

President Barack Obama
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

August 16, 2013

Dear President Obama,

As professors and practitioners with expertise in areas including corporate law and financial market regulation, we write to support the nomination of Janet Yellen for Chair of the Board of Governors of the Federal Reserve System. We also wish to express our disappointment that Lawrence Summers is under consideration for this position, and to enumerate why we believe he is inappropriate for the office.

Some commentators recently have suggested there are only minor differences between Yellen and Summers with respect to monetary policy. Whether or not this is true, it is indisputable that the role of Fed Chair encompasses more than monetary policy. Regulating and supervising large banks and other systemically important financial institutions, protecting consumers, promoting the stability of the financial system, and representing the U.S. within international financial organizations: these are just some additional roles and responsibilities.

Beyond the scope of the job itself, is the importance of what the Fed Chair selection signifies, both domestically and abroad. As Americans still struggle to recover from a financial and economic crisis brought about by excessive risk taking within the banking sector, it is imperative that the person nominated as Chair of the Fed was not instrumental in enabling excess and is someone who is perceived as willing to take necessary steps to help prevent future crises.

We believe that Janet Yellen is exceptionally qualified to be Fed Chair. She is a brilliant economist with notable academic credentials and years of experience in monetary policy-making and central banking. Yellen has served as Vice Chair of the Fed since October 2010. Prior to that, she was president and chief executive officer of the Federal Reserve Bank of San Francisco for six years. She was also a member of the Fed board in the mid-1990s. Additionally, Yellen was previously chaired the Council of Economic Advisers. Her international experience includes three years as chair of the Economic Policy Committee of the Organization for Economic Cooperation and Development. She earned a Ph.D. in economics from Yale and since 1980 has been a member of the faculty of the University of California Berkeley, where she is presently a Professor Emeritus.

Throughout her career, Yellen has demonstrated that she possesses the experience, knowledge, temperament, and judgment essential to a Chair of the Fed. While President

of the San Francisco Fed, she warned as early as 2005 about the housing bubble. In the summer of 2007, she was one of the first at Federal Open Market Committee meetings to caution that the subprime mortgage crisis would lead to a recession, while others appeared more concerned about inflation. As Vice Chair of the Fed, she has shown that she supports transparency and embraces the dual-mandate -- that in addition to price stability, maintaining full employment is part of the Fed's statutory obligations. Yellen is known to persuade with strong arguments, without being argumentative.

Although, Lawrence Summers possesses comparable academic credentials, he lacks the temperament and judgment essential for the role of Fed Chair. Summers has sought and secured some of the most prestigious posts in academia and in government. In these roles, he has intimidated, sidelined, and undermined those with whom he disagreed. The experts that Summers helped silence were those who championed measures that could have prevented or minimized the 2007 - 2008 Financial Crisis. For example, in 1998, Summers threatened CFTC Chair Brooksley Born and helped block her from regulating derivatives. In 2005, Summers publicly mocked economist Raghuram Rajan as a "Luddite" when Rajan warned that financial innovation, including credit default swaps, could lead to "a full-blown financial crisis." In 2009, Summers undermined Council of Economic Adviser's Chair Christina Romer's efforts to propose a stimulus package larger than \$800 billion.

Even after others, including President Clinton and former Fed Chair Alan Greenspan, admitted they had made errors of judgment that contributed to the financial crisis, Summers has not. Summers presently works as a paid consultant to Citigroup, which received the most bailout money of any bank in 2008 - 2009, a total of \$476 billion in cash and guarantees, according to the Congressional Oversight Panel. In addition, Summers has shown he has difficulty getting along with others. Notably, he resigned from his position as President of Harvard University after a no-confidence vote by the Faculty of Arts and Sciences. This followed his public comments that "issues of intrinsic aptitude" might explain why women had more difficulties than men advancing to the highest levels in math and science careers. Given these features of Summer's past record, frankly, it is astonishing that he is being considered. If a nomination of Summers were to survive a potentially contentious Senate confirmation process, it would be at the expense of already waning public confidence in the Federal Reserve System. Why take this route when a more qualified candidate is available?

In summary, we believe that Janet Yellen possesses the knowledge, experience, temperament, and judgment to guide our nation's monetary policy, supervise domestic financial institutions, support our national financial system, and represent the United States in sensitive, difficult international talks and negotiations. We urge you to nominate her to serve as the next Chair of the Federal Reserve Board of Governors.

Sincerely,

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