

# FOIA MARKER

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**Subseries:**

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**OA/ID Number:** 20966  
**FolderID:**

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**Folder Title:**  
3/16/1999 AFL-CIO Meeting - Labor / Trade Issues

Stack:	Row:	Section:	Shelf:	Position:
S	20	7	9	3

# Withdrawal/Redaction Sheet

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. list	DOB's (Partial); SSN's (Partial) (1 page)	03/16/1999	b(6)
002. list	DOB's (Partial); SSN's (Partial) (1 page)	03/15/1999	b(6)

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**COLLECTION:**

Clinton Presidential Records  
 Council of Economic Advisors  
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 OA/Box Number: 20966

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**FOLDER TITLE:**

3/16/1999 AFL-CIO Meeting - Labor / Trade Issues

2013-0306-F

jm1216

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**RESTRICTION CODES**

**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

**Freedom of Information Act - [5 U.S.C. 552(b)]**

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March 16, 1999

AFL-CIO Meeting  
Re labor/trade issues  
Room 324, OEOB

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THE CHAIRMAN

EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON, D.C. 20502

cc: RZL  
RMB  
AC

April 19, 1999

Dear David:

Thank you for your letter of March 22, 1999. We at the Council of Economic Advisers very much enjoyed our discussion on manufacturing jobs and trade policy issues.

We also welcome your suggestions for further discussion. We agree that the topics you have mentioned are worthwhile--namely, the nature of manufacturing jobs and the links between the trade deficit and the size of the manufacturing sector and policies to provide safeguards and deal with foreign subsidies--and we would like to discuss these issues further. In addition, we would welcome a presentation of your policy recommendations, both with respect to the U.S. trade policy agenda and with respect to domestic trade adjustment assistance.

We realize it may be difficult to cover all these topics in one session, so perhaps we can arrange two sessions: one to cover these additional empirical issues, and a second to deal with trade policy issues. Please contact my Chief of Staff, Michele Jolin (395-5084) to arrange dates for these follow-up meetings.

Again, we enjoyed our initial discussion and look forward to further exchanges.

Sincerely yours,

Janet L. Yellen

Mr. David A. Smith  
Director  
Public Policy Department  
American Federation of Labor  
Congress of Industrial Organizations  
815 Sixteenth Street, N.W.  
Washington, D.C. 20006



815 Sixteenth Street, N.W.  
Washington, D.C 20006  
(202) 637-5000  
http://www.aflcio.org

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Robert E. Wages  
Edward L. Fire  
R. Thomas Buffenbarger  
Stuart Appelbaum

*Review now, July  
then get facts  
out of the  
company's  
newspaper*

Steel

March 22, 1999

→ Pre-emptive  
INFO ON  
what is really  
happening  
in Steel

CHINA  
→ principals mtg  
on WTO w/  
AFL-CIO

AFL-CIO Dialogue

- ① Structure of Dialogue?
- ② Materials?  
→ Harry Holzer -  
new documents
- ③ When Schedule Meeting?

Dr. Janet Yellen, Chair  
Council of Economic Advisers  
Old Executive Office Building  
17<sup>th</sup> and Pennsylvania Avenue, NW  
Washington, D.C. 20502

Dear Dr. Yellen:

Thank you for meeting with my colleagues and me last week. We greatly appreciated the opportunity to begin an open exchange on what is happening to manufacturing jobs in our economy.

At the close of the meeting you suggested that we continue this dialogue, and I am writing to you about some areas where we think continued discussion could be productive. I am sure you and others will have additional thoughts and we welcome them.

1. Manufacturing Jobs

A key issue for us is the place of manufacturing jobs in the economy. In particular, we believe that there is something special about manufacturing jobs, and that this special character needs to be taken account of in the design of policy. We believe that manufacturing jobs matter for productivity growth, income distribution, the trade deficit, and the ability of the U.S. economy to follow a full employment growth path. Further research and discussion regarding the significance of manufacturing jobs is much needed. If our claim is right, national policy makers must aim to develop economic policies that take account of manufacturing's special place.

2. The Trade Deficit

A second issue of concern is the trade deficit. This issue is multifaceted. It includes how the trade deficit may affect the number of manufacturing jobs, whether the trade deficit is indicative of national economic failure or whether it is merely the expression of economic agents' spending preferences, whether the trade deficit can continue at current levels indefinitely, or whether it ultimately poses a threat to economic stability and full employment.

