

## White House Seizes on Fed Headquarters Renovation as Grounds to Oust Chair Powell

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The White House has seized on the Federal Reserve's controversial headquarters renovation project in Washington, D.C., as potential justification to remove Chair Jerome Powell. The dispute, centered on a reported \$2.5 billion refurbishment of the Fed's main building at Constitution Avenue NW, has escalated into a broader political challenge to the independence of the central bank.

White House Budget Director Russ Vought criticized the project's ballooning cost, originally estimated at \$1.9 billion, for including excessive upgrades such as marble interiors, rooftop gardens, and VIP elevators. In a formal letter to Powell, Vought accused him of misleading Congress or possibly violating federal building codes, laying the groundwork for a legal argument to remove him "for cause." Powell, for his part, responded that luxury elements have been removed following scrutiny, and that reports exaggerating extravagance are both misleading and politically charged.

This confrontation marks another chapter in a growing effort by the administration to pressure Powell, whose policy of maintaining higher interest rates has drawn criticism from Trump-aligned officials. Although Powell's tenure is due to end in 2026, the White House appears to be searching for grounds to expedite his removal. By focusing on the Federal Reserve headquarters (HQ) renovation, rather than monetary policy, the administration may be attempting to shift public attention toward what it portrays as fiscal irresponsibility.

Some lawmakers, including Senator Tim Scott, have also voiced concern, arguing that extravagant spending on federal buildings is out of touch with ordinary Americans struggling under inflation. Critics of the administration, however, warn that the politicisation of the Fed's internal affairs undermines the institution's crucial independence. The Federal Reserve Board maintains that the renovations are necessary for modern safety, accessibility, and operational efficiency, particularly for a structure originally built in the 1930s.

Legal scholars emphasize that the Federal Reserve Act limits presidential authority to remove a chair except in instances of specific misconduct or

legal violation. Courts have historically resisted politically motivated dismissals from independent regulatory agencies. Using infrastructure spending as a pretext for leadership change risks eroding market trust in the central bank's autonomy.

From a center-right viewpoint, scrutiny of taxpayer-funded projects is warranted. However, using office refurbishments to justify executive interference in monetary affairs sets a troubling precedent. If economic stability is the goal, then undermining the credibility of the central bank could be a costly misstep in pursuit of short-term political advantage.