

Fund Industry Wants Yellen as Next Fed Chair

By Danielle Sottosanti, *Ignites*, August 14, 2013 [subscription required]

The fund industry would prefer Janet Yellen over Lawrence Summers or Donald Kohn as the next chair of the Federal Reserve, an *Ignites* poll shows.

Roughly 58%, or 143 respondents, name Yellen as their Fed chair pick. That compares to 20%, or 50 respondents, who prefer Summers and 9%, or 22 respondents, who cast their vote for Kohn. These three are currently under consideration by President Barack Obama to succeed Bernanke when his term as chairman expires at the end of January.

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Summers's second-place ranking in the *Ignites* poll may be because he is "widely perceived to be a political ally of the president's," explains Niels Holch, executive director of the Coalition of Mutual Fund Investors. That perception may hurt him because the Federal Reserve is historically independent of politics, according to Holch.

"He's certainly competent and capable, but I think that picking him will be controversial," Holch says of Summers. "The fund industry wants stability in this position and someone who is not going to be mired by controversy," he adds.

Indeed, Summers could face a confirmation battle because of his involvement in Obama's 2009 stimulus package, the *Financial Times* reports. However, Yellen could also face criticism due to her association with quantitative easing policies, according to the *FT*. Likewise, Kohn could face challenges due to his involvement with the bailouts of AIG and other firms, according to the *Washington Post*.

Yellen has some advantages over Summers, according to Holch. First, a number of Senate Democrats who will be involved in the confirmation process have indicated that they support her, which signals to the White House that she is the safer confirmation pick.

It also helps that she is a woman, which gives Obama the opportunity to pick the first female Federal Reserve chair, he points out.