

Kevin Warsh: Too Hawkish for Trump?

Lots of buzz was generated when former Federal Reserve Governor [Kevin Warsh met up with President Donald Trump](#) at the White House. That was a day after the President had a meeting with current Federal Reserve Governor Jerome Powell.

For many political pundits, the meeting was a sign the Trump Administration is leaning towards Warsh as the replacement for the current Fed chair Janet Yellen. More fuel was added to that fire when the Wall Street Journal confirmed the meeting was indeed about the Fed chair, citing an unnamed source in the White House.

Yellen's term comes to an end in February.

That does not necessarily mean those who are in favor of seeing inflation rates or the Fed's balance sheet go down have cause for celebration. President Trump has made it clear on a number of occasions that he is in favor of seeing lower interest rates since business and job creation remains one of his top priorities. A priority that also remains popular with a majority of everyday Americans.

If Warsh ends up getting the nomination, he will have to reconsider some of his hawkish ways and transform into something more of a pigeon.

The Trump Administration is also considering a handful of other potential candidates, some of whose financial philosophies are more in line with the President's agenda. That includes Yellen, who is more of a dove. Over the course of her term, Yellen has developed a solid relationship with Treasury Secretary Steven Mnuchin, as well as one of Trumps closest advisors, his daughter Ivanka.

[Trump had lots of harsh words for Yellen](#) during the Obama Administration, accusing her of setting policies that were more focused on making the then President look good rather than doing what was best for the country. However, he has softened his stance on her since he took office.

Not appointing Yellen for a second term would bring an end to an historic precedent that would likely lead to some blowback for the Trump administration from feminist groups.

Who is Kevin Warsh?

As was noted earlier, Warsh is a former Federal Reserve governor, and he was the youngest person to ever have the honor of holding that position.

Warsh, 47, is also the youngest candidate on the short list for the next Fed chair. Some would even say that is one of the biggest factors working against him as the race for one of the most influential positions in the country draws down to a conclusion.

A graduate of Stanford University, Warsh does have a few things working in his favor. For starters, the former investment banker's views are in line with many conservatives. Like President Trump, Warsh also believes excessive regulation cripples financial institutions, thus crippling growth. Earlier in the year, he showed support for the Trump's administration's plans to promote growth by reducing regulations on financial institutions.

For the most part, Warsh's policies are in line with president Trumps agenda, so it's hard to see any conflicts arising between the two given how similar their thoughts on how the country's financial

institutions should be ran are. While Warsh has hawkish tendencies, he is a solid conservative, and he has shown a willingness to compromise on interest rates in the past.

Secondly, Warsh also has close connections to the Trump family that gives him an edge over other candidates currently being considered for the Fed chair.

He's the son-in-law of the President's close friend Billionaire Ronald Lauder, and he's already worked with the Trump Administration in the past, serving on an advisory council that was broken up in August. He's also worked with former Florida Governor Jeb Bush as an advisor.

Obviously, not everyone is excited about the possibility of Warsh getting the nomination. Warsh has been criticized for endorsing financial innovations that played a role in the financial crisis of 2008. Expect his critics to bring that up every time they get a chance. Warsh has also been criticized for being overly concerned about inflation rates in the past.

Warsh wasn't always the favorite to get the Fed chair nomination. Many close to the Trump Administration were expecting that honor to go to National Economic Council Director, Gary Cohn, but he ended up shooting himself in the foot when he decided to join the [witch-hunt against the President following the Charlottesville protests](#).

If there's one thing President Trump has been clear about during his administration, disloyalty will not be tolerated. The odds of Cohn managing to slither his way back into the running are slim to none.

Cohn's misstep has turned out to be a blessing for Warsh, who seems to be now poised to become the youngest Fed chair in U.S. history. The White House is expected to make an official decision within the next couple of weeks.