

FEDERAL RESERVE CHAIRS IN THE NEWS: IN-DEPTH INTERVIEWS WITH
FINANCIAL REPORTERS ON THEIR COVERAGE OF JANET YELLEN AND BEN
BERNANKE

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WHAT IS THE FED?

The following is a basic overview of the Federal Reserve System, its terminology and how it affects us. The information is paraphrased from The Federal Reserve Bank of St. Louis' website¹.

The Federal Reserve System includes the Board of Governors, the regional Reserve Banks and the Federal Open Market Committee (FOMC). Congress created the Fed in 1913 in order to protect the U.S. economy from bank runs and financial meltdowns. It is now tasked with much broader responsibilities, with its dual mandate of keeping the economy at full employment (this number changes over time), and a 2% target inflation rate. The bank attempts to achieve these goals through monetary policy: raising or lowering interest rates, and controlling the supply of money.

In the centralized component of the bank, there are seven members on the Board of Governors who are all appointed by the president and confirmed by the Senate, and can be reappointed for additional terms. They serve 14 year terms with one governor's term expiring every two years for continuity of policy, and to ensure that no one president takes advantage of handpicking the whole board. The chair and vice chair serve four year appointments. They must work within the objectives that Congress sets, but do so autonomously. The board also ensures that the banking system operates responsibly

¹ <https://www.stlouisfed.org/in-plain-english>

through regulation, forecasts the country's economic future, participates on the FOMC, and oversees the operations of the 12 regional Reserve Banks around the country.

The Reserve Banks provide a regional perspective of economic and financial conditions; they are strategically located in large, metropolitan areas such as New York, St. Louis and San Francisco. They act as bankers for local banks because they distribute currency, lend money and process electronic payments. In addition they “serve as fiscal agents” for the U.S. government, and conduct and publish research on macroeconomics (The Federal Reserve Bank of St. Louis).

As for the FOMC, it's voting members include the seven members of the Board of Governors, the President of the Federal Reserve Bank of New York, and four other Reserve Bank Presidents. The four regional presidents serve one-year terms as voting members on the committee on a rotating basis, even though all attend the meetings and conduct research. The FOMC meets eight times a year in Washington, D.C. to discuss current economic conditions in the U.S. and abroad, to present forecasts and outlooks, and discuss the best path forward that promotes economic growth. Following this, the committee votes on certain monetary policy or open market operations such as increasing/decreasing interest rates, buying/selling government securities or changing reserve requirements (amount of money a bank must have on hand).

WHY SHOULD WE CARE?

The Fed is the bank for the government of the United States. This matters to people in terms of their savings, investments, portfolios and the costs of borrowing. Chief Economics Correspondent Kevin Hall of McClatchy Newspapers said, “what's important about that, is the decisions they make directly impact what it costs to buy a car in the next

couple of months, what it's going to cost you to buy a house in the next couple of months. And then by extension, whether Home Depot does well, or whether the real estate community does well.” So what they say is “highly relevant.” Another area where Fed actions and communications impact the community is employment: the chance or perceived chance of getting or keeping a job in the short, medium and long term.

INTRODUCTION

Following my internship with Bloomberg, I was an intern for CNBC, at their Washington, D.C. bureau. These experiences have given me unparalleled access to Federal Reserve’s media events, and a platform to report on the Fed, Yellen and monetary policy. Some of the events I attended include Chair Yellen’s semi-annual testimony to Congress in February and July, first with Bloomberg, and later with CNBC; the media lock-up for Chair Yellen’s July testimony; and one of Chair Yellen’s quarterly press conferences following an FOMC meeting. I have not only conducted research on the Fed, and the brilliant journalists who cover the institution, but have also had the opportunity to work alongside these reporters.

An obvious detail about attending Fed events is the makeup of the press corps. At the June 17 press conference, there were six female reporters, and 29 male reporters arranged by publication in the gallery. At every other Fed event I attended, men made up more than 80% of the press corps. Nancy Marshall-Genzer of Marketplace.com who reports on the Fed as part of her diverse portfolio of coverage said, “it just struck me how few female reporters there are at the press conferences [...] I find that really surprising and really depressing that there's so few women covering the Fed.”

