



# **William J. Clinton Presidential History Project**

## **Briefing Materials**

**Lawrence Summers**

**October 17, 2002**

**Prepared by Stacie Pettyjohn, Research Assistant**

**October 8, 2002**

**MAY NOT BE REPRODUCED OR CIRCULATED**

## **Timelines**

- Lawrence H. Summers Timeline, prepared by Stacie Pettyjohn, The Miller Center of Public Affairs, 9/18/2002.
- Clinton Administration Timeline, prepared by Robbie Robinson, Miller Center of Public Affairs, 05/30/2002.
- "The Clinton Presidency: Eight Years of Peace, Progress and Prosperity,"  
<http://clinton5.nara.gov/WH/Accomplishments/eightyears-02.html>.

## LAWRENCE H. SUMMERS TIMELINE

Prepared by Stacie Pettyjohn, Miller Center of Public Affairs

---

### 1982-1983

Summers serves on President Reagan's Council of Economic Advisors.

### 1988

Summers acts as the Chief Economic Advisor for Democratic presidential candidate Michael Dukakis.

### 1991-1993

Summers is the Chief Economist for the World Bank.

### 1991

*December*

On the 12<sup>th</sup>, Summers writes a confidential memo that is leaked to the press. In the memo, Summers makes suggestions about polluting the 3<sup>rd</sup> World that incite environmentalists. After the leak, Summers argues that the comments in the memo are not to be taken literally but as a "sardonic counterpoint." (*Financial Times* (London), 2/7/1992, 2/7/1992; *The Economist*, 2/8/1992)

### 1992

*November*

Summers participates in a meeting of President-elect Clinton's economic advisors to survey Clinton's economic options. (*The Washington Post*, 11/18/1992)

Summers takes a leave from the World Bank to focus on the Presidential transition, serving as a chief economic advisor. (*The Wall Street Journal*, 11/20/1992)

Summers and Roger Altman meet with leading economists in Boston and New York, gathering ideas for Clinton's first budget. (*The Wall Street Journal*, 11/23/1992)

*December*

Vice President-elect Gore reportedly spearheads the campaign to block the nomination of Summers for chairman of the Council of Economic Advisors because of the memo that Summers wrote while at the World Bank. (*The Wall Street Journal*, 12/8/1992)

### 1993

*January*

At a transition meeting on fiscal policy in Little Rock, Summers Alan Blinder, and Laura Tyson make a presentation on the trade-offs between the contracting impact of deficit reduction and the potential expansionary impact of lower interest rates. (Robert Rubin, "Comments," in *American Economic Policy in the 1990s*, Jeffrey A. Frankel and Peter R. Orszag, eds., Cambridge: MIT Press, 2002, p. 31)

*February*

On the 17<sup>th</sup>, President Clinton unveils his economic plan in a speech to a joint session of Congress. Key components of the plan include a tax increase on wealthy individuals, a broad-based energy tax, investment tax credits for business, deficit-reduction, and a short-term stimulus package. President Clinton's economic stimulus proposal seems to have been influenced by a study done by Summers. In the study, Summers concludes that an investment tax credit stimulates investment in new equipment, which is the key to productivity and growth. (*1993 Congressional Quarterly Almanac*, p. 108; *The Washington Post*, 3/18/1993)

*March*

In his confirmation hearing before the Senate Finance Committee, Summers urges Congress to send more aid to support the ailing Russian economy. Over fifty developing countries, environmental, human rights and religious groups are actively opposing the nomination of Summers to be Undersecretary for International Affairs. (*The Wall Street Journal*, 3/19/1993; *The Washington Post*, 3/19/1993)

The Japanese government plans to implement an economic stimulus package, which is supported by the U.S. government due to U.S. desires to increase exports to Japan. Frustrated at the differences in Japanese and American ideas of what constitutes an effective fiscal stimulus, Bentsen assigns Summers to resolve the issue. (*The Wall Street Journal*, 3/24/1993, 4/2/1993)

*April*

The Senate confirms the nomination of Summers as Treasury Undersecretary for International Affairs. (*The Wall Street Journal*, 4/2/1993)

*May*

President Clinton is torn between two different plans for reducing the U.S. trade deficit with Japan. Summers advocates convincing Japan to stimulate its economy and boosting the value of the yen. At the same time, Laura Tyson, argues that the U.S. must get Japan to set firm targets for imports of particular U.S. goods. (*The Wall Street Journal*, 5/3/1993)

On the 25<sup>th</sup>, Summers meets with his Japanese counterpart, Tadao Chino, Vice Finance Minister for International Affairs to try to reach an agreement concerning Japan's highly regulated financial markets before the Tokyo G-7 meeting in July. (*The Wall Street Journal*, 6/2/1993)

- June* Summers travels with Bentsen on a thirty-six hour tour of Russia to push for further privatization. (*The Wall Street Journal*, 6/7/1993)
- July* Summers and Kantor are members of a delegation of American officials who arrive in Japan a week before the Group of Seven meeting to conduct pre-conference talks. On the 7<sup>th</sup>, the G-7 meets in Tokyo. (*The Wall Street Journal*, 6/24/1993)
- After hard lobbying, President Clinton succeeds in obtaining \$3 billion from the G-7 nations to fund Russian privatization. (*The Wall Street Journal*, 7/9/1993)
- The U.S. and Japan reach a framework trade agreement in which Japan agrees to reduce its trade surplus, but without setting specific numerical goals. Summers states that with the agreement the Japanese "have committed to us to take the measures that are necessary to achieve highly significant" reduction in the trade imbalance. (*The Wall Street Journal*, 7/15/1993)
- August* On the 13<sup>th</sup>, the U.S., Mexico and Canada announce that they have reached agreement on NAFTA side accords, clearing the way for NAFTA ratification procedures to begin. (*Los Angeles Times*, 8/14/1993)
- September* On the 16<sup>th</sup>, Summers travels to Japan to determine if the emergency economic measures the Japanese government just implemented will sufficiently stimulate the Japanese economy. (Kató Junko, "The Transformation of Japan's Fiscal Orientation," in, *New Perspectives On U.S.-Japan Relations*, Gerard Curtis, ed., New York: Japan Center for International Exchange, 2000, p. 135)
- October* Japanese Prime Minister Morihiro Hosokawa announces he will implement a policy that will end the discrimination against foreign construction, engineering and architectural firms. In response, the Clinton Administration cancels plans to impose trade sanctions. (*The Washington Post*, 10/27/1993)
- November* Preceding the Gore-Perot debate over the NAFTA, Summers faces Harley Shaiken, a professor at the University of California at Berkeley and an avowed opponent to NAFTA. (*The Wall Street Journal*, 11/10/1993)
- December* On the 8<sup>th</sup>, after several months of negotiation and public debate, NAFTA is ratified.

On the 15<sup>th</sup>, the Uruguay Round agreement is approved by 117 nations, extending GATT into agricultural trade and government subsidies, and establishing the World Trade Organization (WTO) as a permanent institution that enforces trade rules. (*The Washington Post* 12/15/1993; *The New York Times*, 12/16/1993)

## 1994

### *February*

On the 10<sup>th</sup>, Clinton and Japanese Prime Minister Morihiro Hosokawa hold a summit meeting; however, Kantor and the Japanese foreign minister are unable to reach a trade agreement, compelling President Clinton to sign an executive order on March 3<sup>rd</sup> reviving the Super 301 law. (Steve Dryden, *Trade Warriors, USTR and the American Crusade for Free Trade*, Oxford: Oxford University Press, 1995, pp. 391-392; *The New York Times* 03/04/1994)

### *March*

Bentsen and Summers attend a gathering of APEC financial ministers in Honolulu. (*The Wall Street Journal*, 3/21/1994)

### *August*

On the 17<sup>th</sup>, Deputy Treasury Secretary Roger Altman resigns due to controversy surrounding the Whitewater affair. Altman is replaced by ex-banker Frank Newman. (*The Washington Post*, 8/18/1994)

### *September*

In the continuing trade dispute with Japan, Summers states that Japan has not fulfilled its obligations agreed to in the framework talks, prompting the U.S. to threaten to impose sanctions on Japan if a trade agreement is not reached by September 30<sup>th</sup>. (*The Wall Street Journal*, 9/21/1994)

### *October*

In Moscow, Summers and Russian officials sign an agreement with Russia implementing the Paris Club accord that was reached in June. Under the accord, Russia's payment of \$900 million in loans to the U.S. is stretched out for up to ten years. (*The Wall Street Journal*, 10/26/1994)

### *December*

On the 6<sup>th</sup>, Bentsen announces that he will resign as Secretary of Treasury. Former Director of the National Economic Council, Robert Rubin will succeed Bentsen. (*The Washington Post*, 12/6/1994)

On the 20<sup>th</sup>, the Mexican government devalues the peso. (*The Wall Street Journal*, 2/1/1995)

1995*February*

Critics claim that U.S. government officials are to blame for precipitating the Mexican financial crisis and "dithered while Mexico printed pesos." In a speech, Summers contradicts these claims and asserts that "Despite many expressions of concern by American officials and others that Mexican policy was unsustainable, the Mexicans held fast to the view that the country's loss of reserves did not call for policy adjustments." (*The Wall Street Journal*, 3/7/1995)

*March*

Summers argues that the IMF should improve its ability to respond quickly to financial crises like that in Mexico by creating a new fund that would serve as a "lender of last resort." (*The Washington Post*, 3/30/1995)

*May*

Summers states that the U.S. is following an "aggressive strategy" to open up Japan's markets. Kantor reveals the list of Japanese goods that are subject to punitive tariffs. (*The Wall Street Journal*, 5/16/1995)

*June*

After Deputy Treasury Secretary Frank Newman resigns, Clinton announces that he will nominate Summers for the post. (*The Wall Street Journal*, 6/14/1995)

Senator Alfonse D'Amato (R-NY) accuses Treasury officials including Summers of "not leveling with the American public" about its concerns about Mexico last year. (*The Wall Street Journal*, 6/30/1995)

*August*

On the 11<sup>th</sup>, the Senate confirms the nomination of Summers as Deputy Treasury Secretary, by a vote of 74 to 21. (*The Wall Street Journal*, 8/14/1995)

In the wake of the Mexican peso disaster, the IMF asserts that developing nations should consider putting temporary controls on inflows of foreign capital. Summers comments that "The absolutist religion that some have had against capital controls anywhere, anyplace, anytime is, we have learned, mistaken." (*The Wall Street Journal*, 8/22/1995)

*September*

On the 30<sup>th</sup>, the federal government's fiscal year ends without a completed budget for the new fiscal year; however, Congress passes a stopgap measure that will keep the government operating while Congress and the White House negotiate over the budget

reconciliation bill. (*1995 Congressional Quarterly Almanac*, p.11:3)

*November*

On the 13<sup>th</sup>, President Clinton vetoes a balanced budget proposal from House Republicans, causing the federal government to shut down. Later, the President signs a continuing resolution allowing the government to remain open while negotiations continue. (PBS, "The Clinton Years, Chronology")

*December*

Clinton again vetoes a budget-reconciliation bill and a second government shutdown lasts through the end of the year—the longest federal government shutdown in history. Part of the Republican budget bill included provisions for welfare reform that Clinton views as too harsh. (PBS, "The Clinton Years, Chronology;" *1996 Congressional Quarterly Almanac*, p. 6:3)

1996

*January*

By the 5<sup>th</sup>, Congress clears the first in a series of stopgap spending measures that fully reopen the federal government. (*1995 Congressional Quarterly Almanac*, p.11:6)

Rubin warns Congress that if the federal borrowing limit is not raised soon, the government will default on its loans. (*The Wall Street Journal*, 1/24/1996)

*February*

As Chinese companies blatantly violate the intellectual property agreement with the U.S., the U.S. threatens punitive tariffs on Chinese imports. (*The Washington Post*, 2/18/1996)

*March*

Testifying before a House Appropriations Committee on modernizing the IRS's computers system, Summers reports, "Let me say this very plainly. The [IRS project] went badly off the track." (*The Washington Post*, 3/15/1996)

On the 28<sup>th</sup>, Congress clears the bill that raises the statutory ceiling on the national debt. (*1996 Congressional Quarterly Almanac*, p. 2:3)

*September*

After ending bilateral trade talks with Taiwanese President Lee Teng-hui, Summers reports that "Our discussions were very valuable, very constructive," and that in spite of Chinese protests, "These consultations will go forward in Washington in about one year." (*The Washington Post*, 9/17/1996)

November

President Clinton is re-elected.

