

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Steven N. Braun (CN=Steven N. Braun/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 21:36:07.00

SUBJECT: eggstra egg roll tickets

TO: Susan P. Clements (CN=Susan P. Clements/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Summer L. Scott (CN=Summer L. Scott/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Steven N. Braun (CN=Steven N. Braun/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Sandra F. Daigle (CN=Sandra F. Daigle/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Ryan D. Edwards (CN=Ryan D. Edwards/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Rosalind V. Rasin (CN=Rosalind V. Rasin/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert P. Bamsey (CN=Robert P. Bamsey/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert F. Schoeni (CN=Robert F. Schoeni/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Rebecca M. Blank (CN=Rebecca M. Blank/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Raymond P. Guiteras (CN=Raymond P. Guiteras/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Quindi C. Franco (CN=Quindi C. Franco/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Nora E. Gordon (CN=Nora E. Gordon/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Michele Jolin (CN=Michele Jolin/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Michael S. Kosoff (CN=Michael S. Kosoff/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Matthew R. McBrady (CN=Matthew R. McBrady/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary Fibich (CN=Mary Fibich/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary E. Jones (CN=Mary E. Jones/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary A. Thomas (CN=Mary A. Thomas/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mark N. Levine (CN=Mark N. Levine/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Linda A. Reilly (CN=Linda A. Reilly/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Joseph E. Aldy (CN=Joseph E. Aldy/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Jason K. Nuzzo (CN=Jason K. Nuzzo/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Howard A. Shelanski (CN=Howard A. Shelanski/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Heather L. Jambrosic (CN=Heather L. Jambrosic/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Francine P. Obermiller (CN=Francine P. Obermiller/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Elise H. Golan (CN=Elise H. Golan/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Douglas W. Elmendorf (CN=Douglas W. Elmendorf/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Cordelia W. Reimers (CN=Cordelia W. Reimers/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Christel M. Sice (CN=Christel M. Sice/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Charles F. Stone (CN=Charles F. Stone/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Catherine H. Furlong (CN=Catherine H. Furlong/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Carol L. Capece (CN=Carol L. Capece/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Brian A. Amorosi (CN=Brian A. Amorosi/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Bert I. Huang (CN=Bert I. Huang/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Andrew R. Feldman (CN=Andrew R. Feldman/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Alice H. Williams (CN=Alice H. Williams/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Alan S. Polasky (CN=Alan S. Polasky/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TEXT:
An extra ticket for the Easter Egg roll can be found on my coffee table.
You may take it.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 10:56:03.00

SUBJECT: vita

TO: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

----- Forwarded by Robert Z. Lawrence/CEA/EOP on 03/29/99
10:56 AM -----

robert lawrence <lawdorf @ erols.com>

03/28/99 09:29:57 PM

Please respond to lawdorf@erols.com

Record Type: Record

To: Robert Z. Lawrence/CEA/EOP

cc:

Subject: vita

- VITA..doc

===== ATTACHMENT 1 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D61]MAIL474974995.036 to ASCII,
The following is a HEX DUMP:

===== END ATTACHMENT 1 =====

VITA

ROBERT Z. LAWRENCE

CURRENT POSITIONS

Albert L. Williams Professor of International
Trade and Investment, Center for Business and Government,
John F. Kennedy School of Government, Harvard University.
New Century Senior Fellow, Brookings Institution

EDUCATION

Ph.D., Economics, Yale University, 1978
A.M. (hon.), Harvard University, 1991
M.A., International Relations, Yale University, 1973
B.A., Economics, University of Witwatersrand, 1970

POSITIONS & AFFILIATIONS

Editor, *Brookings Trade Forum*. Research Associate, National Bureau of Economic Research. Member, Presidential Commission on United States Pacific Trade and Investment Policy. Member, Board of Advisors, Committee for Free Trade and Economic Growth. Member, Advisory Committee, Institute for International Economics. Member, Council on Foreign Relations. Chair, Project on Middle East Trade, Institute for Social and Economic Policy in the Middle East, Harvard University. Faculty Associate, Center for International Affairs, Harvard University.

PREVIOUS POSITIONS & AFFILIATIONS

Senior Fellow, Brookings Institution, 1983-91; Research Associate, Brookings Institution, 1976-82; Professorial Lecturer, School of Advanced International Studies, Johns Hopkins University, 1978-81; Assistant Editor, Brookings Papers on Economic Activity, 1976-81; Instructor, Yale University, 1975; Columnist, Nikkei Financial Daily; Brookings Panel on Economic Activity, 1977-81, 1983, 1985, 1987; Panel on Foreign Trade Statistics, National Academy of Sciences; Research Advisory Board, Committee for Economic Development; Panel of Economic Advisors, Congressional Budget Office. Member, Program Associates Group, Overseas Development Council.

CONSULTANCIES

Federal Reserve Bank of New York (full-time, 1982-83); Organization for Economic Co-Operation and Development (OECD); The World Bank; Coalition for Advancement of Industrial Technology; United Nations Conference on Trade and Development (UNCTAD)

BOOKS and MONOGRAPHS

A Prism on Globalization: Corporate Responses to the Dollar with Subramanian Rangan (Washington DC: Brookings Institution) 1999 Forthcoming

Building Bridges: A US-Egypt Free Agreement Edited with Ahmed Galal (Washington DC: Brookings Institution) 1998

Globaphobia: Confronting Fears About Open Trade, with Gary Burtless, Robert Litan and Robert Shapiro (Washington DC: Brookings Institution, Progressive Policy Institute, Twentieth Century Fund, 1998)

Emerging Agenda for Global Trade: High Stakes for Developing Countries, with Dani Rodrik and John Whalley (Washington DC: Overseas Development Council, 1996)

Globalization and Trilateral Labor Markets: Evidence and Implications, with Niels Thygesen and Yutaka Kosai (New York: Trilateral Commission, 1996)

Single World, Divided Nations? (Paris: OECD Development Centre and Washington, D.C.: Brookings Institution, 1996)

Regionalism, Multilateralism and Deeper Integration (Washington, D.C.: Brookings Institution, 1996)

A Vision for the Global Economy: Openness, Diversity and Cohesion, with Albert Bressand and Takatoshi Ito (Washington, D.C.: Brookings Institution, 1996)

The North American Free Trade Area: An Assessment of the Research, edited with Nora Lustig and Barry Bosworth (Washington, D.C.: Brookings Institution, 1992)

An American Trade Strategy: Options for the 1990s, edited with Charles L. Schultze (Washington, D.C.: Brookings Institution, 1990)

American Living Standards: Threats and Challenges, edited with Robert E. Litan and Charles L. Schultze (Washington, D.C.: Brookings Institution, 1988)

Barriers to European Economic Growth: A Transatlantic View, edited with Charles L.

Schultze (Washington, D.C.: Brookings Institution, 1987)

Saving Free Trade: A Pragmatic Approach, with Robert E. Litan (Washington, D.C.: Brookings Institution, 1986)

Can America Compete? (Washington, D.C.: Brookings Institution, 1984)

Primary Commodity Markets and the New Inflation, with Barry P. Bosworth (Washington, D.C.: Brookings Institution, 1982)

ARTICLES.

"Blessing or Curse? The East Asian crisis and America's trade deficit" Brookings Review Summer 1998. Vol 16 No3.

"Does a kick in the pants get you going or does it just hurt? The impact of international competition on technological change in US manufacturing" in Robert E. Feenstra (ed) Globalization and Wages (Chicago :University of Chicago Press for the National Bureau of Economic Research) Forthcoming

"The Challenge of Deeper Integration: U.S. Trade Policy Options" in Geza Feketekuty with Bruce Stokes (eds) Trade Strategies for a New Era: Ensuring U.S. Leadership in a Global Economy (New York: Council on Foreign Relations Press for the Monterey Institute of International Studies 1998)

"Globophobia: The Wrong Debate Over Trade Policy" with Robert E Litan. Brookings Institution Policy Brief #24 September 1997. (Washington DC: Brookings Institution).

"Is it Really the Economy Stupid?" in Joseph Nye, Philip D. Zelikow and David C. King (eds) Why People Don't Trust Government (Cambridge: Harvard University Press, 1997)

"Current Economic Policies: Social Implications over the Longer Term," in Societal Cohesion and the Globalising Economy. (Paris: OECD, 1997)

"The World Trade and Investment System and Developing Countries," in John H. Dunning and Khalil A. Hamdani (eds) The New Globalism and Developing Countries. (Tokyo: United Nations University Press, 1997)

"Preferential Trading Arrangements: The Traditional and the New" in Ahmed Galal and Bernard Hoekman (eds) Regional Partners in Global Markets: Limits and Possibilities of the

Euro-Med Agreements (London: CPER/ECES) 1997

"Challenges for the Global Trading System," in Il SaKong (ed) Major Issues for the Global Trade and Financial System. (Seoul, Korea: The Seoul Global Trade Forum, 1996)

"Commerce and Security in the Middle East: An Action Agenda," with Robert D. Blackwill (Institute for Social and Economic Policy in the Middle East, December 1996)

"The Global Contestability of Markets: the Next Stage in the Movement Towards an Open World Economy?" (Washington, D.C.: George Washington University, forthcoming)

"Regionalism and Multilateralism: Should the Rules be Changed?" in Jeffery Schott (ed) The World Trading System: The Challenges Ahead. (Washington DC: Institute for International Economics, 1996)

"Preferential Trading Arrangements: The Traditional and the New," in Ahmed Galal and Bernard Hoekman (eds) Regional Partners in Global Markets: Limits and Possibilities of the Euro-Med Agreements, (London: CEPR and ECES: 1996)

"Measuring the International Contestability of Markets: A Conceptual Approach," with Edward M. Graham in Journal of World Trade, October 1996

"Towards Globally Contestable Markets," in Market Access After the Uruguay Round: Investment, Competition and Technology Perspectives (Paris: OECD, 1996)

Book Review: Adrian Wood, North-South, Trade, Employment, and Inequality: Changing Fortunes in a Skill-Driven World in Industrial & Labor Relations Review, April 1996, v.49, no.3

Towards Free Trade in the Middle East: The Triad and Beyond (Cambridge, Mass.: ISEPME, Harvard University, 1995)

"Resist the Binge," Foreign Affairs, July/August 1996.

"The Slow Growth Mystery: Can We Cure the Cancer?" Foreign Affairs, v.75, no.1, January/February 1996

"Issues and Preliminary Conclusions: Lessons from the NAFTA Debate," in DeFontenay et al. (eds.) Western Europe in Transition: The Impact of the Opening Up of Eastern Europe and the former Soviet Union (Washington, D.C.: International Monetary Fund, August 1995)

"U.S. Wage Trends in the '80s: The Role of International Factors," New York Federal Reserve Bulletin, v.1, no.1, January 1995

"U.S. Trade and Investment Priorities: Asia's Place," in Wendy Dobson and Frank Flatters (eds.) Pacific Trade and Investment: Options for the 90s (Kingston, Ontario: International and Development Studies Program, John Deutsch Institute for the Study of Economic Policy, Queen's University, 1994)

"Regionalism: An Overview," Journal of Japanese and International Economics, v.8, 1994, 365-387

"Trade, Multinationals and Labor" in Phillip Low and Jacqueline Dwyer (eds.) International Integration of the Australian Economy (Australia: Reserve Bank of Australia, Ambassador Press, 1994)

"Rude Awakening: The End of the American Dream," International Economic Insights, v.V, no.1, January/February 1994

"Trade, Jobs, and Wages," with Paul Krugman, Scientific America, April 1994

"Futures for the World Trading System and Their Implications for Developing Countries," in Manuel R. Agosin and Diana Tussie (eds.) Trade and Growth: New Dilemmas in Trade Policy (New York: St. Martin's Press, 1993)

"The Responses of U.S. Firms to Exchange Rate Fluctuations: Piercing the Corporate Veil," with Subramanian Rangan, Brookings Papers on Economic Activity, 2: 1993, pp. 341-379.

