

HQ PROJECT TARGETED

White House escalates pressure on Fed

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WASHINGTON>> President Donald Trump is escalating his pressure campaign to get the Federal Reserve chairman to either lower interest rates or quit his post by targeting the expensive renovation at the central bank's headquarters.

The latest step came Thursday when Russ Vought, Trump's top budget adviser, sent a letter to Federal Reserve Chairman Jerome Powell saying the president is "extremely troubled" that the plans may have violated government building rules with an "ostentatious overhaul."

Trump also named two close aides to an obscure commission who plan to review the Federal Reserve building plans — another avenue to increase scrutiny on Powell, whose eight-year term formally ends next May.

This follows a near-daily drumbeat of criticism that Trump has leveled at Powell, whom he has disparaged as "a very stupid person" who should "resign immediately." It's an unprecedented attempt to reshape the Federal Reserve's traditional role as an autonomous arbiter of U.S. monetary policy.

If successful in getting Powell to leave or getting interest rates lowered, Trump will have expanded his influence to yet another corner of American government that was once seen as beyond the reach of political pressure. But he also risks jeopardizing the independence that has made the central bank a foundational player in the U.S. economy.

Powell has sought to avoid politics and refrains from responding directly to the president. Fed officials did not respond to an email seeking a response to the letter, though Powell has previously said that some parts of the renovation plans have changed.

Powell has so far resisted Trump's pressure to cut rates, largely out of concern that Trump's tariff plans could increase costs for American consumers. If rates are lowered too aggressively, it could lead to a resurgence of inflation.

But Trump insists that inflation is no longer a problem, and a rate cut would help make mortgages, auto loans and other forms of consumer debt cheaper. Trump has also said it would allow the U.S. government to finance its debt more cheaply, a pressing concern as legislation signed by the president is poised to increase the federal deficit by extending tax cuts.

"LOWER THE RATE!!!" Trump wrote on social media on Thursday.

However, there's no guarantee that financial markets will reduce rates on government debt even if the Fed bows to Trump's wishes. Such a situation could lead to higher interest costs for consumers — a reminder of how monetary missteps may backfire.

Powell was nominated to the Federal Reserve Board of Governors by President Barack Obama, then made chairman by Trump during his first term. But in his second term, Trump turned Powell into one of his primary antagonists.

Trump has said that he wouldn't directly oust Powell. "I don't know why it would be so bad, but I'm not going to fire him," he said last month. The Supreme Court said in May that it could block such a step.

However, Trump's allies have found other ways to make Powell uncomfortable.

Bill Pulte, the Trump-appointed director of the Federal Housing Finance Agency, also accused Powell of lying to Congress about the renovations.

"I am asking Congress to investigate Chairman Jerome Powell, his political bias, and his deceptive Senate testimony, which is enough to be removed 'for cause,'" he said last week. Pulte said the situation "stinks to high heaven."

Trump's naming of James Blair, a deputy chief of staff, and Will Scharf, the staff secretary who furnishes the president with executive orders for his signature, to the National Capital Planning Commission also potentially ratchets up the pressure on Powell.

Blair said he would be "requesting a review of all previous and current building plans" and suggested that Powell wasn't honest while testifying to Congress about the renovations last month.