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Warsh Would Do ‘Really Good Job’ as Fed Chair, Allison Says

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Former Federal Reserve Governor Kevin Warsh “would do a really good job” as Federal Reserve chairman but that also depends on the political environment, according to former BB&T Corp. CEO John Allison.

Allison, who has also been considered by the Trump administration as a potential contender for the top Fed position, told Bloomberg Television Wednesday that he personally doesn’t want the job but he wouldn’t rule out a nomination to the Fed board.

"No, I really wouldn’t in all honesty," Allison said when asked about the chairmanship. "I really would like to get rid of the Fed. I’ve been very vocal about that. I think their job is impossible." "We all know that price fixing doesn’t work," said Allison, who also once headed the free-market focused Cato Institute in Washington. "What does the Fed try to do? They try to fix the price of the world’s reserve currency, which is the most complicated price that can possibly be. So you almost always know that they’re doing it wrong."

Allison said he would “not necessarily” rule out an appointment to the Fed board. "It would depend on the whole circumstances and whether you could believe you could impact policy." Warsh served as Fed governor from 2006 until 2011 and is now a fellow at the Hoover Institution.

He is one of several candidates interviewed by President Donald Trump, who in the next few weeks will make one of the most consequential decisions of his presidency with the choice of a nominee to be the next chair of the central bank. He and Treasury Secretary Steven Mnuchin have met with Warsh and interviewed Fed Governor Jerome Powell. They’ve also met with

current Fed Chair Janet Yellen and White House economic adviser Gary Cohn, who are both in the running for the post. Stanford University economist John Taylor is also on Trump's shortlist. Yellen's term as Fed chair ends Feb. 3 and time is getting tight to make a selection and get it through Congress. The president nominates the head of the central bank, subject to Senate confirmation.

Allison also said the Trump administration's push for tax reform should result in "some marginal increase" in economic activity due to a cut in corporate taxes.

"I think it would generate some real growth but not dramatic real growth because the real issue is how much the government spends," he said in the interview. "What we've seen over a long period of time is government is less productive than private enterprise."

Allison said the administration should still pursue tax reform in the hope that "in the long term it would encourage more discipline in Congress."