Larry Summers Discusses National Economic Policy

Lawrence H. Summers, Director, National Economic Council, The White House
April 9, 2009

SOUND BITES FROM DR. SUMMER'S REMARKS

End of Recession: We can be fairly confident that … this sense of freefall that we've been living with will be arrested within the next few months, and that that will provide a platform and a foundation for the ultimate expansion that will come. How strong will that expansion be? That's going to depend on what happens in the global economy ….on the imponderables of consumer psychology and market evaluations, and ….on our success in carrying through with the President's program that will inject a substantial demand into the economy, will provide a basis for restoring increased confidence in the financial system, and will address the needs of the housing market. **Systemic Regulation:** I don't think we can say right now precisely what form this will take. It's pretty widely expected that the Federal Reserve would, as it does today, certainly have a very major role in any approach to systemic regulation. **Healthcare:** Every year that we do not have some kind of comprehensive healthcare reform is a year in which we have missed a chance to do something substantial to address the most rapidly growing component of labor costs, and, therefore, we've missed a really important opportunity to do something somewhere between the incomes of American families and the competitiveness of American businesses. **Cap and Trade:** It's important for effective recovery that we come to the conclusions we're going to come to as a country, which I think many, many people and certainly almost every scientist who looks at this, would say go through a higher price of carbon and go through something like a cap and trade system. **Tax Reform:** I'm sure there will be tax legislation this year. The Administration has a variety of tax proposals in its budget. I wouldn't expect comprehensive tax reform legislation in the context of what is already a very aggressive agenda for this year. **Financial Stability:** The first priority for financial stability has to be policies directed at strengthening the economy and pushing it forward. With those policies in place, as the recovery becomes better established, does deficit reduction become absolutely crucial? Yes. That's why the President's budget, if you look at what insiders call nondefense discretionary, basically the ordinary business of federal spending, calls for its slowest real growth in the past 30 or 40 years. That's why healthcare reform is so important, because a large fraction of the federal budget is healthcare.

DAVID RUBENSTEIN: I'm David Rubenstein, President of the Economic Club of Washington, and on behalf of the Economic Club I want to thank everybody for coming today to what I think will be a very interesting conversation with Larry Summers. We will do this in a question and answer format. I will start off with some questions that I've thought about for a while, and then open it to the audience. Any of you will be free to ask questions.

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Larry Summers is now the Director of the President's National Economic Council, and in that capacity is responsible for coordinating and developing the President's and the Administration's economic policies. He obviously has one of the most important jobs in the Administration, in the government, and in the country.

He's had a wealth of experience that qualified him for this position. In fact, he's had several careers already, any one of which any other person would be happy to have had. He's had a distinguished career as an academic. He became the youngest tenured professor at Harvard at the age of 28. He's had a distinguished career as an economist. He won the John Bates Clark Award as the most distinguished economist under the age of 40, awarded by the American Economics Association every other year. And he's had a distinguished career, as well, as a public servant, having served very briefly on the Council on Economics' staff in the Reagan Administration. He came back to serve as the Chief Economist at the World Bank, later the Under Secretary for International Affairs and subsequently the Deputy Secretary of the Treasury, and then later the Secretary of the Treasury at the end of the Clinton Administration. He has also Served for 5 years as the 27th President of Harvard University, and most recently before taking this job, as a University Professor at Harvard.

Larry, what would you say is the likelihood that the country will be out of the recession by the end of this year, or what would be your view of when the recession that we're currently in is likely to end?

LAWRENCE SUMMERS: There are two kinds of economic forecasters: those who know that they don't know, and those who don't know that they don't know. If you look, you have to see a couple things. You have to see that there are still substantial downdrafts in our economy, that economies don't go from losing 600,000 jobs a month to a terribly happy path overnight. You have to see that there are still substantial strains in credit markets. But you also have to see that there has been a substantial anecdotal flow in the past 6 to 8 weeks of things that felt a little bit better, that there's been some easing in credit conditions, and that it's now quite clear that production is declining, is running significantly below final sales, which means that inventories are running down, which sets the stage for some movement in the inventory cycle.

