



# Federal Reserve Independence and Legitimacy

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POLITICS | POLICY

## The Supreme Court Just Became the Last Line of Defense for Fed Independence

The court kept Lisa Cook in her job until it could hear her case. Other institutions had provided little pushback to the unprecedented removal attempt.

By [Nick Timiraos](#) [Follow](#)

Oct. 1, 2025 8:30 pm ET

ECONOMY

## Senators grill Trump's nominee for Fed amid alarms over central bank independence

SEPTEMBER 4, 2025 · 2:03 PM ET

HEARD ON ALL THINGS CONSIDERED



Scott Horsley

## *Fed's Independence Remains at Risk Despite Temporary Legal Victory*


A Supreme Court order keeping Lisa Cook on the Federal Reserve Board for now is “a time to exhale but not breathe easy,” one expert said.

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**Opinion**  
Federal Reserve

Why Trump's attacks on the Fed's independence are so dangerous

Steven Greenhouse



“The device of an independent central bank embodies the very appealing idea that it is essential to prevent monetary policy from being a day-to-day plaything at the mercy of every whim of the current political authorities...

Is it really tolerable in a democracy to have so much power concentrated in a body free of democratic control?” (Milton Friedman 1962).

# Constitutional/Structural Challenges

“The low intensity offensive against the administrative state that has been waged by the conservative Justices of the Supreme Court for well over a decade has escalated in the last several terms” (Tarullo 2024).

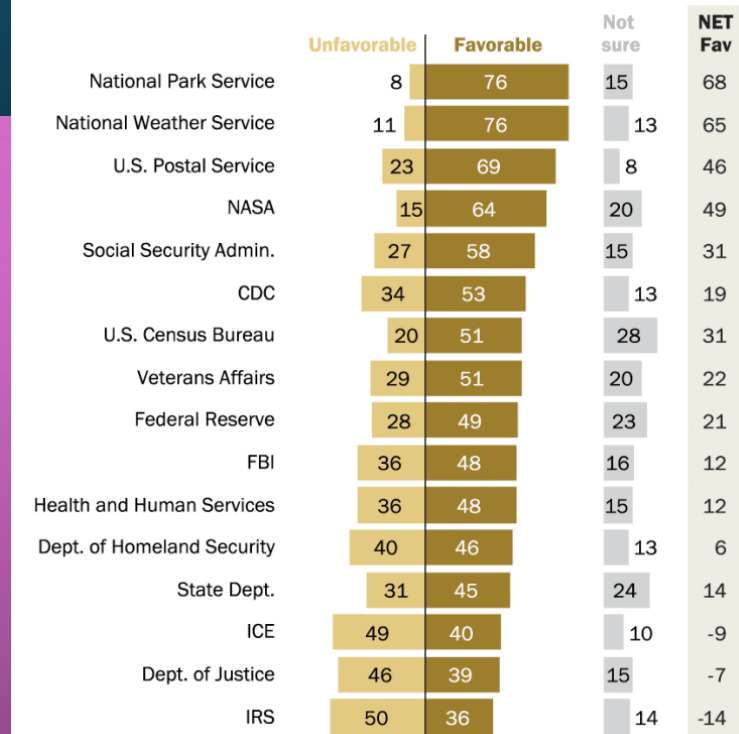
1. Removals: *Seila Law v. CFPB* (2020), *Collins v. Yellen* (2021), *Trump v. Slaughter*
2. Appointments: *United States v. Arthrex, Inc.* (2021)
3. Delegation

# A Fed Exception?

- Supreme Court has indicated that the Fed might claim anomaly or “special historical status.”
- A "uniquely structured, quasi-private entity.”
- Governor Lisa Cook can remain in her position while awaiting the oral arguments in her case next year.
- Appeals to importance or historical pedigree risk appearing arbitrary.
- Fed exception based on pragmatism and lacking a coherent, generalizable principle may not hold up indefinitely *if popular and political consensus supporting Fed independence erodes.*

## Americans largely view the National Park Service, National Weather Service and USPS favorably

% who have a(n) \_\_\_\_ opinion of each federal agency



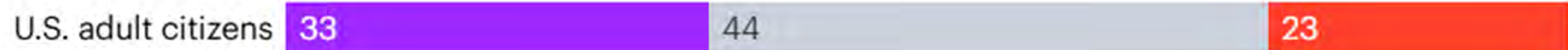
Note: "NET Fav" is the percentage favorable minus the percentage unfavorable. No answer responses are not shown.

