

# Bloomberg

## Fischer Gains Support of Senate Panel for Fed Vice Chairmanship

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Apr 29, 2014

[Stanley Fischer](#)'s bid to be Federal Reserve vice chairman won support today from a Senate panel, sending the former Bank of Israel governor's nomination to the full chamber for confirmation.

The Senate Banking Committee approved Fischer in a voice vote. The panel also backed the nominations of Lael Brainard and Jerome Powell as Fed governors.

Fischer, 70, would become Chair Janet Yellen's top lieutenant as she presses on with tapering bond purchases that have expanded the Fed's [balance sheet](#) to a record \$4.28 trillion, raising concern about asset-price bubbles. He may also help Yellen overhaul the Fed's strategy for signaling the future path of the main [interest rate](#), which has been held near zero since December 2008.

"He's an intellectual powerhouse," said [Torsten Slok](#), chief international economist at Deutsche Bank AG in New York, who was a researcher at the [International Monetary Fund](#) when Fischer was its No. 2 official. "People in markets see him as a very strong and reasonable candidate who knows what's going on in economics and markets and politics."

Senator [Mike Crapo](#) of Idaho, the banking committee's top Republican, said the nominees understand the Fed's challenges "in returning to normalized monetary policy" and have a grasp of "how the cumulative impact of regulations could impair our economy."

Powell was renominated for a second term after joining the central bank two years ago, and Brainard is a former U.S. Treasury undersecretary for international affairs who would fill an empty board seat.

### Move Quickly

Senator [Tim Johnson](#), the South Dakota Democrat who heads the banking committee, said during the hearing that "it is important we move quickly to have as many governors in place as possible." The May 28 departure of Governor [Jeremy Stein](#), who is returning to [Harvard University](#), will leave just three of seven board seats filled.

Senate confirmation is likely, according to Mark Calabria, director of financial regulation studies at the Cato Institute in Washington and a former Banking Committee aide. [Sarah Binder](#), a senior

fellow at the [Brookings Institution](#) in Washington, said the confirmation may not come before Stein's departure because of a "contest for floor time" as lawmakers focus on priorities including judicial nominations.

An improving economy is allowing the Fed to start reeling in the most aggressive monetary easing in its 100-year history. [Fed policy makers](#), who began a two-day meeting today, last month voted to reduce the monthly pace of bond purchases by \$10 billion, to \$55 billion, and said more reductions in "measured steps" were likely.

## **Stocks Gain**

The Standard & Poor's 500 Index advanced 0.4 percent to 1,877.67 at 12:02 p.m. in New York. The index surged 30 percent last year, helped in part by the Fed's accommodative policies.

The FOMC last month dropped a pledge to keep the [main interest rate](#) low at least as long as unemployment exceeded 6.5 percent and the outlook for inflation was no higher than 2.5 percent. The pledge was scrapped after the jobless rate fell to 6.7 percent, even as other labor-market indicators showed continued weakness.

Today's vote gives President [Barack Obama](#) a further opportunity to shape the seven-person Fed board after he appointed the current four members. Should Fischer and Brainard be confirmed and Powell given a second term, the president will still have two more nominations to make.

## **Global Finance**

Fischer has spent much of the past quarter century near the top of global finance and could help monitor the impact overseas from changes in [Fed policy](#). In the 1990s, he helped arrange bailouts for Mexico and Brazil while serving as the No. 2 official at IMF. He left the fund in 2001 and joined Citigroup Inc. as a vice chairman.

Fischer, who holds both U.S. and Israeli citizenship and lives in New York, left the Bank of Israel June 30, midway through his second five-year term as governor. While spending much of his career as an academic and government official, his Citigroup tenure helped him build a fortune ranging from \$14.6 million and \$56.3 million, disclosure documents show.

Fischer spent much of his early career at the [Massachusetts Institute of Technology](#) in Cambridge, where he earned his economics Ph.D. in 1969 and later taught future Fed Chairman [Ben S. Bernanke](#) and future European Central Bank President [Mario Draghi](#).

Brainard, 52, was the Treasury Department's top international official before stepping down in November. She also served as an economic adviser to President [Bill Clinton](#).

## **Served Bush**

Powell, 61, is a Republican who served at the Treasury under President [George H.W. Bush](#) as an undersecretary responsible for domestic finance from 1990 until 1993.

He spent his career as an attorney and an investment banker and, from 1997 to 2005, was a partner at Carlyle Group LP, a private-equity firm. He was first appointed in 2012, along with Stein, a Democrat, as part of a package of nominees designed to win bipartisan support.

Yellen succeeded Bernanke in February, and Stein has resigned effective May 28. Two other governors have departed in the past eight months.