So I think the sense of a ball falling off a table, which is what the economy has felt like since the middle of last fall, we can be reasonably confident that that's going to end within the next few months, and that you'll no longer have that sense of freefall. How strong, how rapid the turn will be, that's less clear. If you look at consensus forecasts, they would tend to suggest that you probably we're going to be out, there are at least going to be periods when we're out of negative territory, by the end of the year. If you look at questions of sustainability, you may get some inventory cycle, but that doesn't mean that you've reestablished a strong sustained growth forever. I think that's difficult to judge.

But what I think we can be fairly confident of is that the combination of the measures that have been put in place and the natural dynamics of inventories and purchases of goods means that this sense of freefall that we've been living with will be arrested within the next few months, and that that will provide a platform and a foundation for the ultimate expansion that will come. How strong will that expansion be? That's going to depend on what happens in the global economy. That's going to depend on the imponderables of consumer psychology and market evaluations, and it's going to depend on—and here I'm quite optimistic—our success in carrying through with the President's program that will inject a substantial demand into the economy, will provide a basis for restoring increased confidence in the financial system, and will address the needs of the housing market.

MR. RUBENSTEIN: Do you believe that the unemployment rate is likely to go much higher than it is today before we get into expansion?

DR. SUMMERS: There are two points you have to recognize in respect to the unemployment rate, David: that unemployment lags a little bit what happens to real economic activity, and that in order to keep the unemployment rate constant, GDP has to grow at a rate that is—you know, economists argue all the time about this—somewhere in the range of 2.5%. So even if we got a return to positive growth, an economy that was growing at 1% would be an economy with rising unemployment. So, I don't think we can hold out the prospect that unemployment will stabilize at the current level, and I see that there are seven cameras, which means there are seven too many for me to provide a number at which it might be likely to peak.

MR. RUBENSTEIN: The expansion that we're likely to get eventually, let's say next year, how much would you think this expansion is likely to be different from other expansions out of recessions?

DR. SUMMERS: We have to look back, and I think this is one of the more painful aspects of thinking about the economic history of the country over the last generation. We had a period of relatively healthy expansion in the middle part of this decade. We had a period of sustained economic expansion in the late 1990s. Both of those we now see in retrospect, were substantially supported by financial bubbles and the associated wealth creation. In the case of housing and credit spreads in this decade—in the case of particularly high-tech stocks, but also to some extent the broader stock market in the 1990s— those were associated with a very substantial financialization of the economy. In some years, financial sector profits reached 40% of total corporate sector profits. And I think it's probably also fair to say that those developments, the bubbles and the financialization, were not unrelated to the fact that the benefits of the expansion were very narrowly concentrated and not widely shared in a small group within the population. I think that it has to be the objective of our policy to have a much more sustainable kind of expansion that we bring about, and that really goes to some crucial areas for the President.

First, the set of issues around financial regulation and, particularly, the control of the kind of leverage that made an accident like the one we've just seen possible. It goes to the global economic strategy. You know when I was here in Washington last time, I used to say all the time that the global economy can't indefinitely fly on a single American engine. Well, that actually did fly much longer than I would have thought possible, until 2007, but now it's clear that that can't be the growth paradigm going forward. So there are important issues around the global growth strategy and domestic demand.

And then there are crucial areas around where the demand is going to come from in an economy where we'll probably have some large overhangs in areas like housing, where the savings rate is likely to tick up. That's why the President's emphasis on healthcare, the

President's emphasis on infrastructure, the President's emphasis, in particular, on restructuring the energy economy, aren't luxuries to be deferred at a time when we have a weak economy. They are actually an integral part of a strategy for having a different kind, a more sustained kind, of economic expansion. That really needs to be our objective so, that these next years are not just a period of recovery but a period of renewal as well.

