

**EPISODE 1441**

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**FT:** So Money is brought to you by CNET, the site that shows how to navigate change all around us. So Money episode 1441, Jon Hilsenrath, senior writer for The Wall Street Journal and author of the new book, *Yellen: The Trailblazing Economist Who Navigated an Era of Upheaval*.

**JH:** *She was the only woman in her PhD class. Yale in the late 1960s was still not accepting women as undergraduates. And just to give you a sense of how unbalanced it was, faculty meetings were held at a restaurant, a club, a private club called Mory's at Yale in the 1960s, which didn't admit women.*"

[INTRO]

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**FT:** Welcome to So Money, everybody. I'm Farnoosh Torabi. We're in conversation today with Jon Hilsenrath, who is an award winning economics writer for The Wall Street Journal and the author of a new book called *Yellen: The Trailblazing Economist Who Navigated an Era of Upheaval*. The New York Times says the book is a vivid portrait of an exceptional woman and a lively history of the economic and financial crises that helped make the treasury secretary and former Fed chair who she is today.

Jon and I discussed the beginnings of her career, the challenges, the hurdles she jumped to become one of the most powerful women in American economic history. Jon is a Pulitzer Prize finalist in 2014 for his coverage of the Federal Reserve. He's part of a Wall Street Journal team that was a Pulitzer finalist in 2009 for coverage of the financial crisis, and he contributed on the ground reporting to The Wall Street Journal's 911 coverage, which won a Pulitzer Prize in 2002.

He is nonpartisan, and he's been a contributor to Fox News, CNBC, PBS, MSNBC, C-SPAN, and now, proud to say, So Money. Here's Jon Hilsenrath.

[INTERVIEW]

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**FT:** Jon Hilsenrath, welcome to So Money.

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**JH:** Thank you for having me. I'm excited to do this.

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**FT:** Yeah. I'm excited. It's a different kind of show for us, right? We're going to be focusing on, essentially, a biography that you wrote of Janet Yellen. The book is called *Yellen: The Trailblazing Economist Who Navigated an Era of Upheaval*. Not to suggest that the upheaval is over, but she rained and continues to rain during a very tumultuous time in our global economy, and you like her a lot.

There was a review that I read where she said, "This book is both an important economic book, but it's also a love story." So maybe we can start, Jon, with just your admiration for Janet Yellen and describe this woman to us through your lens.

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**JH:** Well, I'm glad you mentioned the point of the love story. I mean, my starting point for deciding to do the book was after Yellen was nominated to be treasury secretary. She's the first woman in American history to be the treasury secretary. She was also the first woman in American history to be the chair of the Federal Reserve, and she was the second woman to chair as the chair of the Council of Economic Advisers in the White House. So she has actually had the three top policy positions in American economic life. I call her sometimes the Ruth Bader Ginsburg of economics.

But what really drew me to this story that was kind of a starting point was my recognition that there's a really interesting love story underneath this resume that I just talked about. So she's married to an economist, a Nobel Prize winning economist named George Akerlof, who's a really interesting person in his own right, quite the absent-minded professor who's come up with a lot of theories that proved to have a lot of foresight. I realized in thinking about the two of them that between the two of them, they've been in the middle of almost every major economic debate of the last 50 or 60 years. So they became a vehicle through which to examine the broader economy but also to examine the partnership of this really interesting woman because it's a profound partnership. It's just really a cool family.

So the story is about economics, but it's really a story about kind of two people and how they travelled a journey to really interesting places together.

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**FT:** How was being married to George for her helpful in her career? He, I understand, had some contrarian views about the economy and where it was headed. That actually ended up maybe even setting her up for some success, as she had to then take on the global financial crisis in America.

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**JH:** Well, I mean, the most important part I would say is that it was a partnership. It was a full on partnership from the very beginning. Janet and George met at the Federal Reserve in the 1970s, ironically, when inflation was raging. They were both coming off disappointments in life. Yellen had been a professor, assistant professor at Harvard, and they denied her tenure. He was denied a promotion at Berkeley. They took a year off and met at the Fed.

From the very – This was the 1970s, when women were really just starting to come into the workforce in large scale, and there was some backlash towards that. The economics profession in particular is a very male dominated field. But from the very beginning, their relationship was seen by both of them as a full partnership. By that I mean Akerlof, George, her husband, saw her career as just as important as his, which is something because this is a guy who went on

and won a Nobel Prize. He also saw his role in the family and his responsibilities to raise their child, Robby, as just as important as her.