Dr. Janet Yellen  
March 22, 1999  
Page 2

*→ what is your agenda?  
→ Ask for Positive Trade Policy agenda*

3. Trade Policy

A third issue is trade policy. The global financial crisis has shown that some U.S. manufacturing sectors are vulnerable to adverse employment effects arising from sudden changes in the value of currencies. These employment effects are unrelated to factory floor productivity. At the moment we have little in our policy tool kit to deal with such effects. Financial globalization is not going to go away, and we need to develop new tools for these types of problems.

Another problem is that many countries are pursuing industrial policies that target sectors for development and export. Often this includes subsidizing capacity build up. This too places U.S. manufacturing jobs at risk. Similarly, we need to construct new policies to deal with this.

Once again, I thought our meeting was a useful first step and look forward to your thoughts on how best to continue.

Best wishes,



David A. Smith, Director  
Public Policy Department

DAS/kc  
opeiu w, afl-cio

2  
*W. H. H. H.* (No. 59) A-7

election currently underway against another AFSCME union representing state workers, Council 82.

"There's a real strong tide out there," said Quirk. "I think the people in CSEA are beginning to wake up."

CSEA, whose contract expires March 31, was the first of eight state employee unions to reach agreement with the state. Under the tentative agreement, wages would have increased by 2 percent in the first year, 2.5 percent in the second year, 3 percent in the third year, and 3.5 percent in the final year.

In announcing the contract vote, the union said the tentative contract involved no givebacks and protected all health coverage and existing benefits.

Mary Hines, a spokeswoman for the governor's Office of Employee Relations, said the state was disappointed with the vote and will return to the bargaining table as soon as possible.

By GERALD SILVERMAN

### Child Labor

#### **Advisory Committee Sets First Meeting; Aims to Improve Enforcement of Trade Laws**

**A**n advisory committee created by the Clinton administration and Congress to improve the enforcement of U.S. trade restrictions on imports manufactured with forced or indentured child labor is scheduled to conduct its first formal meeting April 9, the Treasury Department announced March 25.

Treasury Secretary Robert E. Rubin, who announced the organizations to be represented on the Advisory Committee on International Child Labor Enforcement, said enforcement of the ban is a top priority of the department and the U.S. Customs Service, which is charged with enforcing import restrictions.

Sen. Tom Harkin (D-Iowa), the leading proponent of more effective enforcement of trade restrictions, told reporters March 25 that he plans to urge the Senate Finance Committee to adopt new trade legislation making the elimination of child labor a "principle negotiating objective" in trade negotiations.

Harkin cited his dissatisfaction with the enforcement of existing restrictions on products made with child labor as the primary reason for setting up the advisory committee. One of the biggest obstacles to effective enforcement, he said, is identifying which goods passing through customs are made with child labor.

The advisory committee arose out of President Clinton's 1998 commitment in his State of the Union address to make the elimination of child labor a top priority of his administration.

The committee will include representatives of Treasury, Customs, the Departments of Labor, State and Commerce, as well as the National Economic Council, the U.S. Trade Representative, and House and Senate staffs.

The private sector members are Erik O. Autor, vice president and international trade counsel, National Retail Federation; Claude Brown, director of the Office of Corporate Affairs and Strategic Initiatives, International Brotherhood of Teamsters; Douglas Cahn, senior director of human rights programs, Rebok International Ltd.; Terry Collingsworth, secretary-treasurer, Rugmark Foundation-USA; Thomas J. Cove, vice president

of government relations, Sporting Goods Manufacturers Association; Linda F. Golodner, president, National Consumers League; Pharis J. Harvey, executive director, International Labor Rights Fund; Robin W. Lanier, senior vice president for industry affairs and trade development, International Mass Retail Association; Lucille J. Laufer, executive director, Oriental Rug Importers Association Inc.; L. Diane Mull, executive director, Association of Farmworker Opportunity Programs; Jeffrey F. Newman, president and executive director, National Child Labor Committee; Elliot J. Schrage, professor, Columbia University Graduate School of Business; Ambassador Sandy Vogelgesang, president, Everest Associates; Steven S. Weiser, partner, Graham & James LLP; and Lisa M. Woll, director, Convention on the Rights of the Child Impact Study.