As President Clinton realigns his staff for his second term, it is reported that Summers's influence grows as he is named a principal on the economic council. (*The Wall Street Journal*, 12/16/1996)

1997

January

Mexico announces that it is paying off the remaining \$3.5 billion loan to the U.S. three years ahead of schedule. (*The Wall Street Journal*, 1/16/1997)

Summers, Rubin and Greenspan advocate reforming Social Security so that the federal government can maximize the fund's savings by investing them in the market. (*The Wall Street Journal*, 1/20/1997)

On the 21<sup>st</sup>, the Treasury Department reveals its first offering of new ten-year government notes designed to guard against inflation. Summers hails the notes as "the most significant innovation in federal debt-management policy in the last generation," claiming that the new notes will "reduce federal borrowings costs." (*The Wall Street Journal*, 1/21/1997)

Commissioner of the IRS Margaret Milner Richardson resigns in a flurry of criticism and it is speculated that she was forced out. It is reported that Richardson fell out of favor when Summers was assigned to oversee the IRS. (*The Wall Street Journal*, 1/30/1997)

February

Treasury Undersecretary for International Affairs Jeffrey Shafer resigns. (*The Wall Street Journal*, 1/17/1997)

President Clinton releases his budget for FY 1998, which focuses on increasing federal funds for education and reducing the deficit. (*The Wall Street Journal*, 2/7/1997)

March

Senior finance ministry and central-bank officials from the U.S., Japan, China, Singapore, Australia and Hong Kong meet in what they hope evolves into the Asian counterpart for the G-7. Summers, and Fed board member Laurence Meyer represent the U.S. at the meeting. (*The Wall Street Journal*, 2/24/1997, 3/5/1997)

Summers warns Congress that failing to certify Mexico as a cooperative partner in the drug war could undermine investor confidence in the nation. (*The Wall Street Journal*, 3/13/1997)

Summers visits Moscow to meet with Russian Prime Minister Viktor Chernomyrdin and First Deputy Prime Minister Anatoly Chubais to discuss issues prior to the Helsinki summit meeting between Clinton and Yeltsin. (*The Wall Street Journal*, 3/17/1997)

#### April

After the Helsinki summit, Summers calls for more efforts to integrate Russia into the world economy by joining organizations such as the WTO. Summers announces that the U.S. is making available \$4 billion in loans and guarantees to American companies doing business in Russia and asks the World Bank to provide Russia with an additional \$2 billion in loans this year. (*The Wall Street Journal*, 4/1/1997)

Sen. Bob Kerrey (D-NE) and Rep. Rob Portman (R-OH), co-chairmen of the National Commission on Restructuring the IRS, support an IRS that is more independent from the Treasury Department. The commission's plan contradicts President Clinton's proposal, which calls for stronger Treasury oversight of the IRS. (*The Wall Street Journal*, 4/16/1997)

President Clinton nominates Edward Gramlich and Roger W. Ferguson, Jr. to the Federal Reserve Board. Summers allegedly has a large role in selecting Fed governors and reportedly brings Ferguson, a former Harvard classmate, to the White House's attention as a candidate for the Federal Reserve Board. Summers also strongly favored Gramlich's nomination. (*The Wall Street Journal*, 4/18/1997, 4/21/1997)

Summers attacks the proposal to repeal the estate tax as "expensive assistance to a very small number of taxpayers," and claims that the movement is motivated by "selfishness." Later Summers publicly apologizes because even President Clinton has a plan for lowering the estate tax. (*The Wall Street Journal*, 4/22/1997, 4/28/1997)

#### May

The Treasury Department and IRS reveal their "modernization blueprint" for the beleaguered agency's computer system. (*The Wall Street Journal*, 5/16/1997)

#### June

Summers criticizes the proposal from the National Commission on Restructuring the IRS that calls for a new seven-member panel, composed of private citizens and administration officials, to improve supervision of the tax collection agency, labeling the proposed changes as "dangerously flawed" and as an "unacceptable risk to our nation's revenue stream." (*The Washington Post*, 6/4/1997)

On the 30<sup>th</sup>, Clinton nominates David Lipton for Treasury Undersecretary for International Affairs.

July

On the 2<sup>nd</sup>, Thailand devalues the baht, setting off a chain of financial crises in Asia. (*The Wall Street Journal*, 9/24/1998)

November

Policy-makers in the White House consider ways to utilize anticipated budget surpluses over the next few years. One prominent option is to address the looming shortfall in financing for Social Security retirement benefits. (*The New York Times*, 11/3/1997)

After meeting with Japanese Finance Minister Hiroshi Mitsuzuka to discuss Japan's banking crisis, Summers describes the action as "a constructive step" and affirms U.S. support of Japan during this crisis. (*The Wall Street Journal*, 11/17/1997)

December

The IMF is moving to create a rapid response, big money lending program, the Supplemental Reserve Facility that will bail out countries where foreign investors have lost confidence. The plan differs from previous IMF bail outs in that it shortens the duration of the loans and raises the interest rates to encourage a quick payback of the funds. (*The Wall Street Journal*, 12/10/1997)

Summers and Hillary Clinton visit Africa. (*The Washington Post*, 12/16/1997)

## 1998

January

On the 5<sup>th</sup>, Lew, Raines, Bowles, and Sperling brief President Clinton on new Treasury Department figures showing FY 1997 government revenue had exceeded government spending, allowing for a government surplus and a balanced budget for the first time in thirty years. (*The Washington Post*, 1/7/1998)

As Indonesia's currency rapidly declines, the nation faces hoarding and social turmoil. President Clinton sends Summers to Indonesia and other Asian countries to try to quell the panic. (*The Wall Street Journal*, 1/9/1998)

Summers goes to Beijing to meet with China's chief economic policy maker, Vice Premier Zhu Rongji, to discourage China from devaluing its currency, which would hurt the value of other already struggling Asian currencies. Summers emerges from the meeting saying that he got "China's unequivocal commitment" to maintain

the current value of the yuan. (*The Wall Street Journal*, 1/15/1998, 1/16/1998)

On the 27<sup>th</sup>, in the State of the Union address, President Clinton asks Congress for \$17.9 billion in additional funds for the IMF to create a new credit line for nations before they succumbed to economic pressures. (*The Wall Street Journal*, 10/6/1998, 10/14/1998)

### February

President Clinton's budget is released and promises surpluses three years earlier than the balanced budget plan agreed upon last August. President Clinton wants any surpluses held in reserve until an agreement can be reached to assure the future solvency of Social Security. (*The Washington Post*, 2/1/1998)

Summers participates in the World Economic Forum in Switzerland along with First Lady Hillary Clinton, and House Speaker Newt Gingrich (R-GA). (*The Washington Post*, 2/3/1998)

Before an upcoming G-7 conference, the U.S. pressures Japan to stimulate its economy. Summers comments that "The most important contribution Japan could make to the restoration of stability and growth in Asia is to take the steps necessary to strengthen domestic demand, deregulate its economy and open it up to imports." (*The Wall Street Journal*, 2/13/1998)

"The trinity," Greenspan, Rubin, and Summers, as dubbed by Goldman Sachs executive Robert Hormats, separately testify before Congress, pressing for an additional \$18 billion for the IMF to enable it to rapidly respond to any future financial crisis. (*The Wall Street Journal*, 2/13/1998)

### March

In a rare move, U.S. Treasury officials specifically tell Japanese officials to cut taxes and raise spending in an attempt to energize Japan's sluggish economy. Furthermore, other Asian nations and Europe support the U.S.'s move. (*The Wall Street Journal*, 3/12/1998)

It is reported that while the White House staff is occupied with dealing with presidential scandals, many cabinet officials including Summers, Rubin, Raines, Cohen, and Albright are taking a more direct role in dealing with Congress. (*The Wall Street Journal*, 3/30/1998)

### April

Summers attends a town hall meeting on Social Security with President Clinton, Raines, Sperling, and Social Security

Administrator Kenneth Apfel at Penn Valley Community College. Summers remarks that "Budget surpluses create the possibility for win-win solutions," because they provide "greater benefits security without new tax increases." (*The Wall Street Journal*, 4/8/1998)

On the 23<sup>rd</sup>, House Speaker Gingrich blocks the approval of the requested additional funds for the IMF. (*The Wall Street Journal*, 10/14/1998)

May On the 4<sup>th</sup>, the Indonesian government cuts fuel subsidies, inciting riots. The social unrest forces Suharto to resign on the 21<sup>st</sup>. (*The Wall Street Journal*, 9/24/1998)

August Undersecretary for International Affairs David Lipton announces his resignation. He will be replaced by Timothy Geithner. (*The Wall Street Journal*, 8/17/1998)

September On the 2<sup>nd</sup>, in the midst of the Russian financial crisis, the Senate approves \$17.9 billion for the IMF. (*The Wall Street Journal*, 10/14/1998)

On the 7<sup>th</sup>, President Clinton convenes a meeting of his economic advisors because he wishes to demonstrate his involvement in combating the economic crisis ravaging Asia. Clinton proposes a global summit of world leaders, but Sperling rejects the idea; however, Clinton remains determined to give a speech on the crisis at the Council of Foreign Relations on the 14<sup>th</sup>. The Treasury develops a speech that includes the phrase "clearly the balance of risks has now shifted," but other G-7 ministers object to the phrasing which implies that central banks should lower interest rates to galvanize their economies. Eventually, the G-7 delegates relent, and release a communiqué that complements the message President Clinton delivers. (Blustein, pp. 287-288)

The House blocks President Clinton's request for \$17.9 billion in new funds for the IMF, but does provide \$3.4 billion. (*The Wall Street Journal*, 9/18/1998)

October On the 2<sup>nd</sup>, President Clinton proposes the creation of a Contingent Credit Line (CCL), which would better enable the IMF to prevent crises by "help[ing] countries ward off financial contagion." Summers remarks that "We felt it was a further useful tool for the IMF – not a cosmic redesign of the institution, but on balance, the right thing to do." (Blustein, pp. 332-334)

On the 8<sup>th</sup>, Rubin and Summers meet with Gingrich. After the meeting, the White House and Republican House leaders reach a tentative agreement on IMF funding. (*The Wall Street Journal*, 10/14/1998)

On the 16<sup>th</sup>, the Administration and Congress reach an agreement on the FY 1999 budget. The \$1.7 trillion budget is the first in 30 years to be brought forth with a surplus and offers the largest peacetime increase in military spending since Ronald Reagan was President in 1985. (*The New York Times*, 10/16/1998)

*November* Summers and Sperling are heading a group that is investigating possibilities for Social Security reform. (*The Wall Street Journal*, 11/6/1998)

