

Senate Banking Committee clears Stanley Fischer for Fed vice chair

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Federal Reserve nominee Stanley Fischer and two others were cleared by the Senate Banking Committee, sending their nominations to the full Senate.

The committee approved Fischer, 80, to take over as the Federal Reserve's vice chairman, with a voice vote. They also approved the nominations of Lael Brainard and Jerome Powell as Fed governors.

Committee chair Tim Johnson, D-S.D., called all three candidates extremely well qualified and said that he wanted to move the matter to the Senate floor to get them on the Fed's board quickly. Even Sen. Mike Crapo, R-Idaho, the ranking member, said that all three nominees were cognizant of the challenges the Fed faces and how the cumulative impact of regulations could impair our economy.

Sen. David Vitter, R-La., was the only 'no' vote. Vitter said the Fed was filled with academic economists and that it needed more people with experience in community banking.

Fischer, if cleared, would become Fed Chair Janet Yellen's lieutenant at a time when the Fed grapples with reducing its bond-buying program and deciding a time to raise interest rates, which have been held near-zero levels since December 2008.

Senate confirmation is all but 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 that the confirmation may not come before the departure of Fed Gov. Jeremy Stein, who will vacate his seat on May 28, as lawmakers focus on other priorities including judicial nominations.

The Fed currently has three vacancies, with Stein's being the fourth, which will give President Barack Obama further opportunity to shape the seven-person board. Should Fischer and Brainard be confirmed and Powell given a second term, the president will still have two more nominations to make.

Fischer was governor of Israel's central bank from 2005 to 2013 and has worked at the World Bank and International Monetary Fund.

Fischer has had an interesting relationship with other central bank chairs. He was doctorate advisor to Ben Bernanke at the Massachusetts Institute of Technology, where he also taught former Treasury Secretary Lawrence H. Summers and Mario Draghi, the European Central Bank's president.