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Biden Makes History With Pick of Janet Yellen for Treasury Secretary

With his choice of Janet Yellen as the first woman to lead the Treasury Department, President-elect Joe Biden makes history.

By Tim Smart, Executive Editor, News Nov. 23, 2020

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Chair Janet Yellen will reportedly be President-elect Joe Biden's choice to lead the Treasury Department. (BRENDA SMIALOWSKI/AFP VIA GETTY IMAGES)

PRESIDENT-ELECT JOE Biden will make history with his selection of Janet Yellen to be his Treasury secretary, according to news reports.

Yellen becomes the first woman to hold the important Cabinet post as well as the face of Biden's economic plan and the financial response to the coronavirus pandemic.

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The former Fed chair under former President Barack Obama brings a wealth of economic and financial industry experience to the job, having also served as head of the Council of Economic Advisors in the Clinton administration.

"Yellen is an accomplished and highly respected policymaker, with strong credentials in both the academic and policy arenas," says Eswar Prasad, Tolani senior professor of trade policy at Cornell University and a senior fellow at the Brookings Institution. "She will bring to the job extensive technical expertise and policymaking experience and also a deep sense of empathy for the economically disadvantaged."

Prasad adds of his Brookings colleague, "She will be effective without being flashy, a hallmark of her already considerable contributions in various key policy positions."

The new Treasury secretary will have a crowded inbox, with an economy under duress because of the pandemic and the need to negotiate a new stimulus package with Congress and address other campaign promises.

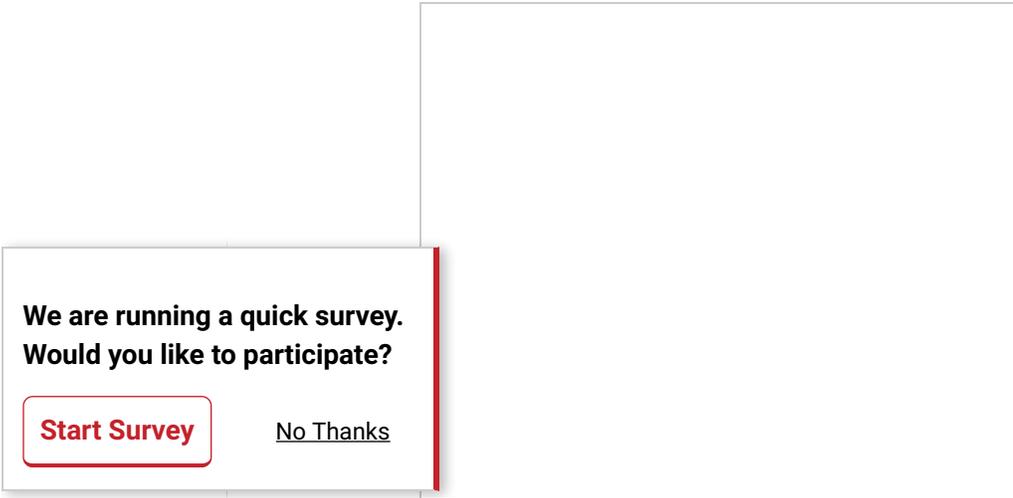
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"The first three to six months will be busy," says Brian Gardner, chief Washington policy strategist at the Stifel Group. "Job One is getting out front and selling another stimulus package. Then it's crafting and selling a tax plan and infrastructure plan. Then it's trade."

The Treasury secretary is one of the most important Cabinet positions, with a broad domestic and international mandate that includes overseeing the president's economic agenda as well as supervising the nation's largest financial institutions. Along with the chairman of the Federal Reserve Board, the Treasury secretary plays a crucial role in dealing with financial crises and keeping world markets stable. Although at times a position held by a veteran of Wall Street, such as its current occupant former Goldman Sachs partner Steve Mnuchin, it has also been a job held by former political allies of the president. The first secretary was none other than Alexander Hamilton, who played a pivotal role in establishing the nation's currency and banking system.

