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Who Will Be The Next Fed Chair? A List Of Trump's Likely Yellen Replacements And Other Fed Board Members

Lydia O'Neal

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Federal Reserve Board Chair Janet Yellen's term **wraps up in February 2018**, at which time President-elect Donald Trump is likely to choose a new central bank leader.

"When her time is up, I would most likely replace her because of the fact that I think it would be appropriate," Trump **told CNBC** in May. "She is a low-interest-rate person. She has always been a low-interest-rate person. And I must be honest — I am a low-interest-rate person. If we raise interest rates and if the dollar starts getting too strong, we're going to have some very major problems." (Yellen **announced** the Fed's decision to raise its interest rate target last Wednesday. The central bank plans to do so again three times in the next year.)

But Trump's reshaping of the Fed won't end with Yellen. Two seats on the seven-member Board of Governors have been vacant since 2014, thanks to the Senate's refusal to hold nomination hearings for either of President Barack Obama's selections. And as Trump Treasury Secretary-designate Steve Mnuchin **told CNBC**, filling those two vacancies "will be high on the priority list."

One of the two will likely serve as a vice chair of supervision, a new position **outlined in the 2010 Dodd-Frank Wall Street Reform Act**. Many **expect** this appointment to drive out Fed Governor Daniel Tarullo, who currently handles financial regulation, opening up yet another seat.

It doesn't end there: In June 2018, Vice Chair Stanley Fischer's term **comes to an end**.

Trump's opportunities to mold the Fed to his liking have many worrying the president-elect will diminish the central bank's cherished independence.

"It may be far worse than many people expect. You have to go back a quarter of a century, with George H. W. Bush, for the last time a president criticized the Fed," Sebastian Mallaby, author of "The Man Who Knew: The Life & Times of Alan Greenspan," **told Fox Business**. "If the president appoints people who are loyal to the White House, then Fed independence means nothing. Unlike the Supreme Court, the Fed has no such [official] protection — it is just a government agency but has no legal right to independence."

Here are some of the people floated as possible Trump selections for future makers of monetary policy:

Ron Paul

Huffington Post Senior Politics Editor Sam Stein may have been the only one reporting on a group pushing for former Texas Rep. Ron Paul to be appointed to the Board of Governors as of Monday afternoon, but the three-time presidential candidate's intentions, as advertised in his "Audit the Fed" campaign, have been echoed by the president-elect.

The man behind the so-called "Taylor Rule," which calls for strict adherence to the basic rules of monetary policy rather than thinking outside of the box, John Taylor, whom experts interviewed by Reuters named as a GOP favorite, is an economics professor at Stanford University. His approach — raising the interest rate target when growth and inflation are high and lowering it when the two indicators slow down — wouldn't cause the Fed to veer far off of its current course of action.

John Allison IV

A likely pick for the supervisory vice president role, the Wall Street Journal said, John Allison IV has long been a key leader at the libertarian Cato Institute, served as chief executive of the financial services holdings company BB&T Corp. and been a staunch supporter of deregulation.

"I think you will see, certainly on the Fed, an effort to put in somebody that likes less regulation," Allison told Bloomberg Monday when asked about his expectations for the central bank's future. "I think, in my conversation with President-elect Trump, he believes that the regulatory environment has been very destructive to economic growth [...] so I think you'll see, on the Fed, individuals who have a much stronger commitment to deregulating the banking industry than the current Fed status."

When asked how he would respond if the Trump transition team called him with an offer to appoint him to a seat on the Fed, Allison replied he'd "have to think about it."

Paul Atkins

Big bank-friendly former Securities and Exchange Commission member Paul Atkins was selected as the Trump transition team's head of financial regulatory agencies at the end of November. Atkins, who currently serves as chief executive of a Washington compliance consultancy firm, is another possibility for the supervisory vice president position — and another advocate of extensive deregulation.

"Paul is somebody who is free market and concerned about regulatory overreach," Davis Polk law firm partner Meg Tahyar told Politico. "He is going to look at what's happened for the past

eight years and say, ‘Where did it go too far, and where can we tilt it back toward the market?’ And that’s the kind of people he’ll be bringing in.”

The **vice chairman of the Federal Deposit Insurance Corp.** and the **former head of the Kansas City Fed,** Tom Hoenig is somewhat of an outlier when it comes to a Trump shortlist. He supported parts of Dodd-Frank, which sought to correct the regulatory gaps that contributed to the 2008 financial crisis, and even **saw the law as too weak** to counterbalance Wall Street’s risk-taking, the Wall Street Journal said. That doesn’t mean he and Trump have nothing in common.

“I couldn’t be more proud of being called a populist,” Hoenig **told the Kansas City Star.** “I’m not afraid of that name because that’s the common sense.”