"Trade and Wages: Great Sucking Sound or Small Hiccup?" with Matthew Slaughter, Brookings Papers on Economic Activity: Microeconomics, 1993

"Trends In World Trade and Foreign Direct Investment," in Pauline Baker, Alex Boraine and Warren Krafchik (eds.) South Africa and the World Economy in the 1990's, (Washington, D.C.: Brookings Institution, 1993)

"Why is Foreign Direct Investment in Japan So Low?" in Ken Froot (ed.) Foreign Investment (Cambridge, Mass.: National Bureau of Research, 1993)

"The Real Wage/Productivity Story," The International Economy v.VII, no.4, July/August 1993, pp.16-19

"Is Japan's Trade Regime Different?" Journal of Economic Perspectives (Summer 1993)

"Competitiveness," in David R. Henderson (ed.) The Fortune Encyclopedia of Economics (New York: Warner Books, 1993)

"Japan's Low Levels of Inward Investment: The Role of Inhibitions on Acquisitions," Transnational Corporations, v.1, no.3, December 1992, pp.47-76

"The U.S.-Asian Pillar: A New Initiative," Economic Insights, v.III, no.VI, November/December 1992

"Debating the 1980's And What's Next," Book Review, Fortune, June 15, 1992

"Emerging Regional Arrangements: Building Blocks or Stumbling Blocks," in Richard O'Brien (ed.) Finance and the International Economy: 5 (New York: Oxford University Press, 1991)

"The World Trading System after the Uruguay Round," with Robert E. Litan in Boston University International Law Journal, v.8, no.2, Fall 1990

"How Open Is Japan?" in Paul Krugman (ed.) Trade with Japan: Has The Door Opened Wider? (Cambridge, Mass.: National Bureau of Economic Research, 1991)

"Issues in Measurement and International Comparison of Output Growth in Manufacturing," in Peter Hooper and J. David Richardson (eds.), International Economic Transactions: Issues in Measurement and Empirical Research (Cambridge, Mass.: National Bureau of Economic Research, 1991)

"Efficient or Exclusionist? The Import Behavior of Japanese Corporate Groups," Brookings Papers on Economic Activity, 1: 1991

"Keiretsu and Japan's Rigged Distribution System," The International Economy, v.5, no.3, May/June 1991

"The Reluctant Giant: Will Japan Take Its Role on the World Stage?" The Brookings Review, v.9, no.3, Summer 1991

"American Manufacturing in the 1990s: The Adjustment Challenge," in Kenneth W. Chilton, Melinda E. Warren, and Murray L. Weidenbaum, (eds.) American Manufacturing in a Global Market (Boston: Kluwer Academic Publishers for the Center for the Study of American Business, 1990)

"U.S. Current Account Adjustment: An Appraisal," Brookings Papers on Economic Activity, 2: 1990

"Innovation and Trade: Meeting the Foreign Challenge," in Henry J. Aaron (ed.), Setting National Priorities: Policy for the Nineties (Washington, D.C.: Brookings Institution, 1990)

"A Depressed View of Policies for Depressed Industries," in Robert M. Stern (ed.), U.S.-Canadian Trade and Investment Relations with Japan (Chicago: University of Chicago Press, 1989)

"Fool's Gold: How America Pays to Lose in the Olympics," The Brookings Review, v.7, no.4, Fall 1989

"Protection: Is There a Better Way?" American Economic Review (May 1989)

"The Dynamics of Trade and Employment (book review), Journal of Economic Literature, September 1989, v.27, no.3

"America in the World Economy," with Barry P. Bosworth, The Brookings Review (Winter 1988-89), v.7, no.1

"Improving American Living Standards," with Robert E. Litan and Charles L. Schultze, Brookings Review (Winter 1988-89), v.7, no.1

"The International Dimension," chap. 2 in Lawrence, Litan, and Schultze, eds., American Living Standards: Threats and Challenges

"America's Global Role," with Barry P. Bosworth, chap. 2 in John Steinbruner, ed., Restructuring American Foreign Policy (Washington, D.C.: Brookings Institution, 1988)

"The Danger of a Dollar Strike," in Susan J. Irving (ed.), Economic Vulnerabilities: Challenges for Policymakers (Washington, D.C.: The Curry Foundation, 1988)

"U.S. Business in the Global Economy: Where Are We Headed?" in Andrew Blair and Josephine E. Olsen, (eds.), The Role of the Private Sector in Fostering/Responding to Global Structural Change, University of Pittsburg, Joseph M. Katz Graduate School of Business, June 1988

"Trade Performance as a Constraint on European Growth," in Robert Z. Lawrence and Charles L. Schultze (eds.) Barriers to European Economic Growth: A Transatlantic View

"Imports in Japan: Closed Markets or Minds?," Brookings Papers on Economic Activity, 2: 1987, pp. 517-54

"The Protectionist Prescription: Errors in Diagnosis and Cure," Brookings Papers on Economic Activity, 1: 1987

"The Pitfalls of Protectionism," with Robert Litan, Harvard Business Review (May 1987)

"Dealing with Dislocation," with Robert Litan, Harvard International Review, vol. IX, no. 3 (February-March 1987)

"Adjusting to Slower Economic Growth: The Domestic Economy," with Barry P. Bosworth (chap. 2) in Bosworth and Alice M. Rivlin, (eds.), The Swedish Economy (Washington, D.C.: Brookings Institution, 1987)

"Adjusting to Slower Economic Growth: The External Sector," with Bosworth (chap. 3) in The Swedish Economy

"Economic Goals and the Policy Mix," with Bosworth (chap. 4) in The Swedish Economy

"Industrial Policy in the United States and Europe: Economic Principles and Political Practice," in Hiromichi Mutoh, et al. (eds.), Industrial Policies for Pacific Economic Growth (Sydney, Australia: Allen and Unwin, 1986), pp. 126-46

"Systemic Risk and Developing Country Debt," in Deepak Lal and Martin Wolf, (eds.), Stagflation, Savings, and the State (Oxford University Press, 1986), pp. 91-102

"Manufacturing Wage Dispersion: An End Game Interpretation," with Colin Lawrence, Brookings Papers on Economic Activity, 1:1985, pp. 47-116

"Living with the Trade Deficit: Adjustment Policies to Preserve Free Trade," with Robert E. Litan, Brookings Review (Fall 1985)

"Sectoral Shifts and the Size of the Middle Class," Brookings Review (Fall 1984), pp. 3-11

"Should U.S. Trade Policies Be Changed?" in Robert Z. Lawrence, et al., U.S. Competitiveness and Its Implications for Europe, Centre for European Policy Studies, CEPS Papers, no. 11/12/13, November 1984, pp. 7-41

"Adjusting to Economic Change," with Linda Cohen, Lawrence B. Krause, and Robert Meyer in Alice M. Rivlin, (ed.), Economic Choices (Washington, D.C.: Brookings, 1984)

"The Myth of U.S. Deindustrialization," Challenge (November-December 1983). Reprinted in Thomas Petri, et al. (eds.), National Industrial Policy: Solution or Illusion (Westview Press: 1984), and Richard D. Bartel, The Challenge of Economics (Armonk, N.Y.: M.E. Sharpe, Inc., 1984)

"Changes in U.S. Industrial Structure: The Role of Global Forces, Secular Trends and Transitory Cycles," in Industrial Change and Public Policy, Federal Reserve Bank of Kansas City, 1984

"Is Trade Deindustrializing America? A Medium-Term Perspective," Brookings Papers on Economic Activity, 1: 1983

"U.S. International Competitiveness," in U.S. International Economic Policy, selected essays prepared for the Joint Economic Committee, U.S. Congress, 1982

"World Manufactured Goods Trade," prepared for the Chinese Academy of Social Sciences-Brookings Institution Conference on International Economic Relations, Beijing, May 31-June 4, 1982 (translated and published in Chinese by the Chinese Academy of Social Sciences)

"Toward a Research Program for U.S. Trade Policy in the 1980s," with Lawrence B. Krause, in U.S. Policies in Response to Growing International Trade Competitiveness, Colloquium on International Economic Policy Research, National Science Foundation, 1982

"Study of U.S. Competitiveness" (book review), in Journal of International Economics, 1982

"Minority Employment and U.S. Trade," in Foreign Trade Policy and Black Economic Advancement, Joint Center for Political Studies, 1981, pp. 49-63

"The United States Current Account: Trends and Prospects," Special Study on Economic Change, vol. 9, The International Economy: U.S. Role in a World Market, Joint Economic Committee, U.S. Congress (December 1980)

"Keeping Up With the Mitsubishis," Executive (Spring 1980)

"Toward a Better Understanding of the Trade Balance Trends: The Cost Price Puzzle," Brookings Papers on Economic Activity, 1:1979

"Within and Between Country Inflation Rate Variances: Are They Similar?" Journal of Monetary Economics, vol. 5 (1979)

"An Analysis of the 1977 U.S. Trade Deficit," Brookings Papers on Economic Activity, 1:1978

"There Is a Postwar Growth Cycle," Kyklos (1977), vol. 3

"The 1972-75 Commodity Boom," with Richard N. Cooper, Brookings Papers on Economic Activity, 3:1975

"The International Monetary System," with Robert Triffin, Colliers Encyclopedia

PUBLISHED COMMENTS

Commentary on Dennis Snower A Causes of Changing Income Inequality.≡ A Paper presented at the Symposium Sponsored by the Federal Reserve Bank of Kansas City. Jackson Hole Wyoming. August 1998.

Commentary on Barry Eichengreen and Douglas Irwin "The Role of History in Bilateral Trade Flows" in The Regionalization of the World Economy (NBER, Chicago: University of Chicago Press, 1997)

Commentary on Alan V. Deardorff, "Economic Effects of Quota and Tariff Reductions" in Susan M. Collins and Barry P. Bosworth (eds.), The New GATT: Implications for the United States (Washington, D.C.: Brookings Institution, 1994)

Commentary on Jeffrey A. Frankel, "Is Japan Creating a Yen Bloc in East Asia and the Pacific?" in Jeffrey A. Frankel and Miles Kahler (eds.), Regionalism And Rivalry (NBER, Chicago: University of Chicago Press, 1993)

Commentary on K.C. Fung, "Characteristic of Japanese Industrial Groups and Their Potential Impact on U.S.-Japanese Trade," in Robert E. Baldwin (ed.), Empirical Studies of Commercial Policy (Chicago: University of Chicago Press, 1991)

Commentary on Rudiger Dornbusch, "Policy Options for Freer Trade: The Case for Bilateralism" in Robert Z. Lawrence and Charles L. Schultze (eds.), An American Trade Strategy: Options for the 1990s (Washington, D.C.: Brookings Institution, 1990)

Commentary on Geza Feketekuty, "Super 301," in Jagdish Bhagwati (ed.), Aggressive Unilateralism (Ann Arbor, Michigan: University of Michigan Press, forthcoming)

Commentary on Symposium on Europe 1992, Brookings Papers on Economic Activity, 2:1990 (Washington, D.C.: Brookings Institution, 1990)

Commentary on Makoto Kuroda, "Strengthening Japan-US Cooperation and the Concept of Japan-US Free Trade Arrangements," in Jeffery Schott (ed.), Free Trade Areas and US Trade Policy (Washington, D.C.: Institute for International Economics, 1989)

Commentary on J. David Richardson, "U.S. Automobile Competitiveness," in Richard C. Marston, (ed.), Misalignment of Exchange Rates: Effects on Trade and Industry (Chicago: University of Chicago Press, 1988)

Commentary on Juergen B. Donges, "Whither International Trade Policies," in Kimberly Ann Elliot and John Williamson (eds.), World Economic Problems (Washington, D.C.: Institute for International Economics, April 1988)

Commentary on Jeffrey Sachs, "Global Adjustments to a Shrinking U.S. Trade Deficit," Brookings Papers on Economic Activity, 2:1988 (Washington, D.C.: Brookings Institution, 1988)

Commentary on Manuel Johnson, "Enhancing Competitiveness: National Economic Policies," in Federal Reserve Bank of Kansas City, Competing in the World Marketplace: The Challenge for American Agriculture (Kansas City, Missouri, October 31 - November 1, 1986)

Commentary on Richard M. Levich, "Gauging the Evidence on Recent Movements in the Value of the Dollar," in Federal Reserve Bank of Kansas City, The U.S. Dollar--Recent Developments, Outlook, and Policy Options (Jackson Hole, Wyoming, August 21-23, 1985)

"U.S. Competitiveness," in David Morrison and Diane B. Bendahmane (eds.), Robotics and Foreign Affairs, Proceedings of a symposium sponsored by the Foreign Service Institute of the U.S. Department of State (Washington, D.C.: Government Printing Office, August 1985)

Commentary on Paul R. Krugman, "The U.S. Response to Foreign Industrial Targeting," in Brookings Papers on Economic Activity, 1:1984 (Washington, D.C.: Brookings Institution, 1984)

"Comments at Conference" [on Agriculture and U.S. Macro- Economic Policy] in the Curry Foundation report, Agriculture, Stability, and Growth (Port Washington, N.Y.: Faculty Press, 1984)

CONGRESSIONAL TESTIMONY

"Causes of the US Trade Deficit and Its Implications for the U.S. Economy." Testimony before the Senate Finance Committee June 12, 1998.

"Peace and Security in the Middle East" Testimony before the Joint Economic Committee October 21 1997.

"The Uruguay Round," testimony before the Committee on Labor and Human Resources, U.S. Senate, November 23, 1994.

