes of the president who nominated them.

- We could quip that Miran believes so much in Fed independence that in his [prepared testimony](#) released yesterday, he invented his own independent mandate for the Federal reserve:

"In my view, the most important job of the central bank is to prevent Depressions and hyperinflations. Independence of monetary policy is a critical element for its success."

Update to strategic view

FEDERAL RESERVE, US MACRO: Miran is highly likely to be confirmed. Trump has successfully got everyone worried about Fed independence, so that was the only line of questioning for Miran at his confirmation hearing before the Senate Banking Committee. There was not a single question about the dangerous policies of dollar devaluation and default he advocated in his "Users Guide" manifesto. Another Miran paper critiques Fed independence as reflecting insufficient "accountability," and advocates shorter terms for Fed governors and at-will firing by the president. He deflected questions on these by saying no single one of his recommendations could be criticized – they are a "package deal." He denied being aware that Trump has threatened to fire Powell. We can survive him as a governor. As chair, he would be an evasive prevaricator, and when the Board is eventually populated by the like-minded, he may crack out the "Users Guide". This is the biggest risk facing the economy now.

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- What Fed governor – or chair – wouldn't prefer Miran's version of the mandate? Preventing a depression is a lower bar than assuring maximum employment, and preventing hyperinflation is a lower bar than assuring stable prices.
- There's a lot more room there to take chances with the crackpot schemes in the "Users Guide."
- To be sure, Miran has tried to walk all that back by [characterizing it](#) after-the-fact as a mere "cookbook" (see "[Jay Powell: Alien Enemy](#)" April 21, 2025). In the "Guide" itself, he says on the first page that "This is not policy advocacy." Yet it goes on for 41 pages of policy advocacy for ways to weaken the US dollar – because Miran states as an axiom in the third sentence,

"The root of the economic imbalances lies in persistent dollar overvaluation that prevents the balancing of international trade..."

- We do not need a governor of the Fed – and God forbid a chair – who takes it as an axiom that we need a weaker dollar.
- We don't fully understand what seems to be a bipartisan conspiracy of silence about this, not just in today's hearing but all these months [in the business media](#) and economics community.
- We know that Miran tells his contacts on Wall Street that the toxic recipes in the "Users Guide" were nothing more than "musings." But [read it yourself](#): these were all things he argued for with passion and eloquence. But those contacts don't want to lose access in case he becomes Fed chair, so they accept his recharacterization – or at least pretend to. That's getting in bed with the devil (yes, later, it's very hard to get out).
- And Miran is very clever – and shameless. Note how today he repeatedly squirmed out of taking responsibility for what he wrote in yet another unhinged paper – "[Reform the Federal Reserve's Governance to Deliver Better Monetary Outcomes](#)", written in March 2024 with Daniel Katz, a fellow junior Treasury official in Trump's first term.
- The paper itself is clever and shameless. While uttering the necessary pieties about independence, Miran cleverly positions independence as the enemy of what he calls "accountability." The paper cites many examples of how the Fed has purportedly abused its independence in the absence of this "accountability." These are straw men. First, reasonable people can argue about whether the policy decisions Miran doesn't like are problematic at all. But even granting Miran's judgment on that, there is, of course, no way to supply any evidence supporting the hypothetical that, in the presence of more "accountability" – that is, political control – the Fed would not have made all the same mistakes, or different ones that might have been worse.
- Among many reforms offered, the first is to shorten the terms of Governors from a maximum today of 14 years (depending on the cycle of each Governor position, timed so that one of the seven expires every two years) to a maximum of 8 years from Senate confirmation (for the individual, not the position). It's ironic that in Miran's own case now, he can only be a Governor through next

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January, unless reappointed and reconfirmed, because the 14-year run of his particular position is almost over. He'd love to be there for eight years, instead. Be that as it may, over time, Miran's proposition gives a president more at-bats, and the Fed less independence.

- Miran's paper also proposes at-will dismissal of governors by the president. We utterly fail to see how Fed independence is served by the president having the power, at will, to massacre the entire Board for any reason or no reason, for cause or for no cause. But we easily see how Trump would like it when Miran suggests it – and ally himself with Miran accordingly.
- And the paper argues,

“Shortcircuiting the revolving door between the Fed and the executive branch is critical to reducing the incentives for officials to act in the short-term political interests of the president.”

- Yet as several Democrats on the committee pointed out, Miran himself is the worst possible example of the “revolving door,” telling the committee today that while he is a Fed governor he will be on unpaid leave from his White House job, and will return to it when this Fed term ends in January. This was likely an attempt to underscore the purportedly temporary nature of Miran's governorship, to lower the stakes on confirming him – but it did put him crosswise against his own ideas of “accountability.”
- Miran's excuse was that it was not fair to hold him accountable for complying with his own policy recommendation here – his paper was a “package deal,” or a “suite” of policy proposals, and you have to take them all-or-none. He said that repeatedly whenever he was asked about any single one of his prescriptions. As a logical matter, how would anyone even discuss his paper with him when he demands that, somehow, every question you ask addresses its totality and ignores the components that comprise it?
- His smarmiest and most disturbing moment in the hearing was when he refused to acknowledge he was aware that Trump has threatened to fire Chair Jerome Powell.
- And this is what worries us most about Miran. We're just going to be blunt here – he is a flamboyant policy entrepreneur who, when his policies are taken seriously and questioned, pretends he never advocated them. At best, it leaves one wondering what he actually believes, if anything. Which part was the lie? Did he not mean it when he passionately advocated his radical ideas, or does he not mean it later when he says he didn't mean it to begin with?
- Do we not need in a Fed governor – or chair – a man who will take responsibility for his utterances? If for no other reason – forward guidance is a critical tool by which the Fed effectuates policy, and it rests critically on credibility and consistency. It's been bad enough to try to follow the forward guidance of Powell, a man who has no coherent strategic framework. Let's not try Miran, a man with a very coherent – if insane – strategic framework, but one that he alternately owns and disowns.

- We can survive him as a Fed governor till January. It's problematic whether we can survive him as chair. It's bad enough to imagine this squirming, smarmy prevaricator giving the FOMC press conferences eight times a year. Now imagine when the Board is eventually repopulated with like-minded policy advocates, and in his independence, starts cooking the "recipes" in the "Users Guide."
- *This is the biggest black cloud we see on the economic and market horizon. We need to watch this very, very carefully.*

Bottom line

Miran is highly likely to be confirmed. Trump has successfully gotten everyone worried about Fed independence, so that was the only line of questioning for Miran at his confirmation hearing before the Senate Banking Committee. There was not a single question about the dangerous policies of dollar devaluation and default he advocated in his "Users Guide" manifesto. Another Miran paper critiques Fed independence as reflecting insufficient "accountability," and advocates shorter terms for Fed governors and at-will firing by the president. He deflected questions on these by saying no single one of his recommendations could be criticized – they are a "package deal." He denied being aware that Trump has threatened to fire Powell. We can survive him as a governor. As chair, he would be an evasive prevaricator, and when the Board is eventually populated by the like-minded, he may crack out the "Users Guide". This is the biggest risk facing the economy now. ▶