### International Labor

#### **Brazil's Economic Crisis Hampers Mercosur Employment, Says Research Firm**

**B**UENOS AIRES, Argentina—The Mercosur trade group's two largest job markets in Argentina and Brazil are beginning to weaken, feeling the affects of a slowing economy caused by Brazil's currency devaluation in January 1998, according to the Argentine research firm Sociedad de Estudios Laborales and Brazil's government statistic bureau.

Those two countries comprise 90 percent of the job market in the Mercosur trade group, which also includes Uruguay and Paraguay, with Bolivia and Chile as associate members.

The number of workers employed in metropolitan Buenos Aires—home to one-third of the country's 34 million people—fell by 0.8 percent in February compared to January, the Argentine firm said in a report released March 11.

The private sector, which accounts for 40 percent of total jobs, declined by 3.4 percent, or 50,380 jobs in February.

The employment numbers reflect how Brazil's economic woes have hurt demand and overall production in neighboring Argentina. Brazil is Argentina's largest trade partner, consuming one-third of its exports through the Mercosur trade agreement.

February was the fourth straight month in which employment dropped, according to the study. As a whole, employment in the greater Buenos Aires area decreased by 3.5 percent from the same month a year earlier. That is expected to push unemployment higher. The government releases these figures in June and December.

Exporters and importers were among the hardest hit, with employment levels dropping by 1.9 percent. Argentine exports to the Mercosur region fell 21 percent to \$471 million in January, while exports to countries of the North American Free Trade Agreement—the United States, Mexico, and Canada—fell 23 percent to \$146 million.

Automobile manufacturers have been the most affected, with their exports slashed by nearly half in January and February. Argentina sends more than half of its car production to Brazil. Volkswagen AG, Europe's biggest carmaker, expects to reach an agreement with workers to lay off about 20 percent of its workforce in

April 18, 1999

*Michele  
I made these  
changes (per  
Janet.)  
JS*

Dear David:

Thank you for your letter of March 22, 1999. We at the Council of Economic Advisers very much enjoyed our discussion on manufacturing jobs and trade policy issues.

We also welcome your suggestions for further discussion. We agree that the topics you have mentioned are worthwhile--namely, the nature of manufacturing jobs and the links between the trade deficit and the size of the manufacturing sector and policies to provide safeguards and deal with foreign subsidies--and we would like to discuss these issues further. In addition, we would welcome a presentation of your policy recommendations, both with respect to ~~the U.S. international negotiations~~ <sup>trade policy agenda</sup> and with respect to domestic trade adjustment assistance.

We realize it may be difficult to cover all these topics in one session, so perhaps we can arrange two sessions: one to cover these additional empirical issues, and a second to deal with trade policy issues. Please contact my Chief of Staff, Michele Jolin (395-5084)-to arrange dates for these follow-up meetings.

Again, we enjoyed our initial discussion and look forward to further exchanges.

Sincerely yours,

Janet L. Yellen

Mr. David A. Smith  
Director  
Public Policy Department  
American Federation of Labor  
Congress of Industrial Organizations  
815 Sixteenth Street, N.W.  
Washington, D.C. 20006



Robert Z. Lawrence  
04/12/99 10:37:58 AM

Record Type: Record

To: Michele Jolin/CEA/EOP  
cc:  
Subject: Re: Dialogue w/ AFL-CIO

Sorry for being tardy. Here are my suggestions:

HP also

We welcome your suggestions for further discussion. We agree that the topics you have mentioned are worthwhile -- namely, the nature of manufacturing jobs and the links between the trade deficit and the size of the manufacturing sector and policies to provide safeguards and deal with foreign subsidies -- and we would like to discuss these. In addition, we would welcome a presentation of your policy recommendations, both with respect to international negotiations and with respect to domestic trade adjustment assistance.

Dear Davis:  
HP Thank you for your letter of March 22, 1999. We at the CEA ~~are~~ very much enjoyed our discussion on manufacturing jobs and trade policy issues.

issues further.