*December* Summers and Strobe Talbott travel to Russia to engage in talks about banking reform with Russian Prime Minister Yevgeny Primakov. (*The Wall Street Journal*, 12/7/1998)

The White House holds a conference on Social Security reform. The conference generates pledges from dozens of Congressional Republicans and Democrats to work with the White House towards a solution that will likely to involve some form of investment in the stock market. (*The Washington Post*, 12/10/1998)

## 1999

*January* In his State of the Union address, President Clinton proposes an overhaul of the Social Security system by investing the funds' surplus in stocks. (*The Wall Street Journal*, 1/25/1999)

*February* On the 1<sup>st</sup>, the White House's \$1.7 trillion budget for FY 2000 is sent to Congress. The White House projects a surplus of \$393 billion in 2009 compared to a \$209 billion deficit when President Clinton took office in 1993. (*The New York Times*, 2/1/1999, 2/2/1999)

Summers travels to Beijing to participate in U.S.-Chinese trade talks and negotiations over Chinese WTO membership. (*The Wall Street Journal*, 2/22/1999)

*March* Summers responds cautiously to Argentinean plans for dollarization, remarking that the policy "offers the attractive promise of enhancing stability" and promoting prosperity in Argentina by adding "credibility and discipline in economic and

financial policies," but refrains from fully endorsing the move. (*The Wall Street Journal*, 3/15/1999)

Summers gives a speech indicating that the Clinton administration is going to crack down on abusers of corporate tax-shelters. (*The Wall Street Journal*, 3/22/1999)

May

On the 12<sup>th</sup>, Rubin announces that he is resigning and it is reported that Summers will succeed him as Treasury Secretary. Stuart Eizenstat currently the Undersecretary for Economic Affairs will become the Deputy Secretary. (*The Wall Street Journal*, 5/13/1999)

Treasury Secretary-designate Summers attends the APEC meeting in Malaysia. During his stay, Summers participates in the first face-to-face meeting between a high level Chinese and American official since the accidental bombing of the Chinese embassy in Belgrade. (*The Wall Street Journal*, 5/17/1999)

Summers names Timothy Geithner, the department's new Undersecretary for International Affairs, to be his deputy to G-7 meetings. (*The Wall Street Journal*, 5/24/1999)

June

Summers's nomination as Treasury Secretary is being blocked in the Senate as a part of Sen. James M Inhofe's (R-OK) protest of President Clinton's appointment of James C. Hormel, a homosexual, as ambassador to Luxembourg. Eventually, Inhofe withdraws his obstruction of presidential nominees, allowing the Senate to resume its hearings. (*The New York Times*, 6/9/1999; *The Wall Street Journal*, 6/17/1999)

July

On the 1<sup>st</sup>, the Senate confirms Summers' nomination as Treasury Secretary, by a vote of 97-2. (*The Washington Post*, 7/2/1999)

The House passes its version of the financial-services bill, legislation that would remove Depression-era divisions between banks, insurers and brokers. The bill now enters the reconciliation stage, and also requires that Senate Banking Committee Chairman Phil Gramm (R-TX) and Summers reach an agreement to avoid a Presidential veto. (*The Wall Street Journal*, 7/6/1999)

President Clinton and Congressional Republicans work towards a budget agreement but disagree on the size of the tax cut that should

be offered. Appearing on NBC's "Meet the Press," Summers states that the President will veto any bill that cuts taxes "in the \$700 to \$800 billion range." (*The Washington Post*, 7/12/1999, 7/13/1999)

President Clinton's plan for reducing the debt of poor nations by selling ten million ounces of the IMF's gold is not likely to be approved by Congress because of fear of lowering the price of gold. (*The Wall Street Journal*, 7/23/1999)

The White House states that it will not accept a compromise \$500 billion tax-cut proposal from a group of Senate Democrats. The Democrats are trying to reconcile the Administration's proposal for \$300 billion in cuts with an \$800 billion tax cut recently passed in the House. (*The New York Times*, 7/26/1999)

#### August

House Minority Leader Richard Gephardt (D-MO) discloses to reporters that Summers confided to him that "his worry about the economy is that it's getting on the margin of being too expansive, and prices are getting up too high in the stock market and in real estate." Gephardt later amends his statements to say that Summers's remarks were about what he fears will happen if the Republican tax cut is enacted. (*The Wall Street Journal*, 8/5/1999)

#### September

On the 21<sup>st</sup>, Summers testifies before the House Banking Committee to defend the administration's financial support of Russia, and to advocate supplying more funds to help Russia make it through the painful transition to a free market economy. Summers also calls for further safeguards to ensure that the funds are properly used and states that "Going forward, it will be as important as ever that we remain hardheaded and clear-eyed, and ensure that any support that is provided for Russia is used for its intended purpose and for that purpose alone." (*The Wall Street Journal*, 9/21/1999)

President Clinton submits a budget amendment to Congress that requests an additional \$850 million to be used toward debt relief for the world's poorest nations. (*The Wall Street Journal*, 9/22/1999)

At a G-7 meeting in Washington, Summers proposes that the IMF's authority to monitor and punish borrowers be increased. (*The Wall Street Journal*, 9/23/1999)

President Clinton vetoes a \$792 billion tax cut passed by Congressional Republicans. The veto raises the likelihood that the

federal budget surplus will be used to pay down the debt.  
(*Washington Post*, 9/24/1999)

On the 29<sup>th</sup>, President Clinton pledges to cancel all of the \$5.7 billion of debt of the world's thirty-six poorest nations, so that they can apply the funds to programs to develop and better their countries. Summers comments that "Forgiving debt is good financial practice when it is unpayable, but much more importantly, it is the right way to reduce poverty." (*The Washington Post*, 9/30/1999)

#### October

The White House has reportedly settled on a confrontational strategy of rejecting virtually every Republican budget proposal, hoping GOP leaders will be forced to accept administration spending priorities on education, law enforcement, and other issues. (*The Washington Post*, 10/7/1999)

After the House and Senate committee chairmen reach a compromise financial-services reform bill, Summers advises that "the recommendations are inadequate" and that the president will veto the bill "in its present form." (*The Wall Street Journal*, 10/13/1999)

On the 14<sup>th</sup>, Vice President Gore announces that Summers will serve as the first annual chairperson of the Interagency Task Force on the Economic Development of the Southwest Border. (*US Newswire*, 10/14/1999)

Summers travels to Beijing to discuss China's entrance into the WTO and returns believing that the Chinese want to negotiate a general agreement rather than haggle over the details. (*The Wall Street Journal*, 11/16/1999)

On the 18<sup>th</sup>, Summers and Sperling begin a week of negotiations with Sen. Gramm (R-TX) to preserve bank community lending requirements within the financial-services reform bill. They reach an agreement on the 25<sup>th</sup>. (*The Wall Street Journal*, 10/25/1999)

Clinton says he will send Congress legislation based on a plan to shore up Social Security with federal budget surpluses. However, the bill will not include Clinton's idea for the government to direct investment in the stock market, an idea opposed by Republicans. (*The New York Times*, 10/24/1999)

#### November

On the 15<sup>th</sup>, Congressmen and Treasury officials reach an agreement that allows the IMF to revalue part of its gold stock to

fund the forgiveness of the debts of the world's poorest nations. (*The Washington Post*, 11/17/1999)

On the 15<sup>th</sup>, a trade agreement is reached between American and Chinese negotiators, concluding 13 years of negotiations that will open Chinese markets to foreign firms, and allow Chinese membership in the WTO. (*The Wall Street Journal*, 11/16/1999)

Summers announces that the Treasury will receive a \$3.5 billion transfer from the Federal Reserve that "makes the budget balance this year." (*The Wall Street Journal*, 11/19/1999)

#### December

On a tour of three South American countries, Summers stops in Argentina and tells President-elect Fernando de la Rúa that "Argentina has a very manageable economic situation that has to be managed" by cutting the deficit. While in Bolivia, Summers signs an agreement with Bolivian Finance Minister Herbert Muller forgiving \$12.3 million in loans that the U.S. Agency for International Development, the U.S. Export-Import Bank and the Pentagon had made to Bolivia. (*The Wall Street Journal*, 12/2/1999, 12/6/1999)

In the wake of the historic U.S.-Chinese agreement last month, protests over free trade occur at WTO meetings in Seattle. (*The Washington Post*, 12/2/1999)

Summers proposes that the IMF stop providing long-term loans to better-off developing nations. Instead it should concentrate on financing emerging-market countries with pre-approved credits to avoid financial crises and provide rapid emergency loans to attack crises that do occur. (*The Wall Street Journal*, 12/6/1999, 12/15/1999)

On the 16<sup>th</sup>, at the inaugural meeting of the Group of 20, a new international forum to discuss economic issues, Summers' proposals for IMF lending reform meet some resistance. (*The Wall Street Journal*, 12/17/1999)

### 2000

#### January

On the 14<sup>th</sup>, it is reported that the White House is preparing a new federal budget, which would ignore the 1997 spending caps and make way for new policy initiatives that respond to political pressures to retire the federal debt. It also offers proposals to pay for new spending plans, and to shore up Social Security (*The Washington Post*, 1/14/2000)

After the Treasury Department announces that it will buy back up to \$30 billion in debt held by the public this year, Summers remarks that "We will very literally be taking the burden of debt off the backs of American taxpayers by buying back federal debt." (*The Wall Street Journal*, 1/14/2000)

On a visit to India, Summers meets with Indian Prime Minister Atal Behari Vajpayee, and finance minister Yashwant Sinha. (*Financial Times (London)*, 1/18/2000)

As Summers and Greenspan visit Tokyo to meet with their G-7 counterparts, Summers is concerned that "sights [are] being set too low" by European and Asian nations. At the meeting, Summers states that "At a time of dramatic advances in technology, we must all seize this moment of opportunity to create an environment for strong and more balanced growth across all our economies." (*The Wall Street Journal*, 1/17/2000, 1/24/2000)

#### February

President Clinton reveals his budget which includes almost a dozen proposals to discourage corporations from making deals that have no purpose except to avoid taxes. Summers warns of the "increasing seriousness" of the problem of corporate tax shelters. (*The Wall Street Journal*, 2/8/2000)

Before the Senate Foreign Relations Committee, Summers states: "To put it bluntly, if we do not play our part in this area, debt relief for Bolivia, Guyana, Honduras and Nicaragua will not happen." Summers warns that debt-relief efforts could be unsuccessful because of Congress's reluctance to meet President Clinton's funding requests. (*The Wall Street Journal*, 3/1/2000)

#### March

In February, Michel Camdessus steps down as director of the IMF, igniting a fierce battle over who will replace him. After President Clinton rejects the EU's first nominee, German Caio Koch-Weser, Germany withdraws his nomination and instead puts forth Horst Koehler, a candidate that the U.S. endorses. (*The Wall Street Journal*, 2/24/2000, 2/29/2000, 3/8/2000)

Summers proposes reforms for the World Bank and IMF in a speech at the Council on Foreign Relations in New York, including charging better off nations higher interest rates to ensure that they seek these loans only when private funds are unavailable, and demanding extensive market-oriented reforms in exchange for the funds. (*The Wall Street Journal*, 3/20/2000)

## April

On the 15<sup>th</sup> and 16<sup>th</sup>, finance ministers from G-7 nations meet in Washington and the semiannual meetings of the World Bank and IMF occur. At these meetings, reforms to the international organizations proposed by Summers receive support. (*The Wall Street Journal*, 4/16/2000, 4/17/2000)

Summers attends a briefing at the White House conducted by the Justice Department, concerning the proposed breakup of Microsoft. (*The Wall Street Journal*, 4/26/2000)

