



## **Republicans Holding Next Fed Chairman's Fate Stay Quiet**

By Cheyenne Hopkins and Phil Mattingly - September 13, 2013

Senator Bob Corker, a Republican from Tennessee, left, talks with Senator Mike Crapo, Republican from Idaho, during a House-Senate Conference Committee meeting in Washington, D.C. Photographer: Andrew Harrer/Bloomberg

U.S. Senate Republicans, whose votes President Barack Obama will need to approve his pick for Federal Reserve chairman, have adopted an unofficial strategy: stand on the sidelines and watch the Democrats feud.

"No party enjoys anything more than watching the other party go at each other," said Mark Calabria, a former top aide on the Senate Banking Committee. "There really is very little incentive right now for Republicans to get involved."

As Obama weighs his choice -- the top candidates are said to be his former economic adviser, Larry Summers, 58, and current Fed Vice Chairman Janet Yellen, 67 -- Senate Democrats have fractured. Twenty senators, including 19 Democrats and one independent, signed a letter of support for Yellen in July and at least two of them oppose a Summers nomination.

Obama hasn't decided, White House spokeswoman Amy Brundage said today in a posting on Twitter. "The latest rumors this morning in the Japanese press aren't true," she said, in response to a report that Summers was Obama's pick.

Democrats, who control the Senate 54-46, will need Republican votes to reach the 60-vote threshold that has become required to put aside a filibuster and move forward with most nominations. That means Republicans, most of whom have raised concerns about the Fed's large-scale bond purchases under current Chairman Ben S. Bernanke, will be required for approval.

### **Private Views**

Republican lawmakers, especially those on the Senate Banking Committee where the nominee will face an initial hearing, have remained on the sidelines. More than a dozen lawmakers and aides interviewed pledged to keep their views private until the nomination is made.

Democrats control the committee 12-10, with at least two members already opposed to Summers, so his nomination would require support from Republicans on the committee level, too.

“I’m not making any comments on any of the Fed nominees until there is a nominee,” said Senator Mike Crapo of Idaho, the top Republican on the committee. “So I’m not going to speculate about any of the nominees at this point.”

Republicans haven’t exactly been silent, with some voicing concerns about or signaling openness to the two leading candidates to replace Bernanke, 59, whose term expires Jan. 31. They stop short of embracing either one, though, which would just help the Democrats.

### **‘Not There’**

“I suppose there are some people out saying, ‘bring Summers forward and I’ll vote against him,’” Senator Mike Johanns, a Nebraska Republican and a senior member of the panel, said in an interview. “I’m just not there, you know?”

For many Republicans, there’s a perception that little separates the monetary policy positions held by Summers and Yellen, Calabria said. While the lawmakers disagree with those stances, neither candidate has reached the point where sustained criticism is necessary, he said.

“There’s not enough difference between the two where they would feel the need to wage a campaign against one or the other,” said Calabria, now director of financial regulation studies at the Cato Institute, a libertarian group based in Washington.

Senator Bob Corker, a Tennessee Republican on the panel, said it’s his office’s policy not to comment on nominees “until there is actually a nomination.”

Lawmakers have plenty on their plate, with possible military intervention in Syria, a vote to fund the government after Sept. 30 and looming negotiations to raise the debt ceiling coming before mid-October.

### **Known Candidates**

Alabama Senator Richard Shelby, a former chairman and previously the top Republican of the Banking Committee, said that while he wouldn’t weigh in on his vote, he’s known the candidates Obama has mentioned for years. Whoever the nominee is, Shelby said, will be “vetted by the committee and interviewed by all of us and that’s very important.”

“I don’t have a choice” in the selection, said Shelby, who like all of the Republicans interviewed, said he hadn’t heard from the White House about the nomination. “My choice would not be any of those people.”

Senator John Cornyn of Texas, the No. 2 Republican in the Senate, said he has “strong concerns” about Summers because of his earlier role in the Obama administration. Cornyn said he has reservations about Yellen, too.

Johanns said he was open to both candidates, declining to elaborate.

“We’ll see who the president nominates and I’ll give him a fair read and cast a vote,” Johanns said.

### **Fending Off**

For Democrats, the process has left them fending off constituents who favor one or the other.

The July 26 letter to Obama praising Yellen and urging the president to nominate her didn’t mention Summers. Some Democrats who signed the letter have made clear they oppose Summers as the nominee.

“I start from a position of being extraordinarily skeptical that his background is appropriate for the role of the head of the Fed,” Oregon Senator Jeff Merkley, a Democrat on the Banking committee who signed the letter, said in a July interview.

“If you nominate someone who is a life-committed deregulator to be in a regulatory position, and if you believe regulation is necessary to prevent fraud, abuse, manipulation and so forth, then there’s a lot of questions to be asked: Why is this person appropriate?” Merkley said.

Senator Sherrod Brown, an Ohio Democrat who circulated the letter and is a member of the committee, previously said the letter wasn’t about Summers even though “there is obviously a lot of opposition here to Summers.”

“I think it’s healthy, candidly, to have situations where something takes bipartisan support to happen,” said Corker, a senior member of the panel. “That’s a good thing, not a bad thing.”