We realize it may be difficult to cover all these topics in one session <sup>so,</sup> and perhaps we could think of two sessions. One to cover these additional empirical issues and a second to deal with policy issues. <sup>trade</sup>

can arrange

Please contact my Chief of Staff, Michele Jolin, (395-5084) to ~~set~~ ~~at~~ arrange ~~the~~ dates for these follow-up meetings.

HP Again, we enjoyed ~~these~~ our initial discussion and look forward to further exchanges.

Sincerely yours,

RZL

c:\work\audrey\aficio.1

### Notes re Meeting with Labor Economists

February 26, 1999: Karen Tramontano called to ask Michele to work with her on setting up a meeting with Administration officials and labor economists. The purpose of the meeting would be to begin a dialogue to develop a common framework in which to discuss trade, job loss, etc. Two meetings were contemplated: a pre-meeting of Administration officials only; followed by a meeting of the Administration officials and representatives from the AFL-CIO.

Invitees to the March 15 pre-meeting were:

David Walters, USTR  
Lael Brainard, NEC  
Bob Cumby, Treasury  
Robert Shapiro, Commerce  
Jon Orszag, Commerce  
Ed Montgomery, Labor  
Harry Holzer, Labor  
William Samuels, Labor  
Janet Yellen, CEA  
Becky Blank, CEA  
Robert Lawrence, CEA  
Nouriel Roubini, CEA  
Karen Tramontano, WH

**\*\*ALICE SAYS THAT KAREN TRAMONTANO WAS UNABLE TO ATTEND THE PRE-MEETING, SO IT NEVER ACTUALLY OCCURRED.**

David Smith was the contact who gave us the names of the AFL-CIO officials to attend the March 16 meeting. The AFL-CIO invitees were:

Steve Beckman  
Ron Bloom  
Owen Hernstadt  
Thea Lee  
Mark Levinson  
Larry Mishel  
Tom Palley  
Gerald Shea  
David Smith

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3/16/1999 AFL-CIO Meeting - Labor / Trade Issues

2013-0306-F  
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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**Requestor Information**

<b>Requestor Name</b>	Williams, Alice
<b>Requestor Phone</b>	3955854
<b>Requestor Pass</b>	WHS

**Appointment Information**

<b>Appointment With</b>	Williams, Alice
<b>Appointment Date</b>	03/16/99
<b>Appointment Room</b>	314 <- Lookup Room Number
<b>Appointment Building</b>	Old Executive Office Building

**Other Information (click here for WAVES appointment number (U #))**

<b>UNumber</b>	
<b>Comments</b>	

**Visitor Information (Use Tab key to advance between fields)**

Time	Last Name	First Name	Date of Birth	SSN (###-##-####)	U.S. Citizen	Country Of Origin
<del>10:00:00 AM</del>	<del>ABRAHAM</del>	<del>KATHARINE</del>			<del>Y</del>	<del>US</del>
10:00:00 AM	BECKMAN	STEVE			Y	US
10:00:00 AM	BLOOM	RON			Y	US
10:00:00 AM	CUMBY	ROBERT			Y	US
10:00:00 AM	HERRNSTADT	OWEN			Y	US
10:00:00 AM	HOLZER	HARRY			Y	US
10:00:00 AM	LEE	THEA			Y	US
10:00:00 AM	LEVINSON	MARK			Y	US
10:00:00 AM	MISHEL	LARRY		(b)(6)	Y	US
10:00:00 AM	MONTGOMERY	EDWARD			Y	US
10:00:00 AM	PALLEY	TOM			Y	US
10:00:00 AM	ORSZAG	JONATHAN			Y	US
10:00:00 AM	SHEA	GERALD M.			Y	US
10:00:00 AM	SAMUELS	WILLIAM			Y	US
10:00:00 AM	SHAPIRO	ROBERT			Y	US
10:00 AM	Smith	David			Y	US

\*

Enter This Visitor

Remove A Visitor

Edit A Visitor

[001]

\* Was decided that she did not need to attend.



**Alice H. Williams**

03/16/99 09:06:05 AM

Record Type: Record

To: Sharon H. Yuan/OPD/EOP

cc:

Subject: List of AFL-CIO persons attending 10:00 a.m. meeting

They are: Steve Beckman, Ron Bloo, Owen Herrnstadt, Thea Lee, Mark Levinson, Larry Mishel, Tom Palley, Gerald M. Shea and David Smith.