What I like to say is she had – The partnership they forged – She had all of the kind of rights and privileges of a career that he did, but he also had all the rights and privileges of parenthood that she did. He picked up Robby at school and took care of his dinner. This became really important as she started to rise in the policy arena in the 1990s. He became the traveling spouse. He went where – They left Berkeley together and came to Washington, and he was her support system.

They were also intellectual partners. So their dinners together, imagine sitting with a Treasury Secretary, a Fed chair, a Nobel Prize winner, and three PhDs. That's what a family dinner was like in the Akerlof home because their son got a PhD too. So they spend even to this day all their time talking about economics and all the issues around it.

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**FT:** In your conversations with Janet, what were some instances that maybe she talked about her gender stymieing her or being something that was a potential roadblock, as she was rising through the ranks? We have to assume that there were some instances of bias or whether it was implicit or direct. How was it at work? We know at home, it was a completely feminist experience, but what about in the workplace?

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**JH:** Right. Well, the workplace was different, and it goes all the way back to the 1960s, when she shows up at Yale to get her PhD under a great economist named James Tobin. She was the only woman in her PhD class. Yale in the late 1960s was still not accepting women as undergraduates. Just to give you a sense of how unbalanced it was, faculty meetings were held at a restaurant, a club, a private club called Mory's at Yale in the 1960s, which didn't admit women. So women had a hard time even getting into faculty meetings at Yale.

She goes on to Harvard, and she becomes an assistant professor, and there are very few other women on faculty. To give you a sense of how bizarrely and balanced it was at Harvard in the early 1970s, there was one swimming pool on campus, and it was a men's only swimming pool, and the men swam naked in it. This became an issue in Janet Yellen's career because the other woman on faculty was a swimmer, and she couldn't swim in the university's pool. She took up rowing instead and became an Olympic rower.

But Yellen at Harvard in the '70s, she found she had a hard time finding research partners. It wasn't clear if because she was a junior professor or because she was a woman. But she didn't really hit her stride until later on, interestingly, when she met Akerlof, and they started writing about the labor market together. So the field was male-dominated from the very beginning. If you've ever been in a room with economists, it's a very argumentative field. They like to shout each other down, and that extends to women.

So wherever she went, she was breaking glass ceilings. But I should say this. When she got to Washington in the 1990s, there was more of a push and a pull. The Clinton White House was a great example of this. On the one hand, Clinton wanted to promote women to prominent positions. So Yellen became chair of his Economic Council of Economic Advisers. She's only the second woman to get that job. Before her was Laura Tyson, also a Bill Clinton employee.

Okay, so that's great. Bill Clinton put these women in important positions. But if you talk to most women in that White House, they would tell you that it still felt like you were in a men's locker room a lot of the time. A number of women, Dee Dee Myers talked about this shortly after she left Clinton's White House, felt out of place and uncomfortable often in a very tightly cramped, Oval Office, West Wing that had a lot of testosterone flying around, sometimes the inappropriate comment. So even though there have been efforts to kind of push women ahead in the field, it wasn't always comfortable or natural, even when she got into some of these more senior positions.

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**FT:** Yeah. You say one of the lessons that you took away from her ability to break glass ceilings was lean in but not always. What were the not always times?

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**JH:** Well, so I walked away from the work on this book with kind of four thoughts about not only how to break glass ceilings, but also kind of for anyone, male or female, how to advance your career. One of those was lean in, right? So this was Sheryl Sandberg's comment, lean in. What I saw in Yellen's career is that she did lean in, but she leaned in only when it mattered. She didn't lean in and kind of make her voice heard just to make her voice heard. She did pound the table, in some cases. She pounded the table when she thought there was something important that had to be heard from her, and she had all of her facts right.

When she was at the Federal Reserve after the financial crisis in 2007, 2008, she was pushing really hard internally for the Fed to move aggressively to try to get the economy going again. It was an issue that she felt strongly about because high unemployment is something she's always felt was a problem that she wanted to address. So she pushed the Fed hard, and she leaned in. But she was behind the scenes when they weren't in these really intense debates. She's very easygoing character. She liked to go out and have a drink with her colleagues. She liked to have a laugh. She could down a martini with the best of them. So she didn't lean in just to be heard. She decided to lean in when it mattered. I mean, if you want me to talk about the other three lessons that I took away, I'd be happy to do that. I'll you pass the baton back to you if you want to.

