

Biden's Economic Team Advances with Janet Yellen's Nomination as First Female Treasury Secretary



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After 232 years of male-led US Treasury, Janet Yellen inspires to restore the American dream. The choice to nominate the first female secretary of the department comes as a strategic economic boost at a period marked by a global pandemic and equal opportunity issues

President-Elect Joe Biden's appointment of former Federal Reserve ("Fed") Chairman Janet Yellen as Treasury Secretary may signal a continued interdependency between monetary and fiscal policy. Yellen's appointment comes after the Fed has deployed a wide arsenal of policy tools to combat the economic impact of the pandemic, and Chairman Powell urging the federal government to provide more support. The strict independence between the Federal Reserve and the Treasury appears to have dissipated with Yellen's appointment.

Yellen has broken barriers in the highest offices of US economic policy as the first woman to lead the Fed and anticipated to soon be the first woman to lead the Treasury.

She was appointed by President Barack Obama as Chair of the Federal Reserve from 2014 to 2018. Prior to that, she served as Vice Chair to Ben Bernanke from 2010 to 2014, President of the San Francisco Fed from 2004 to 2010, and as a Board Governor from 1994 to 1997 and from 2010 to 2018. She also worked in Washington as Chair of the Council of Economic Advisors under President Bill Clinton from 1997 to 1999.

Biden's decision to appoint Yellen could boost the economic policy of his administration on multiple fronts. Her confirmation is expected to be smooth given her data-driven approach to policy that eschews politicization and dogma.

Republicans can challenge her tone on the US relationship with China, given that previous Treasury Secretaries Steven Mnuchin and Henry Paulson have both been vocal on the need to check China's power financially. However, the Biden administration can argue that Yellen's leadership experience with multiple crises at the Fed and during the Clinton administration equipped her with the knowledge and demeanor for decision-making in trying times. At the top of her agenda will probably be another stimulus bill and her respected reputation could achieve a compromise with a potentially Republican-controlled Senate. Finally, Yellen's history with the Fed should pave the way for coordination with her former colleagues. Among the most pressing issues has been the reluctance of the Treasury to extend the Main Street Lending program which expires at year end, and Yellen will likely work with Powell to demand more funding from Congress. Yellen and Powell share similar philosophies, and have voted on the same side when they worked together at the Fed.

Reactions to Yellen's nomination have been largely positive. Stock markets in the US rose upon the announcement, and many in Washington supported the decision, including some of President Trump's allies. The Treasury is very different from the highly academic, insulated, and generally apolitical Federal Reserve. It remains to be seen how Yellen will handle a notoriously bureaucratic institution amidst rising political polarization and international trade tensions.

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