

## With Focus On Unemployment, Yellen Led Fed Through Tough Balancing Act

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Federal Reserve Chair Janet Yellen waits for a hearing of the Joint Economic Committee in Washington, D.C., on Nov. 29, 2017. Brendan Smialowski/AFP/Getty Images

Janet Yellen chaired her final Federal Reserve policymaking meeting Wednesday. She and her Fed colleagues held interest rates steady and officially elected Jerome Powell to succeed her as chair. As Yellen steps down, she is getting high marks for her four years at the helm of the nation's central bank.

The Fed's mandate from Congress is to maximize employment while keeping inflation under control. When Yellen became chair [early in 2014](#), the first woman ever to do so, the unemployment rate was 6.7 percent.

Now, at the end of her term, it's 4.1 percent and inflation is low and stable. That's a stellar achievement, says former Fed Vice Chair Alan Blinder.

"If you asked anybody, including [former Fed Chairman] Ben Bernanke, four years ago, whether we could achieve that without rising inflation almost anybody would have said no. So this is a gigantic success," Blinder says.



## Inflation Has Run Largely Below The Fed's 2 Percent Target In Recent Years

Personal consumption expenditures chain-type price index, a measure of U.S. inflation, year-over-year percent change, seasonally adjusted

■ Bernanke ■ Yellen



Source: [Federal Reserve Bank of St. Louis](#)

Credit: [Hilary Fung/NPR](#)

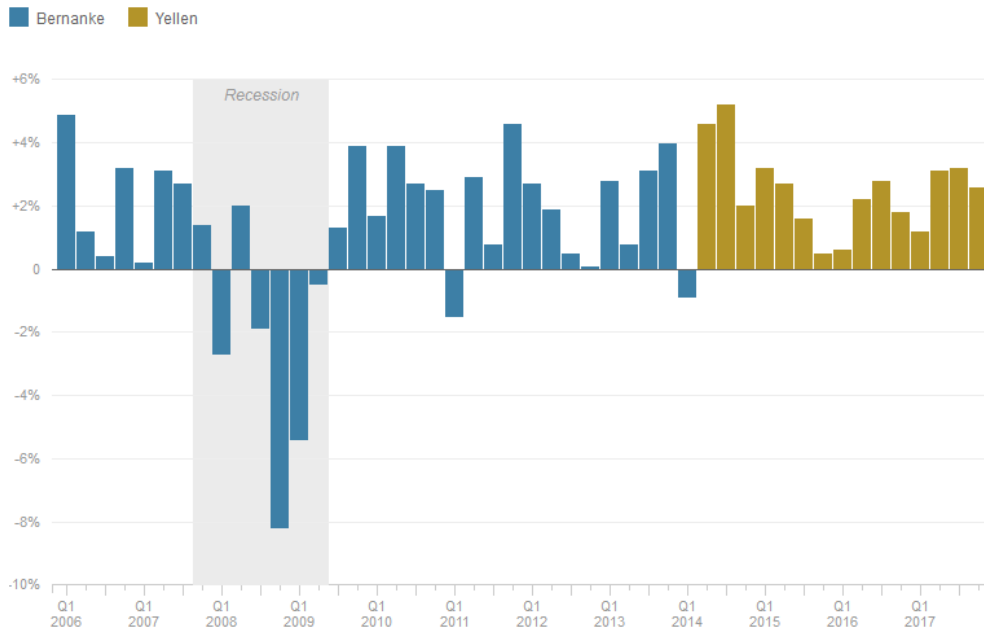
It would be nearly two years into Yellen's term before the Fed lifted interest rates from near zero, where they had been since the Great Recession. But Yellen's determination to keep rates extremely low produced criticism, especially from Republicans, including Sen. Pat Toomey of Pennsylvania. Toomey challenged Yellen's strategy during a Senate Banking Committee hearing in February 2015.

"The financial and economic crisis is over," Toomey said. "It's been over for years; at least six or seven years, and yet we still maintain crisis-level interest rates."

He said the Fed was risking an outbreak of inflation and financial instability by keeping rates low. But inflation didn't accelerate — in fact, it remains below the Fed's target.

## The U.S. Economy's Ups And Downs Under Bernanke, Yellen

Changes in gross domestic product, seasonally adjusted annual rates, during the terms of Fed Chairs Ben Bernanke and Janet Yellen



Source: Federal Reserve Bank of St. Louis

Credit: Brittany Mayes/NPR

Glenn Hubbard, who headed the Council of Economic Advisers under President George W. Bush, also criticized Yellen for keeping interest rates extremely low. Hubbard thinks low rates may be fueling dangerous bubbles. And he says Fed bank regulation was sometimes counterproductive on Yellen's watch and may have restrained economic growth.

But Hubbard, now the dean of Columbia University's business school, gives her high marks despite that. "I would give Chair Yellen an A-minus," he says. "She inherited a difficult situation and I think has done a good job."

President Trump also gave Yellen high marks, but he declined to give her a second term. Blinder, now a professor at Princeton, says she should have gotten one. "She was fabulously successful and wanted a second four years," Blinder says, "and yet was not given another four years."



### [The Two-Way Yellen Will Leave Top Fed Post With Solid Record](#)

That's unusual. Going back to Ronald Reagan, every president has crossed party lines to reappoint Fed chairs.

Coronado says it's disappointing, partly because Yellen is the first woman to lead the Fed. "It was inspirational when she was named Fed chair. You know, mentors matter," Coronado says.

Yellen's last day at the Fed is Saturday. She'll be replaced by Fed governor and former investment manager Jerome Powell. He will be sworn in on Monday.

It's expected Powell [will continue](#) Yellen's gradual approach to raising rates. But that could be challenging if the U.S. economy keeps picking up steam.