## May

The White House warns Congress that it will face a veto if it fails to reconcile the President's proposed budget with the Republican backed budget bill, which allocates around \$19.8 billion less in funds than the President requested for discretionary spending. (*The Wall Street Journal*, 5/3/2000)

Clinton's proposal to permanently grant China most favored nation status and WTO entry passes the House, 237-197. (2000 *Congressional Quarterly Almanac*, p. 20:3)

In a speech to high-tech executives, Summers argues that the U.S. is facing a crucial period of decisionmaking in the New Economy, and that the nation must adjust to an economy that is driven by information versus physical goods. (*The Wall Street Journal*, 5/10/2000)

On the 13<sup>th</sup>, Lew and Summers send a letter to Senate leaders urging the passage of a \$10 billion high-speed rail bond bill. (*The Washington Post*, 10/15/2000)

## June

The World Bank decides to finance a controversial antipoverty project that involves settling some fifty thousand Chinese farmers onto land traditionally held by the Tibetans. The Clinton administration strongly opposes it. Summers attacks the program as the type of initiative that serves "only to erode credibility and engender public skepticism." (*The Wall Street Journal*, 6/13/2000)

During a nine-day tour of Africa, Summers' stops include Nigeria, Tanzania and Egypt, where he pushes these nations to implement democratic and free market reforms so that they are eligible to participate in the IMF's Heavily Indebted Poor Countries initiative. (*The Wall Street Journal*, 6/13/2000; *Africa News Service*, 6/16/2000; *Xinhua News Agency*, 6/19/2000)

Secretary of Housing and Urban Development Andrew Cuomo and Summers present to the press a proposed list of new financial

regulations to stop predatory lending practices. (*The Wall Street Journal*, 6/21/2000)

### July

At a G-7 meeting, Summers remarks that the free flow of money is beneficial, "But there is a dark side to international capital mobility in that it can create new openings for the corrupting influence of money laundering, corruption or tax evasion." The G-7 nations agree to consider sanctions against nations that fail to stop money laundering. (*The Wall Street Journal*, 7/10/2000)

The World Bank's controversial Chinese antipoverty initiative collapses under pressure from human rights groups and the U.S. (*The Wall Street Journal*, 7/10/2000)

The international effort to relieve the debt of the poorest nations is in danger of falling apart because the U.S. Congress has not approved America's portion of the funds. (*The Wall Street Journal*, 7/10/2000)

### August

President Clinton vetoes a \$292 billion Republican tax relief bill to alleviate the so-called "marriage penalty." President Clinton charges the bill threatens to squander the projected budget surplus. (*The Washington Post*, 8/6/2000)

The Treasury Department takes emergency action against an aggressive tax shelter scheme dubbed "Son of BOSS." Thus far the more comprehensive legislation proposed by the Clinton administration has not been enacted. (*The Wall Street Journal*, 8/11/2000)

President Clinton vetoes a Republican tax bill to repeal estate taxes. (*The New York Times*, 9/1/2000)

### September

Summers meets with the House's Democratic Caucus before the House votes on whether to override President Clinton's veto of the legislation to repeal the estate tax. The House fails to override the veto by fourteen votes. (*The Wall Street Journal*, 9/8/2000)

The IMF implements loan reforms that were proposed by Summers. (*The Wall Street Journal*, 9/18/2000)

On the 13<sup>th</sup>, Summers writes a memo to President Clinton that strongly denounces the administration's proposal to lower energy prices by opening up the nation's emergency oil reserve. As the White House struggles to deal with oil prices that have climbed to the highest price in a decade, Summers says that Clinton's plan to

use the emergency oil reserve "would be a major and substantial policy mistake," and that Fed chairman Greenspan shares this view. Gore calls for the U.S. to implement a few five million barrel swaps of oil to signal that the U.S. will use its Strategic Petroleum Reserve to lower the price of oil. Eventually, Summers calls Gore's plan a "prudent use" of the reserve, which "could be appropriate in current circumstances." (*The Wall Street Journal*, 9/21/2000, 9/22/2000)

On the 22<sup>nd</sup>, President Clinton announces that the U.S. will release 30 million barrels from the Strategic Petroleum Reserve, which immediately lowers the price of oil. (*The Wall Street Journal*, 9/25/2000)

The Senate passes Clinton's China proposal, by a vote of 83-15. Clinton signs the measure on October 10<sup>th</sup>. (*2000 Congressional Quarterly Almanac*, p. 20:3)

Congress agrees to a plan to help alleviate debts of Third World countries, which is part of a major foreign aid package that will include \$435 million sought by Clinton for Third World debt relief as well as language allowing the IMF to release \$800 million for additional debt forgiveness. (*The Washington Post*, 10/25/2000)

#### November

After the Treasury announces that it is going to crack down on a new tax shelter that misuses employee-stock-compensation plans, Summers opines that "Combating abusive tax shelters is perhaps the biggest challenge facing our tax administration system today." (*The Wall Street Journal*, 11/17/2000)

#### December

The IMF rushes to assemble economic packages for Turkey and Argentina, so that their economic woes do not set off a chain of financial crises like those that occurred in Asia. Summers announces that "Turkey's financial stability is important to the United States." (*The Wall Street Journal*, 12/7/2000)

The final act of the 106<sup>th</sup> Congress is to adopt Clinton's budget, which provides record-breaking spending for education and medical research, channels \$35 billion to Medicare and Medicaid providers, and uses tax breaks to generate billions of dollars in new investments in distressed urban and rural areas. (*Washington Post*, 12/16/2000)

The IMF announces a \$39.7 billion bailout for Argentina. Summers stresses the importance of Argentina implementing domestic reforms, saying that "We encourage the government of

Argentina to fully implement its enhanced commitments under the new program, which will help position Argentina for a restoration of confidence and renewed growth." (*The Wall Street Journal*, 12/19/2000)

**2001**

*January*

Federal Energy Regulatory Commission Chairman James Hoecker, California Gov. Gray Davis, Energy Secretary Bill Richardson, and Summers meet to try to find a solution to California's energy crisis. (*The Wall Street Journal*, 1/10/2001)

In an interagency effort, the Clinton administration aims to combat child labor around the world with \$3.9 million in grants and by releasing a detailed advisory for businesses to help them look out for abuses. (*The Wall Street Journal*, 1/16/2001)

On the 20<sup>th</sup>, President Clinton's term ends, and George W. Bush is inaugurated as president.

Summers serves as the Arthur Okun Distinguished Fellow in Economics, Globalization and Governance at the Brookings Institution.

*July*

On the 1<sup>st</sup>, Summers takes office as the President of Harvard University.

## Timeline of the Clinton Presidency

Miller Center of Public Affairs

Compiled by Robbie Robinson. Drawn from Peter H. Levy, *Encyclopedia of the Clinton Presidency*, and other sources.

### 1991

Oct. 3 Bill Clinton announces that he will run for president.

### 1992

Jan. 26 Bill Clinton appears on *60 Minutes* with his wife, Hillary, to respond to allegations of an affair with Gennifer Flowers.

Feb. 6 New concerns regarding Clinton's evasion of the draft appear in the press.

Feb. 18 In spite of scandals, Clinton comes in second in New Hampshire presidential primary and calls himself the "comeback kid."

July 16 Bill Clinton accepts the Democratic Party's presidential nomination.

Nov. 3 Bill Clinton is elected president capturing 43 percent of the popular vote. The incumbent, George Herbert Walker Bush, received 38 percent of the popular vote and third party candidate Ross Perot received 19 percent. In the Electoral College, Clinton received 370 electoral votes compared to 168 for Bush. Democrats maintain a majority in both Houses, but lose ten seats in the House and one seat in the Senate.

### 1993

Jan. 20 William Jefferson Clinton is inaugurated forty-second president of the United States making him the first president born after World War II.

Jan. 21 Zoë Baird's nomination as U.S. attorney general is withdrawn after allegations that Baird employed illegal immigrants in her home.

Jan. 25 President Clinton appoints his wife, Hillary, to head a task force on national health care reform.

Jan. 27 President Clinton announces a six-month "don't ask, don't tell" policy regarding gays and lesbians in the military. The policy later becomes permanent.

Feb. 17 Clinton unveils his economic plan in a nationally televised address to a joint session of Congress.

Feb. 26 Terrorists bomb the World Trade Center in New York City killing six and wounding 1,000.

April 19 51-day siege in Waco, Texas, ends with the death of 80 Branch Davidians following FBI and ATF raid of and fire at Davidians' compound.

May 20 Clinton signs Motor Voter bills. The legislation allow Americans to register to vote as they obtain a driver's license.

May 29 Clinton announces that David Gergen will serve as Counselor to the President.

June 14 Clinton nominates Ruth Bader Ginsburg to replace Justice Byron White on the Supreme Court. The Senate later confirms Ginsburg.

- June 26** United States bombs Baghdad, Iraq in retaliation for an alleged attempt to assassinate former President Bush.
- July 20** Deputy White House Counsel and longtime friend of Clinton, Vincent Foster, is found dead. His death is later ruled a suicide.
- Aug. 10** Bill Clinton signs deficit reduction plan, which was narrowly passed by Congress against Republican opposition. Al Gore casts the tie-breaking vote in the Senate.
- Sept. 13** Israeli Prime Minister Yitzhak Rabin and Palestine Liberation Organization leader Yasser Arafat sign peace accord and shake hands at the White House.
- Sept. 22** President Clinton unveils a plan for national health care insurance.
- Oct. 3** Eighteen American soldiers in Somalia are killed in firefight.
- Nov. 13** President Clinton delivers moving address at a black church in Memphis, Tennessee, where Dr. Martin Luther King, Jr. had delivered his last sermon.
- Nov. 30** President Clinton signs "Brady Bill" requiring five-day waiting period for buying a handgun and criminal background check.
- Dec. 8** President Clinton signs bill implementing the North American Free Trade Agreement (NAFTA).
- 1994**
- Jan. 20** Robert Fiske is appointed independent counsel to investigate the Whitewater affair.
- Feb. 3** Clinton ends the 19-year-old trade embargo against Vietnam.
- May 6** Paula Jones files sexual harassment lawsuit against Clinton for alleged incident in 1991.
- May 13** Clinton nominates Stephen Breyer to replace Justice Harry A. Blackmun on the Supreme Court. The Senate later confirms Breyer.
- July 26** Congress begins Whitewater investigations.
- Aug. 9** Kenneth Starr is appointed Whitewater Independent Counsel, replacing Robert Fiske.
- Sept. 13** President Clinton signs Anti-Crime Bill. The measure includes a ban on nineteen types of assault weapons, provisions to curb domestic violence, as well as funding for crime prevention programs.
- Sept. 18** Haitian military dictators relinquish power in face the threat of intervention by U.S. forces; Jean-Bertrand Aristide is restored as leader.
- Sept. 26** President Clinton's health care reform plan dies in Congress.
- Oct. 21** North Korea agrees to discontinue its nuclear development program in exchange for U.S. and Japanese economic aid.
- Nov. 8** Republicans win control of both the House and Senate in midterm elections. Newt Gingrich is elected Speaker of the House.
- Dec. 1** U.S. Senate ratifies the General Agreement on Tariffs and Trade (GATT).
- Dec. 9** Clinton dismisses Surgeon General Jocelyn Elders after she makes remarks about educating school children on sexual conduct.