"An Examination of Major Factors Affecting U.S. International Competitiveness," testimony before the Committee on Ways and Means, U.S. House of Representatives, June 6, 1991

"The Economic Impact of a Mexico Free Trade Agreement," testimony before the Task Force on Economic Policy Projects and Revenues, Committee on the Budget, U.S. House of Representatives, May 14, 1991

"The Structural Impediments Initiative," testimony before the Subcommittee on International Trade, Committee on Finance, U.S. Senate, April 15, 1991

"The Structural Impediments Initiative," testimony before the Subcommittee on International Trade, Committee on Finance, U.S. Senate, November 7, 1989

"The Japanese Market: How Open Is It?" testimony before the Joint Economic Committee, U.S. Congress, October 11, 1989

"The Impact of the Federal Budget Deficit on the Nation's Economic Future," testimony before the Ways and Means Committee, U.S. House of Representatives, February 8, 1989

"American Living Standards," testimony before the Joint Economic Committee, U.S. Congress, April 11, 1988

"Industrial Transition in a Global Economy," testimony before the Technological Policy Task Force, Committee on Science, Space, and Technology, U.S. House of Representatives, July 1, 1987

"Policies Toward Fair and Unfair Trade," testimony before the Subcommittee on International Trade, Committee on Finance, U.S. Senate, November 20, 1985

"Tax Reform and International Competitiveness," testimony before the Subcommittee on International Economic Policy and Trade, Committee on Foreign Affairs, U.S. House of Representatives, October 8, 1985

"Tax Reform and Innovation," testimony before the Committee on Ways and Means, U.S. House of Representatives, July 31, 1985

"The R&D Tax Credit," testimony before the Committee on Finance, U.S. Senate, June 26, 1985

"The Current Trade Deficit," testimony before the Subcommittee on International Trade, Committee on Finance, U.S. Senate, June 28, 1984

"The Impact of the Transition to a Service Economy on Earnings," testimony before the Subcommittee on Economic Stabilization, Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, June 28, 1984

"National Materials Policy," testimony before the Subcommittee on Science, Technology, and Space, Committee on Commerce, Science and Transportation, July 1980

NEWSPAPER WRITINGS

"From Here to Infiniti (and Lexus and Acura)," Boston Sunday Globe, May 21, 1995.

"Counting the cost of German unification," with Warwick J. McKibbin, Financial Times, March 15, 1990

"Bringing Home the Gold," Newsday, November 19, 1989

"Trade, tough talk and bad politics," Chicago Tribune, June 30, 1987

"Ending the 'Lunacy' of Trade Protection," New York Times, April 27, 1986

"R_x for Disaster: A Surcharge on Imports," New York Times, May 26, 1985

"The Middle Class Is Alive and Well," New York Times, June 23, 1985

"Hardships lie ahead for workers, but structural change is a benefit," with Charles L. Schultze, Boston Globe, October 30, 1984

"Before Industrial Policy," New York Times, November 30, 1983

COMMISSIONED STUDIES

"Social Implications of Current Economic Policies," paper prepared for OECD Forum For the Future: Economic Flexibility and Social Cohesion in the 21st Century, Paris, December 1996.

"Toward Globally Contestable Markets", mimeo, paper prepared for the OECD Trade Committee, Paris: Organization for Economic Co-operation and Development, February 1995.

"Competitiveness, Trade Performance and the End of the American Dream," paper prepared for consultants' meeting of the Federal Reserve Board, November 1992

"Futures for the World Trade and Investment System and the Implications for Developing Countries," paper prepared for United Nations Center on Transnational Corporations, March 1992

"Do Keiretsu Reduce Japanese Imports?" paper prepared for the eighth international symposium of the Japanese Economic Planning Agency's Economic Research Institute on "External Adjustments and Changing Trade Structure of Manufactured Goods since 1985" in Tokyo, January 1991

"An Analysis of Japanese Trade with Developing Countries," paper prepared for UNCTAD, July 1990

"Foreign-Affiliated Automakers in the United States: An Appraisal," paper commissioned by the Automobile Importers of America, Inc., March 1990

"U.S. Trade Policy in the 1990s: The Case for Rules-Based Multilateralism," paper prepared for the Japan Society's Managed Trade Symposium in New York City, January 1990

"Time Horizons of American Management: The Role of Macroeconomic Factors," paper prepared for Michael Porter (ed.), Time Horizons of American Management, Harvard Business School, 1989

"Structural Adjustment Policies in Developed Countries," paper prepared for UNCTAD, Geneva, October 1988

"Tax Policies for Innovation and Competitiveness (with Martin N. Baily), a study commissioned by the Council on Research and Technology, April 1987

"Product Market Rigidities and Macroeconomic Performance: Issues in Theory and Measurement," paper prepared for the OECD, February 1987

"The World Economy over the Next Decade," background paper prepared for the World Development Report, The World Bank, September 1986

"Do Industries Injured by Trade Ever Adjust?" with Paula DeMasi, June 5, 1985, draft prepared for Gary Hufbauer and Howard Rosen (eds.), Studies of Industrial Adjustment (Cambridge, Mass.: MIT Press)

"Issues in American Economic Policy," with Barry P. Bosworth, paper prepared for the Conference on Economic Relations in the Asia-Pacific Region, sponsored by the Brookings Institution and the Chinese Academy of Social Sciences, Wye Plantation, June 1985

"Appropriate Tax Accounting for Research and Development Expenditures Under a Corporate Minimum Tax, with Martin Neil Bailly, Barbara Felker and Paul Costerhuis. Paper prepared for the Coalition for the Advancement of Industrial Technology, July 1985

"The Need for a Permanent Tax Credit for Industrial Research and Development," with Martin Neil Bailly and Data Resources, Inc., a paper prepared for the Coalition for the Advancement of Industrial Technology, February 1985

"The Employment Effects of the New Information Technologies: An Optimistic View," September 1984 (paper prepared for a Conference on the Societal Challenges of Information Technologies in Berlin, November 1984 and circulated as Brookings Discussion Paper in International Economics No. 20)

"The Questionable Case for Selective Industrial Policies," paper presented at the Southern Economic Association Meeting, November 1983, and circulated as Brookings Discussion Paper in International Economics, No. 10, December 1983

"Problems of Positive Adjustment: Do We Really Need a National Industrial Policy?" with Lawrence B. Krause, paper presented at December 1982 meetings of the American Economic Association

"Deindustrialization and U.S. International Competitiveness: Domestic and International Forces in U.S. Industrial Performance, 1970-1980," prepared for Conference on the Political Economy of Inflation and Unemployment, Williams College, October 19, 1982,

"U.S. Domestic Adjustment," prepared for Phase I of National Science Foundation project on Growing U.S. International Competitiveness, April 1982

"U.S. Trade Performance Patterns," prepared for Phase I of National Science Foundation project on Growing U.S. International Competitiveness, April 1982

"Growth, Trade and the Global Trading System," prepared for Phase I of National Science Foundation project on Growing U.S. Competitiveness, April 1982

"Global Commodity Prices and Financial Markets: Theory and Evidence," with Colin Lawrence, paper presented at 1981 meetings of the American Economic Association

"Primary Commodity Prices in a Dualistic Economy," paper presented at the meeting of the Research Consortium on Agricultural Trade, Tucson, Arizona, December 15, 1980

"United States Performance in International Trade," a background paper prepared for the Conference on U.S. Competitiveness, organized by Harvard University, the New York Stock Exchange, and the U.S. Subcommittee on International Trade, April 1980

The Measurement and Causes of the Synchronization of the International Business Cycle, dissertation presented in partial fulfillment of Ph.D. requirements, Yale University, 1978

March 1998

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Steven N. Braun (CN=Steven N. Braun/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 19:18:31.00

SUBJECT: ? Kick-off meeting for the MSR projection Tues April 6th @3:45 pm ?

TO: Mary A. Thomas (CN=Mary A. Thomas/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: robert.cumby (robert.cumby @ treas.sprint.com@inet [UNKNOWN])
READ:UNKNOWN

TO: Karen.hendershot (Karen.hendershot @ treas.sprint.com @ inet [UNKNOWN])
READ:UNKNOWN

TO: John.kitchen (John.kitchen @ treas.sprint.com @ inet [UNKNOWN])
READ:UNKNOWN

TO: Douglas A. Norwood (CN=Douglas A. Norwood/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Mark A. Wasserman (CN=Mark A. Wasserman/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Joseph J. Minarik (CN=Joseph J. Minarik/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: leeprice (leeprice @ doc.gov@inet [UNKNOWN])
READ:UNKNOWN

TO: ccox (ccox @ doc.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: joel.platt (joel.platt @ treas.sprint.com @ inet [UNKNOWN])
READ:UNKNOWN

TO: Patrick G. Locke (CN=Patrick G. Locke/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Justine F. Rodriguez (CN=Justine F. Rodriguez/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Robert B. Anderson (CN=Robert B. Anderson/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Rebecca M. Blank (CN=Rebecca M. Blank/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: david.wilcox (david.wilcox @ treas.sprint.com [UNKNOWN])
READ:UNKNOWN

CC: Douglas W. Elmendorf (CN=Douglas W. Elmendorf/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

CC: Mary A. Thomas (CN=Mary A. Thomas/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

CC: Ryan D. Edwards (CN=Ryan D. Edwards/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

CC: Summer L. Scott (CN=Summer L. Scott/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

CC: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:

Are Troika members free to meet Tuesday, April 6th at 3:45 to 5:15 pm in
OEOB 324?

If you think the Troika should be investigating any special issues, please
bring them to the meeting.

On my personal agenda,

1) Setting the calendar for this projection round.

Would it possible to schedule the T1 meeting on Friday, June 4th,
(the day of the May employment release)? Then the projection could be
final on Monday June 7th?

2) Ought we to raise productivity growth and potential output? If so,
why?

I suspect that some of the procedural "improvements" to deflation
made by the BEA in its last two annual revisions, have reduced inflation,
raised real output growth, and raised the wedge. If the reason for
raising productivity are these measurement issues, then the wedge should
be raised also. (For example, the switch from CPIs to PPIs for physicians
and hospitals raised both potential output growth and the wedge by 0.05
percentage point.) Of course, raising the wedge in tandem with
productivity will have little effect on the budget surplus. I propose
asking the BEA to evaluate the effect of their combined methodology
changes.

3) Depreciation is an income component on which the tax rate is zero.
Furthermore, the Macroeconomic Advisers equations for this sector are of
little help. (In the past, the MA equations led to an explosion of the
depreciation share--an explosion that has thus far failed to
materialize.) Could one of us do some substantial econometric work to
repair this sector? (I have some ideas.)

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 11:33:53.00

SUBJECT: Re: Comments

TO: Alan S. Polasky (CN=Alan S. Polasky/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:

I do not seem to have a copy of the comments. Could I see them?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Quindi C. Franco (CN=Quindi C. Franco/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 12:17:48.00

SUBJECT: Tier 2 Comments

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

CC: Alan S. Polasky (CN=Alan S. Polasky/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:

----- Forwarded by Quindi C. Franco/CEA/EOP on 03/29/99
12:16 PM -----

Quindi C. Franco
03/25/99 05:21:47 PM
Record Type: Record

To: Robert Z. Lawrence/CEA/EOP, Joseph E. Aldy/CEA/EOP, Alan S.
Polasky/CEA/EOP, Ray.Squitieri @ treas.sprint.com @ inet
cc:
Subject: FYI, Comments on T2

We submitted the following comments on EPA's Tier 2 Proposal.

Q

===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D78]MAIL44481699W.036 to ASCII,
The following is a HEX DUMP:

===== END ATTACHMENT 1 =====

March 25, 1999

MEMORANDUM FOR ART FRAAS

Office of Information and Regulatory Affairs, OMB

FROM: Steve Polasky, CEA
Quindi Franco, CEA

RE: CEA Comments on EPA'S Tier 2 Proposal

General Concerns:

Cost-effectiveness - In his 1997 letter to Administrator Browner on implementing the NAAQS, the President reaffirmed the Administration's commitment to maximize cost-effectiveness in implementing environmental programs. Cost-effective implementation requires analysis of various options and choosing the least cost method of obtaining the environmental goal (in this case, meeting the air quality standards). We are concerned that the current proposal and analysis does not support the analysis of the program's cost-effectiveness for the following reasons:

- The proposal does not consider alternatives, and therefore does not show that this approach is cost-effective. Other options in terms of more/less stringent standards on automobiles and fuels and differentiated regional controls should be more thoroughly considered. The only option for which comments are requested is a more stringent auto and sulfur standard.
- The analysis supporting this proposal only considers the rule on average and as an entire package and does not consider individual components or their marginal cost-effectiveness. For example, what would it cost (and what would be the benefits) to meet the .07 standard with 50 ppm sulfur or to meet a .1 standard with 10 ppm sulfur? Answers to these questions are necessary to inform an analysis of the marginal (as opposed to average) cost effective of the rule and of various components of the rule (auto versus sulfur requirements).
- While we applaud EPA's incorporation of various flexibility mechanisms, we believe the proposal contains many unnecessary limitations to the use of these mechanisms (refinery trading is only allowed during the phasedown period, the use of credits is constrained, etc.) These concerns are detailed below.
- EPA has defined cost-effectiveness as the cost per ton of emissions reduced. This is inappropriate since what we are really concerned about is meeting our environmental goals, not simply reducing emissions.