MR. RUBENSTEIN: As we recover, do you worry about inflation? The worry about deflation presumably has gone away, but are you worried about inflation coming back? It's something we haven't seen in quite some time, but is that a concern of yours now?

DR. SUMMERS: It's a very complicated path that we have to walk, because, frankly, there are risks of both deflation and inflation. If you look at previous periods in our economic history when the level of economic slack, the output gap, the unemployment, whatever, was as large cumulatively as it's likely to be during this recession, you saw periods when the inflation rate fell by 4 or 5 percentage points. A fall of 4 or 5 percentage points starting at 8 is a very different thing from what it is starting where we started here. There are all kinds of things that are different about the inflation process when it gets down near zero, but I don't think the concern about deflation in the nearer term is one that can be entirely discounted. That's one of the reasons to make sure we don't get into a deflationary cycle, why the President thought it was so important to have a very large program of fiscal stimulus at the beginning of the Administration, why there has been such an ambitious set of efforts to support credit markets.

Now, I think that we really do have a challenge, and it's really a huge challenge for us as a country. I mean, you can think about it, think about the model for a company, where the strategy for the company is it is really important that for the next 2, 3 years the company needs to really step on the gas and expand its activities, but after that it's going to be really crucial to restrain expenditures. That's a really difficult strategy to implement. But that's really the kind of challenge we're going to face as a country. That's why, while the President's budget and policies are very much oriented to stimulus and investment in the short run, they are very much oriented to containing the budget deficit over the medium term.

There are similar challenges on the financial side. Right now, if you look at market indicators, like the gap between the yield on index bonds and the yield on nominal bonds, they would suggest relatively very low inflation expectations by historical standards. But I don't think that's a basis for any kind of complacency, and I think this is something we're just going to have to constantly watch. The thing about inflation is, the moment it's absolutely clear that we have a problem is the moment when we may have been too late in addressing it. So I think it's a very difficult balance that policy is going to have to walk.

MR. RUBENSTEIN: You mentioned the President's stimulus proposal that passed. Do you foresee the need for another stimulus bill, or do you think we have enough stimulus right now?

DR. SUMMERS: You know, it's hard enough to focus on the policy choices that we have now without focusing on that question.

MR. RUBENSTEIN: Larry, you were minding your own business at Harvard. You're a University Professor. You've already accomplished so much in the economic world, in the public policy world, have you ever had second thoughts about coming back to Washington? [Laughter and Applause.]

DR. SUMMERS: You know, David, there are moments that are more pleasant, and moments that are less pleasant. But honestly, I felt honored to have been asked by the President to help at this moment. The economic challenges that we face are very, very large. The challenges in managing the economy at a moment like this go to broader issues for us as a society, so I feel honored to have the opportunity.

MR. RUBENSTEIN: You more or less have invented something called the daily briefing for the President on the economy. For 50 years or so, Presidents have received daily briefings in the morning on the national security situation. You have now taken on the responsibility of briefing the President daily on the economic situation. How did you come up with that idea, and how would you think the economic policymaking process is different now from when you were in the government before?

DR. SUMMERS: The idea was the President's, and the President asked us the day before the Inauguration, that beginning the day after the Inauguration, he wanted to receive an economic briefing each day and to have a meeting with the members of his economic team. So the members of his White House economic team plus the Secretary of the Treasury meet with him each day and typically talk about whatever major developments there were that day. Christina Romer often talks about how to interpret whatever statistic is being announced, and Tim Geithner talks about what has happened in financial markets. Then we very frequently have a particular topic to discuss—what's happened in housing markets, what's happening in some aspect of the global economy. Then there are usually some ongoing policy issues, whether it's how our deliberations are proceeding with respect to the automobile industry, for example, and we cover those. The President very frequently has questions.