## 1995

- Jan. 31** President Clinton authorizes emergency \$20-billion financial bailout of Mexico.
- Feb. 2** Clinton nominates Dr. Henry Foster as Surgeon General, but the Senate blocks his nomination.
- Mar. 22** Clinton signs Unfunded Mandates law.
- April 19** Bomb explodes outside the Alfred P. Murrah Federal Building in Oklahoma City, Oklahoma, killing 168 people. Timothy McVeigh and Terry Nichols are charged with murder and later convicted.
- May 10** Clinton meets Russian President Boris Yeltsin in Moscow.
- June 28** Webster Hubbell, former U.S. associate attorney general and law partner of Hillary Clinton, is sentenced to twenty-one months in mail-fraud and tax-evasion case.
- July 11** Clinton normalizes relations with Vietnam.
- July 18** Senate committee begins hearings into the Whitewater affair.
- Aug. 30** NATO initiates two-week bombing campaign against Bosnian Serbs in retaliation for their attacks on Sarajevo. The military action becomes the largest in NATO history.
- Sept. 19** President Clinton defends affirmative action, arguing that the country needs to "mend it" rather than "end it."
- Oct. 24** Clinton meets Chinese President Jiang Zemin in New York.
- Nov. 4** Israeli Prime Minister Yitzhak Rabin is assassinated by an Israeli extremist. Clinton attends the funeral in Jerusalem.

- Nov. 14** U.S. government is shut down as a result of impasse between Republican-controlled Congress and President Clinton.
- Nov. 15** Clinton's first sexual encounter with White House intern Monica Lewinsky.
- Nov. 21** Balkan leaders sign "Dayton Peace Accord", ending conflict in Bosnia and Herzegovina; U.S. troops are sent to the region to maintain peace.
- Nov. 30** Clinton warmly welcomed in visit to Northern Ireland.
- Dec. 16** Government shuts down for the second time over budget dispute. The shutdown lasts until January 5, 1996, making it the longest shutdown in history.
- ## 1996
- Jan. 9** A three-judge federal court panel rules that Paula Jones's lawsuit against President Clinton can proceed.
- Jan. 23** In his State of the Union address, Clinton declares that the "era of big Government is over." The president also pays tribute to his wife, whose appearance before a grand jury is pending.
- Jan. 25** Hillary Clinton testifies before a federal grand jury that is examining the Whitewater case.
- Feb. 26** President Clinton announces new sanctions against Havana after Cuban fighter jets shoot down two civilian aircraft flown by the Cuban exile group, Brothers to the Rescue.
- Mar. 1** President Clinton grants Sinn Féin leader Gerry Adams a visa to visit the United States.

- April 3** Secretary of Commerce Ron Brown, 31 other Americans and two Croatians are killed in an airplane crash in Dubrovnik, Croatia.
- April 4** President Clinton signs landmark farm bill reshaping the federal government's role in agriculture.
- April 10** President Clinton vetoes a bill banning late-term abortions.
- April 29** Vice President Al Gore attends fund-raising event at a Buddhist temple in Los Angeles. The Clinton-Gore administration is later accused of violating campaign finance laws and covering up their violations.
- May 9** President Clinton testifies by videotape in trial of Whitewater defendants Susan and James McDougal.
- May 28** The McDougals and former Arkansas governor Jim Guy Tucker are convicted of fraud.
- June 25** Terrorists attack U.S. military complex in Saudi Arabia, killing nineteen Americans.
- July 27** Olympic Games in Atlanta, Georgia, are disrupted by bombing in a public park that kills 1 and wounds 110.
- Aug. 3** President Clinton signs Food Quality Protection Act, which amends the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) and the Federal Food, Drug, and Cosmetic Act (FFDCA). The amendments change the way the EPA regulates pesticides.
- Aug. 6** President Clinton signs Safe Drinking Water Act, which adds amendments to the 1974 Act. The amendments establish comprehensive public health protection through regulatory improvements, increased funding, prevention programs, and public participation.
- Aug. 18** Clinton celebrates his 50<sup>th</sup> birthday at a New York City party, which raises \$10 million for his reelection campaign.
- Aug. 20** President Clinton signs law increasing the minimum wage.
- Aug. 21** President Clinton signs Health Insurance Portability and Accountability Act (HIPAA), which allows for better access to health insurance, provides more controls against fraud and abuse, and reduces administrative costs.
- Aug. 22** President Clinton signs the welfare reform bill, which limits benefits of recipients to five years.
- Aug. 28** Clinton is re-nominated by the Democratic Party, declaring that "hope is back" and promising to build a "bridge to the 21<sup>st</sup> century."
- Sept. 3** Clinton orders missile strike on Baghdad after Saddam Hussein's forces attack the Kurdish-controlled city of Irbil.
- Sept. 24** President Clinton signs Comprehensive Nuclear Test-Ban Treaty. The Senate, however, does not ratify the treaty.
- Nov. 5** President Clinton defeats Senator Robert Dole to become the first Democrat elected to two consecutive presidential terms since Franklin D. Roosevelt. Clinton captured 49 percent of the popular vote.
- Dec. 5** Clinton nominates Madeleine Albright as Secretary of State. The Senate confirms her one month later.
- 1997**
- Jan. 20** Clinton inaugurated for his second term as president.

- Feb. 12** Allegations surface that the Democratic National Committee accepted campaign contributions from the Chinese government.
- Mar. 11** U.S. Senate approves investigation into campaign fund-raising irregularities by Clinton administration and members of Congress.
- Mar. 29** Clinton and Monica Lewinsky have last sexual encounter.
- April 24** U.S. Senate approves Chemical Weapons-Ban Treaty.
- May 27** The U.S. Supreme Court rules that Paula Jones's sexual harassment suit against President Clinton may proceed.
- Aug. 5** Clinton signs legislation, which promises to balance the federal budget by 2002. The budget includes \$125 billion in tax cuts, a hike in the minimum wage, restoration of welfare benefits to legal immigrants, and health care coverage for uninsured children.
- Sept. 22** Clinton announces to the United Nations his support for the Comprehensive Nuclear Test-Ban Treaty governing nuclear weapons.
- Oct. 3** Justice Department concludes that President Clinton did not violate any laws during the 1996 campaign fund-raising efforts in so-called Chinagate scandal.
- Oct. 12-18** Clinton tours South America.
- Oct. 29** President Clinton and Chinese President Jiang Zemin meet in Washington, DC.
- Dec. 5** Paula Jones's lawyers name Monica Lewinsky as potential witness.
- Dec. 11** A federal grand jury indicts Henry Cisneros, former secretary of Housing and Urban Development, on charges that he lied about payments made to a former mistress during his 1993 confirmation.
- Dec. 22** Clinton visits Sarajevo, capital of Bosnia-Herzegovina.
- Dec. 28** White House secretary Betty Currie retrieves gifts that President Clinton had given Monica Lewinsky.
- 1998**
- Jan. 7** Monica Lewinsky signs affidavit denying relationship with President Clinton.
- Jan. 12-21** Linda Tripp meets with independent counsel Kenneth Starr; Starr requests and is granted authority to expand his investigation; news stories of a relationship between President Clinton and Monica Lewinsky break. Clinton is deposed in the Paula Jones suit. In an interview with PBS moderator Jim Lehrer and in a televised address, President Clinton denies having had a "sexual relationship" with Lewinsky.
- Jan. 27** In the State of the Union Address, President Clinton calls for using an emerging budget surplus to "save Social Security first."
- Feb. 2** President Clinton signs first balanced budget since 1969.
- Mar. 3** Clinton confidant and Washington attorney Vernon Jordan testifies before a federal grand jury on the Lewinsky affair.
- Mar. 16** Democratic fund-raiser Johnny Chung pleads guilty to funneling illegal donations to the 1996 re-election campaign of President Clinton and Vice President Al Gore.
- Mar. 23** Clinton and his wife Hillary begin an 11-day trip to six African nations. The trip marks the first time a United States president had visited the region in more than twenty years.

- April 1** Federal Judge Susan Webber Wright dismisses Paula Jones's sexual harassment suit against President Clinton, ruling the case is "without merit."
- April 10** Catholics and Protestants in Northern Ireland agree to Good Friday Peace Accords.
- June 17** President Clinton meets Chinese President Jiang Zemin in Beijing, China.
- July 22** President Clinton signs Internal Revenue Service Overhaul bill.
- July 28** Monica Lewinsky agrees to cooperate with Starr investigation.
- Aug. 6** Lewinsky testifies before a federal grand jury about her relationship with Clinton.
- Aug. 7** U.S. embassies in Nairobi, Kenya and Dar es Salaam, Tanzania are bombed. Osama Bin Laden, a Saudi exile, is believed to have orchestrated the assault from Afghanistan.
- Aug. 17** President Clinton testifies before a federal grand jury regarding his relationship with Monica Lewinsky; Later, in a televised address Clinton admits he had an inappropriate relationship with Lewinsky and publicly apologizes to his wife.
- Aug. 20** The United States fires cruise missiles at targets in Sudan and Afghanistan in retaliation for the embassy bombings in Africa.
- Sept. 3** Democratic Senator Joseph Lieberman of Connecticut condemns the Clinton-Lewinsky affair on the Senate floor.
- Sept. 9** Independent Counsel Kenneth Starr issues 453-page report to Congress finding numerous grounds for impeachment. The report is widely disbursed on the Internet. The report sites allegations of perjury, witness tampering, obstruction of justice and abuse of power. At prayer breakfast, President Clinton apologizes for having "sinned."
- Oct. 8** The House of Representatives authorizes impeachment hearings.
- Oct. 23** Israeli Prime Minister Benjamin Netanyahu and Palestinian leader Yasser Arafat sign Wye River Memorandum.
- Nov. 3** Democrats make gains in midterm elections, but Republicans maintain control of both houses of Congress.
- Nov. 6** Speaker of the House Newt Gingrich announces that he will not seek reelection as Speaker and will leave Congress at the end of his term after allegations of a infidelity arise.
- Nov. 9** House Judiciary Committee begins impeachment hearings.
- Nov. 19** Paula Jones settles suit with President Clinton for \$850,000.
- Dec. 16** Britain and the United States launch four days of air strikes against Iraq. In a televised address, Clinton says the attacks come as a result of Iraq's failure to cooperate with U.N. weapons inspectors.
- Dec. 19** The House of Representatives impeaches Clinton on two of four articles: obstruction of justice and perjury.

## 1999

- Jan. 7** Impeachment trial of President Clinton begins in the U.S. Senate.
- Jan. 19** Clinton delivers State of the Union Address in the midst of his impeachment proceedings in the Senate. Polls show the President retains high approval ratings with public.
- Feb. 12** President Clinton is acquitted by U.S. Senate of all impeachment charges.
- Mar. 24** NATO begins air war on Serbia. Seventy-nine days later, bombing is halted after Yugoslavia's president Slobodan Milosevic agrees to withdraw his forces from Kosovo.
- Mar. 29** Dow Jones Industrial average closes above 10,000 for the first time.
- April 20** Teenagers Eric Harris and Dylan Klebold open fire at Columbine High School in Littleton, Colorado. They kill thirteen and wound twenty-three before committing suicide.
- June 4** Hillary Clinton announces she is considering running for the U.S. Senate from the state of New York.
- June 16** Vice President Al Gore launches his campaign for the presidency
- Oct. 13** The Senate fails to ratify the Nuclear Test-Ban Treaty.
- Nov. 30** Demonstrators protest outside the World Trade Organization meeting in Seattle, Washington.

## 2000

- Feb. 1** Commerce Department reports that economic expansion is longest in American history.

