

# Powell's Parting Gift: How One Chair's Dissents Could Constrain the Next

Bill Campbell, Portfolio Manager, Global Sovereign & Emerging Markets | May 2026

In his final 18 months as chair of the Federal Reserve, Jerome Powell has practiced a quiet tolerance of dissent on the Federal Open Market Committee (FOMC). The April 29 FOMC meeting, his last presiding as chair, stands as a case in point: Three voting members objected to the easing bias in the committee's policy guidance, and one voted against the actual decision to leave rates unchanged. That freer rein on the FOMC, quite in contrast with the tighter presiding styles of Chair Powell's predecessors, could prove to be his most durable legacy at the Fed – and one more consequential than any single rate decision under his stewardship. By normalizing on-the-record disagreement at the monetary policy table, Chair Powell has probably diluted the power of the position. In other words, he likely has created an institutional check on his successor, Kevin Warsh, whose Senate confirmation appears on track before Chair Powell's term ends on May 15. Whether Warsh's ambitious vision of "regime change" can overcome a newly emboldened committee will likely shape U.S. monetary policy for years to come.

The Justice Department's April 24 withdrawal of its criminal investigation into Chair Powell cleared the way for Sen. Thom Tillis, a North Carolina Republican on the Senate Banking Committee, to lift his hold on the committee's confirmation vote on Mr. Warsh. This removed the final obstacle to a full Senate vote on the nominee. U.S. Attorney Jeanine Pirro confirmed she was closing the probe, with the Fed's inspector general taking over scrutiny of the central bank's renovation cost overruns.<sup>1</sup> Markets are understandably focused on the policy direction the next chair will pursue, within the context of the strongest political pressure to cut rates from the White House in nearly a half century. President Donald Trump has publicly demanded the target federal funds rate be reduced to as low as 1%. The upper bound of the rate, last adjusted downward by 25 basis points on Dec. 10, is 3.75%, a mark in close proximity with the two-year U.S. Treasury yield, which has long presaged levels for official short-term interest rates. Yet the more structurally significant question is whether a new chair can unilaterally direct Fed policy at all – and here, Chair Powell might have quietly changed the answer.

## The Architecture of Dissent

In my view, Chair Powell's approach to dissents does not amount to passive acquiescence to a fractious committee. Historically, the Fed chair has had an extraordinary ability to build consensus, which has been one of the institution's defining informal norms. In contrast, Chair Powell has allowed dissents from multiple directions. By tolerating and even facilitating open disagreement, he began unwinding that norm, and in doing so, redistributed power from the chair back toward the committee as a whole.

The dissents were not merely procedural. The Dec. 10 FOMC meeting produced three dissents – the first time since 2019. Board Governor Stephen Miran voted for a more aggressive half-point cut while Jeffrey Schmid and Austan Goolsbee, presidents of the Fed Reserve banks of Kansas City and Chicago, respectively, voted to hold rates unchanged. Hawkish and dovish objections at the same meeting, on the same decision, sent an unambiguous signal: The committee was no longer reaching consensus at the chair's direction. It was expressing genuine disagreement.

The symmetry of those dissents is important. Earlier in Chair Powell's final stretch, Governor Miran had voted for larger cuts than the majority of the committee supported. By allowing those dovish dissents to stand alongside the subsequent hawkish ones from Presidents Schmid and Goolsbee, Chair Powell normalized the full spectrum of disagreement. No single political direction could claim dissent as its exclusive instrument.

The precedent this sets is significant. For decades, former Vice Chair Lael Brainard has described how chairs would canvass committee members ahead of meetings to get people on board with their preferences. The chair's power derived less from a formal vote than from the informal architecture of pre-meeting coordination and the expectation of deference. Chair Powell's willingness to let members vote their genuine convictions, openly and on the record, has altered that architecture. The FOMC now has recent institutional memory of acting independently.

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## Federal Open Market Committee Composition