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**FT:** Yeah. I mean, we've sort of talked about choosing supportive partners. That is clear, and I think we covered that. You covered that very well. I mean, talk about being ahead of their times because we're still struggling with this today, and they were models of this decades ago.

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**JH:** Yeah. She was coming into the workforce at a time when -- Like there were movies for instance, to give you a sense of what the popular culture was like. The movie Kramer vs. Kramer kind of painted the professional woman as the family breaker. Or The World According

to Garp, the male was this guy whose wife left him. Women weren't painted in the most popular light back in the '70s and '80s professional women.

In George's view, in part because he came from a family of strong women, was this was an equal partnership, and he totally supported that. I think that counts both ways for male, female. Whatever your place in life is it's, obviously, important to have supportive partners whose interests and goals align with yours.

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**FT:** You don't have to tell me. I am fully in agreement. You also talk about how she often aspired to a higher ground. I'm wondering if there's a story that speaks to this especially.

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**JH:** So one of the reasons that Yellen and Akerlof, as I call them Janet and George, hit it off was because they both had these like really early life preoccupations with unemployment. George, as I mentioned, has this kind of fascinating mind. When he was a little boy, his father was moving from job to job. When he was like 11 years old, he said, "Well, if my father loses his job and stop spending money, then the baker down the street isn't going to have money, and then he might lose his job." So from childhood, he was concerned about unemployment.

Yellen also grew up at a dinner table, where the family talked about the Great Depression. Her father was a doctor. He used to talk about the problems that his patients brought home in terms of alcohol abuse or family problems when they lost jobs. So when they met, literally, the first conversation they had, they talked about problems of unemployment and the real life effects that a damaged economy has on humans. That was why they get on to economics is they saw themselves as trying to do something to improve the human condition.

Now, I mean, you could disagree with her policies and say that they were the wrong policies to improve the human condition. But that's the way they saw it. So they watched a movie together some years ago. It was a Japanese movie called Big Joys and Small Sorrows. It was about a family of late housekeepers, who moved from lighthouse to lighthouse in the post-World War II

period on the short coastline of Japan and ran these lighthouses to kind of protect ships on the shoreline.

Their whole world was kind of built around this life as lighthouse keepers. It was kind of a lonely life, but their friendships and their family and their work was all built around the lighthouse life. That was kind of the theme that they use to describe their own lives. They saw themselves in some ways as lighthouse keepers. They had this kind of higher purpose that was bigger than either one of them or bigger than their marriage. It was that purpose that I think kind of formed and strengthened the partnership that they had in work and in family.

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**FT:** You recently spoke to Janet Yellen for a Wall Street Journal piece, and it was about inflation and just – I haven't read the whole thing yet, but I assume like her thoughts on the current economy and where we're headed. Where's her – Where is she leaning? I mean, is she hopeful?

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**JH:** Don't we all wish?

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**FT:** Please.

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**JH:** The problem right now is that a lot of policymakers, including Yellen, said a year ago that the inflation we experienced was going to be transitory, and they were wrong. It's still with us heading towards the end of 2022. So they've been off about that. I mean, I think they're hopeful that inflation is going to start slowing down. But it's proven to be a much more vexing problem that either she expected or her successor at the Federal Reserve, Jerome Powell, is expected.



That's going to be one of the stains, frankly, on her record. She's been working in policy circles since the 1990s. This inflation caught her and others off guard.

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**FT:** But can you blame her? I mean, this was unprecedented in her lifetime.

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**JH:** I mean – So this is my story about what happened is a lot of people – There's this idea in psychology called recency bias, where we're kind of driven to make judgments about the world we live in, and our views are often shaped by what happened to us most recently. The decade before COVID was a period of slow growth, very low inflation, and high unemployment. Those were the experiences that she brought in to the post-COVID job as Treasury secretary, and they shaped her thinking. They shaped the thinking really all of Washington and the Federal Reserve.

So the response of policymakers, this included the Trump White House and then the Biden White House, was to throw a lot of money at the problem in the form of relief checks, in the form of Paycheck Protection Program for small businesses, in the form of rental relief, in the form of very low interest rates. The debt increased by trillions in Trump's last year, and then Biden added on to it. They were driven really by this sense that inflation wasn't a problem anymore and that they needed to avoid the problems of the most recent cycle.

