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POLITICS

Yellen Makes Case for Sweeping Stimulus Package in Face of GOP Skepticism

Nominee for Treasury secretary gets generally cordial reception in Senate confirmation hearing

By [Kate Davidson](#)

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WASHINGTON— Janet Yellen made the case for another sweeping economic aid package at her hearing to be the next U.S. Treasury secretary Tuesday, pushing back against Republican skepticism of the need for more deficit spending to bolster the recovery.

Ms. Yellen, a former Federal Reserve chairwoman, said the incoming Biden administration's top priority is to relieve suffering caused by the coronavirus pandemic, including providing aid for families, businesses and communities hardest hit by the downturn as well as spending to bring the virus under control.

"We need to make sure that people aren't going hungry in America, that they can put food on the table, that they're not losing their homes and ending up out on the street because of evictions," Ms. Yellen said. "We really need to address those forms of suffering, and I think we shouldn't compromise on it."

If she is confirmed by the Senate as expected, Ms. Yellen will become the administration's

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Ms. Yellen said, long-term investments will be needed in areas such as infrastructure and workforce training to help make the U.S. economy more competitive and productive.

Delayed or inadequate support, she warned, could lead to a more-protracted economic recovery and cause long-term economic damage in the form of permanent job losses and business closures that could weigh on growth for years to come.

“It’s really critically important to provide this relief now,” she told lawmakers on the Senate Finance Committee, which will vote on her nomination.

Stocks rose Tuesday as Ms. Yellen’s testimony spurred expectations for additional stimulus spending, with the Dow Jones Industrial Average gaining 116.26 points, or 0.4%, to 30930.52.

Ms. Yellen was one of several nominees for top posts in the new administration who testified at Senate confirmation hearings on the eve of Mr. Biden’s inauguration. The others were Antony Blinken for secretary of state, Gen. Lloyd Austin for defense, and Avril Haines for director of national intelligence.

 WHAT'S NEWS



Treasury Pick Janet Yellen Calls on Lawmakers to 'Act Big'



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Like the other nominees, Ms. Yellen sounded a hawkish note on China, calling it “our most important strategic competitor” and promising to address its “abusive, unfair and illegal practices,” including undercutting American companies by dumping products, erecting trade barriers and stealing intellectual property.

“These policies, including China’s low labor and environmental standards, are practices that we’re prepared to use the full array of tools to address,” she said.

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countries to manipulate their currencies are unacceptable. China has been accused by successive administrations of keeping its currency artificially weak.

Some Republicans on the committee balked at Ms. Yellen’s call for further spending on top of the trillions of dollars Congress authorized last year, including a \$908 billion package enacted in December. And they questioned her about the limits and risks of additional government borrowing and the wisdom of tax increases while the economy remains weak.

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“The only organizing principle that I can discern is it seems to spend as much money as possible, seemingly for the sake of spending it,” Sen. Pat Toomey (R., Pa.) said of the latest plan.

GOP senators also objected to what outgoing Finance Committee Chairman Chuck Grassley of Iowa called a “laundry list of liberal structural economic reforms” in Mr. Biden’s relief package. Such measures include a \$15 minimum wage, as well as aid to state and local governments—a sticking point in recent talks in Congress.

Ms. Yellen acknowledged the government’s mounting debt load, which stands at \$21.6 trillion—or roughly 100% of a year’s economic output. But she urged lawmakers to put those concerns aside for now. Interest rates are at historic lows and expected to remain there for some time, making borrowing more affordable, she said.

“To avoid doing what we need to do now to address the pandemic and the economic damage that it’s causing would likely leave us in a worse place fiscally,” she said, “than

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She assured senators that the Biden team doesn't immediately plan to pursue tax increases but would consider them as part of a later package that focuses on long-term investments. Asked whether she would support a repeal of the cap on state and local tax deductions, a provision Democrats sought to include in earlier economic aid packages, Ms. Yellen said it is important to study the effect of the cap before making a decision.

The Senate confirmation hearing is Ms. Yellen's fifth during her three decades at the forefront of economic policy-making. If confirmed, she will be the first woman to serve as Treasury secretary and the first person to have led the Fed, the Treasury and the White House Council of Economic Advisers.

Ron Wyden (D., Ore.), who will become Finance Committee chairman when Democrats take control of the Senate, said he hoped Ms. Yellen's nomination would reach the Senate floor for a confirmation vote by Thursday. Though she sometimes sparred with Republicans in her previous role leading the Fed, her hearing Tuesday was cordial, and several Republicans said they looked forward to working with her, a sign she faces little GOP resistance to her nomination.



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Ms. Yellen will take the reins of an economic recovery that is faltering amid a monthslong surge in virus cases and deaths, which have topped 400,000 since the pandemic began. After seven months of job gains, U.S. employers shed 140,000 jobs in December, while retail sales fell for the third straight month.

As Treasury secretary, Ms. Yellen would chair the Financial Stability Oversight Council, the panel of regulators charged with monitoring risks in the financial system. She said she intends to appoint a senior-level official to focus on assessing the financial stability risks and tax policy incentives around climate change. “Climate change is an existential threat,” she said.

Write to Kate Davidson at kate.davidson@wsj.com

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