Source: Survey of U.S. adults conducted Aug. 4-10, 2025.

PEW RESEARCH CENTER

Do you approve or disapprove of how Jerome Powell is handling his job as the chair of the Federal Reserve? (%)

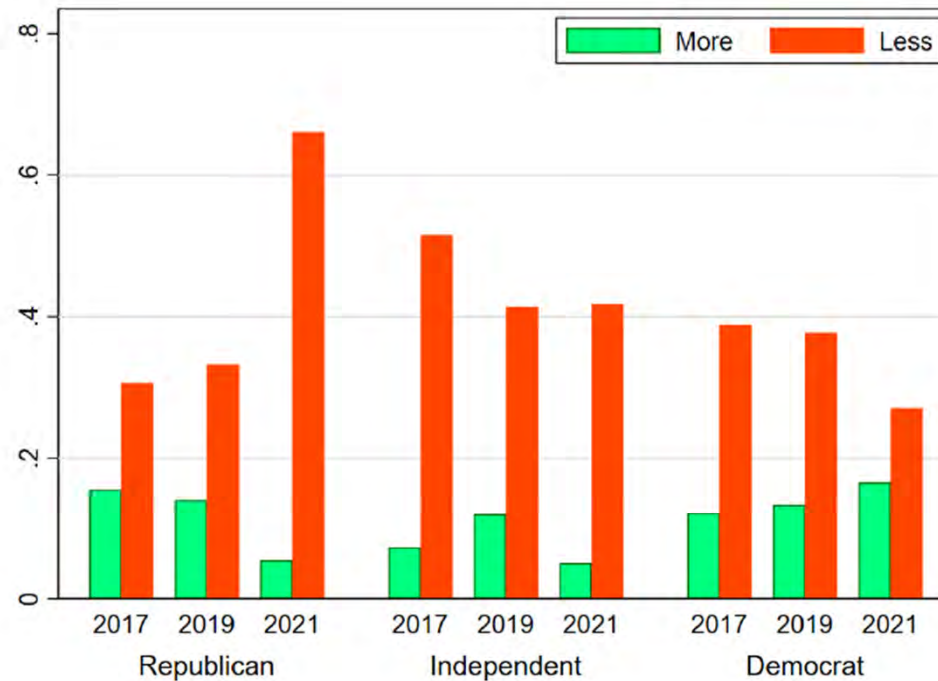
Strongly or somewhat approve Not sure Strongly or somewhat disapprove