**Alice H. Williams**

03/09/99 10:12:50 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: Rebecca M. Blank/CEA/EOP, Robert Z. Lawrence/CEA/EOP, Michele Jolin/CEA/EOP

Subject: Meeting w/Labor Economists

There will be a meeting with Administration Labor Economists and Labor Union People on Tuesday, March 16, 1999 from 10:00 a.m. to 12:00 Noon in Room 3 24 OEOB to begin a dialogue to develop a common framework in which to discuss trade, job loss etc. There will be a pre-meeting on Monday, March 15 at 2:30 p.m. in Room 324. Please let me know if your principal will be able to attend. Thank you.

Message Sent To:

---

Francine P. Obermiller/CEA/EOP  
Lisa D. Branch/CEA/EOP  
Nouriel Roubini/CEA/EOP  
Bert I. Huang/CEA/EOP  
Sharon H. Yuan/OPD/EOP




Alice H. Williams

03/12/99 02:35:17 PM

Record Type: Record

To: Sharon H. Yuan/OPD/EOP

cc:

Subject: Re: Meeting w/Labor Economists 

The meeting is for the purpose of beginning a dialogure to develop a common framework in which to discuss trade, job loss, etc. The purpose of the pre-meeting is to set the agenda for the meeting on March 16 . There is no paper for this meeting. Invitees to the pre-meeting are: David Walters, USTR, Bob Cumby, Treasury, Robert Shaprio, Commerce, Jon Orszag, Commerce, Ed Montgomery, Labor, Harry Holzer, Labor, Beck Blank, CEA, Robert Lawrence, CEA Nouriel Roubini, CEA , Bert Huang, CEA and Karen Tramontano, WH. I do not have the names of the people from the AFL-CIO who will be coming to the March 16 meeting. As soon as I received them, I will e-mail them to you.




Alice H. Williams

03/11/99 09:38:58 AM

Record Type: Record

To: Michele Jolin/CEA/EOP

cc:

Subject: Re: Mtg w/ Labor unions 

The invitees to the pre-meeting on Monday, March 15 are: Becky, Robert Lawrence, Nouriel and Bert Huang of CEA, Lael Brainard, NEC; David Walters, USTR Bob Cumby, Treasury Robert Shapiro, Jon Orszag, of Commerce Ed Montgomery and Har ry Holzer of Labor. None of them have said that they are unable to come.

I called Karen Tramontono's office to ask if they were inviting the Labor Union people or if they wanted us to do it and if they did to please give me a list. I have not hear from her so I had planned to follow up with her office today for an answer.

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**Requestor Information**

Requestor Name Williams, Alice  
 Requestor Phone 3955854  
 Requestor Pass WHS

**Appointment Information**

Appointment With Williams, Alice  
 Appointment Date 03/15/99  
 Appointment Room 324 <- Lookup Room Number  
 Appointment Building Old Executive Office Building

Other Information (click here for WAVES appointment number (U #))

UNumber  
 Comments

**Visitor Information** (Use Tab key to advance between fields)

Time	Last Name	First Name	Date of Birth	SSN (###-##-####)	U.S. Citizen	Country Of Origin
02:30:00 PM	CUMBY	ROBERT			Y	US
02:30:00 PM	HOLZER	HARRY			Y	US
02:30:00 PM	MONTGOMERY	EDWARD			Y	US
02:30:00 PM	ORSZAG	JONATHAN		(b)(6)	Y	US
02:30:00 PM	SHAPIRO	ROBERT			Y	US

Enter This Visitor

Remove A Visitor

Edit A Visitor

[002]

**SANDRA F. DAIGLE**

02/26/99 01:45:53 PM

Record Type: Record

To: Karen Tramontano/WHO/EOP

cc:

Subject: Meeting w/Labor Economists

Michele asked me to let you know that she's happy to work with you on all 3 parts of setting up this meeting. Michele will be back in the office on Tuesday, but for right now, we have looked at Janet's schedule and would like to suggest Tuesday, March 16 from 10am to noon for the meeting with labor economists. Please let me know if you have a problem with that date/time.

Dr. Yellen suggests that Lael Brainard (NEC), Bob Shapiro (Commerce), Bob Cumby (Treasury), Harvey Holzer and Ed Montgomery (Labor), and Rebecca Blank and Nouriel Roubini (CEA) also participate.

