# Trump economic adviser struggles to reassure investors amid tariff turmoil



Donald Trump’s tenure as US president and his economic policies continue to evoke strong reactions within financial circles, as evidenced by a recent high-profile meeting between his top economic adviser and leading bond investors in Washington, DC. The meeting, held last Friday at the White House’s Eisenhower Executive Office building, brought together representatives of prominent hedge funds, including Balyasny, Tudor, and Citadel, alongside asset managers such as PGIM and BlackRock.

Stephen Miran, chair of the Council of Economic Advisers, led the discussions amid an atmosphere of market volatility triggered largely by the president’s tariff announcements. According to individuals with direct knowledge of the event, Miran struggled to provide convincing reassurances to attendees about the administration’s economic trajectory, particularly concerning ongoing tariff measures. Some participants described his commentary as “incoherent” or incomplete, with one attendee remarking that Miran appeared “out of his depth.” One observer noted, “When you’re with an audience that knows a lot, the talking points are taken apart pretty quickly.”

The meeting coincided with the International Monetary Fund’s spring meeting and was convened by Citigroup. It was one in a series of engagements in which administration officials maintain contacts with the private sector and industry groups to discuss trade and economic policies, according to a White House representative.

Trump’s tariff policies have been a significant source of instability in US equity and debt markets. The announcement on April 2 of substantial “reciprocal” tariffs led to a sharp sell-off in US government bonds. Although the president’s subsequent 90-day pause on levies helped stabilise market conditions, nervousness persists among investors. For instance, the 10-year US Treasury yield, which moves inversely to bond prices, peaked at 4.59% on April 11 but had declined to 4.17% by the following Tuesday.

In parallel, Treasury Secretary Scott Bessent addressed investors at a separate closed-door event last week, expressing optimism that a trade deal between the US and China is likely in the “very near future.” His remarks were credited with bolstering US stock values.

Despite these efforts, Miran’s reassurances about the tariff-induced market turmoil were limited. He adhered to the administration’s stance that tariffs would inflict greater harm on US trading partners than on American consumers. He also reiterated that tariffs were not principally intended as a revenue stream, although any additional revenue generated could be considered a beneficial side effect.

The Council of Economic Advisers, established after World War II to advise the president on economic policy, is distinct from the National Economic Council, which coordinates policy. Prior to his current role, Miran authored a widely read policy note proposing a so-called Mar-a-Lago Accord aimed at aligning global markets more closely with US trade and geopolitical interests. The concept included controversial ideas, such as weakening the US dollar’s dominant reserve currency status and obliging holders of US government bonds to contribute to defence funding in exchange for American security guarantees.

In a speech delivered earlier this month at the Hudson Institute, Miran discussed “distorted” currency markets and the “unfortunate side effects of providing reserve assets,” without explicitly calling for a new global currency pact. His proposed solutions included suggestions that countries should accept US tariffs on exports without retaliating or provide direct financial contributions to the US Treasury to support the financing of global public goods.

These proposals and the ongoing tariff rollout have met resistance from bond investors. Declining long-term bond prices and a weakening dollar have raised concerns about the US’s status as a global market safe haven. According to one source familiar with Miran’s interactions with investors, he has recently distanced himself from the more radical ideas in his 2024 policy paper, with the person's assessment that Miran is currently “in full-scale retreat.”

The developments mark a complex phase in the interplay between the Trump administration’s economic policies and financial market responses, underscoring the challenges faced by policymakers in navigating the impacts of tariff measures and broader geopolitical economic strategies. The Financial Times is reporting.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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2. <https://www.ft.com/content/c5b1c6b3-85a7-4e99-bcac-3d331f03640b> - This piece critiques the proposed 'Mar-a-Lago Accord,' a plan to weaken the US dollar by having trading partners provide low-cost, long-term financing to the US government, under threat of higher tariffs or removal of security guarantees.
3. <https://www.ft.com/content/78b42ffc-5be1-4b38-8711-0cce728c8516> - This article evaluates the lessons from the 1985 Plaza Accord and the 1987 Louvre Accord, highlighting that currency interventions were not the primary drivers of exchange rate movements or trade balance improvements.
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6. <https://www.ft.com/content/9fa4a76d-60bb-45cd-aba0-744973f98dea> - This piece discusses the skepticism surrounding the 'Mar-a-Lago Accord,' highlighting concerns about the feasibility of achieving the proposed economic balance and the administration's ability to make and stick to deals.
7. <https://www.ft.com/content/a815323b-ae2b-4586-aec2-39dec35726f0> - Please view link - unable to able to access data