**Party ID**



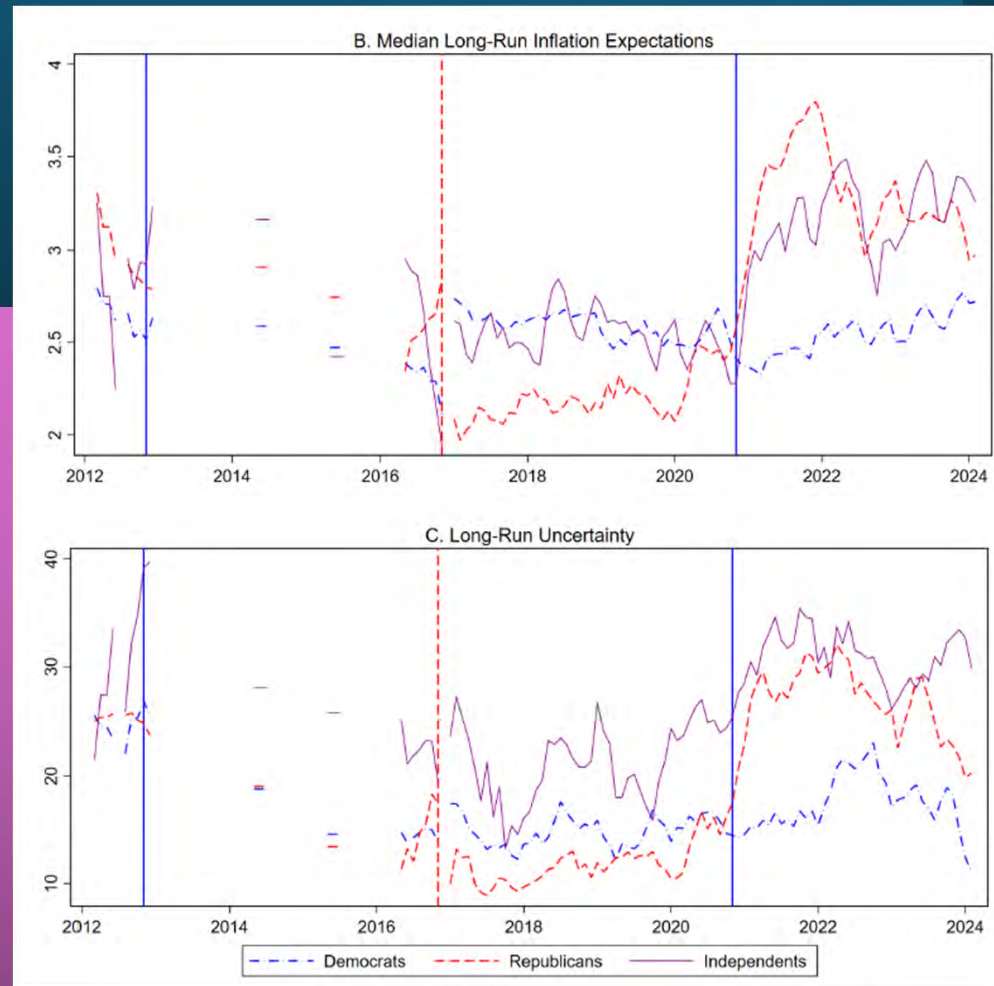
Figure 1: Partisanship and Trust in the Federal Reserve



**Notes:** Figure shows the share of respondents, by political party and year, who report that their trust in the Federal Reserve is more or less than five years prior. Data from Michigan Survey of Consumers.

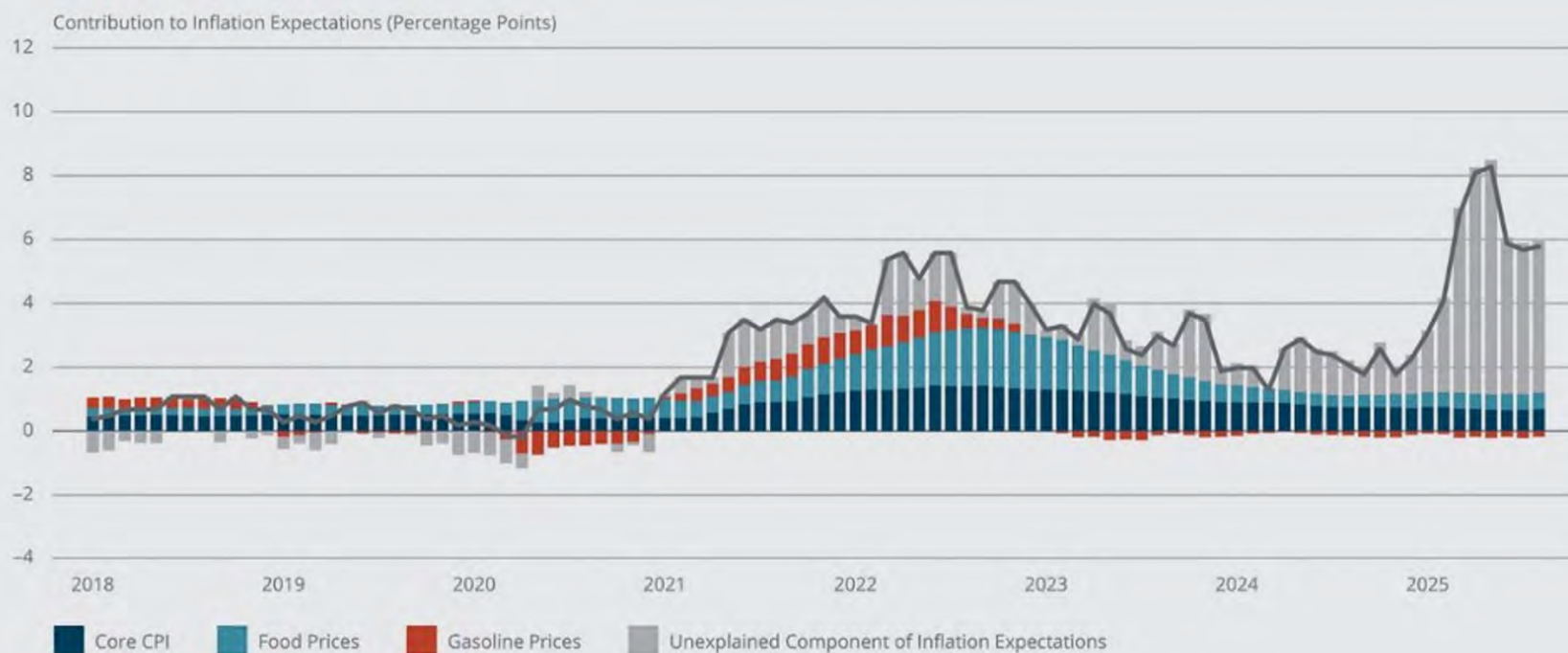
Binder, Couture, and Smit (2025)





