Kevin Warsh Is Confirmed as Fed Chair in 54–45 Senate Vote

Divided vote signals challenge ahead for Warsh, who faces a Fed committee skeptical of rate cuts Trump has demanded

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Kevin Warsh GRAEME SLOAN/BLOOMBERG NEWS

WASHINGTON—The Senate confirmed Kevin Warsh as the Federal Reserve's 17th chair Wednesday in a largely party-line vote that reflected how tensions with the White House have dragged the Fed deeper into the political fray.

Warsh, who was nominated for the post by President Trump in January, won confirmation 54–45, earning support from all Senate Republicans but just one Democrat, John Fetterman of Pennsylvania. Sen. Kirsten Gillibrand (D., N.Y.)

didn’t vote. No Fed chair has been confirmed by such a narrow margin since Senate approval became a requirement for the job in 1977.

Chair Jerome Powell, whose leadership tenure ends Friday, captured at least 80 votes in Senate confirmations for each of his two terms atop the Fed. The previous chair, Janet Yellen, was confirmed 56–26 in 2014, with many senators absent because of bad weather.

Votes to confirm Kevin Warsh as Fed chair

Note: Independents Bernie Sanders of Vermont and Angus King of Maine caucus with the Democrats.

Source: the Senate

A difficult economic backdrop and Trump’s broadsides against the Fed’s independence have set up the central bank for a thorny leadership transition.

At a Senate committee confirmation hearing last month, Warsh faced intense questioning from Democrats over how he would maintain the Fed’s independence from a president who places priority on personal loyalty. Warsh said he would preserve the central bank’s monetary independence and that he had made Trump no promises about policy decisions.

Powell, citing concerns about political attacks on the institution, plans to remain on the Fed’s board of governors, defying Trump’s insistence that he leave.

Warsh’s background

Warsh, 56 years old, has been immersed in monetary-policy debates for decades—frequently as an outspoken critic of the Fed. A former Morgan

Stanley investment banker, he became the youngest Fed governor in history at 35 when former President George W. Bush appointed him to the central bank's board in 2006.

During the financial crisis that struck two years later, he played a key role tying up rescue deals that pulled Wall Street banks back from the brink. But by the time Warsh left the Fed in 2011, he had become a critic of its direction, concerned that as the economy recovered, the Fed's ongoing efforts to support financial markets went too far.

Warsh joined Stanford University's Hoover Institution and was a partner at hedge-fund investor Stanley Druckenmiller's family office. He sought the Fed chair nomination during Trump's first term but lost out to Powell. During the Covid-19 pandemic, Warsh—who had long leaned toward a hawkish anti-inflation stance—warned presciently that the Fed's intensive efforts to support the economy could give rise to blistering inflation down the road.

A long road to Fed chair

As the contest to succeed Powell heated up last year, Warsh honed an elevator pitch tuned to Trump's ears. He said he would shrink the Fed's footprint in financial markets and criticized the Fed under Powell for stepping into policy questions beyond interest rates. He lauded Trump's economic agenda, arguing that deregulation and a productivity boom driven by artificial intelligence would allow the Fed to lower rates without generating inflation.

At the confirmation hearing last month, Warsh said he wouldn't prejudge policy decisions. He said he wanted the Fed to take a fresh look at a range of operational questions, from how officials communicate with the public to which inflation statistics they emphasize in their deliberations.

Challenges ahead

Amid the Iran conflict's energy-market disruptions, hot inflation readings are clouding the path for the rate cuts Warsh advocated as he essentially campaigned for the job. Meanwhile, policymakers are cautiously weighing whether two months of solid jobs data mark a turning point for a labor market that has slowed since a boom earlier this decade.

Warsh will face an unprecedented set of broader questions about the relationship between the Fed and the White House. Under Powell's leadership, the Fed contended with a stream of attacks from Trump, including

calls to lower interest rates, personal insults, a federal criminal investigation of Powell and an attempt to fire another Fed governor, Lisa Cook.

A thorny transition

A standoff over the Fed's independence delayed Warsh's confirmation up until almost the last minute. Sen. Thom Tillis (R., N.C.) objected to the investigation of Powell by withholding his support for Warsh, depriving him of a critical Republican vote on the Senate Banking Committee. After the Justice Department dropped the inquiry, Tillis joined his fellow banking-committee Republicans in late April to send Warsh's nomination to the full Senate.

The Senate already confirmed Warsh to the Fed's seven-member board of governors on Tuesday.

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Warsh is set to preside over the Fed's next policy meeting on June 16–17. His four-year term as chair will run until 2030.

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