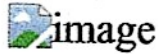


WSJ Print Edition



Bessent's To-Do List: Taxes, Tariffs, Spending

BY PETER RUDEGEAIR AND GREGORY ZUCKERMAN

Scott Bessent spent the past 40 years studying economic history. Now, as Donald Trump's choice to lead the Treasury Department, he has the chance to make his mark on it.

As a hedge-fund manager, first at George Soros's firm and later at his own, Bessent specialized in macroinvesting, or analyzing geopolitical situations and economic data to wager on big-picture market moves. He generated billions of dollars in profits betting on and against currencies, interest rates, stocks and other asset classes around the world.

He was motivated to get involved with Trump's campaign in part because of a view that time is running out for the U.S. economy to grow its way out of excessive budget deficits and indebtedness.

Around 4:30 p.m. on Friday, the president-elect called Bessent at his Palm Beach, Fla., hotel, telling him he was Trump's choice. In his first interview following his selection, Bessent said his policy priority will be to deliver on Trump's various tax-cut pledges. Those include making his first-term cuts permanent, and eliminating taxes on tips, social-security benefits and overtime pay.

Enacting tariffs and cutting spending will also be a focus, he said, as will be "maintaining the status of the dollar as the world's reserve currency."

Bessent became one of Trump's closest advisers by adding depth to his economic proposals and defending his plans for more-activist trade policies. He has argued that the president-elect's plans to extend tax cuts and deregulate parts of the U.S. economy would create an "economic lollapalooza."

Trump selected him from several candidates jockeying for the job partly because he trusted him to execute the administration's policies more than the other contenders, The Wall Street Journal has reported. The decision came after Elon Musk criticized Bessent as a "business-as-usual choice" while lobbying for Cantor Fitzgerald Chief Executive Howard Lutnick. (Trump later nominated Lutnick to lead the Commerce Department.)

Many on Wall Street, including hedge-fund managers Daniel Loeb and Bill Ackman, applauded the selection of Bessent. Investor Kyle Bass said on X that Bessent was "the single best choice."

People who have worked with Bessent describe him as reserved and professorial. He once taught economic history at Yale University, his alma mater, and, as an investor, he would often research forgotten financial analogues to inform views on current events.

"We are going to have to have some kind of a grand global economic reordering," Bessent said at a June event. "I'd like to be a part of it. I've studied this."

He joined Soros Fund Management in 1991, where his re--search on weakness in the U.K. housing market was a catalyst behind the firm's enormously successful bet that the British pound would collapse.

From 2011 to 2015, Bessent served as Soros's chief investment officer, earning more than a billion in profits for successful bets in Japan, including a wager against the yen. He left to launch his own hedge-fund firm, Key Square Capital Management, which he still manages.

Key Square's hedge fund had years of unremarkable performance until it gained about 31% in its main fund in 2022.

In 2023 and so far this year, the fund has gained more than 10%, according to an investor. November has been the best month for the fund, in part because it bet that a Trump victory would bolster the market. By comparison, the S& P 500 is up around 25% so far this year, though macro-hedge funds haven't done nearly as well.

Since 2020, Bessent and his husband, former New York City prosecutor John Freeman, have primarily lived in Charleston, S.C., near Bessent's childhood home. They have two children.

Bessent, should he be confirmed at Treasury, will oversee the sale of trillions of dollars of U.S. government bonds of the type he used to trade. His other responsibilities will include advising on fiscal policy, handling tax collection, enforcing sanctions and more.

Bessent has long been worried about the U.S.'s heavy debt and thinks the main way it can be reduced is by boosting growth, which increases tax revenues. *

He has advised Trump to pursue a policy he calls 3-3-3, inspired by former Japanese Prime Minister Shinzo Abe, who revitalized the Japanese economy in the 2010s with his "three-arrow" economic policy. Bessent's "three arrows" include cutting the budget deficit to 3% of gross domestic product by 2028, spurring GDP growth of 3% through deregulation and producing an additional 3 million barrels of oil or its equivalent a day. ***

Bessent has advocated extending the 2017 Tax Cuts and Jobs Act but with what are called pay-fors to lower its cost. That would involve either reducing spending or increasing revenue elsewhere. He also proposed freezing nondefense discretionary spending and overhauling the subsidies for electric vehicles and other parts of the Inflation Reduction Act.

Earlier this year, Bessent thought about tariffs as a negotiating tool, telling investors in a letter that the "tariff gun will always be loaded and on the table but rarely discharged." He has since argued for them more forcefully, especially as a source of tax revenue.

In a speech last month titled "Make the International Economic System Great Again," Bessent argued for increasing tariffs on national-security grounds and for inducing other countries to lower trade barriers with the U.S.

[Copyright \(c\)2024 Dow Jones & Company, Inc. All Rights Reserved. 11/26/2024](#)
[Powered by TECNAVIA](#)

The following is a digital replica of content from the print newspaper and is intended for the personal use of our members. For commercial reproduction or distribution of Dow Jones printed content, contact: Dow Jones Reprints & Licensing at (800) 843-0008 or visit djreprints.com.
