

Committee on Banking, Housing, and Urban Affairs
Nominations Hearing
April 21, 2026

Questions for The Honorable Kevin Warsh, to be a Member and Chairman of the Board of Governors of the Federal Reserve System, from Senator Raphael Warnock:

1. You have [advocated](#) the importance of shrinking the Federal Reserve’s balance sheet, or Quantitative Tightening (QT). One of the concerns with QT is it will lead to less demand for Mortgage-Backed Securities, which could lead to higher interest rates.
 - a. If confirmed, how will you consider mortgage rates as you shrink the Fed’s balance sheet?
 - b. Do you see other run-on effects on the housing market from QT?
 - c. In your view, what are the risks and consequences of QT?

Answer: The Federal Reserve has two primary monetary policy tools: interest rates and the balance sheet. I believe that interest rates should be the primary tool in the conduct of monetary policy. A permanently large and growing balance sheet encroaches on fiscal policy. If confirmed, I look forward to working with my colleagues to evaluate changes in the Fed’s balance sheet policies to improve the conduct of monetary policy.

2. Inflation has remained above the Fed’s 2 percent target since early 2021, when the country began to emerge from the COVID-19 pandemic. Since 2025, there has also been an [increase](#) in the unemployment rate and job growth remains [tepid](#) compared to numbers from previous years. If concerned, which of the Fed’s dual-mandates concerns you most—price stability or maximum employment?
 - a. What do you believe is the cause of the recent increase in unemployment, and how do you think the Federal Reserve should consider those causes?
 - b. What concerns do you have about the current unemployment rate?
 - c. What are the most significant risks you see to the economy over the next couple of years based on employment trends?
 - d. What populations and demographics of Americans are you most concerned about based on employment trends? How will you consider those populations in your decision making, if confirmed?

Answer: If confirmed, I will ensure that the Federal Reserve fulfills its responsibilities in helping to mitigate risks of ensure financial stability. This is consistent with the dual mandate.

3. In the past year, have you changed your mind about any of your economic views based on the data? If so, please detail what data resulted in your views evolving and why.

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Answer: I continually review data sources and assumptions that inform my economic perspective. If confirmed, I will bring my prior experience at the Federal Reserve and the questioning spirit of an outsider.

4. Under what specific economic circumstances would you vote for a base rate increase?

Answer: I do not generally believe the Federal Reserve should offer forward guidance as currently practiced.

5. What lessons did you learn from your time on the Federal Reserve board *before* the 2008 financial crisis (not in the wake of the crisis).
- a. In hindsight, what do you think the Federal Reserve Board could have, or should have, done differently before the crisis to help prevent the 2008 financial crisis?

Answer: During my prior nomination process and service on the Federal Reserve as a governor, I learned the importance of the credibility that our predecessors had built up and passed down to us.

6. Per statute, the Consumer Financial Protection Bureau (CFPB) receives its funding directly from the Federal Reserve every fiscal quarter. All Fed Chairs have provided the required funding when requested by the CFPB Director. Do you commit to fulfilling the CFPB's quarterly funding requests upon request from the CFPB Director?

Answer: If confirmed, I will follow the law regarding CFPB funding.

7. President Trump has tried to illegally fire Fed Governor [Lisa Cook](#). President Trump has also threatened to fire current Fed Chair [Jerome Powell](#) at the same time the Department of Justice continues its baseless investigation into Chair Powell for allegedly lying to Congress. If confirmed, if President Trump or any future president attempts to unlawfully fire you without cause, would you leave the Federal Reserve? Or would you continue your duties like Chair Powell has vowed to do?

Answer: I will not answer hypothetical questions of this nature.

8. During his March 18, 2026, press conference, Fed Chair Jerome Powell stated that, when looking at total core inflation, about "a half and three quarters" of a percentage point.
- a. Do you agree that tariffs implemented by the Trump Administration have contributed to increases in inflation?

Answer: Changes in the price levels can be attributable to a wide range of factors and events. Inflation, however, is up to the Fed. If confirmed, I look forward to working with my colleagues to improve the conduct of monetary policy to ensure price stability.

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9. Do you see any risks of a global recession over the next two years? If so, please detail those risks.

Answer: I do not generally believe the Federal Reserve should offer forward guidance as currently practiced.

10. The post-COVID economy recovery has been felt differently depending on wealth and income level leading to a term some economists have referred to as a “[K-shaped economy](#).” According to the [Federal Reserve Board](#), household wealth has become increasingly concentrated among the top 0.1 percent as Americans who hold assets are able to leverage those assets and fund higher levels of personal spending. There has been a similar trend in the stock market, with seven large tech stocks, known as the “Magnificent Seven,” now comprise more than 33 percent of the S&P 500’s market cap, up from 12.5 percent in 2016.

- a. Do you agree with the premise of a K-shaped economy?
- b. How do we help address the needs of working class Americans who are struggling?

Answer: The Federal Reserve has two primary monetary policy tools: interest rates and the balance sheet. I believe that interest rates should be the primary tool in the conduct of monetary policy. A permanently large and growing balance sheet encroaches on fiscal policy. If confirmed, I look forward to working with my colleagues to evaluate changes in the Fed’s balance sheet policies to improve the conduct of monetary policy.

11. According to data from the [National Association of Home Builders](#), total housing starts were down 0.6 percent from 2024, with single family starts down 6.9 percent. [Research](#) also shows that the United States needs between “three and four million homes beyond normal construction” to address the housing crisis.

- a. How can the Fed support the construction of new homes in an effort to bring down shelter inflation?

Answer: Housing supply is affected by many factors that are outside of the Federal Reserve’s purview. Among the most important contribution the Federal Reserve can make is to achieve its dual mandate. Price stability provides the confidence that homebuilders, lenders, and households need to make long-term decisions.

12. Since the beginning of the Iran War, the average 30-year fixed rate mortgage has [increased](#) by roughly 30 basis points. If confirmed, how can the Fed respond to wartime stress indicators to protect borrowers from spikes in the mortgage rate?

Answer: The Federal Reserve should be focused on its congressionally mandated remit.