

# The Washington Post

## **How will Janet Yellen do on the big stage? We'll find out this week.**

**By Neil Irwin, Updated: November 11, 2013**

This is the week. After months of ups and downs over whether she would be named chairman of the Federal Reserve, Janet Yellen faces the Senate Banking Committee on Thursday for her confirmation hearing.

It is a crucial test. Yellen's qualifications as an economist and central banker are impeccable, but she has less experience in this role: Being a pawn in the political game that is a high-profile congressional hearing. Her 2010 confirmation hearing to become Fed vice-chair was a low-key affair, and she hasn't testified on Capitol Hill since. She has served in important jobs over the last two decades, but has never been under the klieg lights that accompany a nomination to be one of the most powerful humans on earth.

In the past, her speeches have been parsed closely by professional Fed watchers to try to discern clues about where policy is heading. Now she will find herself broadcast live on the financial networks, with any mistakes or slip-ups prone to ending up on the evening

news or "The Daily Show."

Yellen is a meticulous preparer, and for this huge stage she has surely been hitting the books particularly hard, preparing answers for a wide range of potential questions and participating in "murder boards" with Fed staff to practice dealing with the senators. It is a particularly fraught moment in that markets are on a razor's edge looking for clues as to whether the Fed will begin slowing its bond purchase program at its December meeting or sometime next year; expect big moves in markets based on the subtleties of Yellen's language about the "quantitative easing" program.

Luckily for her, there's no reason to think confirmation is in doubt. Republican senators are skeptical of Yellen and worry she is too soft on inflation -- concerns they will likely voice loudly and repeatedly on Thursday. But this is not an appointment that is going to bring on a full-scale confirmation war.

Taking on an impeccably credentialed, ethically clean person who would be the first woman to lead the nation's central bank because she is doing too much to try to encourage job growth does not make for a smart political strategy, and the tea leaves suggest that is not the one Senate Republicans will take.

Sen. Rand Paul has said he will put a hold on the nomination, but that will only slow things and necessitate five Republicans joining Democrats on a procedural vote to allow confirmation to proceed. Things get a little more dicey with threats from Lindsey Graham and John McCain to try to stop the nomination if they don't get answers they want on the Benghazi diplomatic outpost attack, but here, too, it is hard to see all 45 Republicans holding firm on tying up the nomination over unrelated issues.

So what will the hearing itself involve? She is likely to receive strong support from Senate Democrats; she got the job, after all, in no small part because several of them signaled they would not

support Larry Summers for the job.

As for the Republicans, ironically, the more angry, spittle-filled rage emerges from Senate Republicans, the easier Yellen's job (though Fed hearings have had a lot less of that since Jim Bunning retired from the Senate) becomes. First, the longer the Banking Committee members spend on soliloquies of their own, the less time Yellen herself has to spend talking and potentially making a mistake.

Second, if skeptics of her nomination focus solely on the risks of inflation emerging from the Fed's easy money policies, Yellen will likely have her answer prepared every which way for how to answer the concerns. She is more likely to say something that sends markets into a tailspin or give critics ammunition to vote against her nomination if she is forced to answer less obvious questions or even inflation questions framed in novel ways.

A particular minefield could be fiscal policy. Yellen will have to navigate this tension: She and most Fed leaders believe that spending cuts and tax hikes this year are slowing down the recovery, and that Congress has been misguided in how it has handled fiscal policy. But she also must respect the boundaries between central bankers and political authorities, the implicit agreement that politicians don't tell the Fed how to set monetary policy, and the Fed doesn't tell Congress how to set fiscal policy (the reality is always muddier than that, of course). So Yellen will have to honestly critique fiscal policy, while not venturing too far down a path of compromising Fed independence.

Yellen should hope she excels on the big stage Thursday; assuming she is confirmed, it is only the beginning of her life as a public figure.