There is no doubt that men and women are covered differently in the news, especially those in positions of power and influence, whether they are politicians, business people, or entertainers. What this research attempts to do is to observe what trends and themes emerge in the news coverage of the first female chair of the Federal Reserve. Previous research has not looked at this, possibly because it is hard to prove, and because a female Fed Chair is unprecedented. While the fact that Yellen is the first woman to hold this position was regularly noted among participants in this study, few reporters perceived coverage of her as biased. Tomoko Hosaka, economics editor for the AP in Washington, D.C. said, she doesn't "detect too much difference in the media's coverage of the two, but it's hard to compare since the economic conditions under which they serve(d) are so different."

ECONOMIC CONDITIONS

"During hard economic times, the Fed chair receives a lot of political pressure," Don Lee of the L.A. Times said. The state of the U.S. economy largely influenced news coverage of Chairman Ben Bernanke in comparison to Chair Janet Yellen. Lee said, *how* they come into their positions dictates how they're covered. "Part of it was dictated by events, but covering Bernanke, we were basically in the middle of the world falling apart," Hall said. Bernanke assumed office in 2006, less than two years before the financial collapse. Bernanke "held his job in a more controversial time," CBS Washington Correspondent Wyatt Andrews said. "It was not, especially in political circles, it was not always a given that pumping that much money in the economy, could be done without guaranteeing near term, or certainly long term -- a rapid de-escalation of the value of the dollar," he said. Similarly, Hosaka said, "Bernanke faced tremendous

scrutiny for the programs he rolled out during the worst financial crisis in 70 years and the deepest recession since the 1930s.”

On the other hand, Yellen’s “grappling with very different questions than he did,” The Washington Post’s Ylan Mui said. Mui, has covered both Yellen and Bernanke, and in 2013, was the only female reporter invited to Jackson Hole, the location of an annual three-day conference where the world’s biggest financial players meet to discuss U.S. and international economic issues. She said, “Bernanke was in a rescue mode for much of his time at the Fed, and she's in an exit mode.” Hosaka said, “Yellen has pretty much continued his policies and is being watched now for how she moves to unwind those efforts.” For Yellen, it’s not a question of what she will do, but when she will take action -- she’s left with “the hangover from all the stimulus,” Hall said. “She has taken office in an environment where everybody realizes that in order to maintain the two goals, the economy is strong enough to dial back on the purchases...the question is when and how fast,” Andrews said. Hall added that right now Yellen’s “still carrying on Ben Bernanke's fight,” but once rates start going up, “it's her Fed she's got to manage -- we'll see how that works”. The economy proved to be the driving force of how the chairs were covered, but other themes emerged when speaking with some of the top financial and Fed reporters in Washington, D.C. and beyond.

COMMUNICATION

A financial reporter tasked with the Fed beat has a unique set of challenges. “One is to try to encapsulate both the consensus and diverge of opinion on the Federal Open Market Committee, [...] and then the other part is just trying to translate what the Fed is doing for our audiences”, Mark Hamrick of Bankrate.com said, who hasn’t missed a Fed

press conference since Bernanke held the first one in 2011. While Hamrick added that the duty of all journalists is to translate information about the day's events and deliver facts to the audience, not all have to explain why Yellen seems to embrace the notion of slack in the workforce and what that means for the average consumer. Mui echoed this point: "As a writer, and someone who tries to interpret this stuff for a mass audience, trying to make it interesting and compelling and trying to show *why* it matters to people's lives, to main street, is challenging, it's hard."

Due to the complicated nature of what the Fed does, and it's purpose in the U.S. and international community, *how* the representative of this entity communicates and how they are interpreted is relevant. All journalists agreed that Yellen is more "plain spoken," or speaks "more simply" than Bernanke, and certainly more than Alan Greenspan. "It doesn't mean that she is less eloquent in her speaking, in fact it might be more eloquent she's more plainly spoken," Hamrick said. "If there was a continuum, you had Greenspan, who was at times incomprehensible [...] Bernanke was less so, and I'd say Yellen is the next iteration of less so." Andrews said she has a "more directness of language," in terms of stating what the goals are, how close or far we are from those targets, and when it's time to take action. "Yellen may be better in terms of answering questions directly and clearly. Both are very careful not to say more than they want to say," Hosaka said. While clear communication is a good thing for reporters and consumers, Andrews says "the wrong phrase can cost a lot of people a lot of money." Thus, Fed Chairs and Federal Reserve Board members have to measure their words.

