

April 15, 2026

WASHINGTON POLICY STRATEGY

Potomac Perspective

Brian Gardner
Chief Washington Policy Strategist
bgardner@stifel.com



President Trump's threat to fire Federal Reserve Chairman Jerome Powell could simply be a way for Trump to deflect blame for the economy onto Powell. We explain that although a hearing date has been set for Kevin Warsh's nomination to be the next Chair of the Federal Reserve Board, an ongoing investigation into the Fed and current Chairman Powell will continue to delay his confirmation. Despite the rhetoric, having Powell lead the Fed for a few more months might be in Trump's political interests. As part of our analysis, we explain that Trump cannot easily replace Powell until Warsh is confirmed. We also doubt the president can remove Powell as the Federal Open Market Committee (FOMC) Chair.

- **Warsh hearing date set** – The Senate Banking Committee will hold a hearing on April 21 regarding Kevin Warsh's nomination to be the next Fed chairman. While Warsh seems to have some bipartisan support, we continue to believe that his confirmation will be delayed.
 - **DOJ investigation continues to delay the process** – A vote on Warsh's nomination is likely to be delayed while a Department of Justice investigation related to renovations of the Fed's headquarters continues. Senator Thom Tillis (Republican-North Carolina), a member of the Banking Committee, has said that he will oppose any Fed nominee, including Warsh, until the investigation is "fully and transparently resolved." In our view, Tillis is not bluffing, and he appears to have enough leverage to block Warsh's nomination until the DOJ ends its investigation.
- **Trump's threat to fire Powell is dubious** – Powell has said that he will remain as interim chairman until a successor is confirmed by the Senate and will remain on the Board while the DOJ investigation continues (Powell's term as Governor runs until January 31, 2028). President Trump has now countered Powell by threatening to fire him. That threat probably lacks teeth pending a Supreme Court decision regarding Fed Governor Lisa Cook's lawsuit to block Trump from firing her.
 - **If Powell is removed as Chair, Trump does not pick an interim Chair** – By tradition, a Fed chairman may remain in that position until the Senate confirms someone. This occurred in 2022 when Powell's first term ended before the Senate confirmed him for a second one. The Federal Reserve Act (FRA) does not appear to explicitly provide for this, so if Trump tried to remove Powell from the chairmanship, he might have good legal grounds to do so. However, installing his own pick, absent Senate confirmation, is another matter.
 - Section 10 of the FRA provides that the Vice Chairman (Philip Jefferson) presides at Board meetings when the Chair is absent. It is questionable whether this means that the Vice Chair becomes Acting Chair in the case of a vacancy, but the FRA also provides that the full Board can elect a chairman pro tempore in case of vacancies and absences. Given the current makeup of the Board, we think that it would either pick Powell or Jefferson rather than one of Trump's other nominees who currently sit on the Board (i.e., Governors Waller, Bowman, and Miran).
 - **And the FOMC picks its leader, not the President** – We also note that the FOMC picks its leader rather than the president. The FOMC has already voted for Powell to be the committee's chair for 2026. Even if Trump fires Powell as Board Chair, he might be stuck with him as FOMC Chair – at least until Warsh is confirmed.
- **Picking a fight with Powell and having him remain as Fed Chair might serve Trump's short-term political interests** – Despite Trump's threats to fire the Fed Chairman, an FOMC led by Powell could serve the President's political interests. Trump loves having enemies or having someone to whom he can assign blame when things go wrong. Given the situation in Iran and its impact on the energy markets, consumer inflation could remain elevated for several months. This would likely strengthen

the hand of those at the Fed who want the FOMC to take a “wait and see” approach to monetary policy. Even Treasury Secretary Scott Bessent acknowledged that rates might stay where they are for a while longer.

- If the Fed delays interest rate cuts, then Trump can blame Powell for high interest rates. Once Warsh is confirmed, however, Trump would own it politically. “His guy” would be running the central bank and responsibility for any delay in cutting rates would fall on Trump’s shoulders.
- *Trump might say that he wants Powell out, and his threats to fire him might continue, but this could just be political theatre. Going into the midterms, the economy is voters’ top issue, and they are likely to use the elections as a referendum on Trump’s management of it. Passing the blame to someone else could serve Trump’s political interests. Shifting blame will be tougher to do once Warsh is leading the Fed.*

Subscribe to Our Podcast!



Season 5 of the Potomac Perspective podcast is underway! To access a broader discussion of these and other topics, please download and listen to the latest episode of our [Potomac Perspective podcast](#).

DISCLOSURE

This material is prepared by the Washington Policy Strategy Group of Stifel, Nicolaus & Company, Incorporated (“Stifel”). This material is for informational purposes only and is not an offer or solicitation to purchase or sell any security or instrument or to participate in any trading strategy discussed herein. The information contained is taken from sources believed to be reliable but is not guaranteed by Stifel as to accuracy or completeness. The opinions expressed are those of the Washington Policy Strategy Group and may differ from those of other departments that produce similar material and are current as of the date of this publication and are subject to change without notice. Past performance is not necessarily a guide to future performance. Stifel does not provide accounting, tax or legal advice and clients are advised to consult with their accounting, tax or legal advisors prior to making any investment decision. Additional Information Available Upon Request. Stifel Nicolaus & Company, Incorporated is a broker-dealer registered with the United States Securities and Exchange Commission and is a member FINRA, NYSE & SIPC. © 2026

0426.887751.1