



FedFin Client Report

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FedFin Assessment: Powell, Brainard Confirmations Confront Challenges

Client Report: **FEDERALRESERVE66**

Executive Summary

Many of you have asked us to forecast key policy implications ahead of two high-powered hearings this week considering President Biden's top Fed nominees. We will as usual provide clients with in-depth analyses after the Senate Banking Committee ponders Chairman Powell's nomination for a second term on Tuesday and Gov. Brainard's to become vice chair on Thursday. Now, we explain why we think Mr. Powell's confirmation chances – while still good – are not the slam-dunk many media sources suggest and why Gov. Brainard also faces a challenging outlook. We will not consider the odds that an appointment in the next few days of Sarah Bloom Raskin as vice chair for supervision will alter the political calculus except to say that the last time the White House tried [this](#) Sen. Warren (D-MA) didn't budge. We don't expect she will this time. This report does not consider other pending nominations to join the Board of Governors because none of them are likely to affect policy debate except when it comes to demands for greater Fed diversity.

Analysis

First to Mr. Powell. At one point, his confirmation seemed certain despite his designation by Sen. Warren as a "dangerous man." She has not let up since in her anti-Powell attack not only on overall policy, but also on assertions – now strengthened in light of revelations about Vice Chairman Clarida's [trades](#) – that the Fed is rife with internal conflicts of interest. So far, Senate Banking Chairman Brown (D-OH) is standing by his grudging support for Mr. Powell, but we shall see how long this lasts at Tuesday's hearing. Should he falter, then the Democratic political calculus changes. As almost always, Sen. Joe Manchin (D-WV) is a critical and wholly uncertain vote. He has publicly opposed Mr. Powell out of rising inflation fears and concerns about initiatives that harm fossil fuels, but not yet made clear if he will also vote to block confirmation.

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On the other side, Sen. Tom Cotton (R-AR) posted an op-ed in the [Wall Street Journal](#) announcing that he will oppose Mr. Powell because the Fed has not taken effective anti-inflation action. Sen. Rand Paul (R-KY) is sure to oppose him on many grounds and both senators are likely to be joined by other Republicans made unhappy by assertions that Mr. Powell has publicly sided with the Biden Administration on fiscal policies such as Build Back Better.

If only a few Republicans stand against Mr. Powell, Sen. Manchin relents, and Sen. Warren wins no Democrats to her cause, Mr. Powell is in. If not, not. In either case, it might not be before his term formally expires at the end of this month because debate is sure to take a good deal of time even if Majority Leader Schumer (D-NY) is sure of its eventual, favorable outcome.

Gov. Brainard's appointment would make her pivotal at the Fed but the vice chair is still a less potent political position. Republicans will unite to oppose her, Democrats will generally unite to support her, and Sen. Manchin is again a big question mark. Ms. Brainard has been the Fed's most vocal climate risk-mitigation advocate and this is not likely to endear her to this coal-state senator.