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## Summers calls for 2nd stimulus package in 2008

FORMER TREASURY SECRETARY SPEAKS AT STANFORD SUMMIT

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The U.S. economy is so bad, and deteriorating so fast, that former Treasury Secretary Lawrence Summers has been unable to choose the best analogy:

Is this the worst economy since the 1970s? Or the worst since World War II?

Whichever way he ultimately leans, Summers provided a grim start Friday to the annual Economic Summit hosted by the Stanford Institute for Economic Policy Research. Summers ticked off a litany of woes, and then suggested the best remedy would be more stimulus and intervention by the federal government.

"We are in nearly unprecedented times with respect to the financial strains," Summers said at the Alumni Center on Stanford's campus in Palo Alto.

Summers was a renowned Harvard economist before serving as Treasury secretary under President Bill Clinton from 1999 to 2001. He was president of Harvard from 2001 to 2006, when he resigned following an uproar over his remarks about women and the sciences.

Friday, the prestigious gathering of local economic and academic bigwigs barely had time to take a bite of their croissants before Summers was delivering

his dour assessment.

Summers said the U.S. economy is being hit by a triple whammy of falling housing prices, a rash of foreclosures and a squeeze on the availability of credit. As all of these increase, each feeds on the other, making the problems even worse, Summers said.

To reverse this, Summers said he believes the federal government will likely have to pass a second stimulus package later this year. And he suggested that it was in everyone's interest to provide some new policy that would give lenders incentives to postpone foreclosure.

With an estimated 15 million houses expected to be worth less than their mortgage this year, Summers said foreclosures make the problem worse by further lowering housing values.

If that cycle continues, Summers said, it's hard to know how the trend can stop by itself.

"The fiscal stakes here are not small," Summers said.

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