## MARCH 1999

	Mon. Mar. 1, 1999	Tue. Mar. 2, 1999	Wed. Mar. 3, 1999	Thu. Mar. 4, 1999	Fri. Mar. 5, 1999	Sat. Mar. 6, 1999
	8:00a RELEASE: Housi 8:00a White House St 9:00a OECD Roundtabl  1:00p EPA Emissions  4:30p Pre-brief on S	Jeffrey Franke 8:00a RELEASE: Lead 8:00a White House St 8:15a Breakfast w/Jo 9:30a Mr. Tsutomu Ta 11:00a Tamara Monosof  2:30p Meeting w/Beck  6:00p Meeting re St	8:00a RELEASE:State 8:00a White House St 9:30a Staff Meeting  10:30a Meeting w/Robe 11:30a Timothy Adams  4:00p Technical Work 4:15p HOLD -- Drop-b 5:00p USA Accounts w	8:00a RELEASES: Employment & Blue Chip (embargo 3/10) 8:00a White House Staff meeting 9:00a WEB Edit 1:15p Lunch w/Becky & Robert @ WHMess 5:00p Final Web Edit	8:00a RELEASE: Produ 8:00a White House St 8:30a CIA Briefing  11:15a Press briefing  2:00p WEB Planning  5:00p Meeting re Soc 6:00p Market memo	8:00a White House Staff meeting   7:00p ERP Party
Sun. Mar. 7, 1999	Mon. Mar. 8, 1999	Tue. Mar. 9, 1999	Wed. Mar. 10, 1999	Thu. Mar. 11, 1999	Fri. Mar. 12, 1999	Sat. Mar. 13, 1999
8:00a White House Staff meeting	8:00a RELEASE: Whole 8:00a White House St  9:30a CEA Staff mee  10:30a USA Accounts m  1:30p Recruiting mee  4:00p Jeremy Heimans	8:00a White House Staff meeting 11:00a Manuel Johnson & David Smick  3:30p Social Security meeting w/Sperling	8:00a RELEASES: Adva 8:00a White House St 8:30a Podesta meetin  11:00a Social Securit	RELEASES: PPI 8:00a White House St 8:30a Podesta meetin  10:30a Domestic Polic	8:00a White House St 8:30a Podesta meetin  10:30a Audrey Choi 11:15a Sydney Blument 11:45a John Gibson  2:00p WEB Planning 2:30p Social Securit  5:00p Market memo	12:00p Speech- Eastern Economics Assn
Sun. Mar. 14, 1999	Mon. Mar. 15, 1999	Tue. Mar. 16, 1999	Wed. Mar. 17, 1999	Thu. Mar. 18, 1999	Fri. Mar. 19, 1999	Sat. Mar. 20, 1999
8:00a White House Staff meeting  10:00a Brunch with David and Sarah	8:00a RELEASES: Hous 8:00a White House St 8:30a Podesta meetin 9:30a CEA Staff mee 10:00a Recruiting mee 11:00a Social Securit 11:30a Drop- by Lunch 12:30p Social Securit 1:30p Medicare Princ 2:30p Pre-Meeting w/	8:00a White House St 8:30a Podesta meetin  10:00a Meeting w/Labo  1:00p Jonathan Weiss 2:00p Meeting w/Juan	8:00a RELEASES: Tra 8:00a Wednesday Bre 8:00a White House St 8:30a Podesta meetin  1:00p Social Securit  3:30p Meeting on Bar  5:00p WEB Edit	8:00a RELEASE: State 8:00a White House St 8:30a Podesta meetin 9:30a Recruiting mee  12:30p Medicare meeti  3:00p Michael Duffy 4:00p Karen Kornbluh 5:00p Final WEB Edit	8:00a White House St 8:30a CIA Briefing w 8:30a Podesta meetin 11:00a Interagency Wo  2:00p WEB Planning 2:30p Becky, Joe & R 3:30p NEC Agricultur 3:30p CEA Bowling Pa	7:00p Gridiron Club Dinner, Capital Hilton
Sun. Mar. 21, 1999	Mon. Mar. 22, 1999	Tue. Mar. 23, 1999	Wed. Mar. 24, 1999	Thu. Mar. 25, 1999	Fri. Mar. 26, 1999	Sat. Mar. 27, 1999
8:30a Podesta meeting	8:00a White House Staff meeting 8:30a Podesta meeting 9:30a CEA Staff meeting 11:00a Interview Karen Kornbluh Benjamin Page (Senior Macro interview)	8:00a RELEASE: Advar 8:00a White House St 8:30a Podesta meetin  1:00p Capital Budget  4:00p Farewell Party	8:00a White House St 8:30a Podesta meetin  10:00a Recruiting Mee  3:30p Mock Hearing	8:00a White House St 8:30a Podesta meetin 9:00a Car from OEOB 9:30a Senate Energy  2:00p Phone intervie 3:30p Will Gillespie  4:30p Hold for Recru 5:00p Final WEB Edit	RELEASE: Housing Sales (phone call) Vacation in Anguilla 8:00a White House Staff meeting 8:30a CIA Briefing 8:30a Podesta meeting 2:00p WEB Planning	Vacation in Anguilla
Sun. Mar. 28, 1999	Mon. Mar. 29, 1999	Tue. Mar. 30, 1999	Wed. Mar. 31, 1999			
Vacation in Anguilla	RELEASE: Consu Vacation in An 8:00a White House St 8:30a Podesta meetin  9:30a CEA Staff mee	RELEASE: GDP- IV (rev) Vacation in Anguilla 8:00a White House Staff meeting 8:30a Podesta meeting	RELEASES: Pers Vacation in An 8:00a USA Accounts E 8:00a White House St 8:30a Podesta Meetin			