Approach to benefit-cost analysis. The correct way to perform a benefit-cost analysis of a rule

in which costs and benefits are not seen at the same time and which change over time is to look at the net-present value of a stream of benefits and costs, not at a “representative benefit-cost number” for a year in which costs and emissions reductions have stabilized (preamble, p. 145). Because the costs of Tier 2 are incurred up-front and the benefits grow over time, an NPV analysis is not equivalent to a sample year analysis. We have done some preliminary calculations that show an NPV approach does not substantively change the evaluation of this rule. However, such an analysis is extremely important for evaluating timing issues.

Interaction between Tier 2 and NOx SIP Call - The NOx SIP Call rule issued last fall requires States to design programs to reduce their NOx emissions to State specific budget levels. It is our understanding that “the final rule does not mandate which sources must reduce pollution. States will have the ability to meet the requirements ... by reducing emissions from the sources they choose.” (EPA Fact Sheet on NOx SIP Call Final Rule) Since the Tier 2 rule will make large reductions in automobile NOx emissions, could States respond by pursuing fewer reductions from other sectors, thus offsetting a portion of Tier 2 reductions (at least in the OTAG region)?

We understand that many of the above issues involve further analysis that may not be possible before publishing this proposal. However, we feel these are important analytic issues which can help inform how Tier 2 can achieve its environmental goals at lower cost. EPA should discuss whether they intend to perform such analysis prior to issuing the final rule or why this analysis cannot be performed.

VEHICLES:

- **Why use bins?** EPA should give serious consideration to using a straight corporate average emissions standard for each pollutant, letting the manufacturer choose where to produce. Preamble language says bins were chosen because bins are more likely to result in real environmental improvements (p. 72). This presumably is because manufacturers cannot choose a different certification level without actually changing their technologies. It is not clear that this is an accurate picture of the effects of a bin approach versus a straight corporate average. EPA has indicated (in staff briefings) that non-trivial gains can often be had relatively easily from simply re-calibrating engines. With a bin structure, there may be no incentive to pursue these marginal gains unless it will get the engine family all the way to the next bin.

EPA also indicates that a bin approach provides additional assurances that expected reductions will be achieved because vehicles will “over-qualify.” It is unclear to us why manufacturers would over-qualify aside from in-use compliance concerns. To the extent that over-qualifying is costly, we would expect to see these bonus emissions reductions diminish over time as manufacturers’ understanding of where their cars will end up in-use improves. In the end, the manufacturer’s incentive to improve emissions is limited by the bin approach to step-wise large improvements, which are likely to be more expensive over marginal (probably cheaper) reductions. This rule is setting a structure for the

future of automobile emissions regulation and over the longer run, these dynamic incentives are extremely important. In the very least, EPA should add many more bins to the proposal and expand its discussion of the FEL alternative.

- **Allow Trading Across Programs.** EPA has called for an emissions trading program for NOx emissions under the NOx SIP Call, and here proposes a trading program for corporate average NOx standards. In the SIP Call, we were concerned that EPA concentrated its effort on obtaining reductions from large stationary sources. It seems these two programs could be linked to allow efficient emissions reductions between these two sectors. If an auto maker did not meet their standard, they could purchase the equivalent life-time tons from utilities or major industrial sources participating in the NOx trading program, and vice-versa. This would enhance the cost-effectiveness of achieving a given level of aggregate emissions reductions across the two programs. We realize there could be a number of implementation details that could complicate such a program, but would like EPA to include a discussion of this option in the proposal and invite comment.
- **Phase-in & Interim Programs.** What are the benefits and drawbacks of a simpler approach for phasing in controls such as a gradual tightening of the corporate average? Our analysis indicates that the current proposal is roughly equivalent to a 0.26 NOx standard in 2004 tightening to 0.07. Aside from the simplicity of this approach, it would also give manufacturers the incentive to begin reducing LDT3&4 emissions immediately while giving manufacturers the flexibility to put off those reductions to a later date if needs be (since LDT3 & 4's have comparatively loose controls currently, large gains could be made early on these vehicles).

In general, the justification for a phase-in or increasing stringency of a standard over time is that it allows firms to replace their capital at a natural rate to incorporate the environmental investments and allows time for innovation to lower the costs of meeting the ultimate standard. To the extent that the interim standards do not involve the same technologies as will be required to meet the stringent standard, and therefore require capital investments that will not necessarily be useful once the ultimate standard is fully phased-in, it seems that interim standards may not be justified in this case. For these reasons, the proposal should consider a gradual tightening of a corporate average standard as opposed to the phase-in and interim programs.

Details

- To the extent that fixed costs will need to be incurred into the future, it seems inaccurate to ignore them in the long term. EPA indicates these costs are for "R&D, retooling, and

certification.” Are all of these one-time costs? For example, if this is R&D that is going to be needed to bring a given engine family into compliance, it seems that an additional amount of R&D will have to be invested to bring future engine families into compliance as well. Similarly, if a manufacturer needs a new machine to meet Tier 2 standards, won’t they need to replace that machine at some point? (Preamble, p. 132)

- What is the justification for the 20% decline in variable costs due to the “learning curve”? Is this based on empirical evidence? (Preamble, p. 132)
- Do costs (and emissions reductions) include those from requiring non Tier 2 vehicles during the phase-in to meet a standard?
- Preamble, p. 138 -- Tier 1 and NLEV costs; what is the source for the cost-effectiveness of previous programs? Are these ex-ante cost estimates or current Agency estimates of the cost of these programs? Since this program addresses the same system of emissions as did these previous rules, it is peculiar that costs do not increase with increasing stringency. A further discussion of the causes would be useful. (Is it because of technological progress?)
- p. 74. How does EPA calculate emissions savings during phase-in since some vehicles already meet the .07 Tier 2 standard and presumably these would not be additional reductions during the phase-in (nor would they have costs).
- p. 78, first par. In the proposal, corporate average credits cannot be used to redress in-use testing failures. What is the environmental justification for this?

FUELS:

- **Regional analysis.** EPA should investigate a regional analysis. Many high cost small refineries are in a region where the air quality benefits of reduced sulfur are lower than in other areas.
- **Reversibility.** The empirical data on the degree of reversibility of catalyst performance with exposure to higher sulfur levels needs to be better understood. Some of the questions that we have on reversibility include the following: how significant is irreversibility for vehicles that see fuels in the 30 to 80 to 150 ppm sulfur range; can catalysts be designed to have little irreversibility; can engine design be modified to minimize irreversibility; how do the requirements of SFTP affect irreversibility?
- The answers to reversibility affect how best to design the fuels program. If reversibility is a large problem, then the maximum sulfur levels that a vehicle will encounter are quite important. If reversibility is not much of an issue then the average level of sulfur is

really the only important factor.

- We are concerned that the estimate of reduced emissions may be not take realistic account of problems with irreversibility. Has EPA factored in degraded performance for vehicles that see variable sulfur level fuels? How serious of a problem is this even for vehicles that see fuels within the 80 ppm cap? EPA stated that effects of sulfur are strongest at low sulfur levels. How much degradation of catalyst performance is there likely to be for vehicles that see fuels with up to or exceeding 80 ppm sulfur?
- How does the phase in for small refineries and for all refineries affect expected emissions reductions for Tier 2 vehicles sold between 2004 and the end of the exemption period for small refiners?
- **Downstream testing requirements.** Since every batch of gasoline must be tested at the refinery level, we do not understand the benefit of requiring testing downstream at pipeline or distribution levels. If there is large variability in the test results downstream, this is an added argument against downstream testing.
- **ABT Program.** The trading program should not sunset in 2006. In other rules that EPA has promulgated recently, emissions trading has played a key role in the design of the regulations. We do not see why sulfur trading among refineries (up to a maximum allowed cap, say 80 ppm), could not be considered in this rule. EPA should expand its discussion in soliciting comments on this issue to outline the benefits and drawbacks of this approach.
- Given above concern, we believe it is essential to create an efficient tradable permit market. This means considering trade in allowances as opposed to credits that are generated and must be approved by EPA. In this regard, we are concerned with the current proposals combined use of both buyer and seller liability for credits (p. 114). While EPA has used such liability schemes before, we believe buyer liability severely raises transaction costs and hinders the formation of a fluid market.
- Corporate average pool requirements should be deleted. Since corporate pool averages do not affect average sulfur levels in the gasoline available (merely whether high sulfur gasoline is coming from one specific refiner as opposed to spread across refineries), and there is a cap on any one batch of gasoline, there seems to be no reason for these provisions.
- We oppose taxing credit generation as a means of securing a pool of available credits. Such a tax would be counter productive as it reduces the incentives to generate credits. Concerns about credit availability are best met by creating an efficient, fluid market. An alternative to consider for the "compliance supplement pool" is to make unlimited credits available at a set price. This would ensure that a credits are always available, serve as a

compliance mechanism for liability purposes, and reduce the risk that meeting proposed sulfur levels is not achievable in a given time frame.

- We are concerned that the market in credits may not function well. As expressed in various staff meetings, there may not be many credits generated by the program. In addition, there may be only a limited number of participants in such a market. Both the timing and the small numbers of participants mean this market is unlikely to function in an effective manner.
- **Costs.** The costs of meeting whatever diesel standards are ultimately required should be evaluated with this rule.

BENEFITS/RIA ISSUES:

- **EPA should acknowledge agency concerns with 812 methodologies.** As expressed during interagency review of the 812 retrospective study, the CEA has serious concerns about the methodologies used in that study to arrive at estimates of the benefits. That study contains the following acknowledgment of the lack of interagency consensus on its final conclusions: "... this report reflects the findings of EPA and not necessarily other agencies in the Administration." (ES-2) Given our ongoing concerns with the analytic methods underlying the 812 report, the implied interagency endorsement of these methods (p. 142, preamble) and hence the methods used in the current RIA benefits estimation, is unfounded. We suggest this language be modified and/or qualifying language be added.
- **Uncertainty ranges.** We do not believe EPA's method for representing the range of uncertainty in the benefits analysis truly takes into account the range of uncertainty of these numbers. Therefore, we feel that the RIA should report a range of estimates rather than a "best case."

Emissions Reductions & Air Quality Improvements

- Extent of Tier 2 emissions reductions - p. 140 of the preamble states that "If all of the technologies identified for the NAAQS analysis costing less than \$10,000/ton were implemented nationwide, they would produce NOx emission reductions of 2.9 million tons per year. The Tier 2/gasoline sulfur proposal will generate about 2.8 million tons per year..." This implies that Tier 2/gasoline sulfur produce 97% of the benefits analyzed under the NAAQS, and, therefore, that the remaining technologies analyzed are very expensive and would produce only limited reductions of emissions. Is this correct, or is it simply that the NAAQS number includes only non-mobile source technologies?

- p.22 of Preamble says that NOx can be transported great distances. This is true in general, but do NOx emissions from autos travel as great a distance as NOx from utilities or industrial sources which are generally emitted from stacks which are higher in the atmosphere? If different, what is the transport distance for NOx from autos? The preamble language makes it seem as though they are the same.
- Preamble, p. 32. Last sentence; add “for these six areas” at the end. As it is, this sentence seems to imply that the Tier II program would not produce excess reductions above those needed to meet attainment anywhere in the country. This is only true for a limited number of projected non-attainment areas, the majority of the country is projected to be in attainment, and further reductions are therefore excess.
- Why are reductions in nitrogen deposition so much larger in the NOx SIP Call than in this rule when NOx emissions reductions are quite similar?

Benefits

- Value of a Statistical Life -- EPA has used \$4.8 million (1990\$) per statistical life, which we do not believe is the correct measure in this case because of the age difference between study population and those likely to be affected by this rule.
- Lack of appropriate meta-analysis for the 26 VSL studies -- treating estimates from the 26 studies of VSL as 26 data points is incorrect. These are estimates not observations. Each of these estimates has a standard error. The simplest meta-analysis approach would take account of the different precision of each estimate and would take a weighted average approach based on the inverse of the standard error. In addition, there are difficulties in combining estimates from studies that use such different methods (e.g., 5 CV studies vs. 21 labor market studies).
- Timing of Benefits -- We think it is unrealistic to believe that all the benefits outlined occur immediately once emissions reductions occur. Several benefit categories may in fact have immediate impacts (such as visibility and nitrogen deposition), but others certainly do not (most of the health-based benefit endpoints). While EPA’s current benefit-cost approach does not permit an analysis which separates the benefits according to the timing at which they are likely to occur, at a minimum, EPA should discount a portion of the benefits to account for this lag in benefits. The SAB has said there is not enough evidence to determine what the appropriate lag is, but that is very different from concluding that there is no lag. At the very least, sensitivity analysis using different lags should be done.
- Nitrogen Deposition -- In general, as in the Agency’s NOx SIP Call RIA, we disagree with the use of avoided costs to evaluate the benefits of this rule. The SAB laid out a set

of specific conditions under which avoided costs are appropriate and we do not believe these conditions are met in this case.

p. 324 Our understanding of the analysis underlying the N-deposition benefits is that it extrapolated the average costs in the 3 case study estuaries to the remaining 43 East Coast estuaries. The discussion here makes it seem that EPA in fact has more data on costs of controlling nitrogen runoff than it does: "Our analysis uses the following data for each estuary... costs associated with using agreed upon non-point source water pollution control technologies." If EPA has costs for all 12 of these estuaries, why weren't they used? Furthermore, how did EPA use the data outlined in steps 1-5?