Binder, Kamdar, and Ryngaert (2024)

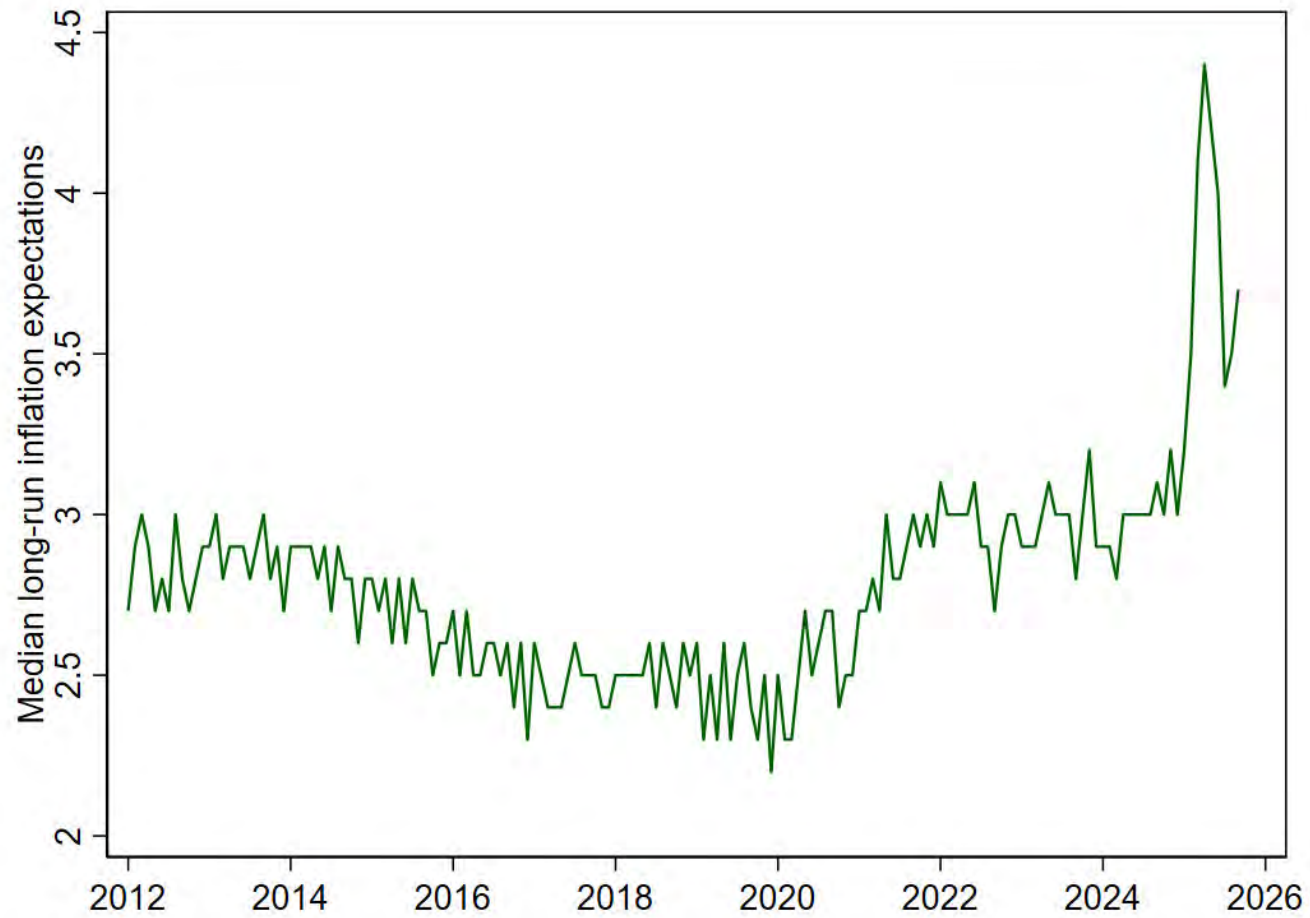
# Figure 4: Decomposition of One-year-ahead Mean Household Inflation Expectations, 2018 to 2025