So I think it reflects the gravity of the economic situation that the President inherited, and it also reflects his very strong desire to be critically involved in not just the broad principles, but also in the underlying policy choices that are being made in some crucial areas.

MR. RUBENSTEIN: Now the President just returned from the G-20 Summit, among other places, overseas. What would you say would be his view of what he accomplished at the Economic Summit with respect to other members of the G-20?

DR. SUMMERS: You know I feel very good, and I know that the President does, about the outcome of the G-20. You can make a strong case that, if you take the G20 process over the year that we're now partway through, from the time the President was elected through to this G-20, through to what's going to take place when the G-20 is reconvened in the United States next fall, you can make a very strong case that it's been the most productive period of economic summitry in the past generation. There are really three crucial areas where progress has been made.

First, the dynamic of competition to be dealing with serious problems has led to, contributed to, a much more serious increase in regulatory energy in the United States and around the world. I don't think you've seen as much desire for, or push for, reform of financial regulation anytime since the Second World War. But I think the need to report on it, the process of it being dealt with collectively, the range of the global character of the issue—given that many of the largest financial institutions really operate in many, many jurisdictions—has made the international dimension a crucial one. So I think it has pushed forward that dimension.

Second, what was brought forth out of the London meeting was probably the most important increase in the international financial system's capacity to protect and ensure stability of the flows to emerging markets since the founding of the International Monetary Fund and the World Bank. The trillion dollars that was committed between the IMF and the Asian Development Bank really represents well over a doubling of the capacity of those institutions to lend and to protect the stability in the flow of finances.

And third, the commitment to the idea that the priority has to shift to growth, to a global growth strategy, to the level of fiscal commitments that we've seen, and to everybody participating in a process in which the IMF is going to be monitoring and evaluating what countries are doing and reporting back. It's never realist that in a world of democracies with legislatures that you're going to get precise, concrete commitments that are negotiated with foreigners rather than with countries' own legislatures. But I don't think there's any question that the process has been an accelerant for measures that push economic expansion. So I would say on the sort of technocratic, economic side, the meeting's outcomes were quite successful. And I think that the President was also able to project a rather different tone and image for the United States, at least in terms of the way many abroad saw it, than had been the case in recent years.

MR. RUBENSTEIN: In terms of regulation, the Administration has talked about proposing a systemic risk regulator. Do you have a view of whether that should be a new agency or should be done within the Federal Reserve, and when do you think the resolution of that will be?

DR. SUMMERS: This is something that is very important, as you know, David. Secretary Geithner testified on this 10 days ago, and I expect will be testifying again. I don't think we can say right now precisely what form this will take. It's pretty widely expected that the Federal Reserve would, as it does today, certainly have a very major role in any approach to systemic regulation. After all, it's the Fed that has responsibility today for bank holding companies. But just what form will ultimately emerge from the legislative process is probably too early to predict.

MR. RUBENSTEIN: The President has proposed a major national healthcare program. Do you think in light of the economy it's realistic that it be implemented or passed this year and become law this year, or do you think it's possible that it might be deferred?

DR. SUMMERS: Look, I think every year that we do not have some kind of comprehensive healthcare reform is a year in which we have missed a chance to do something substantial to address the most rapidly growing component of labor costs, and, therefore, we've missed a really important opportunity to do something somewhere between the incomes of American families and the competitiveness of American businesses. Economists debate in the short run, in the medium run, in the long run, if you contain healthcare costs, does it show up as lower costs for employers or does it show up as higher wages for employees, and that's an interesting academic argument.

It seems to me the larger truth is that, if we are able to start fixing the healthcare system, we will be able to get some combination of more competitive businesses and middle- income families with higher incomes, and both those things seem to me to be very desirable. The more serious you think our economic problems are, the greater is the extent to which we need to address the efficacy of the healthcare system. Now, some people would hear this, David, and they would say, 'Well, how can that be right?' What it's mostly about, or what it's substantially about, is paying for the cost of people who are uninsured, and maybe this is a moment when we can't afford that.'