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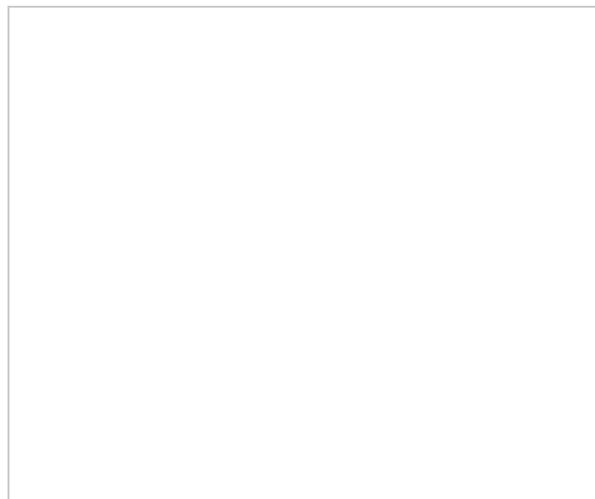
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Yellen is virtually a household name in Washington's political and economic circles. The first woman to be chair of the Federal Reserve Board, for which she was nominated by Obama, Yellen enjoys the respect of both sides of the political aisle and is likely to be acceptable to both the moderate and progressive wings of the Democratic Party.

One of the nation's most honored economists, known as an expert on labor issues, she served as chair of the Council of Economic Advisors in Bill Clinton's second term. Yellen received a degree in economics from Brown University and earned a Ph.D. in economics from Yale University. She is professor emerita at the University of California at Berkeley where she has been a faculty member since 1980. She is currently a distinguished fellow at the Brookings Institution.

Yellen is not known to be overtly political, which could be a liability at a time when Congress is at odds over whether to pass a second stimulus package to combat the economic effects of the COVID-19 pandemic. But Biden has already chosen some seasoned political hands, such as incoming chief of staff Ron Klain and senior adviser Rep. Cedric Richmond, who are well connected on Capitol Hill and may play a role.



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internationally, which is a key element of the role of the
her work at the Fed. Unlike President Trump, who eschewed
s, Biden is expected to resume America's traditional postwar
nstitutions.

While some in the Democratic Party hoped Biden would pick Sen. Elizabeth Warren of

Massachusetts, an outspoken critic of big banks and Wall Street, that was seen as unlikely. For one thing, Warren may prefer to continue as a high-profile member of the upper legislative chamber especially if the Democrats were to win runoffs in Georgia and gain control of the Senate.

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Although Biden campaigned on an expansive economic plan – ranging from raising taxes on those making above \$400,000 to investing in infrastructure and clean energy – he also acknowledged that his first priority was getting COVID-19 under control. His first step after gaining the required 270 electoral college votes to become president was to set up a task force composed of science and health experts.

Biden inherits an economy that is suffering the effects of the virus and the near lockdown of the national economy in the spring. Gross domestic product slumped 31.4% in the second quarter only to snap back by 33.1% in the third. While the unemployment rate continues to fall from the record 14.4% recorded in April, 11 million Americans are still jobless.

In the past week, though, reports of the high efficacy of vaccine candidates in trials have boosted hopes that the economy will improve in 2021. In many ways, what Biden is facing is not unlike the situation he and Barack Obama found when they took over the White House in 2009. Then, the nation was reeling from the effects of the Great Recession, which was brought on by a collapse in the housing market.

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Biden spearheaded the administration's response to the crisis, taking oversight of the \$800 billion recovery plan. Congress has already passed a \$2 trillion stimulus package to deal with COVID-19, but that has largely run its course and negotiations over another stimulus deal remain stalled on Capitol Hill.

Tim Smart, Executive Editor, News

Tim Smart is the Executive Editor for news at U.S. News & World Report, where he is ... **READ MORE »**



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