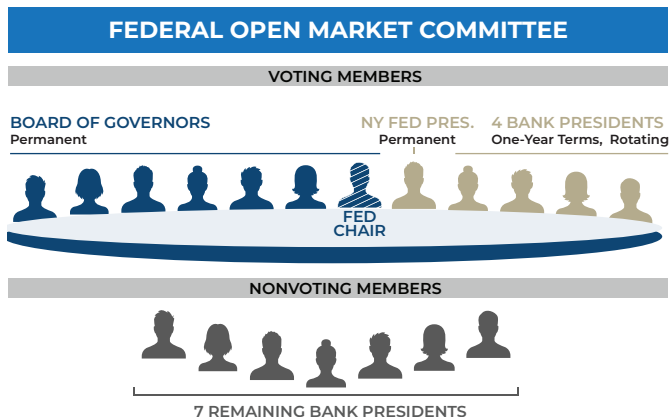
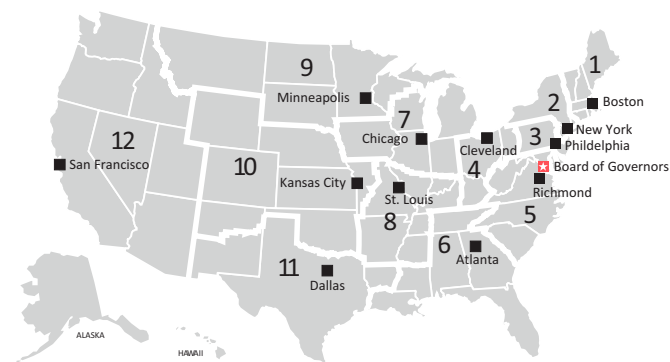


Figure 1  
Source: Federal Reserve, DoubleLine

To shed more light on the shift from the status quo after Chair Powell, it's worth a quick overview of the governing structure of the Fed. (Figure 1) Seven governors, including the Fed chair, are appointed by the president and confirmed by the Senate to serve on the Fed board, the apex of governance of the central bank. The FOMC, the rate-setting body of the Fed today helmed by Chair Powell, comprises 19 members, voting and nonvoting. The seven governors and president of the New York Fed are permanent voting members on the FOMC. All presidents of the 12 regional Fed districts participate in the committee meetings, but only the New York Fed president and a rotating group of four others vote in any given year.

## Federal Reserve System Districts and Banks



Source: The Federal Reserve

## Dissents by Reserve Bank Presidents and by Fed Governors

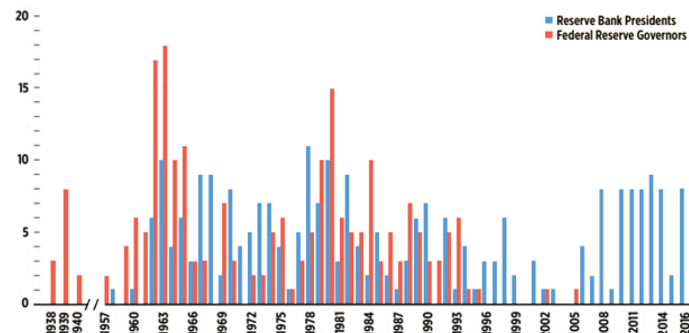


Figure 2  
Source: Federal Reserve Bank of St. Louis

While dissenting votes before Chair Powell were uncommon, they have occurred. Most of them were cast by regional district presidents, typically in times of divergent regional economic conditions. (Figure 2) This appears baked into the composition of the FOMC: "While the Federal Reserve System was created with national goals, its District structure was designed to also provide regional input for its decision-making process."<sup>2</sup> Rarer still were dissents from governors. That tradition has weakened as well under Chair Powell. The July 25 FOMC meeting occasioned dissenting votes by two governors – Christopher Waller and Fed Vice Chair for Supervision Michelle Bowman.

This "marked the first time two members of the Washington-based Board of Governors formally dissented on a decision by the policy-setting Federal Open Market Committee since December 1993," Reuters reported, citing St. Louis Fed data. In a news conference following the meeting, Chair Powell was quite sanguine about the vote, saying, "What you want from everybody, and also from a dissenter, is a clear explanation of what your thinking is. ... We had that today."<sup>3</sup>

## Warsh's Uphill Challenge

Kevin Warsh is aware of this shift, and his public statements suggest he intends to recentralize authority. At his Senate Banking Committee confirmation hearing, Mr. Warsh declined to commit to continuing regular press conferences and said he would abandon forward guidance – the Fed's method of signaling future rate intentions to markets.

He has also signaled plans to eliminate or substantially curtail the "dot plot," a quarterly chart showing each FOMC member's fed funds rate projection. Mr. Warsh told senators that the dot plot, while anonymous, causes officials to hold on to their forecasts longer than they should. Ending the dot plot, which publicly pre-commits members to a forward view, he argued, would encourage them to deliberate more freely within meetings. This in turn would help avoid compounding errors.<sup>4</sup>

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I acknowledge a case can be made that forward guidance creates rigidity as voting FOMC members could feel locked into their public if anonymous guidance. But the political context is impossible to separate from Mr. Warsh's reform agenda. Eliminating the dot plot and curtailing the public communications of individual FOMC members would, in practice, concentrate the visible voice of monetary policy almost entirely in the chair. In a moment when markets are already anxious about political interference, reducing the independent communication of other committee members risks being read less as institutional modernization and more as silencing of dissent.

