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Warren in WSJ: Illegally Firing Independent Fed Board Members Won't Reform the Fed. But These Ideas Will.

“Instead of grasping for a pretext to intimidate or fire Mr. Powell, or other members of the Fed, Mr. Trump should push Congress to pass meaningful reform this fall.”

Op-ed [HERE](#)

Washington, D.C. – Today, U.S. Senator Elizabeth Warren (D-Mass.), the Ranking Member of the Senate Banking, Housing, and Urban Affairs Committee, penned an op-ed for *The Wall Street Journal* where she lays out the case for meaningful Fed reform amid President Trump’s dangerous attacks on the independence of the Fed.

Read the op-ed here and below:

WSJ: Elizabeth Warren: ‘The Central Bank Apprentice’

“President Donald Trump’s attacks against the Federal Reserve include schoolyard name calling, intimidation or threats to fire Federal Reserve Chairman Jerome Powell and other board members, and a sudden interest in how much the Fed is spending on building renovations. This is the new season of “The Central Bank Apprentice.”

Treasury Secretary Scott Bessent, who is helping President Trump in his search for a new chairman, is calling for a review of “the entire Federal Reserve.” Contender and former Fed Governor Kevin Warsh, called for the central bank to be “made great again.” National Economic Council Director Kevin Hassett, another contestant, said ending the Fed’s “absence of transparency” should be a priority for whoever gets the job. Mr. Trump has made clear that whoever wins the crown of the next chairmanship must be committed to hacking away at the Fed’s independence.

I am not auditioning to be the next chairwoman, but I agree that the central bank needs more transparency and accountability. The Fed has consistently favored Wall Street over Main Street. Fed officials have been at the center of numerous ethics scandals. And the central bank has generally rebuffed Congressional oversight.

The Fed’s ability to conduct monetary policy without fear that the chairman will be fired by an angry president is a bedrock of our economy. But independence doesn’t mean impunity. We need real reform, and if Mr. Trump and his allies in Congress are serious about accountability, they should get behind the following ideas.

The first thing to do is make the Fed’s inspectors general an independent watchdog. Most big federal agencies have inspectors general who are nominated by the president and confirmed by the senate. But the Fed’s is instead appointed by the Fed chairman—a clear conflict of interest. The Fed’s inspector general should not be charged with overseeing and holding accountable the officials who have the authority to hire, fire and set pay for them.

The Fed also needs stronger ethics rules and enforcement to prevent senior officials from abusing their positions to juice their personal wealth. At the onset of the pandemic, senior leaders at the Fed traded individual stocks and investments at the same time they were setting key policies in response to the pandemic . Central bank officials and the Fed IG have failed to hold them accountable, share

critical information about the trading scandal with Congress, or institute meaningful reform. The Fed had a chance to change its culture of corruption. It failed. It's now Congress' responsibility to write ethics rules for them.

We can further bring accountability to the Fed by rethinking the role of the 12 regional reserve banks. These banks, which play a critical role in supervising the financial system and whose presidents vote on monetary policy in the Federal Open Market Committee, have long used their "quasi-private" status to insulate themselves from meaningful congressional oversight. These institutions serve governmental functions, and they should be subject to the same legal guardrails as other agencies. Executives of big banks serve on the reserve banks' boards of directors, actively overseeing operations that directly affect their banks. Reserve bank presidents are selected by these boards behind closed doors without much transparency or public input. Ending these practices would improve the Fed's public legitimacy.

Sens. Rick Scott (R., Fla.), Thom Tillis (R., N.C.) and I have bipartisan bills that would implement all these improvements and more. Instead of grasping for a pretext to intimidate or fire Mr. Powell, or other members of the Fed, Mr. Trump should push Congress to pass meaningful reform this fall.

We should ask more questions about the Fed's role in our economy. It's time to rein in the ways the central bank subsidizes Wall Street, from its quick reflex to bail out financial markets to its decision to change monetary policy by paying interest on bank reserves and making similar payments to shadow banks.

Another question is whether the Fed is capable of doing its job to regulate our biggest financial institutions and keep our system safe. The evidence isn't reassuring. The Fed helped create Too-Big-To-Fail banks by rubber-stamping bank mergers, while ignoring the subprime mortgage risks that crashed our economy in 2008. The Fed missed Silicon Valley Bank's interest rate risk vulnerability, a failure that led directly to the 2nd, 3rd, and 4th largest bank failures in U.S. history in 2023.

The inflation surge following the pandemic exposed just how ineffective the Fed's interest rate hikes are in countering supply-induced price increases, while the persistent racial disparities in the unemployment rate underscore how the central bank has failed to promote a stronger economy for all. As the Fed undertakes a review of its monetary-policy framework, the central bankers need to show how they intend to strengthen and deploy their tools to better serve American families and our economy.

The Fed is one of the most powerful institutions in our economy—and one of the least accountable. That won't change no matter who President Trump crowns as the new chairman. The only way forward is to pursue true reform.”

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