



**National
Urban League**

To Be Equal#37

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New Fed Chair Must Be a Proponent of Main Street

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"The Federal Reserve Chairman is not only one of the most important economic policymakers in America, he or she is one of the most important policymakers in the world." President Barack Obama

Welcome to the season of big decisions in Washington. In the coming days, President Obama will have to decide whether to order a military strike against the Syrian regime for using chemical weapons against its own people. Time is also running out for Congress and the Administration to agree on a budget to avoid an October 1 government shutdown, and lawmakers are on the line to raise the debt ceiling to keep the nation from defaulting on its financial obligations. In the midst of all of this, the President must decide whom to pick for one of the most important jobs in the world – Chairman of the Federal Reserve.

"The Fed," as it is commonly called, is the central bank of the United States, responsible for setting monetary policy and credit conditions in support of full employment and stable prices. The Fed also supervises and regulates banks to ensure the safety and soundness of the nation's banking and financial system and to protect the credit rights of consumers. Ben Bernanke has held this job since 2006, one year before the start of the Great Recession. While Bernanke is not without his critics, many believe his policies helped prevent another Great Depression and put the nation on the road to a steady, albeit much too sluggish, recovery. The August jobs report shows the economy created 169,000 jobs last month, with overall unemployment now down to 7.3%. This translates into 42 straight months of private sector job creation and a total of 7.5 million new jobs. The economy is moving in the right direction. But the 13% unemployment rate for African Americans and the 9.3% rate for Hispanics make it clear that even as the recovery inches forward, communities of color are still being left behind.

With Ben Bernanke's term as Federal Reserve Chairman set to expire on January 31, 2014, President Obama must choose a successor who is committed to ending these inequalities while being acceptable to Main Street, Wall Street, and Capitol Hill – an almost irreconcilable

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team of rivals. The President's choices include former Treasury Secretary and Obama Economic Advisor, Larry Summers and current Fed Vice Chairwoman, Janet Yellen.

Opposition to Summers is intense, broad, and diverse. Everyone, from Nobel Prize winning economist Joseph Stiglitz to the National Organization of Women to Maxine Waters and a growing list of members of Congress, has urged the President to pick Yellen over Summers. As a leading architect of Wall Street deregulation during the 1990's, Summer's policies have been viewed as helping to pave the way to the Great Recession. A recent New York Times editorial concludes that "Mr. Summers has also shown an indifference to the effects of economic decisions on ordinary people."

We urge the President to consider appointing someone who is more of a friend to Main Street than to Wall Street. This includes, the highly-qualified Janet Yellen, who would be the first woman to lead the Federal Reserve. It should also include other women, African American and minority economists who could bring both excellence and diversity to the Fed.

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