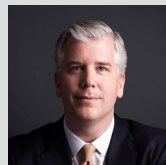
As chair, Mr. Warsh would control one of 12 votes on the FOMC. Former Chair Janet Yellen has said she does not see the FOMC accepting Mr. Warsh's proposed changes in the short run, and that she believes he would have a hard time swaying the committee.<sup>5</sup> Mr. Warsh's leadership will be further complicated by his predecessor's decision to remain on the Board of Governors and thus as a voting member on the FOMC until, as Chair Powell said in his April 29 news conference, the Trump administration's cost-overrun "investigation is well and truly over with transparency and finality."<sup>6</sup>

In my view, Fed governors and regional bank presidents who sat through months of contested, publicly dissenting votes under Chair Powell will not simply revert to consensus deference because a new chair wishes it. The norm has been broken. The expectation of independent expression, once established, is not easily suppressed.

## The Broader Stakes

Chair Powell's final months offer a remarkable case study in institutional design. The formal power of a Fed chair is one vote in 12. The informal power has always been far greater via coordination and the expectation of consensus. Chair Powell appears to have understood that in a political environment where the chair's independence is under sustained pressure, the most durable protection for the institution is not his authority but the distributed authority of the committee. By letting members dissent freely, he made the Fed harder to capture through the office of the chair alone.

Whether that design persists depends on how Mr. Warsh chooses to lead and how the committee responds. He has said that he welcomes objections from other policymakers, which might actually serve his broader agenda of overturning established ways of doing business. The Fed's credibility – its ability to anchor inflation expectations – ultimately rests on the perception that monetary policy is determined by evidence and deliberation, not by political instruction. The coming months will test whether that perception can survive a transition unlike any in modern Fed history. ■



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## Endnotes

- <sup>1</sup> The investigation was, in the view of many, which I share, an exercise in institutional pressure rather than legal substance. A federal judge had found that the government had produced essentially no evidence to suspect Chair Powell of a crime. The court noted that the renovation cost of the Fed’s two Washington buildings, which rose from an initial estimate of \$1.9 billion to nearly \$2.5 billion, was due to unforeseen contamination, a sinkhole and rising material costs. The Fed is self-funded and no taxpayer dollars were at risk. The real target of the Trump administration was always monetary policy independence, not Chair Powell.
- <sup>2</sup> “Do Local Economic Conditions Influence FOMC Votes?” Federal Reserve Bank of San Francisco Economic Letter, June 2, 2025. <https://www.frbsf.org/research-and-insights/publications/economic-letter/2025/06/do-local-economic-conditions-influence-fomc-votes/>
- <sup>3</sup> “Fed policy decision generates most governor dissents since 1993,” Reuters, July 30, 2025. <https://www.reuters.com/world/us/fed-policy-decision-generates-most-governor-dissents-since-1993-2025-07-30/>
- <sup>4</sup> “Wall Street won’t like it—but Kevin Warsh may mark the end of your chatty, neighborhood Fed chairman,” Fortune, April 22, 2026. <https://fortune.com/2026/04/22/kevin-warsh-forward-guidance-dot-plot-wall-street-guidance/>
- <sup>5</sup> “Analysis: Warsh emerges from a difficult hearing with his Fed ‘re-gime-change’ plan intact,” CNBC.com, April 21, 2026. <https://www.cnbc.com/2026/04/21/kevin-warsh-fed-regime-change-senate-confirmation-hearing.html>
- <sup>6</sup> In his April 29, news conference, Chair Powell observed that Jeanine Pirro, the U.S. Attorney for the District of Columbia, has left open the possibility of resuming the investigation if warranted.

**Dot Plot** – Simple statistical chart that consists of data points plotted as dots on a graph with x- and y-axes. Dot plots are well known as the method that the Federal Reserve uses to convey its benchmark federal funds rate outlook at certain Federal Open Market Committee (FOMC) meetings.

**Federal Funds Rate** – Target interest rate, set by the Federal Reserve at its Federal Open Market Committee (FOMC) meetings, at which commercial banks borrow and lend their excess reserves to each other overnight. The Fed sets a target federal funds rate eight times a year, based on prevailing economic conditions.

**Federal Open Market Committee (FOMC)** – Branch of the Federal Reserve System that determines the direction of monetary policy specifically by directing open market operations. The FOMC comprises the seven board governors and five (out of 12) Federal Reserve Bank presidents.

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