- Disbenefits -- We believe EPA should quantify greenhouse gas disbenefits and respond to the SAB's call to analyze the UVb disbenefits. We would be happy to work with EPA to estimate the disbenefits associated with increased greenhouse gas emissions. On UV-b, we understand EPA feels they have insufficient information on several levels to estimate the costs associated here. However, if the Agency feels it has enough information to value many of the other categories of benefits (often relying on only a handful of studies or data points), surely there is sufficient information to carry out an analysis of this disbenefit.
- Ozone mortality benefits -- We feel that sufficient evidence has not been presented to establish a link between ozone exposure and mortality. EPA has concluded that such a relationship exists based on a meta-analysis of four studies (two of which are based on the same data). This analysis has not been reviewed by CASAC or the SAB, nor has it been peer-reviewed. We feel that the RIA should not report a "best case" that includes reduced ozone mortality benefits, though they could be used in the "high case."

Misc.

- p. 146 (pre); The discussion of "discounting" vehicle costs is very confusing. Our understanding is that EPA has estimated an "annualized" vehicle cost and an average annual emissions reduction over the lifetime of the car. It might be useful to describe this as the "average annual" costs and emissions reduction over the lifetime of a car.
- We believe EPA has incorrectly annualized capital expenditures in estimating costs throughout the RIA (ammortizing refinery, manufacturer, and nitrogen removal capital expenditures). Seven percent is an appropriate discount rate to use when discounting future costs and benefits, but is not appropriate in annualizing, or ammortizing capital expenditures. For that purpose, a rate reflecting the cost-of capital or required rate of return specific to the entity making the capital expenditure is necessary.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Alan S. Polasky (CN=Alan S. Polasky/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 08:36:40.00

SUBJECT: electricity

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

CC: Quindi C. Franco (CN=Quindi C. Franco/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

CC: Joseph E. Aldy (CN=Joseph E. Aldy/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

Robert: the final electricity issues were settled over the weekend so there will be no principal's meeting. Treasury and CEA took a position against raising the Renewable Portfolio Standard (RPS) higher than 7.5% and eventually CEQ agreed. Overall, the RPS is higher than last year (RPS represents inefficient policy much like CAFE standards). In exchange, the economic agencies won a cap on the amount of money that can flow into the Public Benefits Fund provision of the bill. Let me know if you would like more details of the substance or the blow-by-blow account of the tortured negotiations. Stéve

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 15:59:15.00

SUBJECT: First draft of anti-dumping WEB article

TO: Charles F. Stone (CN=Charles F. Stone/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

Robert, Chad, , I attach the first draft of the Anti-Dumping article. I wrote it in a rush and did not polish it. So while it is rough, you get a good idea of what we can do. Let me know. If you prefer to edit it yourselves, I can pass you the pen.

Nouriel

===== ATTACHMENT 1 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D82]MAIL481440002.136 to ASCII,
The following is a HEX DUMP:

===== END ATTACHMENT 1 =====

Use and abuse of anti-dumping as a “back-door” form of protection

A number of studies suggest that, as traditional tariff and non-tariff barriers have been reduced through the successive rounds of trade liberalization, more and more countries are resorting to anti-dumping (AD) and CVD regulations as a way to protect national industries. I.e. AD laws are becoming a virtual “back-door” escape from trade liberalization. While the United States has been a significant user of anti-dumping rules, more countries, both developing and developed are now increasingly recurring to AD to restrict trade.

AD law in the US (as well as law in other countries) imposes duties on imports that are sold here below their estimated cost of production, or below their price in the seller’s domestic market, when such “dumped” imports cause “material injury” to the competing U.S. industry. The idea is to prevent unfair “predatory” behavior by foreign competitors.

Mushrooming of AD petitions throughout the world

a recent study by the CBO found that the US has taken AD actions against other countries far more than they have against us. However, in a growing trend U.S. firms are now becoming increasingly large victims of foreign AD laws. Sometimes, foreign AD cases are initiated to retaliate against cases initiated in the US. For example, Mexico and Canada initiated AD cases against the US steel industry in response to cases filed against them in June 1992. While in 1990, only two dozen countries had AD laws, by 1994 more than 40 did and many more did so after the Uruguay round was ratified. While four countries - Australia, Canada, the European Union and the U.S., accounted for 96% of the AD/CVD cases filed in the 1980s, others such as Chile, Japan, China, India, S. Korea, Mexico and others are now increasingly doing so and their share of total cases filed in 1985-1992 increased to 11%. The Gatt Secretariat recorded more than 2,000 AD or CVD cases in the 1980s. Other studies estimated 1,040 AD cases alone between mid-1985 and mid-1982. The WTO estimated 2100 AD cases between 1987 and 1997.

The traditional rationale for anti-dumping legislation is that it represents a form of unfair trade. However, the way such rules are increasingly applied throughout the world suggest that they do not have a strong economic and they are a disguised form of protection.

Dumping and predation: do AD cases cause the latter rather than reverse?

First, it is argued that dumping represents a form of predatory behavior: you sell below cost to drive competitors out of the market and reach a monopolistic control of that market. For such predatory argument to work, it is necessary that dumping would occur in sectors characterized by high industrial concentration, i.e. oligopolistic sectors where it is potentially possible to drive out competitors. a number of studies, however, suggests industries where AD ruling have been applied do not show high concentration ratios. Thus, the hypothesis of predatory behavior has little basis. If anything, AD laws can lead to oligopolistic behavior: if an AD rule leads to quotas, an oligopolistic domestic industry can behave in less competitive ways as foreign competition is restricted. So, AD laws can lead to more oligopolistic profits rather than reduce predatory behavior. Some economist stress that there is a danger that AD action may negate the effects of provisions against anti-competition activities.

Why price discrimination maximizes profits and does not represent “dumping”

Second, pricing differently in domestic and foreign markets is the result of the rational

choice of any firm trying to maximize profits in different markets. If demand for U.S. goods abroad is more elastic than the U.S. demand, it would be profit-maximizing for a U.S. to price discriminate, i.e. to sell the good cheaper abroad than at home. However, from a legal point of view this would be considered as dumping in the U.S and abroad.

Why selling below cost may often an optimal firm choice rather than predatory behavior.

Third, there are good reasons why sometimes profit-maximizing firms would end-up selling below average cost. Suppose there is a recession and demand is low. Profit maximization implies that a firm should continue to produce, employ and operate as long as it covers its average variable costs (labor and other variable inputs). In fact, as long as such costs are covered, revenues will contribute to cover part of average fixed costs even if the firm is now producing at a loss, i.e. selling at a price below total average cost. Again, pricing below cost is rational profit maximizing behavior but it is legally considered as “dumping”.

AD cases as an “harassment device” against fair foreign competitors

Fourth, AD petitions are often used as a way to harass foreign producers. The threat effect of a AD petition filing, the legal costs involved in AD cases and the biases in the use of AD regulation are enough to threaten competitive foreign producers and restrain their exports. Studies have suggested that this “harassment effect” of AD rules is powerful as a way to restrict imports and impose protection on domestic industries. Sometimes, AD actions are used to force foreign producers to enter into “voluntary” export restraints (VER) or “undertakings” to raise prices.

Use and abuse of AD regulations: The Kafka Trial Effect

Fifth, studies suggest that the detailed regulatory application of AD rules is significantly biased against importers and minor technicalities can lead to the ruling of dumping. The arbitrariness and lack of transparency in the AD process is a source of potential abuse. The low transparency of AD mechanism and its facility for abuse as a trade restrictive measure is, according to some economist, a reason for its growing popularity.

AD as a permanent protection tool

Sixth, while AD could be justified as a way to provide temporary relief to industries that need protection to adjust (a disguised form of safeguard relief), there is little evidence that AD protection leads to adjustment and improved long-term competitiveness of the protected sector. The reasons are multiple: AD protection is often provided to sectors that are in secular competitive decline; unlike safeguard protection, AD protection is often permanent rather than temporary, in spite of the formal sunset provision for AD laws. Also, some industries keep on using AD laws over and over again.

AD as a poor substitute for competition and antitrust policies

Seventh, most countries do not have domestic AD laws; a US company cannot be accused to dump its products against a domestic competitor. The way predatory behavior is controlled is through competition policy and antitrust regulation. For example, within Europe anti-dumping rules have been eliminated in favor of intra-European competition and antitrust policies. This is why many suggest that AD rules should be reduced and/or phased out in a new world trade round

in favor of global competition policies.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Steven N. Braun (CN=Steven N. Braun/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 16:03:45.00

SUBJECT: use this (3rd version) of the spreadsheet.

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

I have cleaned up some errors in previous versions. ===== ATTACHMENT 1
=====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D55]MAIL40925000U.136 to ASCII,
The following is a HEX DUMP:

===== END ATTACHMENT 1 =====

Clinton Presidential Records Automated Records Management System [EMAIL]

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

Hex Dump file is not in a recognizable format, has been incorrectly decoded or is damaged.

File Name: p_t0005288_cea_html_1.xls

Attachment Number: [ATTACH.D55]MAIL40925000U.136

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Bert I. Huang (CN=Bert I. Huang/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 14:32:33.00

SUBJECT: NEEDED: Funny economists

TO: Susan P. Clements (CN=Susan P. Clements/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Summer L. Scott (CN=Summer L. Scott/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Steven N. Braun (CN=Steven N. Braun/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Sandra F. Daigle (CN=Sandra F. Daigle/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Ryan D. Edwards (CN=Ryan D. Edwards/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Rosalind V. Rasin (CN=Rosalind V. Rasin/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert P. Bamsey (CN=Robert P. Bamsey/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert F. Schoeni (CN=Robert F. Schoeni/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Rebecca M. Blank (CN=Rebecca M. Blank/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Raymond P. Guiteras (CN=Raymond P. Guiteras/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Quindi C. Franco (CN=Quindi C. Franco/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Nora E. Gordon (CN=Nora E. Gordon/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Michele Jolin (CN=Michele Jolin/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Michael S. Kosoff (CN=Michael S. Kosoff/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Matthew R. McBrady (CN=Matthew R. McBrady/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary Fibich (CN=Mary Fibich/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary E. Jones (CN=Mary E. Jones/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary A. Thomas (CN=Mary A. Thomas/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mark N. Levine (CN=Mark N. Levine/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Linda A. Reilly (CN=Linda A. Reilly/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Joseph E. Aldy (CN=Joseph E. Aldy/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Jason K. Nuzzo (CN=Jason K. Nuzzo/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Howard A. Shelanski (CN=Howard A. Shelanski/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Heather L. Jambrosic (CN=Heather L. Jambrosic/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Francine P. Obermiller (CN=Francine P. Obermiller/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Elise H. Golan (CN=Elise H. Golan/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Douglas W. Elmendorf (CN=Douglas W. Elmendorf/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Cordelia W. Reimers (CN=Cordelia W. Reimers/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Christel M. Sice (CN=Christel M. Sice/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Charles F. Stone (CN=Charles F. Stone/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Catherine H. Furlong (CN=Catherine H. Furlong/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Carol L. Capece (CN=Carol L. Capece/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Brian A. Amorosi (CN=Brian A. Amorosi/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Bert I. Huang (CN=Bert I. Huang/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Andrew R. Feldman (CN=Andrew R. Feldman/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Alice H. Williams (CN=Alice H. Williams/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Alan S. Polasky (CN=Alan S. Polasky/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TEXT:
to spin an April Fool's WEB. Here's your chance to improve on:

"Citing noise pollution, EU to require 'hush kits' on American
tourists"

"Australia and NZ agree to common currency -- the dodo"

Choose your favorite issue of the Millennium!

The Millennium!

Bananas!

Hormones!

Medigap!

HMOs!

GMOs!

