



The Daily Dish

Throw the Flag

DOUGLAS HOLTZ-EAKIN | MARCH 27, 2026

The Cosmic Referee of Federal Affairs needs to throw the penalty flag on Treasury Secretary Bessent. The *Financial Times* reports:

Scott Bessent has discussed tightening the US Treasury's oversight of the Federal Reserve by adopting elements of the Bank of England's model in a step that would shake up the central bank's relationship with government.

Also:

Bessent told the FT in response to queries about the Fed's relationship with Treasury: "The United States Federal Reserve's mandate to deliver maximum employment, stable prices and moderate long-term interest rates is of critical importance to the global financial system."

He has argued publicly that the Fed should be reformed, while retaining its monetary policy independence, and last year criticised its vast bond-buying programmes, known as quantitative easing, as a "gain-of-function monetary policy experiment" in a 6,000 word article in The International Economy magazine.

Let Eakinomics be very clear: Secretary Bessent is entitled to his opinion on the effectiveness and desirability of Federal Reserve policy, including quantitative easing and tightening. But the Treasury does not have oversight of the Federal Reserve. Period. And it should not have oversight.

Let us review. Article I, Section 8 of the U.S. Constitution reads in part:

The Congress shall have Power To...coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures....

That's it. Congress. Not the executive branch. Not the president. And certainly not a cabinet secretary.

In practice, Congress has delegated this function to the Federal Reserve via the act that created it, has legally given it a mandate to achieve full employment and price stability, and has expressed no formal, i.e. legislative, objection to the operating procedures that the Fed has employed. The House and Senate conduct regular oversight hearings, and stand positioned to impose further mandates on Fed functions at any point in time.

The only role for the executive branch in monetary policy is that Congress permits the president to nominate individuals for the Board of Governors, but subject to confirmation by the Senate. Congress has the last say and the U.S. Treasury has no say in any of it - the leading role of Secretary Bessent in the reality-showesque auditions that led to Kevin Warsh's selection notwithstanding.

Flag thrown. Get back in your lane. Game on.