For me, it's an interesting study in human psychology and how even like the best of minds get caught in some of these psychological quirks that even affect our investment behavior, where we try to figure out, all right, what ground am I standing on today. You look back at the last few months, and you kind of figure that the world is going to look like that in the future.

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**FT:** If you had to distill her overall view of how we should think about the economy in order to help it grow and fix it at times of distress, like what is it? How does she really see our economy

in terms of how it informs her, when she's trying to pull the country back out of, say, the financial crisis or during the pandemic?

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**JH:** So I'd say that there's like a big idea and a smaller idea. So the big idea kind of underlies this whole book that I've written about her and George. For the last 60 – Well, since the Great Depression, really, there's been a debate going on in America about what is the right balance between government and free markets in guiding and driving economic activity? Republicans have had the view that markets should be left to themselves, and Democrats have had the view that the government has some role to play for people who are suffering or when the economy is struggling.

That would be called the Keynesian view, and she's very much of a Keynesian mindset, right? Her view is that the markets aren't perfect, they're sometimes prone to fail, and there's got to be some role for the government to kind of help navigate the tides and tolerance of a shifting economy. So that's always been her view. But I think her experience as a policymaker has been that this is easier said than done. The world is complicated. The government's interventions into the markets are complicated. The market's propensities to fail, I mean, we're seeing it right now in cryptocurrencies, are also complicated.

This leads me to the kind of smaller view, which is one of my four points for breaking glass ceilings and that's do your homework. So Yellen had a – She grew up in Brooklyn. She had a mother who was a retired school teacher who drove her crazy, frankly. Her mother drove Yellen and her big brother, John, not only to have their homework done every night, but it had to be done correctly. All homework assignments were checked by mom before they were turned in, and nothing could be wrong in the homework assignment.

So Yellen is almost compulsive about doing her homework, and this leads to kind of what she told me about the lessons that she's learned about policymaking is you have to look at the facts on the ground. You have to kind of unblock yourself from ideologies or preconceptions about what the world should look like or what you want it to look like, and just look at the facts on the

ground, and get a clearer picture of what am I looking at here, and then make a judgment from there.

She's done a good job of that in her career, with the possible exception of this inflation outbreak. But that's really her worldview is check your facts, go into debates where the sense is that I wanted to be helpful in this situation as a public policy maker. But you also have to try to avoid doing more harm than good.

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**FT:** To finish your story in The Wall Street Journal, you left sort of a cliffhanger as to whether she would continue working in her post in the next election cycle or the next presidential cycle. What's your gut telling you?

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**JH:** Well, I mean, I'll tell you what she's telling me, which is she has no intention of leaving. So I talked to her right before the midterms, and there's been a lot of rumor mongering in Washington the last couple of years about how Yellen doesn't have a close relationship with Biden. It's true. She's not part of his political inner circle. The first time his people asked her to take the job as Treasury secretary, she said no. She was happy in her retirement.

Then this gets back to the lighthouse metaphor. She sat with George and Robby or her husband and son, and they said, "All right. Well, wait. The country is in a state of turmoil, and the President has asked you to do something. You have a duty to do it." So a lot of people thought that she was going to leave after the midterms. But I talked to her before the midterms, and she said she liked the job. She said it's challenging, and she's enjoying the work and is committed to the people at the Treasury that she's brought in, and she intends to stay.

So she's a very careful person. I doubt she would have said that to a Wall Street Journal reporter publicly if she hadn't let the White House know she was going to say it. Whether you like her or don't, it looks like Janet Yellen is going to be the Treasury secretary for a little while longer.

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**FT:** Well, Jon, before we go, I want to let everyone know about all the great work that you do. You've been at The Wall Street Journal since 1997. First of all, what's it like to be at one company for the majority of your career as so many of us, we change jobs every few years now.

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**JH:** It might just be a sign that I'm a person of few goals, so I –

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**FT:** I wouldn't say that.

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**JH:** I decided shortly after I got to college that the journal was the place I wanted to be, and then I got there, and I've just stayed. But it's been a great ride. It's been a fascinating ride. I've gotten to have a front row seat on so many important moments in American economic history, which is really the foundation for what I wrote in this book. When I was younger, when I was a young guy, I wanted to be a war correspondent. For a variety of reasons, that never happened. Lo and behold, I became an economics writer anyway. I've come to kind of come to see that the battlegrounds of like modern American, modern global economy have really been economic battlegrounds.

