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It's the right decision given the enormous legal and economic stakes.

The Justices Give Lisa Cook a Reprieve

The Supreme Court on Wednesday made the right move in denying President Trump the immediate power to fire Lisa Cook from the Federal Reserve Board of Governors. *Trump v. Cook* presents novel legal questions that deserve a full briefing and not a rushed decision on the emergency docket.

Mr. Trump sacked Ms. Cook based on unproven allegations by Federal Housing Finance Agency Director Bill Pulte that she committed mortgage fraud. She denies it and says her removal is unlawful. The Justices will consider the case in January.

The Federal Reserve Act lets a President remove governors "for cause." But the law doesn't define the term, unlike other statutes with removal restrictions. The Federal Trade Commission Act mentions "inefficiency, neglect of duty, or malfeasance in office," for example.

Federal Judge Jia Cobb held that the President can't remove a Fed governor for conduct that preceded her time in office. The judge also ruled that Mr. Trump violated Ms. Cook's constitutional right to due process. A split D.C. Circuit Court of Appeals panel upheld the injunction based on the second argument without deciding the first.

But Judge Gregory Katsas made compelling arguments in dissent. The ordinary meaning of "for cause" when the law was passed was simply "relating to the conduct, ability, fitness, or competence of the officer," he wrote. Congress in other laws limited "cause" to wrongdoing in office, and its decision not to do so for the Fed can't be brushed aside.

Judge Katsas also disagreed with the majority's ruling that Ms. Cook has a property interest in her post. The majority cited a 1985 High Court ruling that local government employees with civil-service protection are entitled to due process, but this precedent doesn't neatly apply to presidential appointees. Note that neither Ms. Cook nor Mr. Trump are arguing over whether "for cause" protections for Fed governors are constitutional, though that question will loom over the case. The Justices last week agreed to reconsider their 1935 Humphrey's Executor precedent that upheld removal protections for officers that exercise "quasi-legislative or quasi-judicial" power.

The Justices declined to extend those protections to agency heads that wield executive power in Seila Law (2020) and Collins v. Yellen (2021). Fed governors undoubtedly exercise executive authority in regulating banks.

But they also exercise legislative power in conducting monetary policy. The Constitution gives Congress "the power to coin money" and "regulate the Value thereof." An unsigned High Court opinion that let Mr. Trump remove National Labor Relations Board and Merit Systems Protection Board members said its ruling doesn't necessarily apply to Fed governors.

"The Federal Reserve is a uniquely structured, quasi-private entity that follows in the distinct historical tradition of the First and Second Banks of the United States," the opinion said. This aside isn't a precedent, but the Justices may have been trying to deter the President from firing a Fed officer and provoking a High Court fight.

As usual, Mr. Trump plunged ahead anyway. It's a huge legal moment, and the Justices are right to flesh out historical and textual arguments that the lower courts blew past.