E-commerce!

and the mother of all issues: CLIMATE CHANGE!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 10:37:06.00

SUBJECT: April, May, June 1999 Release Schedules

TO: Rebecca M. Blank (CN=Rebecca M. Blank/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Summer L. Scott (CN=Summer L. Scott/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Alice H. Williams (CN=Alice H. Williams/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Rosalind V. Rasin (CN=Rosalind V. Rasin/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Michele Jolin (CN=Michele Jolin/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Catherine H. Furlong (CN=Catherine H. Furlong/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: April B. Abdulmalik (CN=April B. Abdulmalik/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Sandra F. Daigle (CN=Sandra F. Daigle/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Mary A. Thomas (CN=Mary A. Thomas/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Francine P. Obermiller (CN=Francine P. Obermiller/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Mary E. Jones (CN=Mary E. Jones/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Steven N. Braun (CN=Steven N. Braun/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:
APRIL 1999

Date of CEA Preparation

Employment

Thursday, April 1

Blue Chip (embargo 4/10)	Monday, April 5
Wholesale I&S (Feb) (phone call/fax)	Monday, April 5
Leading Indicators (Feb)	Tuesday, April 6 (a.m.)
PPI	Thursday, April 8
CPI	Monday, April 12
Advance Retail Sales	Monday, April 12
Manufact & Trade I&S (Feb) (phone call/fax)	Tuesday, April 13
Housing Starts	Thursday, April 15
Industrial Production & CU	Thursday, April 15
State & Regional Emp & Unemploy.	Thursday, April 15
Trade (Feb)	Monday, April 19
Consumer Confidence (Apr)	Monday, April 26
Advance Durable Goods	Tuesday, April 27
Employment Cost Index	Wednesday, April 28
Housing Sales (phone call/fax)	Wednesday, April 28
GDP-I (adv)	Thursday, April 29
Personal Income (Mar) (phone call/fax)	Friday, April 30
NAPM	Friday, April 30

MAY 1999 RELEASE SCHEDULE

Date of CEA Preparation

Leading Indicators (Mar)	Tuesday, May 4 (a.m.)
Blue Chip (embargo 5/10)	Thursday, May 6
Employment	Thursday, May 6
Wholesale I&S (Mar) (phone call/fax)	Thursday, May 6
Productivity-I (prel)	Monday, May 10
PPI	Wednesday, May 12
Adv. Retail Sales	Wednesday, May 12

CPI	Thursday, May 13
Industrial Prod & CU	Thursday, May 13
Manufact. & Trade I&S(Mar)(phone call/fax)	Thursday, May 13
Housing Starts	Monday, May 17
Trade (Mar)	Wednesday, May 19
State & Regional Employment	Thursday, May 20
Consumer Confidence (May)	Monday, May 24
Adv. Durable Goods	Tuesday, May 25
GDP-I (rev)	Wednesday, May 26
Personal Income (phone call/fax)	Thursday, May 27
NAPM	Friday, May 28

JUNE 1999 RELEASE SCHEDULE

Date of CEA Preparation

Leading Indicators (Apr) (a.m.)	Tuesday, June 1
Housing Sales (Apr)(phone call/fax)	Tuesday, June 1
Employment	Thursday, June 3
Blue Chip (embargo 6/10)	Monday, June 7
Productivity-I (rev)	Monday, June 7
Wholesale I&S(Apr)(phone call/fax)	Monday, June 7
PPI	Thursday, June 10
Adv. Retail Sales	Thursday, June 10
Manufact. & Trade I&S(Apr)(phone call/fax)	Friday, June 11
CPI	Tuesday, June 15
Housing Starts	Tuesday, June 15
Industrial Prod & CU	Tuesday, June 15
Trade (Apr)	Wednesday, June 16

U.S. International Transactions-I Wednesday, June 16

State & Regional Employment Thursday, June 17

Adv. Durable Goods Wednesday, June 23

GDP-I (rev) Thursday, June 24

Personal Income (phone call/fax) Friday, June 25

Consumer Confidence (Jun) Monday, June 28

Housing Sales (phone call/fax) Monday, June 28

NAPM Wednesday, June 30

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 10:17:25.00

SUBJECT: Phone Message from Robert Solomon

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

Contact: Robert Solomon Company: Phone: 301-365-5224 FAX: Message:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Malcolm White <mwhite@cfia.harvard.edu> (Malcolm White <mwhite@cfia.harvard.edu> [UNKNOWN])

CREATION DATE/TIME:29-MAR-1999 15:35:49.00

SUBJECT:

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])

READ:UNKNOWN

TEXT:

"Malcolm White" <mwhite@cfia.harvard.edu>

03/29/99 08:34 PM GMT

To:

cc:

For a large selection of links to resources on the fighting in Kosovo, please see:

<http://data.fas.harvard.edu/cfia/inthenews/koswar.htm>

Malcolm White
WCFIA librarian/Webmanager
mwhite@cfia.harvard.edu

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Steven N. Braun (CN=Steven N. Braun/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 14:40:04.00

SUBJECT: disregard earlier email; use this one

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

===== ATTACHMENT 1 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D32]MAIL45067799N.036 to ASCII,
The following is a HEX DUMP:

===== END ATTACHMENT 1 =====

Clinton Presidential Records Automated Records Management System [EMAIL]

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

Hex Dump file is not in a recognizable format, has been incorrectly decoded or is damaged.

File Name: p_m9977603_cea_html_1.xls

Attachment Number: [ATTACH.D32]MAIL45067799N.036

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 09:27:19.00

SUBJECT: CEA Staff Mtg is starting now in Rm. 324

TO: Susan P. Clements (CN=Susan P. Clements/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Summer L. Scott (CN=Summer L. Scott/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Steven N. Braun (CN=Steven N. Braun/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Sandra F. Daigle (CN=Sandra F. Daigle/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Ryan D. Edwards (CN=Ryan D. Edwards/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Rosalind V. Rasin (CN=Rosalind V. Rasin/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert P. Bamsey (CN=Robert P. Bamsey/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert F. Schoeni (CN=Robert F. Schoeni/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Rebecca M. Blank (CN=Rebecca M. Blank/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Raymond P. Guiteras (CN=Raymond P. Guiteras/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Quindi C. Franco (CN=Quindi C. Franco/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Nora E. Gordon (CN=Nora E. Gordon/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Michele Jolin (CN=Michele Jolin/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Michael S. Kosoff (CN=Michael S. Kosoff/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Matthew R. McBrady (CN=Matthew R. McBrady/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary Fibich (CN=Mary Fibich/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary E. Jones (CN=Mary E. Jones/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary A. Thomas (CN=Mary A. Thomas/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mark N. Levine (CN=Mark N. Levine/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Linda A. Reilly (CN=Linda A. Reilly/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Joseph E. Aldy (CN=Joseph E. Aldy/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Jason K. Nuzzo (CN=Jason K. Nuzzo/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Howard A. Shelanski (CN=Howard A. Shelanski/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Heather L. Jambrosic (CN=Heather L. Jambrosic/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Francine P. Obermiller (CN=Francine P. Obermiller/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Elise H. Golan (CN=Elise H. Golan/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Douglas W. Elmendorf (CN=Douglas W. Elmendorf/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Cordelia W. Reimers (CN=Cordelia W. Reimers/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Christel M. Sice (CN=Christel M. Sice/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Charles F. Stone (CN=Charles F. Stone/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Catherine H. Furlong (CN=Catherine H. Furlong/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Carol L. Capece (CN=Carol L. Capece/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Brian A. Amorosi (CN=Brian A. Amorosi/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Bert I. Huang (CN=Bert I. Huang/OU=CEA/O=EOP [CEA])
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TO: Andrew R. Feldman (CN=Andrew R. Feldman/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Alice H. Williams (CN=Alice H. Williams/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Alan S. Polasky (CN=Alan S. Polasky/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 11:01:21.00

SUBJECT: Manufacturing and Productivity Growth

TO: Steven N. Braun (CN=Steven N. Braun/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

Just a reminder I need the share of manufacturing in productivity. Thanks

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Raymond P. Guiteras (CN=Raymond P. Guiteras/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 17:52:59.00

SUBJECT: IRUP pitches

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

1) Russia and IMF reach deal (may be too important for an IRUP?? -- ask Chad)

2) Indonesian govt and foreign bank creditors reach agreement to restructure \$3.8 billion in debt

Nouriel's spin - Indonesia has announced today an agreement with the international banks to rollover the cross-border interbank liabilities of private indonesian banks in exchange for government guarantees of these loans. They did the same in Korea and Thailand last year. This is somewhat bad news as, again, banks are being bailed out and do not take a hit. The G-22 report was against such guarantees, either ex-ante or ex-post, as they create moral hazard and they lead to bailout rather than bail-in. So, we can link the withdrawal data (see below) with the guarantee issue in a nice roundup.

raymond's note - we might mention the "bailing-in" piece recently in the Economist that seems to be getting some attention

3) also from Nouriel - international banks withdrawal from Asia; there are new BIS data on this and an interesting analysis by Deutsche Bank today that I have

4) followup on last week's CAP reform IRUP - European leaders compromise, dilute reforms

(I think we really have to do this one, since the end product is quite different from the agreement we reported last week, and we don't want the POTUS confusing the two)

5) Bill Gates says Microsoft expects sales in China to double each year for the next five or six years; chides Europe for failing to place enough emphasis on the Internet

6) IMF calls on European Central Bank to cut interest rates and become more transparent

7) Japan approves \$79.6 billion tax cut to spur spending (from last week, may be slightly old news...)

8) Canadian National Railway's \$2.4 billion takeover of Illinois Central

approved by Surface Transportation

Board, creates major competitor to 4 US railroad giants and a network designed to capture rapidly growing freight traffic generated from NAFTA (the network stretched from Halifax and Vancouver to Mexico City)

9) Canadian PM Chretien unveiled a proposal last week for more generous debt relief to for the world's poorest

countries, which he plans to push at the G7 Summit in June; pledged that Canada would forgive all commercial debt owed by "poorest-of-the-poor" heavily-indebted countries

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 11:40:25.00

SUBJECT: NEC Conference Call on Russia

TO: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

Per Lael's ofc, there will be a conference call tomorrow (3/30) at 5:30pm
on Russia. Dial x72104, code 3939.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 11:44:45.00

SUBJECT: NEC Deputies Breakfast Meetings

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

CC: Matthew R. McBrady (CN=Matthew R. McBrady/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

CC: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:

FYI, starting next Tues, 4/6, Lael will be holding 8 a.m. breakfast meetings alternating on Tuesdays and Fridays. Exact location has yet be confirmed. The meetings are Prins Only

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Susan P. Clements (CN=Susan P. Clements/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 10:52:11.00

SUBJECT: Reprieve/disappointment: postponed NT4.0

TO: Susan P. Clements (CN=Susan P. Clements/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Summer L. Scott (CN=Summer L. Scott/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Steven N. Braun (CN=Steven N. Braun/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Sandra F. Daigle (CN=Sandra F. Daigle/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Ryan D. Edwards (CN=Ryan D. Edwards/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Rosalind V. Rasin (CN=Rosalind V. Rasin/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert P. Bamsey (CN=Robert P. Bamsey/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert F. Schoeni (CN=Robert F. Schoeni/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Rebecca M. Blank (CN=Rebecca M. Blank/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Raymond P. Guiteras (CN=Raymond P. Guiteras/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Quindi C. Franco (CN=Quindi C. Franco/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Nora E. Gordon (CN=Nora E. Gordon/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Michele Jolin (CN=Michele Jolin/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Michael S. Kosoff (CN=Michael S. Kosoff/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Matthew R. McBrady (CN=Matthew R. McBrady/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary Fibich (CN=Mary Fibich/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary E. Jones (CN=Mary E. Jones/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary A. Thomas (CN=Mary A. Thomas/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mark N. Levine (CN=Mark N. Levine/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Linda A. Reilly (CN=Linda A. Reilly/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Joseph E. Aldy (CN=Joseph E. Aldy/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Jason K. Nuzzo (CN=Jason K. Nuzzo/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Howard A. Shelanski (CN=Howard A. Shelanski/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Heather L. Jambrosic (CN=Heather L. Jambrosic/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Francine P. Obermiller (CN=Francine P. Obermiller/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Elise H. Golan (CN=Elise H. Golan/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Douglas W. Elmendorf (CN=Douglas W. Elmendorf/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Cordelia W. Reimers (CN=Cordelia W. Reimers/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Christel M. Sice (CN=Christel M. Sice/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Charles F. Stone (CN=Charles F. Stone/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Catherine H. Furlong (CN=Catherine H. Furlong/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Carol L. Capece (CN=Carol L. Capece/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Brian A. Amorosi (CN=Brian A. Amorosi/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Bert I. Huang (CN=Bert I. Huang/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Andrew R. Feldman (CN=Andrew R. Feldman/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Alice H. Williams (CN=Alice H. Williams/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Alan S. Polasky (CN=Alan S. Polasky/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TEXT:
IS&T has postponed until April 26 our NT 4.0 roll out.

As they got underway with the roll out, IS&T found that they still have some fine tuning to do.
Although it is disappointing to have to wait longer for our software upgrade, the transition should be much less troublesome after this delay.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Steven N. Braun (CN=Steven N. Braun/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 21:06:08.00

SUBJECT: Delivery of BEA data (

TO: paul.lally (paul.lally @ bea.doc.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Eugene.seskin (Eugene.seskin @ bea.doc.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: Ryan D. Edwards (CN=Ryan D. Edwards/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

CC: Mary A. Thomas (CN=Mary A. Thomas/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:

Dear Ryan, Robert, Eugene, Paul and Mary,

Tuesday evening: As I will not be here Tuesday evening, I am sending this email so that everyone knows the drill for the delivery of the GDP presss release.

Eugene Seskin (or a substitute) from the BEA personally delivers the GDP press release around 5 pm. He brings a form that needs to be signed by me or someone superior to me--in this case Robert Lawrence.
Ryan: I am sending this email to Eugene so that he will expect to go to your office (Room 330), but you will need to find Robert Lawrence so that he can sign the form. Make sure you know where Robert is at that time.
Robert: you may wish to host Eugene's visit if you want to hear any details of the 2nd revision to 4th quarter GDP.