TRANSPARENCY

“The very unique response to the crisis that Bernanke took, in a way, not only changed the Fed forever in terms of its ability to fight fires, but there was such a reaction to it, that it changed the way the Fed communicates, the way the Fed operates. It's created a lot more transparency, although critics will claim that it hasn't.” - Kevin Hall

Bernanke took the unprecedented step to hold press conferences -- the first one taking place in 2011. This had never been done before in the history of the Federal Reserve since its 1913 inception; “that was the beginning of a bold new world for the Fed,” Hamrick said. “The Fed’s decisions reverberate across the economy and have an impact on the daily lives of Americans, business and financial markets.

U.S. and global stock and bond markets, energy and commodity prices are some of the things affected by Fed speak, whether formal or informal, direct or indirect. Hayo et al. said central bank communication is economically relevant, in both the U.S. and Europe, as it moves financial markets in the intended direction -- “at least for shorter maturities and the stock market” (2010, 2012). Their results show that communications from the chair “generate relatively larger market reactions than speeches by other governors or presidents.”

As such, it’s critical that the chair and Fed explain decisions with clarity. Transparency also serves to set expectations, which minimizes economic and market volatility," Hosaka said. Mui said both Fed leaders are “very committed to transparency,” which helps reporters. While transparency is crucial, Hall said the press conferences “confuse the markets more than they educate them,” based on the volatile swings following anything the Fed says.

CHAIR: /CHer/ [noun] 1. A piece of furniture

The 2015 updated AP stylebook says, “*Use Federal Reserve Board Chair Janet Yellen*, her preference.” It says not to use chairperson, chair or co-chair unless it is an organization's formal title for an office. However, this was not always the case, as chair conversely denotes a noun and piece of furniture. “We try to be as general neutral as possible,” Hall said, which is exactly why the term is more regularly used today. He said there was a lot of debate about what title to use for the first female leader of the Fed. Initially, his bureau used chairman, but said “we eventually settled on what she wanted to be called which is chair.” Mui also uses Yellen’s choice; “I call her Chair. You know there's an old school style issue of people are not chairs, they are chairmen and chairwomen. I always put chair because that's her preference.” Hamrick said the Fed communications staff made it known that there had been a discussion about calling her Fed Chair. The AP also uses Chair, Hosaka said, “because that is her preferred title.”

As for Andrews’ interpretation, “my answers going to be a lot more simplistic than you think,” he said. In the broadcast world, Chairman is easy to say, and Chairwoman is not, “it's an unwieldy word.” He said he uses chair due to the “cumbersome nature of saying chairwoman.” This leads into the main topic of discussion: gender.

GENDER

Men often immediately concluded that there was no bias in news coverage of Yellen and Bernanke when asked. The women in this study didn’t immediately say they had observed a bias, but there was a definite hesitation. There was a sense of, ‘yes there probably is some degree of sexism involved here, but I don’t know how to explain it.’ A

sexist bias is too strong a word to use, and a better term based on these conversations would be “gender consciousness.”

It didn’t go unnoticed that Yellen was the first female to lead a historically male dominated institution: "of course, everyone covered and noted the milestone that Yellen achieved by becoming the first woman to head the Fed in its history," Hosaka said.

Yellen, however, rarely acknowledged this fact. “She herself does not really talk about these issues, she's sort of loathed to address them,” Mui said, noting that she thinks this approach is “part of a legacy of an earlier generation where it was like heads down, do your work and that will speak for itself, as opposed to the more robust conversation, the more open conversation we have today.”