- Feb. 6** Hillary Clinton formally announces her candidacy for U.S. Senate seat in New York.
- May 24** The House passes bill granting China most-favored-nation status.
- June 3-4** Clinton visits newly elected Russian President Vladimir Putin in Moscow.
- July 11** Clinton hosts a Middle East summit at Camp David. Talks fail two weeks later after of intense negotiations between Israeli Prime Minister, Ehud Barak, and Palestinian leader Yasser Arafat
- Aug. 3** George W. Bush accepts Republican nomination for president, declaring, "They have not led. We will."
- Aug. 14** President Clinton speaks on the opening day of the Democratic National Convention.
- Sept. 20** Independent Counsel Robert Ray announces the end of the six-year, \$50 million Whitewater investigation due to lack of evidence.
- Oct. 6** Following widespread protests, Slobodan Milosevic acknowledges the electoral victory of Vojislav Kostunica, and relinquishes power.
- Oct. 12** The destroyer *USS Cole*, is attacked by suicide terrorists while in Yemen.
- Nov. 7** The 2000 Presidential Election ends without a clear victor. Hillary Clinton wins her race for the U.S. Senate.
- Nov. 16** President Clinton visits Vietnam for three days. It is the first visit to the country by a U.S. president since 1969.

**Dec. 13** Al Gore concedes election after the U.S. Supreme Court ruled 5-4 in George Bush's favor. The Supreme Court overturned a State Supreme Court's decision that allowed a vote recount in Florida to proceed.

## **2001**

**Jan. 19** President Clinton admits that he testified falsely in his deposition in the Paula Jones suit in a deal with independent counsel Robert Ray. The agreement brings an end to the investigation.

**Jan. 20** President Clinton issues 140 pardons. Those pardoned include Susan McDougal and former Secretary of Housing and Urban Development Henry Cisneros. George W. Bush is inaugurated as the forty-third president of the United States.

### Selected Writings and Public Statements by Lawrence H. Summers

- “Summers on Mexico: Ten Lessons to Learn,” *The Economist*, 12/23/1995.
- Lawrence Summers, “Go With the Flow,” *Financial Times (London)*, 3/11/1998.
- “Opportunities Out of Crises: Lessons From Asia,” Remarks by Deputy Treasury Secretary Lawrence H. Summers to the Overseas Development Council, 3/19/1998, from <http://www.ustreas.gov/press/releases/rr2309.htm>.
- Lawrence Summers, “Asia’s Reckoning: Why America Needs the IMF,” *The Wall Street Journal*, 3/27/1998.
- Lawrence Summers and Janet Yellen, “Saving the Surplus Will Protect Retirees,” *The Wall Street Journal*, 2/18/1999.
- Lawrence Summers, “A New Deal For the World’s Poor: In the Wake of Financial Crisis, a Different Framework is Needed For Debt Relief,” *Time International*, 11/4/1999.
- Lawrence Summers, “A Trade Round That Works For People: The WTO Must Grasp the Opportunity To Set the Agenda for the Right Kind of Global Economic Integration,” *Financial Times (London)*, 12/29/1999.
- Lawrence H. Summers, “Distinguished Lecture on Economics in Government: Reflections on Managing Global Integration,” *Journal of Economic Perspectives*, Vol. 13, No. 2, Spring 1999, pp. 3-18.
- Lawrence Summers, “Debt Relief: A Fresh Start,” *The Washington Post*, 11/3/1999.
- “The Challenge of United States Global Engagement,” Remarks by Treasury Secretary Lawrence H. Summers, World Economic Forum, Davos, Switzerland, 1/30/2000, from <http://www.ustreas.gov/press/releases/Is366.htm>.
- Lawrence Summers, “Development and Integration: A New Global Consensus,” *Xinhua News Agency*, 7/2000.
- Lawrence H. Summers, “Why Clinton Will Veto the Estate Tax Bill,” *The Milwaukee Journal Sentinel*, 7/16/2000.

## Department of Treasury Organizational Charts and Background Readings

- Department of Treasury organizational chart, taken from U.S. Department of Treasury Strategic Plan, <http://www.treasury.gov/gpra/intro.pdf>.
- Summary of Key Treasury offices taken from U.S. Department of Treasury website, 8/1/2002, <http://www.treasury.gov/education/duties/index.html>.
- Douglas W. Elmendorf, Jeffrey B. Lieberman, and David W. Wilcox, "Fiscal Policy and Social Security Policy During the 1990s," in *American Economic Policy in the 1990s*, Jeffrey Frankel and Peter Orszag, eds., (Cambridge: MIT Press, 2002), pp. 61-119.
- Excerpt from Paul Blustein, *The Chastening: Inside the Crisis That Rocked the Global Financial System and Humbled the IMF* (New York: Public Affairs, 2001), pp. 34-36.

## Politics and Policymaking at the Treasury

- Michael Prowse, "Summers Has Thorny Task of Revitalizing G7," *Financial Times (London)*, 1/23/1993.
- "Flap Over Lawrence Summers," *The Washington Post*, 3/19/1993.
- Michael Prowse, "An Economist With Political Nous: Larry Summers Has Made His Mark," *Financial Times (London)*, 6/30/1993.
- George Graham, "Survey of IMF World Economy and Finance," *Financial Times (London)*, 9/24/1993.
- "Summers is Confirmed for Treasury Position After Senate Holdup," *The Wall Street Journal*, 8/14/1995.
- Excerpt from Paul Blustein, *The Chastening: Inside the Crisis That Rocked the Global Financial System and Humbled the IMF* (New York: Public Affairs, 2001), pp. 44-49.
- Michelle Cottle, "The Real Class War: When It Comes To Taxes, It's the Rich Against the Rest of Us," *Washington Monthly*, 7/1997.
- "Larry Summers, Global Guru," *The Economist*, 10/18/1997.
- Joshua Cooper Ramo, "The Three Marketeers: Economic Heroes? It Sounds Silly Unless You Understand How Close We Came to Economic Meltdown Last Year. This Close," *Time*, 2/15/1999.
- David Wessel, "Summers Break: Rubin's Departure Will Test How Well He Groomed Successor," *The Wall Street Journal*, 5/13/1999.
- "Treasury and the Fed Were Never This Close," *Business Week*, 5/31/1999.
- Michael M. Phillips, "Senators Air Beefs At Summers's Hearing," *The Wall Street Journal*, 6/18/1999.
- "Senate Committee Approves Summers For Treasury Post," *The Wall Street Journal*, 6/23/1999.
- George Hager, "Senate Confirms Summers; New Treasury Chief Has Program for Next 18 Months," *The Washington Post*, 7/2/1999.
- Bob Davis, "How the Gore-Summers Deep Freeze Slowly Defrosted," *The Wall Street Journal*, 10/14/1999.
- Jacob M. Schlesinger, "Treasury's Summers Proves Adept at Cutting Deals," *The Wall Street Journal*, 11/29/1999.
- Bruce Stokes, "And Larry's Being Tactful, Too," *National Journal*, 1/22/2000.
- "The Globo-Cop at Treasury," *Business Week*, 4/17/2000.
- Anna Bernasek, "500 Pounds of Economic Brainpower: Larry Summers is Treasury Secretary. Larry Lindsey Wants to Be. The Fate of These Heavyweights Hinges on the Outcome of the Presidential Election," *Fortune*, 5/29/2000.
- Bob Davis and Jacob M. Schlesinger, "Summers Slams Plan to Sell Oil In U.S. Reserve – Treasury Secretary's Memo Says Greenspan Agrees It Would Be a Mistake," *The Wall Street Journal*, 9/21/2000.
- David M. Smick, "Daring Larry," *The International Economist*, 11/2000.
- David Ignatius, "If the Markets Could Vote," *The Washington Post*, 11/5/2000.

## Financial Crises

- Financial Crises Timeline, prepared by Stacie Pettyjohn, Miller Center of Public Affairs
- J. Bradford DeLong and Barry Eichengreen, "Between Meltdown and Moral Hazard: The International Monetary and Financial Policies of the Clinton Administration," in *American Economic Policy in the 1990s*, Jeffrey Frankel and Peter Orszag, eds. (Cambridge: MIT Press, 2002), pp. 191-254.
- "Clinton Leads Mexico Bailout Effort," *1995 Congressional Quarterly Almanac*, pp. 10: 16-17.
- George Graham, "Summers in Firing Line Over Rescue: Critics of Mexico Bail-Out Complain of 'Lack of Candour'," *Financial Times (London)*, 3/7/1995.
- David Wessel, "D'Amato Asserts White House Misled Public on Mexico," *The Wall Street Journal*, 6/30/1995.
- Bob Davis and G. Pierre Goad, "Asia Reaffirms U.S. Primacy On Bailouts," *The Wall Street Journal*, 11/20/1997.
- Excerpt from Paul Blustein, *The Chastening: Inside the Crisis That Rocked the Global Financial System and Humbled the IMF* (New York: Public Affairs, 2001), pp. 162-169, 227-230.
- David Wessel, "Summers Arrives in Jakarta Today With Blunt Message and No Checkbook," *The Wall Street Journal*, 1/12/1998.
- "Getting Things Done the America Way – Profile: Lawrence Summers," *Financial Times (London)*, 1/15/1998.
- David Wessel, "Novice Treasury Official Makes Mark in Stormy Asia," *The Wall Street Journal*, 1/19/1998.
- Michael M. Phillips, "Clinton's Russia Policy Set to Face Fire on Capital Hill," *The Wall Street Journal*, 9/21/1999.
- "Monetary Support for the IMF Hangs in Balance For Much of the Year," *1998 Congressional Quarterly Almanac*, 16:38.

## FINANCIAL CRISES TIMELINE

Prepared by Stacie Pettyjohn, Miller Center of Public Affairs

---

### 1994

- January* NAFTA goes into effect, instigating an uprising of the Zapatista National Liberation Army in Chiapas. (Sebastian Edwards and Moisés Naím, eds., *Mexico 1994 Anatomy of an Emerging Market Crash*, Washington D.C: Carnegie Endowment for International Peace, 1997, p. 316.)
- March* On the 23<sup>rd</sup>, PRI presidential candidate Luis Donaldo Colosio is assassinated in Tijuana. The murder spooks investors who begin pulling out their foreign currency and trading in their pesos for dollars. In the next six weeks Mexico loses over \$10 billion of its \$28 billion in foreign reserves. (Edwards and Naím, p. 316; *The Wall Street Journal*, 7/6/1995)
- On the 24<sup>th</sup>, the peso is devalued eleven percent, spurring the American government to establish a swap line of credit for \$6.7 billion to support the peso on the 25<sup>th</sup>. The move, coupled with the Mexican government allowing the peso to fall a bit, raising short term interest rates, temporarily staves off a crisis. (Edwards and Naím, p. 316; *The Wall Street Journal*, 7/6/1995)
- April* The Mexican government begins to issue *tesobonos* which are Mexican government securities linked to the dollar. The *tesobonos* are intended to convince investors that the Mexican government will not devalue the peso, and are essentially a loan against the government's declining dollar reserves, which would make a devaluation much more painful for the government. (Edwards and Naím, p. 316; *The Wall Street Journal*, 7/6/1995)
- August* On the 21<sup>st</sup> PRI candidate Ernesto Zedillo wins the elections. (Edwards and Naím, p. 316)
- September* On the 28<sup>th</sup>, José Francisco Ruíz Massieu, Secretary General of the PRI, is assassinated. The assassination and controversial investigation into the murder lower investor confidence. (Edwards and Naím, p. 316)
- November* On the 18<sup>th</sup>, investors pull \$1.7 billion out of Mexico. (*The Wall Street Journal*, 7/6/1995)
- December* Mexico's foreign exchange reserves drop to \$6 billion. (Edwards and Naím, p. 317)