Second revisions are usually uninteresting, but this will be our first look at fourth-quarter profits. Make sure you ask Eugene about any unusual developments in profits.

Wednesday evening: Paul Lally delivers the Personal Income Release. Same drill as above for signature and discussion.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 13:49:05.00

SUBJECT: EIA Roundtable

TO: Joseph E. Aldy (CN=Joseph E. Aldy/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

CC: Quindi C. Franco (CN=Quindi C. Franco/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

CC: Alan S. Polasky (CN=Alan S. Polasky/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

How should we handle the request for participation in the EIA meeting on
April 1st?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Subramanian.RANGAN@insead.fr (Subramanian RANGAN) (Subramanian.RANGAN@insead.fr (Subramanian RANGAN) [UNKNOWN])

CREATION DATE/TIME:29-MAR-1999 09:38:32.00

SUBJECT: Foreword for Prism

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])

READ:UNKNOWN

TEXT:

Robert,

An update and a request re. Prism. Update: I have taken care of the verification queries, and the follow-up questions and so on. I have also at last (and with great effort) corrected the copyedited manuscript and sent it back to Brookings on Friday.

Now Janet Walker wants a draft Foreword for our book. My request: It is clear that you will be better at drafting this Foreword than I (not to mention that starting tomorrow I go to teaching hell for the next couple of weeks). Janet has suggested April 12 as a deadline and two to three pages (including acknowledgements) as a length limit. I will in the next days write my portion of the acknowledgements and send it to you.

Can you please get in touch with Janet and take care of this?

Subi

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 16:29:03.00

SUBJECT: TODAY'S NEC Financial Conf Call on Russia will Now

TO: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

start at 5pm.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:29-MAR-1999 19:13:38.00

SUBJECT: T2/T3 Meeting, Tues, 4/6, 3:45pm

TO: Rebecca M. Blank (CN=Rebecca M. Blank/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

CC: Steven N. Braun (CN=Steven N. Braun/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

CC: Mary E. Jones (CN=Mary E. Jones/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

CC: Francine P. Obermiller (CN=Francine P. Obermiller/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:

Per Steve's request, a T2/T3 meeting has been scheduled for Tues, 4/6, at 3:45pm, in Rm. 324.

Mary: Please reserve the conference room for 2 hours. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Bert I. Huang (CN=Bert I. Huang/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:30-MAR-1999 17:18:11.00

SUBJECT: WH Service Project: Hands On DC

TO: Susan P. Clements (CN=Susan P. Clements/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Summer L. Scott (CN=Summer L. Scott/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Steven N. Braun (CN=Steven N. Braun/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Sandra F. Daigle (CN=Sandra F. Daigle/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Ryan D. Edwards (CN=Ryan D. Edwards/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Rosalind V. Rasin (CN=Rosalind V. Rasin/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert P. Bamsey (CN=Robert P. Bamsey/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert F. Schoeni (CN=Robert F. Schoeni/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Rebecca M. Blank (CN=Rebecca M. Blank/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Raymond P. Guiteras (CN=Raymond P. Guiteras/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Quindi C. Franco (CN=Quindi C. Franco/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Nora E. Gordon (CN=Nora E. Gordon/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Michele Jolin (CN=Michele Jolin/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Michael S. Kosoff (CN=Michael S. Kosoff/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Matthew R. McBrady (CN=Matthew R. McBrady/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary Fibich (CN=Mary Fibich/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary E. Jones (CN=Mary E. Jones/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary A. Thomas (CN=Mary A. Thomas/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mark N. Levine (CN=Mark N. Levine/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Linda A. Reilly (CN=Linda A. Reilly/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Joseph E. Aldy (CN=Joseph E. Aldy/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Jason K. Nuzzo (CN=Jason K. Nuzzo/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Howard A. Shelanski (CN=Howard A. Shelanski/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Heather L. Jambrosic (CN=Heather L. Jambrosic/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Francine P. Obermiller (CN=Francine P. Obermiller/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Elise H. Golan (CN=Elise H. Golan/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Douglas W. Elmendorf (CN=Douglas W. Elmendorf/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Cordelia W. Reimers (CN=Cordelia W. Reimers/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Christel M. Sice (CN=Christel M. Sice/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Charles F. Stone (CN=Charles F. Stone/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Catherine H. Furlong (CN=Catherine H. Furlong/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Carol L. Capece (CN=Carol L. Capece/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Brian A. Amorosi (CN=Brian A. Amorosi/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Bert I. Huang (CN=Bert I. Huang/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Andrew R. Feldman (CN=Andrew R. Feldman/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Alice H. Williams (CN=Alice H. Williams/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Alan S. Polasky (CN=Alan S. Polasky/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TEXT:

Hello all! Here's a great way to spend a Saturday (April 10) serving the DC public schools, with fellow White House staffers. Family and friends are welcome!

Please sign up with me by email -- more details will follow. Thanks --
Bert

----- Forwarded by Bert I. Huang/CEA/EOP on 03/30/99
05:15 PM -----

Please join us for the 5th Annual..... HANDS ON DC

What is it? The Hands on D.C. work-a-thon is an annual service project that has two goals: 1) to improve both the physical condition of Washington's public schools; and 2) to improve the financial condition of deserving college-bound students by raising funds. Last year, more than 2,500 Hands on D.C. volunteers worked at 49 public schools throughout the District. Over the past four years, Hands On DC has raised \$290,000 to help students pay for college.

When is it? next Saturday, April 10

What is the time commitment? 10:30am - 3:00pm (4.5 hours)

What will I do that day? The projects ranged from basic upkeep of school buildings and beautification of school grounds to more complex renovations -- such as installing carpets, repairing water damage and rebuilding doorways. Also, you will be joining Americorps members in working as well.

Can I bring my kids, family and/or friends? Yes! This question has come

up in the past. Friends and family are always welcome, and we are coordinating with the organizers to ensure that there are sites where adults and children can serve together.

When is the deadline to sign up? Please let your staff contact know by this Friday, April 2. (We need to let Hands On D.C. know so they can prepare.)

If I cannot serve on April 10, can I contribute in other ways? Yes. Ask your staff contact or call Andrew Mayock (6-1831) or Mary Ellen McGuire (6-2016).

What will I do when I am there? Here's what people did last year:

- * Installing 1,000 square yards of carpeting at Shaw Junior High School. Dozens of volunteers removed and replaced the 23-year-old carpet on the school's first floor -- a job worth \$15,000.
- * Painting a 150-foot mural at Thomson Elementary School. Volunteers worked with the school's resident artist to paint a colorful mural and the school name on playground walls .
- * Repairing water damage. Volunteers with "Our House," a Maryland program that teaches carpentry and house-building skills to at-risk youth, helped repair water damage and window casings at Maury Elementary School.
- * A football team painted their locker room. The Anacostia High School football team worked with their coach to paint their locker room; Hands on D.C. supplied the paint and equipment.
- * Removing graffiti. Volunteers sprayed, scraped and scrubbed graffiti from walls at Banneker High, Garrison Elementary, Lincoln Multicultural Middle School, and MC Terrell Elementary.
- * Building flower boxes. Volunteers at Jefferson Junior High constructed wooden planters for the school grounds.
- * Recondition athletic fields. Volunteers tilled and re-lined a softball field at Banneker High and painted a basketball court at Garrison Elementary.

Message Sent

To:

Edward F. Hughes/WHO/EOP
Laura K. Demeo/WHO/EOP
Trooper Sanders/OVP @ OVP
Heather M. Riley/WHO/EOP

Lisa J. Levin/WHO/EOP
Mona G. Mohib/WHO/EOP
Bridget T. Leininger/WHO/EOP
Mona K. Sutphen/NSC/EOP
Lowell A. Weiss/WHO/EOP
Elisa Millsap/WHO/EOP
Nancy Marlow/CEQ/EOP
Shelley N. Fidler/WHCCTF/EOP
Bert I. Huang/CEA/EOP
Victor J. Villhard/OSTP/EOP
Melissa G. Green/OPD/EOP
Jonathan M. Young/WHO/EOP
Charles J. Payson/WHO/EOP
Victoria A. Wachino/OMB/EOP
Janis F. Kearney/WHO/EOP
Tanya E. Martin/OPD/EOP
Clarence C. Crawford/OMB/EOP
Heather L. Davis/WHO/EOP
Andrew J. Mayock/WHO/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:30-MAR-1999 11:21:30.00

SUBJECT: New AD Draft

TO: Charles F. Stone (CN=Charles F. Stone/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

Here is a very preliminary version of the AD piece. I will elaboarate on
the evidence but want to get the tone right.===== ATTACHMENT 1

=====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D22]MAIL45030700J.136 to ASCII,
The following is a HEX DUMP:

===== END ATTACHMENT 1 =====

Dumping is proliferating as trade barriers are brought down. Number of cases brought by US as well as number of cases brought against US firms. US firms accounted for 23 percent of Canadian AD cases brought between 1985 and 1991 and 18 percent of the cases brought by the EU between 1981 and 1997. The number of countries adopting AD laws is increasing rapidly. (Elaborate from Roubini draft). How should we evaluate these developments?

The theory. One common view put forward by many economists is that dumping should actually be applauded not punished. Under competitive conditions if foreigners sell us products at lower prices the benefits to consumers will outweigh the costs to producers. Thus dumping is viewed as socially beneficial. But this view is too simplistic. In principle, dumping could harm the United States. One case involves predation. If foreigners use their pricing strategy to drive US firms out of the market and then to raise prices, the present benefits from low prices could be offset by future losses. A second case involves what is known as strategic trade. In industries where markets are not competitive firms may earn premium profits and pay premium wages. If countries use a protected home market to achieve scale economies they may be able to induce US firms to contract, thereby shifting more of the premiums to their producers and away from ours

The Rules. Thus a key question is empirical. Are the rules effective in distinguishing harmful behavior? Although the rules are often justified in terms of discouraging predation, as formulated they do not explicitly evaluate whether behavior is predatory or reflect strategic trade considerations. Instead the rules simply explore whether prices are below cost or whether export prices are lower than those in the home market. Unlike domestic anti-trust laws, there is no requirement to demonstrate predatory intent. The problem is that below cost pricing could indicate predation but could also be quite compatible with competitive markets. Firms do not shut down immediately even if they are making losses. Similarly, higher foreign prices could simply indicate that foreign firms have more pricing power in their home market and tell us nothing about their ability to behave strategically. The rules do not investigate if strategic trade behavior is present.

The Evidence. A recent set of studies have explored this issue examining the experience of AD in Canada, the USA, and the European Union. Predation only makes sense if once they have driven out domestic producers, foreign firms could exert monopoly power. This suggests some minimum thresholds for concentration. The authors take the full sample of cases and exclude those which do not meet threshold levels. All in they, they find only a few cases, perhaps 10 percent could plausibly be cases of predation. It appears in the overwhelming number of cases, the AD rules simply protect domestic firms rather than combat predation.

Other Abuses? In addition to being imprecise in their formulation, the AD rules may have other negative effects. They may permit domestic firms to harass their foreign competitors by bringing suits that are costly to defend. They may also restrain domestic competition by facilitate collusion by domestic firms to raise prices and inhibiting foreign firms from pricing aggressively. On the other hand, the rules may be a crude but effective way to deal with circumstances in which other forms of protection may be justified.

Implications. Markets are not all perfectly efficient. Domestically, we have anti-trust rules which seek to improve performance and ensure that competition is fair. Internationally, we have a second set of rules for private restraints on trade, those dealing with dumping, which appear to be cruder in their application. The coexistence of these two sets may result in foreign firms being singled out for behavior that is acceptable for domestic firms. In an ideal world we would have similar rules for competition of all kind. Indeed, within Europe they have replaced the anti-dumping rules with a single competition policy. A challenge for future international negotiations is to demonstrate that more effective competition policies could be implemented internationally, so that more effective policies for safeguards and fair international trade, can be implemented.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Charles F. Stone (CN=Charles F. Stone/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:30-MAR-1999 17:11:39.00

SUBJECT: some messing with Robert's draft

TO: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

===== ATTACHMENT 1 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D4]MAIL408625104.136 to ASCII,
The following is a HEX DUMP:

===== END ATTACHMENT 1 =====

ARTICLE

Comment [COMMENT1]: WEB-formatted file

The Economic Consequences of Antidumping Policies

Trade liberalization under the GATT and the World Trade Organization has successfully reduced tariffs and circumscribed many forms of protection. However, countries appear to be turning increasingly to antidumping enforcement as a substitute for these other forms of protection.

Trends. Data compiled by the Congressional Budget Office show that the United States is the most active user of antidumping laws, but that U.S. exporters are increasingly likely to face foreign antidumping actions—sometimes in retaliation for U.S. actions. For example, Mexico and Canada initiated cases against the U.S. steel industry in response to cases filed against them in June 1992. (Number of cases brought by US as well as number of cases brought against US firms.) U.S. firms accounted for 23 percent of Canadian antidumping cases brought between 1985 and 1991 and 18 percent of the cases brought by the EU between 1981 and 1997. More and more countries are adopting antidumping laws, especially in the developing world.