According to most participants in this study, gender has little to no role in influencing the way reporters cover Yellen or the Fed. “I don’t think so at all. I think that she is respected in the extreme,” Andrews said in response to the question about if there is a gender bias in how Yellen is covered in the news. He said, “my sense of when she was appointed here in DC among the financial press was - it’s about time. I never heard the first hint or inkling that she wasn't the best person for the job. If that was out there, it didn't register with me.” They described her as a force to be reckoned with. Yellen, “is tough as any guy out there. She talks like...you don't want to be on her bad side. She's got a don't mess with me demeanor, too. Despite her grandmotherly look and her small size, she comes across as in charge,” Hall said. Hamrick said there was no doubt that she was qualified for the job; “her economic credentials were thought to have been very strong. And you know as I was reporting on her nomination, it was hard to find people who didn't think that she wasn't well qualified.”

I found little evidence of a gender bias among reporters, but some tiptoed around the idea that tension arose from Congress and top lawmakers. CNBC's Steve Liesman said it's something hard to prove, but when you look at the number of times Yellen was interrupted in her testimony to the House and Senate financial committees compared to Bernanke, there are stark differences. Hamrick noticed this in the drawn out nomination process: "frankly, I think there may have been some sexism involved. Some people were uncomfortable with her being a woman, because she obviously is the first female Fed Chair." When asked who he meant by "some people," he said, "I'm sure there was a minority of people out in the universe and maybe Congress who were slightly uncomfortable with having a female Fed Chair." He emphasized that he never observed "any tangible evidence" of a bias, but wonders if Janet Yellen were a man, would she have faced the same kind of scrutiny.

Hosaka noted similar biases and gender-specific comments made by other non-media colleagues. "In March, outgoing head of the Dallas Fed Richard Fisher mentioned during an appearance on CNBC that global financial markets are depending on a 'diminutive woman' holding the world on her shoulders."

The gender differences in news coverage that did appear were in the approach journalists took while covering Yellen. Mui said that while male reporters have the freedom to look and write about personal details that deinstitutionalize these powerful people, she doesn't always feel she can. "I have noticed that Yellen likes to wear the same necklace, over and over, [...] but I've never inquired about it, and I've never written about it, because I don't want to have this focus on her clothing, even though I'm curious about it." She said her predecessor Neil Irwin, could pick out Bernanke's favorite tie, and

noted that it's "okay for him to do that", but not for her to write or inquire about Yellen's necklace.

SOME DATA: CONFIRMATION HEARINGS

The perceived gender bias, or more accurately, "gender consciousness" that some of the participants in this study suggested seemed to come from Congress. In order to gather some quantitative data to back up this claim, I analyzed the confirmation hearings of both chairs to compare how many times senators interrupted them. First, Yellen's hearing lasted two hours and 15 minutes, whereas Bernanke was in the hot seat for four hours and 11 minutes. In the published transcripts, there were a total of 19,281 words for Yellen's hearing² from beginning to end, and 41,100 for Bernanke³. When you take the duration of the hearing and the number of interruptions into account, Yellen was interrupted slightly more:

Chair	Yellen	Bernanke
Length of Hearing	2h 15 minutes	4h 11 minutes
Words Exchanged	19,281	41,100
Interruptions	14	19
Words/Interruptions	1377	2163
Interruptions/Hour	6.22	4.54

² Janet Yellen's hearing transcript: <http://www.gpo.gov/fdsys/pkg/CHRG-113shrg85910/pdf/CHRG-113shrg85910.pdf>

³ Ben Bernanke's hearing transcript: <http://www.gpo.gov/fdsys/pkg/CHRG-111shrg54239/pdf/CHRG-111shrg54239.pdf>

POLITICS

"The intensity with which her every statement is scrutinized and the grilling she has gotten from lawmakers is about the same. If anything, she is probably facing more heat from Congress simply because she is a Democrat and Bernanke was a Republican."

- Hosaka

Yellen was a professor at the University of California, Berkeley, headed the Federal Reserve Bank of San Francisco, situated in a city touted as one of the most liberal cities in America by some, and was appointed by a Democratic president. Bernanke on the other hand, appointed by President George W. Bush, "was seen in Republican circles at least, as a lower case 'r' republican," Hall said. So do politics have anything to do with how they are perceived or treated by Congress? According to participants in this study, not so much. Hamrick said regardless of how Yellen is perceived politically, it's appropriate to be aggressively asking her questions, because "that's how it's supposed to work." Mui said, "Bernanke was appointed by a Republican president, however the Republican Party that he joined, I think, is not the Republican party that is in office today." Perceived or apparent party affiliation came into play in the nomination and confirmation process. "The reality is that you have to have political support to win confirmation. Summers has a way of making people dislike him. And Janet Yellen is the polar opposite of that," Hamrick said.

