

# Outgoing central bankers

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A couple of weeks ago, the conference organised in Frankfurt by the European Central Bank (ECB), to discuss the challenges of communicating monetary policy, offered up the opportunity for a photo of Carney, Draghi, Koruda and Yellen, the chairs of the four main central banks, whose faces are highly recognisable after being featured on the front pages throughout the long crisis. The photo will be difficult to repeat with the same subjects, considering that the baton changes have already begun.

In the United States, the nomination of Jerome Powell as a substitute for Janet Yellen has already been put to the vote in the Senate. The decision of the President of the United States to replace her breaks with the tradition of renewing the Chair of the Fed for a second term, even in those cases in which they were appointed by a president from another political party. This is what happened with his three immediate predecessors, when the presidential decision was based first and foremost on continuity and predictability. Neither her solid academic credentials, nor her well-articulated and consensual management of monetary policy, nor the obvious economic achievements during her term, suggested that Yellen should be replaced. Her departure has generated some worries, which have also been stoked by the early departure of two heavyweights from the Fed's board, in the form of the Vice-Chairman and the Chairman of the Federal Reserve Bank of New York, and the high number of existing vacancies. In short, it is a combination of circumstances that raises doubts about whether the new composition could have implications for the management of monetary policy, and even on the institution's own independence. In the short term, it can be stated that monetary policy is almost on automatic pilot, the outgoing occupants having undertaken the design and crystal-clear communication of the way to monetary normalisation. And the recent nominations are being interpreted as a commitment to continuity, both that of Powell to take over from Yellen, from in-house staff, with a vision closely aligned to that of the outgoing Chair, and that of Professor Marvin Goodfriend, an expert on monetary issues and guarantee of professional rigour, although with a bullish bias.

The renewal will also affect other jurisdictions in the near future. Japan should decide about the renewal of Kuroda before the spring, and, in Europe, the expiry of the Vice-President's mandate in the middle of next year will kick off a debate in which, unfortunately, geographical balance will continue to have more weight than other considerations.

Let us hope that the new governors occupy fewer front pages than their predecessors; this would be a sign of normalisation and that we do not need superheroes to guarantee stability.

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