

FEDERAL RESERVE

FED GOVERNOR SAYS SHE WON'T QUIT



MARK SCHIEFELBEIN, ASSOCIATED PRESS

Federal Reserve Chairman Jerome Powell, left, talks with Governor Lisa Cook on June 25 during an open meeting of the Board of Governors at the Federal Reserve in Washington.

Cook threatens to sue Trump to keep her job

CHRISTOPHER RUGABER  
Associated Press

WASHINGTON — Federal Reserve Gov. Lisa Cook will sue President Donald Trump’s administration to try to prevent him from firing her, her lawyer said Tuesday.

“President Trump has no authority to remove Federal Reserve Governor Lisa Cook,” said Abbe Lowell, a longtime Washington lawyer who has represented figures from both major political parties. “His attempt to fire her, based solely on a referral letter, lacks any factual or legal basis. We will be filing a lawsuit challenging this illegal action.”

Trump, meanwhile, underscored in remarks at the White House that his goal is to seize more power over the Fed to get it to lower interest rates. He previously said he would only appoint people to the Fed’s board who will support lower borrowing costs.

“We’ll have a majority very shortly, so that’ll be good,” Trump said, referring to the Fed’s governing board. “Once we have a majority, housing will swing,” he added, blaming slow housing sales on high mortgage rates.

Trump criticized Fed Chair Jerome Powell for months because the Fed has left its key short-term interest rate unchanged at about 4.3% — relatively high compared with its level during the COVID-19 pandemic, when it was almost zero.

But now Trump turned his attention to the broader Federal Reserve system. The committee that sets interest rates has 12 voting members, with seven coming from the board and the other five drawn from the presidents of the 12 regional Fed banks.

The Fed exercises expansive power over the U.S. economy by adjusting a short-term interest rate that can influence broader borrowing costs for things like mortgages, auto loans and business loans.

Also Tuesday, the Fed weighed in for the first time on the firing, saying it would “abide by any court decision.”

The Fed also defended its longtime independence from politics: “Congress, through the Federal Reserve Act, directs that governors serve in long, fixed terms and may be removed by the president only ‘for cause,’” the central bank said. “Long tenures and removal protections for governors serve as a vital safeguard, ensuring that monetary policy decisions are based

on data, economic analysis, and the long-term interests of the American people.”

A spokesperson said the Fed deferred any decision on Cook’s working status and added that there is no official business before the board this week. But the Fed’s statement did not explicitly criticize Trump’s decision to fire her.

If Trump succeeds in removing Cook from the Fed’s board of governors, it would likely erode the Fed’s political independence, which enables it to take unpopular steps like raising interest rates.

A less-independent Fed could leave Americans paying higher rates, because investors would demand a higher yield to own bonds to offset potentially greater inflation in the future, pushing up borrowing costs throughout the economy.

Who’s on the board?

Trump appointed two members of the board, Christopher Waller and Michelle Bowman, in his first term and named Steven Miran, a top White House economist, to replace Gov. Adriana Kugler, who stepped down unexpectedly Aug. 1.

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Emergency alert systems at risk due to spending cuts

CPB shutdown could affect projects meant to save lives

GABRIELA AOUN ANGUIERA  
Associated Press

Warning: This may be an actual emergency — as far as emergencies about emergencies go, at least.

The recently defunded nonprofit corporation that distributed federal money to public media stations across the United States is warning of another casualty when it shuts down next month: the resilience of the nation’s emergency alert systems.

In 2022, Congress created the Next Generation Warning System grant program,

meant to help stations in rural, tribal and otherwise underserved communities repair and improve the warning systems that tell people about evacuation orders, Amber alerts, tornado warnings and more.

It authorized \$136 million over three years for the program.

But CPB, which manages the grant money, is shutting down on Sept. 30 after Congress and President Donald Trump defunded it in July.

That could leave unspent millions in grant dollars that were awarded but not yet paid to stations, imperiling dozens of projects meant to save lives in emergencies.

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SUSAN MONTOYA BRYAN, ASSOCIATED PRESS

An emergency alert is displayed on a cellphone on Oct. 30, 2020, in Rio Rancho, N.M.