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MS. JANET YELLEN

Congratulations on Nomination to Chair  
the United States Federal Reserve

Statement by:

The Honourable Diane Bellemare

Tuesday, October 22, 2013

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[Translation]

**MS. JANET YELLEN**

CONGRATULATIONS ON NOMINATION TO CHAIR  
THE UNITED STATES FEDERAL RESERVE

**Hon. Diane Bellemare:** Honourable senators, it has been a year since I accepted with honour and pride Prime Minister Harper's invitation to join the Senate Conservative caucus to defend a cause that has been dear to me since the beginning of my career, namely job creation.

However, I rise today not to talk about myself but to tell you about an economist who shares the same cause as me. I am referring to Janet Yellen, who will most likely be confirmed by the U.S. Senate in her new role as chair of the U.S. Federal Reserve.

Ms. Yellen will be the first woman at the head of this financial institution whose economic influence goes beyond U.S. borders. The decisions made by that institution have an impact on the growth of production and employment in a number of countries, including Canada.

I salute this economist's nomination because she believes, like me, that monetary policy is a strategic component of job creation. The U.S. Federal Reserve Act, as amended in 1977, gives that institution the dual mandate of maximizing employment while ensuring stable prices. That is not the case in Canada, where the

Bank of Canada has been given the responsibility of preserving stable prices without regard for maximizing employment.

In December 2012, the U.S. Federal Reserve decided to not increase interest rates until the unemployment rate goes under 6.5 per cent and the inflation rate remains below 2.5 per cent. This is a first. Ms. Yellen welcomed the inclusion of a target unemployment rate in the U.S. monetary policy for the purpose of promoting employment.

This means that interest rates will remain low until the U.S. unemployment rate goes down, which is likely to take a while.

Monetary policy is not a cure-all to achieve full employment, but it is a prerequisite. That is why it is important to have appropriate fiscal and budgetary policy supported by employment policies.

However, the Federal Reserve's monetary policy is good news for Americans and Canadians, particularly for households interested in buying a house or taking on a mortgage, for students who must pay back loans, for consumers who have debts, and for new entrepreneurs and self-employed workers who want to start a business, because interest rates are likely to remain low.

Honourable senators, I intend to congratulate Ms. Yellen in writing as soon as her nomination is confirmed. I invite all those who wish to sign that letter to let me know.

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