Obama picks Summers as top economic adviser

Harvard economist and former Treasury Secretary Lawrence Summers expected to play a key role in shaping the administration's economic policies.

By Jeanne Sahadi, CNNMoney.com senior writer
Last Updated: November 23, 2008: 8:33 AM ET

NEW YORK (CNNMoney.com) -- President-elect Barack Obama is expected to nominate Harvard economist Lawrence Summers as head of the National Economic Council, making him Obama's top economic adviser in the White House, two sources close to the transition told CNN.

Summers had been in the running to be named Treasury Secretary, a post now expected to go to Timothy Geithner, president of the New York Federal Reserve.

Summers, who turns 54 at the end of November, is considered one of the country's preeminent economists, and served as Treasury Secretary for two years during the Clinton administration.

Summers will likely play an important role in crafting the administration's stimulus plan, the early framework of which was unveiled Saturday by Obama.

The goal is to create 2.5 million jobs by 2011, provided by investments in the nation's roads, bridges, schools and alternative-energy infrastructure.

Summers' economic views are typically characterized as centrist, although he has - like even those in the Bush administration - supported action to the left of center when it comes to trying to resolve he financial crisis.

In a recent column for the Financial Times, Summers acknowledged the need for a greater role for government to weather the economic storm, but stressed the need to make sure government finances are on "sound foo ing" for the long term.

At a Wall Street Journal conference on Nov. 17, Summers said he believes the economy requires stimulus measures that are "speedy, substantial and sustained over a several-year interval." He said estimates for how much stimulus is needed in aggregate went as high as he $500 billion to $700 billion range.

After leaving the Treasury in 2001, Summers went on to become president of Harvard University for five years.

Earlier in his career, Summers was chief economist at the World Bank and taught at the Massachusetts Institute of Technology, where he went to college, and at Harvard, where he got his Ph.D. and was one of the youngest faculty members to be awarded tenure. He also served on President Reagan's Council of Economic Advisers.

Today, Summers is the Charles W. Eliot University Professor at Harvard. He also is a part-time managing director at the global investment firm D.E. Shaw & Co. and a member of the Council on Foreign Relations.

Summers' critics contend he played a role in the current financial crisis. They cite, among other things, his support for the Commodity Futures Modernization Act, which allowed many derivatives - like the credit default swaps that have rocked markets this fall - to go unregulated.
"The policies he promoted as Treasury Secretary and in his subsequent writings led to the economic disaster that we now face," wrote economist Dean Baker, a director of the liberal Center for Economic and Policy Research.

- CNN's Ed Henry contributed to this report

First Published: November 23, 2008: 8:19 AM ET

Tim Geithner expected to be picked for Treasury Secretary

Obama's business brain trust

Married by America: Wall Street and the White House

Job No. 1: A new Treasury chief