



JEROME "JAY" POWELL

CHAIR OF THE FEDERAL RESERVE BOARD OF GOVERNORS

NationalJournal

Life in Brief

Born: February 4, 1953

Hometown: Washington, DC

Current Residence: Chevy Chase Village, MD

Education:

- JD, Georgetown University, 1979
- BA, Politics, Princeton University, 1975

Family:

- Married, Elissa Powell
- Three children

Work History:

- Chair, Federal Reserve Board of Governors, February 2018-Present
- Member, Federal Reserve Board of Governors, May 2012-Present
- Visiting Scholar, Bipartisan Policy Center, 2010-2012
- Partner, Carlyle Group, 1997-2005
- Under Secretary for Finance/Assistant Secretary, US Department of the Treasury, 1900-1993
- Investment banker, Dillon, Read & Co., 1984-1990
- Lawyer and Legal Clerk, Various, 1976-1984
- Legislative Assistant to Richard Schweiker (R-PA) 1975-1976

Past and Present Board and Advisory Roles

- Alternate member, IMF Board of Governors (duty as Fed Chair)
- Delegate to the G7 (duty as Fed Chair)

Confirmation Overview

- Confirmed as chair of the Fed 84-13, with bipartisan support. Approved by the Senate Banking Committee 22-1
- Confirmed for a second term on the board by a 67-24 vote in 2014
- Replaced board member Mishkin who resigned three years before his term ended, with Powell taking the seat in 2012 with a vote of 74-21

Quick Summary

A former investment banker with a legal background, Powell was an unconventional choice for chair. Despite scrutiny from Democrats and President Trump, has maintained policies consistent with his predecessors

- An initially controversial appointment as chair, Powell has been a cautious regulator, keeping rates low despite high employment
- Faced harsh criticism from the media for being both the richest and least academically qualified Fed chair in decades
- Though he has raised interest rates, he is popular among businesses due to his gradual deregulation and pursuit of economic stability
- Often associates with and funds Republicans, but still crosses party lines frequently to gather information and build support for key issues
- While at the Bipartisan Policy Center, he lobbied strongly in favor of raising the debt ceiling in support of President Obama, and soon after was appointed by Obama
- Often criticized by President Trump despite being his appointee, due to his rate hikes

Approach and Motivations

A son of two valedictorians, Powell's penchant for policy wonkery and banking background drive his pro-business approach to the Fed

- His years at the Carlyle Group give him strong ties to Wall Street, often reflected in his policy actions
- From his first days at the Fed, Powell studied closely with Bernanke and Yellen during their time as Fed Chairs
- Known for diving deep into policy issues before implementation
- Has established a greater Hill presence than former chairs
- While often right-leaning, Powell takes an apolitical approach to financial governance

Policy Positions and Areas of Focus

Powell, a monetary centrist, favors limiting regulations and expanding the economy but prefers a gentle approach

Interest Rates: *Strays from both the hawkish approach of withholding stimulus as well as the dovish aggressive stimulation*

- Raised interest rates quickly but moderately after taking the chairmanship
- Has since lowered rates to encourage spending and economic growth
- Appears to rely on growth and inflation key variables, and adjusts rates based on these instead of looking at unemployment or stock market fluctuations

Quantitative Easing: *Though skeptical, Powell doesn't shy away from the controversial economic stimulator*

- Claims the Fed is not using quantitative easing while actively purchasing securities
- Argues this is not contradictory due to the balance sheet growth not affecting monetary policy
- Opposes the practice as an economic stimulator, but favors it as a stabilizer

Banking Regulations: *Former Wall Street banker has a light approach to banks*

- During his confirmation hearing as chair, Powell stated he believes that there are no longer banks that are “too big to fail”
- Generally supports regulations on banks making risky investments, but wants to alleviate burdens on small banks by easing the Volcker Rule; he successfully lobbied for its limitation

The Debt Ceiling: *Strong opponent of a U.S. default*

- Powell spent his time at the Bipartisan Policy Center researching federal debt, and the devastation of a federal default
- Lobbied Congress independently in support of raising the debt ceiling under President Obama

Core Communities

Powell has many friends both on the Hill and on Wall Street, and has leveraged those connections well for upward movement

Wall Street Executives: *A former investment banker himself, Powell is in favor with other prominent investors*

- Steven Mnuchin, Secretary of the Treasury, lobbied for Powell to become chair, and has stood by him despite President Trump's criticisms
- Warren Buffet, business magnate, was made the chair of Salomon Brothers, an investment bank, after Powell led an investigation against the group in the early 1990s. Buffet later endorsed Powell for the Fed chairmanship

Federal Reserve Allies: *With no economic experience, Powell looked to other chairs when joining the Board of Governors*

- Janet Yellen, then chair of the Federal Reserve, helped educate Powell on macroeconomics
- Ben Bernanke, another then chair, worked with Powell shortly after his appointment to refine his approach to monetary policy

Top-Tier Politicians: *Powell has drawn attention from both parties' leadership*

- George H. W. Bush, then president, appointed Powell to the Treasury
- President Trump chose Powell likely due to his consistency with Yellen's macroeconomic success but also his light-on-business approach; but they have since clashed on rates
- President Obama appointed Powell to the Fed after he lobbied Congress to raise the debt ceiling, making Powell the first cross-party pick in three decades
- Sen. Elizabeth Warren, then a member of the Senate Banking Committee, was the lone dissenting vote during Trump's 2017 nomination of Powell. She objected to his view that existing Wall Street regulations were robust

Relevant Financial Information

Powell contributed consistently to the Republican Party before his appointment to the Federal Reserve