I would make two points. The first is that, to a very substantial extent, the uninsured do get treated, they just get treated late, poorly, and, ironically, more expensively because of the delay, and that we all end up paying for that care in our premiums. And so addressing the problem of the uninsured is ultimately a key component of reducing total healthcare cost.

The second point, which doesn't get emphasized enough in talking about it, is that if you pressure the system downwards on costs and you don't do anything about the uninsured, you get an untenable outcome, because the way people cut costs is not by becoming more efficient, but by becoming better at squeezing out high risks and reducing the amount of uncompensated care they do get. And so, addressing the needs of the uninsured, which is one component of the types of approaches the President has talked about, is really an absolutely necessary condition for taking the steps that are directed at efficiency, that are really crucial if we're going to simultaneously compete and provide for the kind of income growth for middle-income families that's essential to drive the economy forward.

MR. RUBENSTEIN: Alright, so what about cap and trade? Do you think that's possible to be done this year as well? Or is that something that might or might not get done this year as part of the President's environmental program?

DR. SUMMERS: You know, it's hard enough to dodge questions of predicting what's going to happen with the economy, without…

MR. RUBENSTEIN: You're doing a good job of it.

DR. SUMMERS: …without also having to dodge questions about what's going to happen politically. But I will say this about cap and trade. It's interesting. Ben Bernanke and I went to graduate school at just about the same time. I was graduate student at Harvard, and he was a graduate student at MIT. I'm making what was an enormously analytically sophisticated work seem much simpler, but an important part in his Ph.D. thesis was about the inhibiting effect of uncertainty on investment, the idea that if you know that energy prices are low, you'll buy one kind of boiler, that if you know that energy prices are going to be high, you'll buy another kind of boiler. If you don't know whether energy prices are high or low and it's going to be revealed to you a year from now, you will buy no boiler and get the lowest level of investment. I think that's an insight that is very pregnant for thinking about our energy debate right now.

If this is a moment when we want to stimulate all kinds of investment, reaching a conclusion as a country about what we're going to do about energy independence, reaching a conclusion as a country about what we want to do about global climate change, rather than having it hanging out there with the sense that something's going to happen at some point but nobody knows what, is it seems to me very much the best thing to do for generating the investments that are necessary to move our economy forward. Now, obviously, cap and trade is a very complex thing, and there are a lot of features that go into discussion of it. And certainly it's my role as the person at the NEC to be part of the process of making sure that the economic equities are represented in terms of needs of families, in terms of the needs of businesses to compete. But I really do feel that it's important for effective recovery that we come to the conclusions we're going to come to as a country, which I think many, many people and certainly almost every scientist who looks at this, would say go through a higher price of carbon and go through something like a cap and trade system. It's important to come to those conclusions sooner rather than later.

MR. RUBENSTEIN: Larry, your mother was an economist, and your father was an economist. They were distinguished professors at the University of Pennsylvania. Your mother's brother won the Nobel Prize in economics, and your father's brother won the Nobel Prize in economics. Did you ever consider not going into economics? It might be difficult to hold up to family tradition. What led you to go into economics as opposed to physics or something else?

DR. SUMMERS: I thought for awhile about going into mathematics or physics. Then two things happened during my MIT career. One was I saw what some of the real hot-shot mathematicians and physicists at MIT were like, and I decided that perhaps another direction might be optimal. It was an experience a little bit like the moment when you're about 11 when you play Little League baseball and realize you're probably not going to be playing for the Philadelphia Phillies or the Boston Red Socks. I had some of that experience with some of the people who studied math and physics. The other thing I realized was that, insofar as I did have some capacity to do things that were analytical, I really was interested in using them in ways that engaged with public policy and engaged with trying a direct way to make the world a better place. Having come to those two views, economics seemed very natural. I have two brothers. One is a lawyer, and one is a doctor. So someone once said to my mother, 'Really, it's pretty good. You've got a doctor, a lawyer, and someone who's going into the family business.'