Going back to the Asian financial crisis in the 1970s, to the Internet bubble bursts, to the tech bubble burst, I'm sorry, to the mortgage burst to COVID, there's always something interesting happening. It certainly hasn't been a static life. Being a journalist, as I'm sure you know, it's challenging in this day and age. People are so suspicious of what we do and what our biases might be. We have to accept that we're part of what some parts of the country see as elites and are suspicious of. I think that one of the lessons I've learned is I've got to work really hard every day to keep the trust of the people who are reading my work or watching or listening, and to

build trust for people who are walking into any article they read or any conversation they had with some suspicion about who I am and what side I might be on.

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**FT:** Well, who you are is you're a big deal. You're a big deal. You –

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**JH:** Tell that to my kids. I still can't get them to read the book.

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**FT:** [inaudible 00:28:02] winning Pulitzer Prize team. Okay. You are a Knight-Bagehot fellow from Columbia University. I went to Columbia Journalism, but I always admired the Knight-Bagehot fellows and thought one day maybe I'll do that, and then never got around to it, as if it's like something that I could have just done. You really have to apply.

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**JH:** I did take it. I took the First Amendment class in the J school, and I loved it. I learned so much in that class.

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**FT:** Oh, yeah. That was a great class. That was a great class. You've covered, I mean, almost every modern economic ups and downs, including those that were led by tragedy like September 11<sup>th</sup>. What's capturing your interest right now? What's a story that you feel like isn't getting enough coverage? I was just talking to an ex-Twitter employee, recent ex-Twitter employee, who's like, "The media is just not covering this Twitter implosion accurately and giving Elon too much runway as an example." I feel like maybe that's an area that needs more investigation. But from your end, like what's sparking your curiosity these days?

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**JH:** Yeah. Well, I mean, the story is always shifting, right? That's one of the really cool things about being a journalist is you're kind of riding on the edge of this wave and kind of trying to figure out where it's going to crash. I mean, I think one of the big stories that kind of defines this moment that we need to understand better, and we've started looking at is that – This is also is kind of a sub story of this book that I just wrote is we – The United States was kind of the lead architect of what George Herbert Walker Bush called the New World Order, right? It was supposed to be this global system where countries cooperatively traded with each other and did finance with each other and lived this kind of peaceful cooperation.

Kind of coming out of the 1990s, there was a lot of optimism in the United States that we had kind of built this new order that Russia and China were kind of following our lead and that it was going to lead to a period of global prosperity for everybody. On one level, there's some truth to that. The last 30 years, we actually had the greatest reduction in human poverty in the history of mankind. More than 700 million people in China alone were lifted out of poverty because of this global system.

But the truth is that it didn't work out the way we expected for the United States. Trade was a huge disruption. Financial markets were hugely disruptive. People have a lot of skepticism about this global order. What I said in a recent piece was we've entered a new global disorder. China and Russia, who we thought we're kind of following our lead, are now going in a different direction. I think that's going to define – It defines 2022 in so many ways, right? Why do we have this inflation?

Well, one reason we have inflation is because the government pumped too much money into the financial system. But the other reason is Russia is at war in Ukraine. We're having trouble sourcing products in and out of China. We now have tariffs on stuff that didn't have tariffs. So there's so much friction in this global system, and then it causes things like financial turbulence, and it causes things like inflation and war, sadly, and uncertainty that I think kind of defines this new period.

We're in a new period of disorder, and I think it's something that every American is going to have to find ways to navigate in terms of how it affects your monthly bills and how it's affecting the markets that you're investing in.

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**FT:** We will certainly lean on you for some of that coverage, and we thank you so much for all these insights. I want to remind everybody of the title of your new book, *Yellen: The Trailblazing Economist Who Navigated an Era of Upheaval*.

Jon Hilsenrath, thanks so much for joining us on the show.

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**JH:** Thank you for having me. You're a voice a lot of people listen to, so I'm honored that you had me on to talk about all this.

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**FT:** Appreciate you. Thanks.

[END OF INTERVIEW]

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**FT:** Thank you to Jon for joining us. Again, the book is called *Yellin: The Trailblazing Economist Who Navigated an Era of Upheaval*. See you back here on Wednesday, and I hope your day is So Money.

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