The Mexican economy takes a turn for the worse as its foreign deficit balloons, the government takes out more short term loans, and its economic growth stagnates. On the 20<sup>th</sup>, Mexico devalues the peso, which curtails imports, encourages exports and reduces the government's need to borrow more foreign funds. (*The Wall Street Journal*, 7/6/1995)

On the 22<sup>nd</sup>, the Mexican government lets the exchange rate of peso float, but its value continues to decline. (*The Wall Street Journal*, 2/1/1995)

On the 29<sup>th</sup>, Zedillo announces that the government will implement an emergency economic plan, and replaces the current Finance Minister with Guillermo Ortiz Martínez. (Edwards and Naím, p. 318)

On the 31<sup>st</sup>, President Clinton proposes \$40 billion in loan guarantees for Mexico. (Edwards and Naím, p. 318)

## 1995

### *January*

On the 9<sup>th</sup>, the Federal Reserve and the Mexican central bank use the Treasury's exchange stabilization fund to intervene in currency markets and support the peso. (*The Wall Street Journal*, 2/1/1995)

On the 12<sup>th</sup> as the peso drops to 6.50/dollar, President Clinton reveals a \$50 billion rescue plan to Congress, including \$40 billion in loan guarantees. (Edwards and Naím, p. 318)

On the 26<sup>th</sup>, the IMF tentatively approves \$7.8 billion in loans to enable the Mexican government to support the peso in foreign currency markets. (*The Wall Street Journal*, 2/1/1995)

On the 31<sup>st</sup>, President Clinton abandons the proposed \$40 billion rescue plan legislation for Mexico and opts instead to use an executive order to tap the U.S. Treasury's Exchange Stabilization Fund and provide Mexico with \$11 billion in loan guarantees. Additionally, the IMF applies its "exceptional clause," enabling it to offer Mexico another \$10 billion in loans and the Bank for International Settlements (BIS) provides \$5 billion. (*The Wall Street Journal*, 2/1/1995)

### *February*

Senate Banking Committee Chairman Alfonse D'Amato (R-NY) requests information about the Mexican crisis from the Federal

Reserve Board, Treasury Department, and CIA. (1995  
*Congressional Quarterly Almanac*, p. 10:17)

On the 25<sup>th</sup>, Mexico and the U.S. reach a loan agreement.  
 (Edwards and Naím, p. 318)

*March*

On the 30<sup>th</sup>, Sen. D'Amato (R-NY) introduces a proposal that would prevent the White House from taking more than \$5 billion a year from the exchange stabilization fund without congressional approval. (1995 *Congressional Quarterly Almanac*, p. 10:17)

*April*

On the 21<sup>st</sup>, the peso appears to stabilize around 6.0/dollar, causing the IMF on the 24<sup>th</sup> to declare that the "tequila effect," or contagion in international financial markets, has been contained. (Edwards and Naím, p. 319)

*June*

Senator D'Amato (R-NY) accuses the Clinton administration of "not leveling with the American public" about its concerns about Mexico last year. D'Amato especially targets Summers for statements that he made reassuring the public that Mexico was fiscally sound. (*The Wall Street Journal*, 6/30/1995)

*July*

On the 19<sup>th</sup>, the U.S. House of Representatives votes against increasing aid to Mexico because the Clinton administration had not provided all of the requested documents by the deadline. (Edwards and Naím, p. 319)

1996

*April*

Since the dissolution of the Soviet Union, Russia has struggled to transform its moribund state-run economy into a healthy market economy, heavily relying on loans and grants from the U.S. and other nations to fund the transformation. The predominantly Western creditors reach an agreement with Russia, rescheduling its \$40 billion in debt, granting Russia a six-year grace period. Summers comments that "An agreement of this scope would not be possible without the substantial actions Russia has taken to stabilize its economy and privatize its industry." (*The Wall Street Journal*, 4/30/1996)

*June*

Mexico announces its intention to repay \$4.7 billion of its outstanding \$10.5 billion in emergency loans from the U.S. Summers interprets the announcement to signify that the Mexican economy is rebounding and that "Our goals of protecting American interests, supporting economic recovery, and keeping

emerging markets growing are being achieved." (*The Wall Street Journal*, 6/19/1996)

## 1997

### *January*

Mexico announces that it is paying off the remaining \$3.5 billion loan to the U.S. three years ahead of schedule. President Clinton remarks that: "Some said that we shouldn't get involved, that the money would never be repaid, that Mexico should fend for itself," but "They were wrong. Today the American people can be proud that we did the right thing. . . ." (*The Wall Street Journal*, 1/16/1997)

### *July*

On the 2<sup>nd</sup>, the Thai baht precipitously declines, setting off a chain of financial crises in Asia. (J. Bradford DeLong and Barry Eichengreen, "Between Meltdown and Moral Hazard: The International Monetary and Financial Policies of the Clinton Administration," in *American Economic Policy in the 1990s*, Jeffrey A Frankel and Peter R. Orszag, eds., Cambridge: MIT Press, 2002, p. 220)

On the 6<sup>th</sup>, the Philippine finance minister is quoted saying that the peso "might devalue." This statement causes investors to question the stability of other Asian currencies, and two days later the Malaysian ringgit is under heavy speculative pressure. (DeLong and Eichengreen, p. 221)

On the 11<sup>th</sup>, the Philippines abandons its fixed exchange rate and Indonesia announces that it is widening its exchange rate band and later stops defending the rate. Subsequently, on the 14<sup>th</sup>, the Malaysian government stops supporting the ringgit, launching Asia into a full blown financial crisis. (DeLong and Eichengreen, p.221)

### *August*

The IMF provides Thailand with a \$17 billion rescue package that the U.S. did not participate in. (DeLong and Eichengreen, p. 222)

### *October*

After an IMF envoy visits Russia and determines that the government is not making crucial reforms, the IMF freezes its next loan disbursement to Russia. Additionally, the price of oil, which accounts for almost twenty percent of Russian exports, is declining. On the 28<sup>th</sup>, these events lead to investor panic and the Russian stock market declining by nearly twenty percent in one day. (Chrystia Freeland, *Sale of the Century: Russia's Wild Ride From Communism to Capitalism*, New York: Crown Publishers, 2000, pp. 297-298)

On the 31<sup>st</sup>, the IMF arranges a \$42 billion IMF bailout of Indonesia. With Indonesia seemingly stabilized, concern focuses on South Korea and its rapidly declining foreign currency reserves. (*The Wall Street Journal*, 9/24/1998)

#### November

As Japan moves towards creating an Asian fund to bail out the faltering economies in the region, many U.S. officials oppose the initiative. Summers argues that the IMF has "a unique ability to provide apolitical, conditioned finance . . . in the context of strong reforms." (*The Wall Street Journal*, 11/6/1997)

On the 7<sup>th</sup>, a new Thai government is installed. (*The Wall Street Journal*, 9/24/1998)

At an APEC meeting, the U.S. presents the Manila Framework agreement to counter the proposed Asian bailout fund. Shortly thereafter, U.S. and Asian finance officials agree to Summers' Manila Plan, which affirms the central role of the U.S. in Asian economic affairs and defeats the proposal to create an Asian bailout fund. Summers comments: "U.S. economic leadership is crucial to avoid a descent into the kind of regionalism and protectionism that we saw in the periods between the first and second world wars." (DeLong and Eichengreen, p. 223; *The Wall Street Journal*, 11/20/1997)

On Thanksgiving, Summers calls Assistant Treasury Secretary Tim Geithner, and together they develop a strategy to save South Korea, which is on the verge of default. The plan includes a bailout package of approximately \$50 billion, and demands that South Korea implement reforms. (Paul Blustein, *The Chastening: Inside the Crisis That Rocked the Global Financial System and Humbled the IMF*, New York: Public Affairs, 2001, p. 137)

#### December

As the Russian economy seems to have weathered the worst of the crisis, the IMF resumes lending to Russia on the 12<sup>th</sup>. (*The Wall Street Journal*, 9/24/1998)

On the 18<sup>th</sup> Kim Dae-Jung is elected president of South Korea. (*The Wall Street Journal*, 9/24/1998)

On the 19<sup>th</sup>, Kim Ki Hwan, a South Korean ambassador at large for economic affairs, meets with Summers. Kim reveals how desperate South Korea's economic situation truly is, and appeals to the U.S. for help. In return, Kim pledges that the new South

Korean president, Kim Dae-Jung, will implement reforms called for by the IMF. (Blustein, p. 193)

The IMF coordinates a \$58 billion bailout for South Korea; however, the bailout only funds the payment of some of South Korea's outstanding loans. By the end of the month, South Korea is again on the verge of defaulting. (*The Wall Street Journal*, 9/24/1998; Blustein, p. 8)

## 1998

### *January*

As Indonesia's currency rapidly declines, the nation faces hoarding and social turmoil. There is concern that Indonesia will lose its \$43 billion rescue package because it will not follow IMF prescribed policies. President Clinton sends Summers to Indonesia and other Asian countries to try to quell the panic. (*The Wall Street Journal*, 1/9/1998)

On the 15<sup>th</sup>, Suharto announces the planned reforms, but the Indonesian currency continues to fall. (*The Wall Street Journal*, 9/24/1998)

On the 27<sup>th</sup>, in the State of the Union address, President Clinton asks Congress for \$17.9 billion in additional funds for the IMF to create a new credit line for nations before they succumb to economic pressures. (*The Wall Street Journal*, 10/6/1998, 10/14/1998)

On the 29<sup>th</sup>, South Korea reaches an agreement with foreign banks on its debt. (*The Wall Street Journal*, 9/24/1998)

### *April*

On the 23<sup>rd</sup>, House Speaker Gingrich blocks the approval of the requested additional funds for the IMF. (*The Wall Street Journal*, 10/14/1998)

### *May*

On the 4<sup>th</sup>, the Indonesian government cuts fuel subsidies, inciting riots where more than 1,200 people are killed. The unrest forces Suharto to resign on the 21<sup>st</sup>. (*The Wall Street Journal*, 9/24/1998)

The IMF and Russia wrangle over imposing austerity measures, but cannot reach an agreement. Also while visiting Russia, Summers fails to meet with Russian Prime Minister Sergei Kiriyenko reportedly because of an error by the Prime Minister's aide. These two events spook investors who begin to sell their Russian bonds, contributing to the financial panic that reaches its peak at the end of the month. (*The Wall Street Journal*, 6/5/1998)

The Russian economy is under great pressure from a growing debt and a stagnating economy. After the government fails to sell Rosneft, the largest remaining government owned oil company, investors panic and the stock market crashes on the 27<sup>th</sup>, which is dubbed Black Wednesday. On that day, Russia raises its interest rates one hundred percentage points in an attempt to increase investor confidence. (*The Wall Street Journal*, 5/25/1998; Freeland, p. 304)

On the 30<sup>th</sup>, Russian emissaries Anatoly Chubais and Sergei Nasiliev fly to Washington D.C. to meet with IMF Director Stanley Fischer, World Bank President James Wolfensohn, Deputy Secretary of State Strobe Talbott and Summers. The group assembles at Summers's house for breakfast where Chubais petitions Summers for more aid. Summers warns that Russia needs to implement reforms, but pledges more financial support, which President Clinton publicly announces the following day. (Freeland, p. 307)

#### *June*

As Japan appears to be on the brink of another economic crisis, the White House sends Summers and New York Federal Reserve Bank President William McDonough to Tokyo to meet with their Japanese counterparts. Other efforts to help the ailing Japanese economy include the Japanese government passing a fiscal stimulus bill and the U.S. government intervening in currency markets to prop up the failing yen. Summers and officials from other G-7 nations urge the Japanese government to implement reforms within the "window of opportunity" that the currency intervention has opened. (*The Wall Street Journal*, 6/17/1998, 6/18/1998, 6/22/1998)