MR. RUBENSTEIN: Your career is hardly over, but of the things you've done— being Secretary of the Treasury, President of Harvard, the current position, your writings, your teachings, and so forth—what would you say is the achievement you're most proud of having put together and done so far at this point in your life?

DR. SUMMERS: Oh, I don't know. I try to look forward on these things, not backwards. I'm proud to have played a role in the economic success that the country had in the 1990s. Part of the reason I went into economics and part of the reason I went into macroeconomics was that I realized that managing all this stuff—budgets, banks, flows of capital, interest rates—better or worse, really did touch the lives of millions of people in very important ways. In the 1990s, we were fortunate in being able to manage those policies in relatively successful ways. And I really think that affected the lives of a very large number of people in ways that made those lives better. I'm proud to have been able to play some small role in that, and the challenges we face now, frankly, are much greater than the challenges we faced then. In some ways then, the financial crises were in other countries.

Now the financial crisis is here. And as I've said a few times, my kids, when they studied U.S. history, learned a lot about the 1930s and what happened in the economy then. They learned almost nothing about what happened in the economy over the past 4 or 5 decades—the fluctuations, the 1982 recession, and stuff—it just wasn't something that made it into a history course. In many ways, our challenge now is to make sure and do everything we can to contain what we've inherited. So, this will be a serious economic downturn, but it will not, when people look back a generation from now, have been an important historic event. That's what we're really trying to do.

MR. RUBENSTEIN: We have time for some questions from the audience. I have some cards here. One of them asks, When does the Administration expect to have a tax reform package that it will send to Congress, and do you expect any tax reform legislation this year?

DR. SUMMERS: I'm sure there will be tax legislation this year. The Administration has a variety of tax proposals in its budget. I wouldn't expect comprehensive tax reform legislation in the context of what is already a very aggressive agenda for this year. I do think there are a variety of kinds of strains in the Tax Code pointed out by the annual treatment of the Alternative Minimum Tax, for example, that suggest that the Tax Code will have to get visited at some point, probably preferably sooner rather than later.

MR. RUBENSTEIN: What about the deficit? The deficit is fairly large now, and the total indebtedness is about $12 trillion. Do you have any worries that we might not be able to sell our debt overseas at affordable interest rates? What is the Administration doing about that?

DR. SUMMERS: It's important to, on the one hand, be very concerned and, on the other hand, also to recognize that, if you look, the data are actually quite striking that on days when markets are suggesting increased uncertainty, increased doubt about the global health of the economy, on days when the investment community is saying that risk aversion has gone up, those are days almost always when Treasury bond prices rise. So it's important to remember how fortunate we are as a country to have a currency and a bond market that are seen in every way as a source of strength. It's a huge responsibility for us to keep it that way. That goes to the need for fiscal responsibility over the immediate run. I have no doubt at all that the greatest risk to the Treasury market, to the health of our financial system, would be if somehow we were to fail to contain this economic downturn, and if there was a sense that this downturn was not going to recover.

So, the first priority for financial stability has to be policies directed at strengthening the economy and pushing it forward. With those policies in place, as the recovery becomes better established, does deficit reduction become absolutely crucial? Yes. That's why the President's budget, if you look at what insiders call nondefense discretionary, basically the ordinary business of federal spending, calls for its slowest real growth in the past 30 or 40 years. That's why healthcare reform is so important, because a large fraction of the federal budget is healthcare. And if healthcare spending is growing 3% or 4% a year faster than the rest of the economy, then there is no way that the federal budget can be under control. If you try to control federal health spending without controlling overall health spending, you know what's going to happen. The healthcare system isn't going to want to serve the people in the federal programs. That's why the healthcare agenda is really crucial to the long-term financial sustainability agenda. But yes, it's absolutely important.

