

White House Increases Pressure on Fed Chair Powell Over Interest Rates and Renovation Costs

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Federal Reserve Chair Jerome Powell is facing mounting pressure from the White House as calls grow louder for interest rate cuts and increased scrutiny of the central bank's spending. The President visited the Federal Reserve's \$2.5 billion headquarters renovation project this week, using

the opportunity to publicly press Powell over what officials described as excessive and unnecessary expenses.

The visit, which included a tour of the construction site, featured sharp criticism from administration officials about alleged luxury accommodations being built into the new facility. Powell responded by disputing the claims, clarifying that the costs are in line with federal building standards and necessary upgrades for long-term operations.

More significantly, the President reiterated that interest rates must come down soon, warning that continued inaction could have consequences for Powell's position. While stopping short of directly threatening termination, he left the door open to replacement should Powell be found guilty of misconduct. Powell's current term runs through May 2026, and legal experts note that removing a sitting Fed Chair without cause could trigger constitutional questions about central bank independence.

Throughout his tenure, Powell has maintained that Federal Reserve policy decisions must remain independent from political influence. In public remarks and congressional testimony, he reaffirmed that monetary policy should be based on data, namely inflation trends and employment levels, not political demands. The central bank's benchmark interest rate currently stands at 4.25%–4.50%, a level the Federal Open Market Committee has held steady amid ongoing inflation concerns.

Some Fed board members have acknowledged that recent economic indicators point to slowing inflation and weakening labor markets. They have suggested that a rate cut could be on the table at the Fed's next meeting, scheduled for July 29–30.

Meanwhile, Republicans in Congress, including Senator Tim Scott, have intensified inquiries into the cost of the Fed's renovation project, demanding greater transparency and accountability in the use of taxpayer dollars.

Market analysts warn that political interference with the Federal Reserve's decision-making process could undermine investor confidence and destabilize the broader economy. Commentators have argued that applying public pressure to force monetary policy changes may fuel uncertainty and threaten the credibility of U.S. financial institutions.

As the upcoming Fed meeting nears, the confrontation between the White House and Powell underscores a growing tension over the role of politics in shaping economic policy, one that could have lasting consequences.