



The Daily Dish

The Next Fed Chair

DOUGLAS HOLTZ-EAKIN | DECEMBER 15, 2025

The president's public vetting of the candidates for next chairman of the Board of Governors of the Federal Reserve System continues. CNBC reports the president has indicated that Kevin Warsh had moved to the top of the list even though he also said, "I think you have Kevin and Kevin. They're both — I think the two Kevins are great," referring as well to previous front-runner Kevin Hasset. President Trump added, "I think there are a couple of other people that are great." That's about as clear as mud.

More substantively, CNBC also noted:

...Trump repeated an assertion he has made in the past that the Fed chair ought to consult the president about interest rate decisions.

"Typically, that's not done anymore. It used to be done routinely. It should be done. I'm a smart voice and should be listened to."

Fed chairs listening to the president is the exception and not the rule. Indeed, one of the most inglorious and unsuccessful eras in Fed history is the years that then-Chair Arthur Burns spent as President Nixon's lapdog. The 1970s were a decade of prolonged high unemployment and sustained high inflation precisely because Burns worked to support Nixon's political ambitions instead of focusing on the job.

Let's go back a bit further. Consider the [Constitution of the United States](#), a document that people used to think was relevant to the operation of government. Among the powers of Congress delineated in Article I, Section 8 are:

To coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of

Weights and Measures; and

To provide for the Punishment of counterfeiting the Securities and current Coin of the United States.

Everything about money and monetary policy belongs to the Congress. The president is to be found nowhere. Congress chose to delegate this authority to experts by creating the Federal Reserve. (Thank God! Can you imagine Congress running monetary policy as poorly as it runs budget policy?) It did not delegate this authority to the executive branch, as it has with tariffs in certain circumstances. Indeed, the president is included only by permitting him or her to nominate members of the Board of Governors – subject to Senate confirmation.

So, smart or otherwise, the president is not part of the setting of interest rates and never has been. President Trump is trying to normalize the idea of having a say in monetary policy under the next Fed chair, but it is not, and should not, be normal. The next chair has already been damaged by the selection process and the apparent need to swear subjugation to the president to get the job.

The real irony is that none of this is in the president's interest. Markets would most respect a strong, independent Fed leader. That would yield the lowest interest rates and best transmission of monetary policy. That would be the best for the president's economic objectives as well. With every additional comment he damages the chances of good outcomes.