THE NOMINATION

The Chair of the Federal Reserve is nominated by the President of the United States and must be confirmed by the U.S. Senate. During the transition from Bernanke to the next chair, Yellen faced some competition. Former U.S. Treasury Secretary Larry

Summers was also under consideration for the top spot at the Fed. The climate between Summers and Yellen during the nomination process drew some resistance on the political and the journalism fronts. Albert Hunt who was with Bloomberg View at the time wrote a piece⁴ about who would be the next Fed “chairman.” He said, “No one doubts Yellen's credentials as an economist, but questions have been raised, mainly by those in the Summers’ camp, about whether she has the gravitas to manage a financial crisis.”

In July of 2013, Ezra Klein of The Washington Post summarized⁵ what he calls the “whispering campaign,” and in some cases the “shouting campaign” against Yellen becoming the next Fed Chair as a result of sexism. He cites Federal Reserve Bank of Dallas President Richard Fisher suggesting the pick will have been “driven by gender.” This is an outright and deliberate statement, but he argues that the subtle remarks are more damaging. He claimed others said she lacked “toughness,” is “too soft-spoken,” and “passive,” and some wondered whether she could handle fights with Congress. However, he said, “Requests for specifics don’t yield much. It’s more a feeling. An intuition. A sense. But these airy hunches are held by powerful people who will be involved, formally and otherwise, in the selection of Bernanke’s replacement.” Klein said what all of these things have in common is they share “an implicit definition of leadership based on stereotypically male qualities.” In an Op-Ed for the New York Times⁶, Paul Krugman

⁴ Hunt, Albert. July 30, 2013. Could Geithner End Up the Next Fed Chairman? Bloomberg View. <http://www.bloombergsview.com/articles/2013-07-30/could-geithner-end-up-the-next-fed-chairman/>

⁵ Klein, Ezra. July 19, 2013. The subtle, sexist whispering campaign against Janet Yellen. Wonkblog, Washington Post. <https://www.washingtonpost.com/news/wonk/wp/2013/07/19/the-subtle-sexist-whispering-campaign-against-janet-yellen/>

⁶ Krugman, Paul. August 1, 2013. Sex, Money and Gravitas. Op-Ed Column, New York Times. http://www.nytimes.com/2013/08/02/opinion/krugman-sex-money-and-gravitas.html?_r=0

echoed this discourse, claiming the two “sexism campaigns underway” were in the form of an implicit whisper campaign and the other involving “raw misogyny.”

In the end, Larry Summers withdrew his candidacy for Chair of the Federal Reserve in September of 2013, four months before Bernanke stepped down, even though he was [said](#) to be Obama’s preferred candidate. Less than a month later, President Obama nominated Yellen and the rest is history.

CONCLUSION

There has been a smooth transition from Bernanke to Yellen, Mui said, a smooth transition in “that they were very similar in policy and in thought and in terms of broad principles, they agree on a lot of points.” Hall thinks that “history is going to be very kind for how creative and outside the box they both were in addressing the problem, and I think the market perception of them are one in the same...I don't think people view Bernanke or Yellen wildly different from each other. I think they have remarkable continuity of policy and policies.”

That being said, economic conditions in the U.S. and abroad, political pressures, and how the chairs communicated hold the majority of influence in Fed coverage. Bernanke and Yellen have taken office at drastically different times; right now we’re almost at full employment, and this means something very different than it did before the crisis. The problem is, Hall said, is that people keep measuring the success of the economy against its health pre-crisis and “that clearly wasn't sustainable.” A gender bias in this case is hard to tangibly show, but the issue appeared below the surface. “I do think, obviously the gender issue is an issue, and you know, some people claim that we're not being as tough on her because she's a woman and she's being let off the hook,” Hall

said. Since Yellen is still in the early stages of her time leading the Fed, more research should be done once she has had more time to implement her policies.

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