#### *July*

The IMF collects \$22.6 billion in loans for Russia. Despite the bailout, investors continue to pull out of Russia, causing another financial crisis in August. (*The Wall Street Journal*, 9/24/1998)

#### *August*

On the 17<sup>th</sup>, Russia allows the ruble to fall and defaults on part of its debt as a result of an inflating deficit. Declining oil revenues and an inefficient tax-collection system drive the escalating Russian deficit. (*The Wall Street Journal*, 9/24/1998)

The financial crisis spreads to Brazil where investors anticipate financial problems because of a ballooning deficit. The Brazilian government uses a "crawling peg" policy which obligates the government to exchange its currency, the real, for dollars on demand. Investors begin to pull out their dollars, causing the

Brazilian foreign currency reserves to lose \$30 billion in less than two months. (Blustein, pp. 337-338)

As the IMF lacks the funds to bail out the Russian ruble, the Treasury Department pushes Congress to approve an \$18 billion increase in American contribution to the fund. Summers states that if the U.S. were "not to invest in an effective IMF, [it] would be like canceling your life insurance when you have just gotten sick." However House Republicans are divided over the issue of granting more funds to the IMF, as many oppose the practice of bailing out failing economies. (*The Wall Street Journal*, 8/19/1998, 8/28/1998)

The Russian government is unable to convince the Duma to pass the IMF mandated reforms, forcing the IMF to stop providing aid to the nation. (*The Wall Street Journal*, 4/26/1999)

#### September

After Malaysia imposes controls on the flow of money across its borders on the 1<sup>st</sup>, Summers warns other nations that "Countries that choose to embrace unilateral action as a substitute for reform and cooperation hurt the world system and, by severing ties to world markets, hurt the prospects of their own citizens most of all." (*The Wall Street Journal*, 9/24/1998)

On the 2<sup>nd</sup>, in the midst of the Russian financial crisis, the Senate approves \$17.9 billion for the IMF. (*The Wall Street Journal*, 10/14/1998)

Around the 15<sup>th</sup>, the IMF begins talks about a possible rescue with Brazil. (*The Wall Street Journal*, 9/24/1998)

The House blocks President Clinton's request for \$17.9 billion in new funds for the IMF, but does provide \$3.4 billion, which is the U.S. contribution in an international effort to raise more money for the IMF. (*The Wall Street Journal*, 9/18/1998)

#### October

Eventually, Congress consents to the White House's request to approve \$18 billion for the IMF. (*The Wall Street Journal*, 4/26/1999)

G-7 nations back a plan to reform the IMF so that it can provide financial assistance to nations before they are entangled in a full blown crisis. (*The Wall Street Journal*, 4/26/1999)

#### November

The U.S. joins an IMF sponsored \$41.5 billion bailout for Brazil. (*The Wall Street Journal*, 4/26/1999)

1999*January*

After the governor of Brazil's Minas Gerais state sets off a renewed crisis by refusing to pay his state's debt to the federal government, Brazil devalues the real and then on the 15<sup>th</sup> allows it to float against the dollar. (*The Wall Street Journal*, 1/18/1998, 4/26/1999)

On the 29<sup>th</sup>, Brazil is seized by widespread public panic as rumors circulate that the government is going to freeze all bank accounts. (Blustein, p. 362)

*March*

On the 5<sup>th</sup>, the Brazilian government and the IMF reach another agreement, allowing Brazil access to the next \$9 billion from its loan package. (Blustein, p. 366)

The IMF and Russia agree to a \$4.6 billion loan and a new economic plan for Russia. (*The Wall Street Journal*, 4/29/1999)

*April*

The world economy begins to exhibit signs of a recovery. While Brazil is suffering a recession and dragging down the Argentine economy, overall the Brazilian crisis has been contained, Hong Kong's stock market reaches an eighteen month high, and South Korea announces that it will begin to repay its IMF loans ahead of schedule. Also the IMF and Russia agree to a \$4.6 billion loan and a new economic plan for Russia. (Blustein, p. 369; *The Wall Street Journal*, 4/29/1999)

## Major International Issues at the Treasury

### *Japan*

- Excerpt from James Shoch, *Trading Blows: Party Competition and U.S. Trade Policy in a Globalizing Era* (Chapel Hill: University of North Carolina Press, 2001), pp. 173-175, 185-189, 200-205.
- David Wessel, "The Outlook: Choices For Shrinking Japan's Trade Surplus," *The Wall Street Journal*, 5/3/1993.
- "Japan and the U.S. at Odds," *Financial Times (London)*, 7/5/1993.

### *China*

- Mark Suzman, "US Upbeat on China's WTO Entry: Hopes of Deal Rise After Surprise Talks Between Summers and Zhu," *Financial Times (London)*, 10/25/1999.
- Helene Cooper and Bob Davis, "To the Brink and Back," *The Wall Street Journal*, 11/16/1999.

### *New Economy and Seattle*

- Excerpt from James Shoch, *Trading Blows: Party Competition and U.S. Trade Policy in a Globalizing Era* (Chapel Hill: University of North Carolina Press, 2001), pp. 228-232.

### *IMF Reform*

- Michael M. Phillips, "IMF Develops Plan for Speedy Bailouts – Nations That Lose Support of Investors Would Pay Higher Interest Rates," *The Wall Street Journal*, 12/10/1997.
- "Summers' Lease," *The Economist*, 12/18/1999.
- Michael M. Phillips, "White House Plans to Propose Changes in IMF Lending Policy," *The Wall Street Journal*, 12/6/1999.
- Damian Milverton, "IMF Overhauls Loan Plan, A Win for U.S. – Move Is Meant to Help Shield Financial System From Global Turmoil," *The Wall Street Journal*, 9/18/2000.

### *Debt Relief*

- John Burgess, "Deal Will Allow IMF to Fund Debt Relief," *The Washington Post*, 11/17/1999.
- Michael M. Phillips, "As Treasury's Summers Tours Overseas, Slum Visits Have Become Part of the Job," *The Wall Street Journal*, 1/21/2000.
- Joseph Kahn, "Leaders in Congress Agree to Debt Relief For Poor Nations," *The New York Times*, 10/18/2000.
- "Forgive, But Don't Forget," *Time*, 6/24/2000.

## Major Domestic Issues

### *Financial Services Reform*

- Michael Schroeder, "Glass-Steagall Compromise Is Reached – Lawmakers Poised to Pass Banking-Law Overhaul After Last-Minute Deals," *The Wall Street Journal*, 10/25/1999.

### *IRS Reform*

- Albert B. Crenshaw, "Computer Problems Taxing IRS; Multibillion-Dollar Upgrade 'Off Track' Treasury Official Says," *The Washington Post*, 3/15/1996.
- David Wessel and Jacob M. Schlesinger, "Rubin, Concerned for the IRS, Prompted Richardson to Quit as Agency's Chief," *The Wall Street Journal*, 1/30/1997.
- Jacob M. Schlesinger and Greg Hitt, "Plans to Give IRS More Independence from Treasury Get Capitol Hill Support," *The Wall Street Journal*, 4/16/1997.

### *Tax Shelters*

- John D. McKinnon, "Treasury Moves to Squash Tax-Shelter Scheme," *The Wall Street Journal*, 8/11/2000.

### *Social Security*

- "Congress, White House At Odds Over How Best To Protect Social Security," *1999 Congressional Quarterly Almanac*, pp. 20: 5, 12.
- Jonathan M. Orszag, Peter R. Orszag and Laura D. Tyson, "The Process of Economic Policy-Making During the Clinton Administration," in *American Economic Policy in the 1990s*, Jeffrey Frankel and Peter Orszag, eds., (Cambridge: MIT Press, 2002), pp. 1013-1016.
- Heather Bourbeau, "Summers Backs Social Security," *Financial Times (London)*, 1/30/1998.
- Bob Davis, "After Election Triumph, Clinton Turns Attention to Social Security Reform as Legacy Polisher," *The Wall Street Journal*, 11/6/1998.
- Bob Davis and David Wessel, "Clinton's Social Security Plan Shows Input of Rubin," *The Wall Street Journal*, 1/25/1999.

## **LAWRENCE H. SUMMERS SUGGESTED TOPICS**

*Prepared by Stacie Pettyjohn, Miller Center of Public Affairs, University of Virginia*

---

### ***Joining the Clinton Administration***

- How did you come to know President Clinton?
- Your selection as chief economic advisor during the transition. What were your roles and responsibilities in this position? With whom did you work most closely?
- How did you come to join the Clinton Administration?
- Did you have any understandings with the president in advance about the nature of your responsibilities?
- Discuss the opposition to your appointment.

### ***Relationships***

- Discuss your relationships with other members of the Clinton economic team, including Leon Panetta, Robert Rubin, Lloyd Bentsen, Roger Altman, Frank Newman, Laura Tyson and Gene Sperling. What were your most important working relationships?
- Discuss Treasury's relationship with other economic agencies: OMB, CEA, NEC, the Fed, and the officials of those organizations, especially Greenspan. Where did the Treasury fit into the Clinton Administration's economic policymaking scheme? On which issues did President Clinton become most personally involved?
- Discuss your relationship with Congress. How did the 1994 elections alter this relationship?
- Comment on the evolution of your relationship with Al Gore and your involvement in his Presidential campaign.

### ***Undersecretary for International Affairs***

- Discuss your nomination and confirmation as Undersecretary for International Affairs
- Discuss your role and responsibilities as Undersecretary for International Affairs
- What issues occupied most of your time? (Trade relations with Japan, Russia, NAFTA, etc.)
- How did the departures of Altman and Bentsen affect the department?
- Discuss the formation of the Clinton Administration's first economic plan.
- How was trade policy made in the Clinton Administration? Who were the important players in setting trade policy? Discuss the interagency process.

### ***Deputy Treasury Secretary***

- How did you come to be nominated as Deputy Secretary? Discuss the confirmation process.
- What was your understanding of the role and responsibilities you would assume as Deputy Secretary?
- What issues occupied most of your time (IRS Reform, Social Security Reform, Responsibilities G-7 Deputy, etc.)
- What changes were implemented for the second term? What responsibilities did you have on the National Economic Council?
- What affect (if any) did the scandals and impeachment have on the Administration and the President's own involvement in policymaking?

### ***Financial Crises***

- Discuss your involvement in the Mexican bailout and the battles that ensued with Congress over responsibility for the crisis.
- How did the experience with Mexico affect the U.S.'s response to later crises?
- Why was the Administration initially reluctant to get involved in the Asian crisis?

- Discuss the formation of the Manila Plan.
- Discuss the stance of other members of the Administration on the bailouts. How did the president deal with the competing ideas he was getting on this subject?
- Comment on the relationship between the U.S. and international organizations such as the World Bank and the IMF

#### ***Treasury Secretary***

- Discuss the confirmation process.
- Discuss your role and responsibilities as Treasury Secretary?
- What issues occupied the majority of your time? (Financial services bill, debt relief, tax shelters, etc.)
- Discuss your proposals for reforming the IMF.
- How were you involved in the negotiations concerning China's membership in the WTO?

#### ***The Clinton Presidency in Retrospect***

- What do you consider your greatest accomplishments at the Treasury?
- What were the strengths and weaknesses of the Clinton Administration? Your thoughts on Clinton as an economic policymaker, a public leader and a legislative leader.
- Did you notice any significant changes in the president during his time in Washington – in his decision making style, his self-confidence, his dealing with the press or Congress, etc.?
- What features of the Clinton Administration were missed or misunderstood by the press?
- How should the Clinton Administration be viewed by future historians?