



Powell's second term nomination for Fed chair 'reduces uncertainty,' says economist

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President Biden announced Monday that he will nominate Jerome Powell to a second term as chairman of the Federal Reserve, a move that Scott Lincicome, senior fellow at the Cato Institute, says “was the best choice of the realistic ones out there.”

Wall Street approved of the nomination, with the market opening in the green and rising Monday morning.

“The big reason for that is that it reduces a lot of uncertainty around Fed policy. The Fed made a pretty drastic shift in policy over the last year plus and to have Powell stay at the top that at least gives the market a little more direction,” said Lincicome to The National Desk’s Jan Jeffcoat.

Lincicome says that Chairman Powell has a “really tough job right now.”

“As everybody who's been to a gas station knows, there are really a lot of inflationary pressures building and some of that is due to this ultra-easy monetary policy that the Fed has implemented,” said Lincicome. “Powell has to balance that and then, of course, you have COVID uncertainty with case counts in certain places rising.”

But Lincicome says the one place improvements are needed, is in communication.

“We were told that inflationary pressures were just going to be transitory, for a few months. Now they were going to extend into the year, and now they're going to go even longer. And the Fed really needs to be better about giving us some guidance about where they see things going,” said Lincicome.

With higher consumer prices, Lincicome says the hope is “that they’re going to reign things in a little bit,” but it could take time.

“Unfortunately, we’re looking at three, six months at best,” said Lincicome.