Political Donations

- Often donates to the Republican National Convention for senatorial or congressional campaigns
- Has supported a collection of prominent Republicans, and a few Democrats:
 - HPAC, 2011, \$1,000
 - Mitt Romney (R), 2011, \$1,000
 - Republican National Committee, 2008, \$28,500
 - John McCain (R), 2008, \$4,600
 - Michael Steele (R), 2006, \$1,000
 - George Allen (R), 2006, \$1,000
 - James M Talent (R), 2006, \$1,000
 - Republican National Senatorial Committee, 2005, \$1,000
 - National Republican Congressional Committee, 2005, \$1,000
 - Straight Talk America, 2005, \$5,000
 - Republican National Committee, 2005, \$2,000
 - George W. Bush (R), 2003, \$1,000
 - Evan Bayh (D), 2003, \$1,000
 - Bob Dole (R), 1995, \$1,000
 - Lamar Alexander (R), 1995, \$1,000
- Appears to have ceased donations since his appointment to the Federal Reserve in 2012

Miscellaneous

- Has a net worth estimated in the tens of millions, making him the wealthiest chair in decades

Publications, Media, and Speaking

A very formal, official communicator who focuses on the facts and principles of macroeconomics and conveys them through official channels

Publications: *Dedicates most of his writing and research for the Federal Reserve Board, but has published occasionally*

- Wrote several times for the Bipartisan Policy Center on raising the debt ceiling during his stint there in the early 2010s
- Authored “The Global Trade Slowdown and Its Implications for Emerging Asia” in 2016, as a short report on economic development in Asia

Media: *A private person with no social media activity, exclusively uses official channels to address the public*

- Often updates the public at his biannual congressional hearings and at Fed votes
- Does not use social media

Speaking: *As chair of the Federal Reserve, it is Powell’s duty to keep the public updated on macroeconomic policy*

- Favorite Subjects: General monetary policy actions and investment markets
- Preferred Audience: CNBC is his favored outlet when not on CSPAN, prefers national audiences

Congressional Testimony: *Professional and informed in his reports; little controversy*

- Testified before Joint Economic Committees about the economic outlook, November 2019
- Delivers semiannual addresses on the monetary policy to the Senate Banking and House Financial Services committees every February and July
- Is on the Hill much more frequently than predecessors, often in private settings

Family and Personal Background

Powell’s origins are deeply rooted in affluence and achievement

- Powell’s mother was a valedictorian and math major from Trinity College, earned a masters from George Washington University, and worked for the Republican National Committee
- Powell’s father was a high school valedictorian, WWII vet, and Georgetown Law Graduate with a long private legal career
- An acoustic guitarist, Powell wants to start a Federal Reserve Band with Vice Chair Clarida, a singer-songwriter
- A Time 100 honoree in 2019
- Known as a quiet, hard worker with an exceptional memory
- Has an affinity for large binders and was often seen with them during his time at the Bipartisan Policy Center and on the Hill
- Bikes 8 miles from home in Chevy Chase, MD, to work in Foggy Bottom, DC every day

Criticisms and Controversies

Despite holding traditional views on monetary policy, Powell has faced turmoil due to his qualifications and style

Consensus forging: *Powell has been criticized for not accepting feedback from other board members*

- While the Fed holds votes on its policies, most decisions are made behind the scenes with collaboration from Fed economists before the vote actually occurs, making public dissent unusual
- Powell has reportedly bypassed his colleagues when rendering verdicts, and makes decisions primarily on his own

Notable for his lack of a PhD as Fed chair

- As the first Fed chair in 40 years to lack a PhD, Powell has come under fire for his lack of background in economic research
- Powell’s BA in political science and JD, as well as his experience in finance and law, made him an unorthodox choice for the chair

Despite his appointment by President Trump, Powell has received harsh criticism from the president

- Trump has stated that he may regret appointing Powell, arguing that the chair raised interest rates too aggressively and has prevented more robust growth
- Powell has asserted that he won’t side with the president over his own policy judgements, even if he is asked to resign
- Powell was chosen over incumbent Yellen, who traditionally would have been reappointed by the new president

COVID-19 Response

Leading an aggressive and forward-looking expansion of monetary policy to quicken economic recovery

Relevant Positions

- Chair of the Federal Reserve and Federal Open Market Committee

Actions: Leads the FOMC by aggressively using the Fed's entire toolbox to promote employment and price stability

- Delayed the Payment System Risk Policy (which would have gone into effect on April 1), allowing the continuation of less restricted intraday credit on March 24
- Led a unanimous vote to continue the expansion of the Federal Reserve's Balance Sheet on March 23
- Added the Primary and Secondary Corporate Credit Facilities (PMCCF & SMCCF) to provide liquidity for corporate bonds, in addition to instituting the Term Asset-backed Securities Loan Facility (TALF) to create more credit
- Established the Money Market Mutual Fund Liquidity Facility (MMLF), the Primary Dealer Credit Facility (PDCF), and the Commercial Paper Funding Facility (CPFF) on March 17 and 18 to further allow credit for businesses and households
- Expanded business credit availability and US dollar liquidity on March 15
- Led the effort to cut rates to zero on March 14, resulting in a near unanimous vote
- Submitted an initial ½ point rate cut to stimulate the economy on March 3

Statements: Maintains a calm and pragmatic approach to promoting a quick recovery

- On March 24, set a goal to adjust the Fed's supervisory role to support financial institutions
- Announced that he is launching the Main Street Business Lending Program to boost lending through the Small Business Administration
- Released a statement addressing Instability on February 28