MR. RUBENSTEIN: We have about 5 minutes left, so let me just take some questions from the audience that haven't been handed up.

QUESTIONER: There are a couple questions about the legacy of the asset program. There are a couple points that have been made. One is that the new market rules will make it even more difficult to have the firms sell legacy assets. Second, some bankers think there's been too much made of this emphasis on toxic assets and that the program is perhaps misdirected in its prioritization of those assets.

DR. SUMMERS: We'll have to see how things unfold, David. I think the judgment at the Treasury and the FDIC is that, while certainly the largely overwhelming preponderance of assets that are on banks' balance sheets will remain on banks' balance sheets, there are a variety of critical situations in which a program of this kind can do something important by enabling a selective derisking for particular institutions, of particular classes of assets, and that once that's accomplished, it will be much easier for them to access the private markets and to be in a position to lend on a robust basis. So I do think that this will be a program that can be used opportunistically in a number of different types of situations by institutions, and will be one of the pieces that will contribute to an improvement in credit conditions, which is obviously part of what's crucial for establishing robust recovery.

MR. RUBENSTEIN: The question is, Do you have any second thoughts about the deregulation efforts in the Clinton Administration.

DR. SUMMERS: Remember that question you asked me a few minutes ago, David, about are there any moments when I have second thoughts of being in Washington? Look, I think the world has changed in very profound ways since the 1990s. Credit default swaps were a blip in the financial system at the end of the 1990s. The scale of derivative transactions has increased probably not quite by an order of magnitude, but close, since the end of the 1990s. I think it's fair to say that very, very few people predicted or fully foresaw some of the structural weaknesses that were laid bare by the events of past couple of years.

Keynes was once told, 'Gee, what you're saying now seems different from what you were saying some time ago.' Keynes said to him, 'When new information arrives, I change my mind. And you?' I don't think anybody approaching the financial system today can approach it as it was approached in the 1990s. I think we need to look at the issue from the perspective of the system we're operating with now, and it wouldn't surprise me if some areas may take us to places that are different from where we went in the 1990s.

At the same time, it is a great danger in these things— and it's something to which we're all prone—to try to reduce everything to a single continuum. Are you for more regulation? Are you for less regulation? In one era, anything that's for less regulation is bad. In a different era, anything that's for more regulation is good. You have to look at the issues, issue by issue. You have to think about how the different parts interact, and that's how you get to the best possible policies. That's why we've been studying, for example, the experiences of a range of other countries, some of which— Canada for example—have probably been more successful at insulating their economy from the winds of financial fortune than we've been in the United States. We do need to take fresh looks in this era.

MR. RUBENSTEIN: Larry, I know you're working pretty much around the clock, and I assume you're probably not getting a chance to play very much tennis, but the country thanks you very much for your efforts, and I thank you very much for being here today. Thank you. Ladies and gentlemen, this concludes our program. [Applause.]

LAWRENCE H. SUMMERS

Lawrence H. Summers was appointed Director of the National Economic Council by President Barack H. Obama on November 24, 2008. Until January, he was the Charles W. Eliot University Professor at Harvard University. He served as the 27th President of Harvard University from July 2001 until June 2006.

From 1999 to 2001, he served as the 71st Secretary of the Treasury, following his earlier service as Deputy and Under Secretary of the Treasury and as Chief Economist of The World Bank. Dr. Summers has taught economics at Harvard and MIT. He received the John Bates Clark Medal, given every 2 years to the outstanding American economist under the age of 40, and was the first social scientist to receive the National Science Foundation's Alan T. Waterman Award for outstanding scientific achievement.

Dr. Summers is a member of the National Academy of Science and has written extensively on economic analysis and policy, publishing more than 150 articles in professional economic journals. Dr. Summers received his B.S. from MIT and his Ph.D. in economics from Harvard. He and his wife Elisa New, a Professor of English at Harvard, have six children.