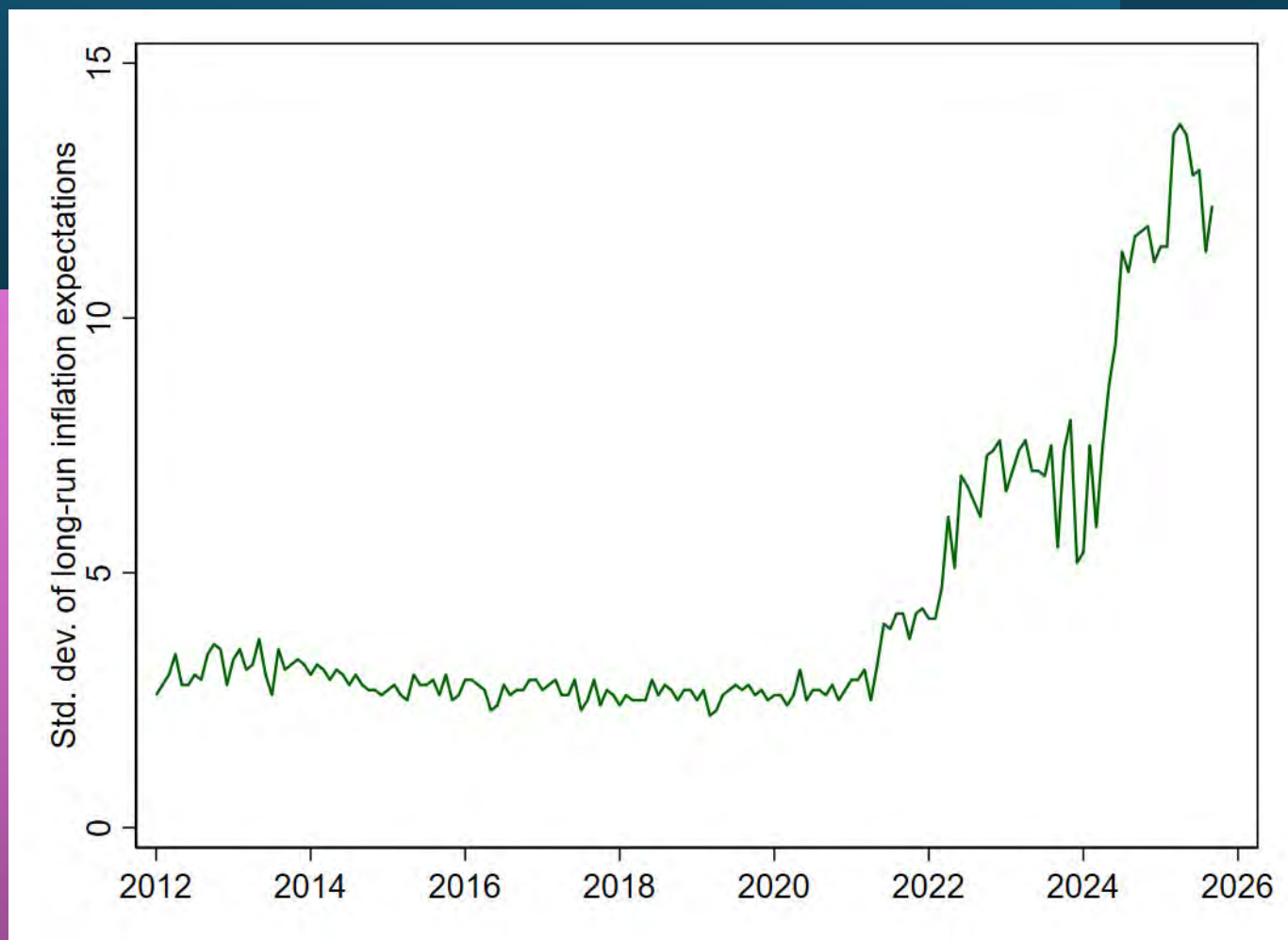
*Note(s): The figure zooms in on the post-pandemic period, showing the breakdown of inflation expectations into four components: core CPI, food prices, gas prices and unexplained factors. The coefficients of the model are estimated using data from 1990 through 2019. The dark gray line depicts one-year-ahead average household inflation expectations minus the estimated constant from the authors' regression model.*

