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JEROME POWELL

Trump calls on Fed board to take over

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WASHINGTON >> President Donald Trump on Friday called for the Federal Reserve's board of governors to usurp the power of Fed Chair Jerome Powell, criticizing the head of the U.S. central bank for not cutting short-term interest rates.

Posting on his Truth Social platform, Trump called Powell "stubborn." The Fed chair has been subjected to vicious verbal attacks by the Republican president over several months.

The Fed has the responsibility of stabilizing prices and maximizing employment. Powell has held its benchmark rate for overnight loans constant this year, saying that Fed officials needed to see what impact Trump's massive tariffs had on inflation.

If Powell doesn't "substantially" lower rates, Trump posted, "THE BOARD SHOULD ASSUME CONTROL, AND DO WHAT EVERYONE KNOWS HAS TO BE DONE!"

Two of the seven Fed governors, Christopher Waller and Michelle Bowman, issued statements Friday saying they see the tariffs as having a one-time impact on prices and the job market as most likely softening. As a result, the two dissented at the Fed meeting on Wednesday and pushed for slight rate cuts relative to what Trump was seeking.

Even though Trump, who nominated Waller and Bowman, has claimed the U.S. economy is booming, he welcomed their arguments and what he called their strong dissents.

Friday's jobs report showed a rapidly decelerating economy, as just 73,000 jobs were added in July and downward revisions brought down the June and May totals to 14,000 and 19,000, respectively.

Trump sees the rate cuts as leading to stronger growth and lower debt servicing costs for the federal government and homebuyers. The president argues there is virtually no inflation, even though the Fed's preferred measure is running at an annual rate of 2.6%, slightly higher than the Fed's 2% target.

Trump has called for slashing the Fed's benchmark rate by 3 percentage points, bringing it down dramatically from its current average of 4.33%. The risk is that a rate cut that large could cause more money to come into the economy than can be absorbed, possibly causing inflation to accelerate.

The Supreme Court suggested in a May ruling that Trump could not remove Powell for policy disagreements. This led the White House to investigate whether the Fed chair could be fired for cause because of the cost overruns in the Fed's $2.5 billion renovation projects.

Powell's term as chair ends in May 2026, at which point Trump can put his Senate-confirmed pick in the seat.

This story has been corrected to reflect that 14,000 jobs were created in June and 19,000 in May, not 19,000 in June and 14,000 in May.