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*How now July  
get facts  
on contracts  
in new*

*Steel*  
March 22, 1999

*AFL-CIO Dialogue*

*→ Pre-emptive  
info on  
what is really  
happening  
in Steel*

- ① Structure of Dialogue?
- ② Materials?  
*→ Harry Holzer  
new document*
- ③ When Schedule Meeting?

*CHINA*  
*Principal's mtg  
on WTO w/  
AFL-CIO*

Dr. Janet Yellen, Chair  
Council of Economic Advisers  
Old Executive Office Building  
17th and Pennsylvania Avenue, NW  
Washington, D.C. 20502

Dear Dr. Yellen:

Thank you for meeting with my colleagues and me last week. We greatly appreciated the opportunity to begin an open exchange on what is happening to manufacturing jobs in our economy.

At the close of the meeting you suggested that we continue this dialogue, and I am writing to you about some areas where we think continued discussion could be productive. I am sure you and others will have additional thoughts and we welcome them.

1. Manufacturing Jobs

A key issue for us is the place of manufacturing jobs in the economy. In particular, we believe that there is something special about manufacturing jobs, and that this special character needs to be taken account of in the design of policy. We believe that manufacturing jobs matter for productivity growth, income distribution, the trade deficit, and the ability of the U.S. economy to follow a full employment growth path. Further research and discussion regarding the significance of manufacturing jobs is much needed. If our claim is right, national policy makers must aim to develop economic policies that take account of manufacturing's special place.

2. The Trade Deficit

A second issue of concern is the trade deficit. This issue is multifaceted. It includes how the trade deficit may affect the number of manufacturing jobs, whether the trade deficit is indicative of national economic failure or whether it is merely the expression of economic agents' spending preferences, whether the trade deficit can continue at current levels indefinitely, or whether it ultimately poses a threat to economic stability and full employment.

Dr. Janet Yellen  
March 22, 1999  
Page 2

→ what is your agenda?  
→ Ask for Positive Trade Policy agenda

3. Trade Policy

A third issue is trade policy. The global financial crisis has shown that some U.S. manufacturing sectors are vulnerable to adverse employment effects arising from sudden changes in the value of currencies. These employment effects are unrelated to factory floor productivity. At the moment we have little in our policy tool kit to deal with such effects. Financial globalization is not going to go away, and we need to develop new tools for these types of problems.

Another problem is that many countries are pursuing industrial policies that target sectors for development and export. Often this includes subsidizing capacity build up. This too places U.S. manufacturing jobs at risk. Similarly, we need to construct new policies to deal with this.

Once again, I thought our meeting was a useful first step and look forward to your thoughts on how best to continue.

Best wishes,



David A. Smith, Director  
Public Policy Department

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