*Source(s): Authors' calculations using data from the University of Michigan Survey of Consumers and the US Bureau of Labor Statistics.*

Andrade and Wicklein (2025)



(Data from Michigan Survey of Consumers)

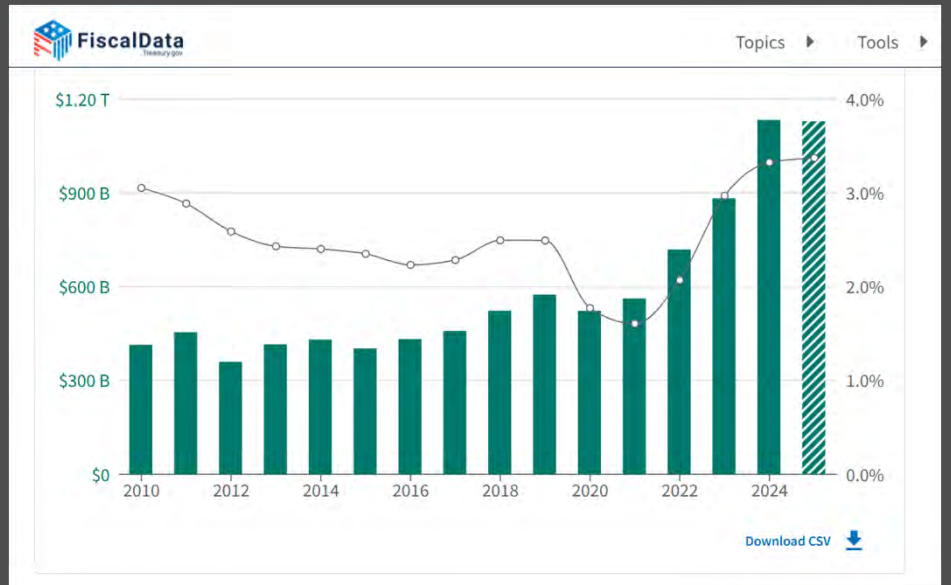


(Data from Michigan Survey of Consumers)

# Trump says Fed chair Powell should make big rate cut now

By Reuters

September 10, 2025 8:24 AM CDT · Updated September 10, 2025



# Possible Solutions

- Strengthen oversight and accountability: comprehensive performance reviews by Government Accountability Office, Inspector General appointed by President and confirmed by Senate, and GAAP accounting (Levin and Skinner 2024).
- Restructure to vest core monetary functions in independent central bank, but executive functions in a separate agency, to avoid Article II violations (Skinner 2024).
- Greater transparency about policy rule and balancing objectives.
- Greater transparency about conditions that will warrant using unconventional tools in the future (Kohn 2025).
- Recent trends in jurisprudence toward the administrative state did not come out of nowhere.