

Can Trump put his emotion aside?

Years ago, I had a colleague who got so disgruntled with his lack of pay raises that he actively looked for another job. But his strong

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emotions clouded his judgement. He ended up accepting a job at another university for less pay and with worse working conditions. After being in the new job for a few months, he realized his error, and he ended up returning to the university he had

just left. This tale illustrates how emotion can cause people to make poor decisions. Donald Trump can learn a lesson from my former disgruntled colleague. Trump would be wise to keep his emotions in check and instead make decisions by relying on dispassionate logic. I have one decision in mind where this would be relevant. Donald Trump is mad at Jerome Powell (who was the Chairman of the Federal Reserve Board until May 15) for not advocating a policy that would lead to lower interest rates. Trump was so mad, in fact, that he encouraged his Justice Department to file charges against Powell. The charges were ridiculous and stemmed from cost overruns of renovating a Federal

Reserve building.

In his rage over Powell's positions on interest rates, Trump lashed out. But this kind of emotional outburst has consequences. Jerome Powell's term as Chairman of the Federal Reserve Board ended on May 15. But because of Trump's threats to prosecute him, Powell has decided to stay on as a member of the Federal Reserve Board. His main reason is probably financial. If the Justice Department charges Powell again, the federal government will pay for his legal defense as long as he is a member of the Federal Reserve Board. But if Powell resigns from the board – as chairmen typically do when their terms end – he will be stuck paying for his own legal defense, which could financially ruin him.

Powell's decision to stay on the board has consequences. At the time I write this (on Wednesday, May 13), Donald Trump has nominated, and the Senate has confirmed, Kevin Warsh to be the next Chairman of the Federal Reserve. But unless Jerome Powell resigns, there is no room for Warsh on the board. The most likely outcome is that Trump will convince Stephen Miran, a member of the board that he appointed, to resign. This would make room for Warsh.

But this is also a bad outcome

for Trump. He is giving up a board member who has consistently voted on monetary policies as Trump desired. If Trump could put aside his animosity for Powell, he can arrange for a better outcome. Trump should grant Powell a blanket pardon that gives Powell confidence that the Justice Department could not charge him again. This would take away the financial risk Powell would have faced if he resigned and had to pay for his own legal fees as a private citizen to defend himself against another Justice Department lawsuit. Without fear of prosecution, Powell would be more likely to resign. This would free up a spot on the Federal Reserve Board for Warsh. Trump's ally on the board, Stephen Miran, would not have to resign to make room for Warsh. Trump would have two strong allies on the board rather than just one (Warsh).

Most people have trouble putting their emotions aside when they make decisions. This causes them to make poor decisions that do not serve their own interests. It will be interesting to see if Trump can overcome his rage against Powell. Trump would make himself better off if he does.

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