Efficiency considerations. A common view among many economists is that dumping should be applauded, not punished. Under competitive conditions, foreigners' willingness to sell at low prices provides benefits to consumers that outweigh the costs to domestic producers. But this view needs to be moderated in the following circumstances:

- **Predatory pricing.** If foreigners use their pricing strategy to drive U.S. firms out of the market and then to raise prices, the short-term benefits from low prices could be offset by higher prices in the future.
- **Strategic trade.** In industries where markets are not competitive, firms may earn premium profits and pay premium wages. If countries use a protected home market to achieve lower costs through economies of scale, they may be able to undercut domestic producers in the more open U.S. market and capture some of these premium profits and wages for themselves and their workers.

The rules. Thus, antidumping laws can contribute to greater economic efficiency if they are able to discriminate between beneficial and harmful situations. Unfortunately, the U.S. antidumping law that addresses predatory pricing is seldom used or enforced. Most antidumping cases are brought under a different statute that only requires evidence of below-cost pricing and material harm to the affected U.S. industry. This approach encompasses numerous instances of dumping that most economists would regard as characteristic of vigorous and socially beneficial competition. Examples include "market expansion dumping,"

in which firms find it profitable to expand exports even if they do not have or expect to have monopoly power; "cyclical dumping" which takes place during periods of weak demand and excess production capacity, and "state trading dumping," which refers to exporting at low prices by state-owned enterprises, particularly when hard currency is needed. These are instances in which the harm to domestic producers is offset by gains to consumers.

The evidence. A recent set of studies have examined antidumping enforcement in Canada, the United States, and the European Union. To be successful, predatory dumping requires a reasonable expectation of securing market power. This suggests that predatory intent is unlikely in industries that are less concentrated than some minimum threshold. Under this criterion, only about 10 percent of dumping cases could plausibly be cases of predation. It appears in the overwhelming number of cases, antidumping enforcement simply protects domestic firms against competition.

Other Abuses? Antidumping actions may have other negative effects as well. They may permit domestic firms to harass their foreign competitors by bringing suits that are costly to defend. They may also restrain domestic competition by facilitating collusion by domestic firms to raise prices and inhibiting foreign firms from pricing aggressively. On the other hand, the rules may be a crude but effective way to deal with circumstances in which other forms of protection may be justified.

Implications. Markets are not all perfectly efficient. Domestically, the main way we protect competition is through antitrust enforcement. Internationally, we have a second set of rules for private restraints on trade, those dealing with dumping, which appear to be cruder in their application. The coexistence of these two sets may result in foreign firms being singled out for behavior that is acceptable for domestic firms. In an ideal world we would have similar rules for competition of all kind. Indeed, within Europe they have replaced the anti-dumping rules with a single competition policy. A challenge for future international negotiations is to demonstrate that more effective competition policies could be implemented internationally, so that more effective policies for safeguards and fair international trade, can be implemented.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lael Brainard (CN=Lael Brainard/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:30-MAR-1999 18:30:21.00

SUBJECT: WEB

TO: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP [CEA])

READ:UNKNOWN

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

In the pre-brief for Nigerian President-elect Obasanjo's bilateral, we introduced the concept of Dutch disease, but did not really get a chance to go into it. If you have extra space in this week's WEB, you might want to elaborate.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:30-MAR-1999 13:41:43.00

SUBJECT: NEC International Deputies Breakfast

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

I will add these dates to your calendar.

----- Forwarded by Lisa D. Branch/CEA/EOP on 03/30/99

01:41 PM -----

Sharon H. Yuan

03/30/99 01:20:59 PM

Record Type: Record

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

cc:

Subject: NEC International Deputies Breakfast

Please block out the following dates (8:00 - 9:30 am) for the NEC International Deputies Breakfasts in Room 180. In order to keep this fairly small, it will be deputies only. Thanks. Please call if you have any questions.

Tuesday, April 6

Friday, April 23

Tuesday, May 4

Tuesday, May 25

Friday, June 11

Friday, June 25

Message Sent

To:

dianne.akowski @ treas.sprint.com

lenora.cully @ treas.sprint.com

Lisa D. Branch/CEA/EOP

Ann E. Woolston/OVP @ OVP

ennis_erin @ ustr.gov @ INET @ VAXGTWY

Amy Oberdorfer

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Howard A. Shelanski (CN=Howard A. Shelanski/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:30-MAR-1999 09:10:55.00

SUBJECT: word software

TO: Susan P. Clements (CN=Susan P. Clements/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Summer L. Scott (CN=Summer L. Scott/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Steven N. Braun (CN=Steven N. Braun/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Sandra F. Daigle (CN=Sandra F. Daigle/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Ryan D. Edwards (CN=Ryan D. Edwards/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Rosalind V. Rasin (CN=Rosalind V. Rasin/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert P. Bamsey (CN=Robert P. Bamsey/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert F. Schoeni (CN=Robert F. Schoeni/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Rebecca M. Blank (CN=Rebecca M. Blank/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Raymond P. Guiteras (CN=Raymond P. Guiteras/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Quindi C. Franco (CN=Quindi C. Franco/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Nora E. Gordon (CN=Nora E. Gordon/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Michele Jolin (CN=Michele Jolin/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Michael S. Kosoff (CN=Michael S. Kosoff/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Matthew R. McBrady (CN=Matthew R. McBrady/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary Fibich (CN=Mary Fibich/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary E. Jones (CN=Mary E. Jones/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary A. Thomas (CN=Mary A. Thomas/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mark N. Levine (CN=Mark N. Levine/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Linda A. Reilly (CN=Linda A. Reilly/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Joseph E. Aldy (CN=Joseph E. Aldy/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Jason K. Nuzzo (CN=Jason K. Nuzzo/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Howard A. Shelanski (CN=Howard A. Shelanski/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Heather L. Jambrosic (CN=Heather L. Jambrosic/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Francine P. Obermiller (CN=Francine P. Obermiller/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Elise H. Golan (CN=Elise H. Golan/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Douglas W. Elmendorf (CN=Douglas W. Elmendorf/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Cordelia W. Reimers (CN=Cordelia W. Reimers/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Christel M. Sice (CN=Christel M. Sice/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Charles F. Stone (CN=Charles F. Stone/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Catherine H. Furlong (CN=Catherine H. Furlong/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Carol L. Capece (CN=Carol L. Capece/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Brian A. Amorosi (CN=Brian A. Amorosi/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Bert I. Huang (CN=Bert I. Huang/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Andrew R. Feldman (CN=Andrew R. Feldman/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Alice H. Williams (CN=Alice H. Williams/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Alan S. Polasky (CN=Alan S. Polasky/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TEXT:

Does anyone have the most recent version of word? The old version on our machines will not open documents created in newer versions, and I need to work on such a document. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Raymond P. Guiteras (CN=Raymond P. Guiteras/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:30-MAR-1999 16:16:47.00

SUBJECT: IRUPS

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

Dr. Lawrence -

Have you had a chance yet to look over the IRUP pitches? I'd like to get started tonight...

Thanks,

Raymond

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:30-MAR-1999 14:05:28.00

SUBJECT: Lunch w/Stu Eizenstat

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:

Finally, I have been able to get you on Mr. Eizenstat's calendar for lunch. At this time, you're scheduled to have lunch on Thurs, 4/22, at noon, at State Dept.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:30-MAR-1999 11:18:46.00

SUBJECT: Re: First draft of anti-dumping WEB article

TO: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

Nouriel, I have taken a shot at redrafting the AD piece. Tell me what you

thinkalso here is my memo to Gagnon ===== ATTACHMENT 1 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D21]MAIL47099600M.136 to ASCII,

The following is a HEX DUMP:

===== END ATTACHMENT 2 =====

Dumping is proliferating as trade barriers are brought down. Number of cases brought by US as well as number of cases brought against US firms. US firms accounted for 23 percent of Canadian AD cases brought between 1985 and 1991 and 18 percent of the cases brought by the EU between 1981 and 1997. The number of countries adopting AD laws is increasing rapidly. (Elaborate from Roubini draft). How should we evaluate these developments?

The theory. One common view put forward by many economists is that dumping should actually be applauded not punished. Under competitive conditions if foreigners sell us products at lower prices the benefits to consumers will outweigh the costs to producers. Thus dumping is viewed as socially beneficial. But this view is too simplistic. In principle, dumping could harm the United States. One case involves predation. If foreigners use their pricing strategy to drive US firms out of the market and then to raise prices, the present benefits from low prices could be offset by future losses. A second case involves what is known as strategic trade. In industries where markets are not competitive firms, may earn premium profits and pay premium wages. If countries use a protected home market to achieve scale economies they may be able to induce US firms to contract, thereby shifting more of the premiums to their producers and away from ours

The Rules. Thus a key question is empirical. Are the rules effective in distinguishing harmful behavior? Although the rules are often justified in terms of discouraging predation, as formulated they do not explicitly evaluate whether behavior is predatory or reflect strategic trade considerations. Instead the rules simply explore whether prices are below cost or whether export prices are lower than those in the home market. Unlike domestic anti-trust laws, there is no requirement to demonstrate predatory intent. The problem is that below cost pricing could indicate predation but could also be quite compatible with competitive markets. Firms do not shut down immediately even if they are making losses. Similarly, higher foreign prices could simply indicate that foreign firms have more pricing power in their home market and tell us nothing about their ability to behave strategically. The rules do not investigate if strategic trade behavior is present.

The Evidence. A recent set of studies have explored this issue examining the experience of AD in Canada, the USA, and the European Union. Predation only makes sense if once they have driven out domestic producers, foreign firms could exert monopoly power. This suggests some minimum thresholds for concentration. The authors take the full sample of cases and exclude those which do not meet threshold levels. All in they, they find only a few cases, perhaps 10 percent could plausibly be cases of predation. It appears in the overwhelming number of cases, the AD rules simply protect domestic firms rather than combat predation.

Other Abuses? In addition to being imprecise in their formulation, the AD rules may have other negative effects. They may permit domestic firms to harass their foreign competitors by bringing suits that are costly to defend. They may also restrain domestic competition by facilitate collusion by domestic firms to raise prices and inhibiting foreign firms from pricing aggressively. On the other hand, the rules may be a crude but effective way to deal with circumstances in which other forms of protection may be justified.

Implications. Markets are not all perfectly efficient. Domestically, we have anti-trust rules which seek to improve performance and ensure that competition is fair. Internationally, we have a second set of rules for private restraints on trade, those dealing with dumping, which appear to be cruder in their application. The coexistence of these two sets may result in foreign firms being singled out for behavior that is acceptable for domestic firms. In an ideal world we would have similar rules for competition of all kind. Indeed, within Europe they have replaced the anti-dumping rules with a single competition policy. A challenge for future international negotiations is to demonstrate that more effective competition policies could be implemented internationally, so that more effective policies for safeguards and fair international trade, can be implemented.

TO: Joseph Gagnon
FROM: Robert Lawrence. CEA.

3/29/99.

SUBJECT: Comments on global deflation draft.

At the foot of page two you make the claim that a decline in nominal interest rates because of a reduction in the inflation premium could justify higher equity prices. We may observe this in practice, but it should not be the case in theory because the future nominal profit streams should decline as well. Your statement therefore assumes money illusion. (Modigliani has long claimed that such illusion does exist and that in the face of inflation, stock prices fall because people forget that future profit streams will also rise)

Another effect which is difficult to allow for and might be worth considering is the impact of disinflation on the tax system. In the face of historic cost depreciation schedules, disinflation will increase the real value of deductions and thus reduce corporate taxes. In addition, it would reduce real capital gains taxes. (Since these are also not indexed). Both of these would be more compelling reasons why deflation could increase equity prices and raise real investment. In addition, disinflation could move people into lower tax brackets, again reducing the tax take.

You are pretty sanguine about the impact of relatively small amounts of disinflation. I agree, but think you might elaborate on the issue of durability. If nominal wages, taxes and government measures such as minimum wages and tax schedules are literally fixed, over time, even in the face of moderate disinflation, you could see the build up of considerable distortions

I have another note of caution. You make a compelling case that what we have in the main is a relative price change which shows up as lower measured inflation rates. However, we know that in the past commodity prices have been an important indicator of inflationary or disinflationary pressures. Goods with flexible prices could in fact drop below their long run levels in response to an unexpected decline in the rate of monetary contraction. We need to be careful, therefore, in thinking of large commodity price declines as simply changes in relative prices. Another way of putting this is to ask, what were the commodity price booms of 1973. Were they simply relative price changes or were they also reflections of excessive monetary growth?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Cordelia W. Reimers (CN=Cordelia W. Reimers/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:30-MAR-1999 10:44:07.00

SUBJECT: whereabouts Mar 31-Apr 2

TO: Susan P. Clements (CN=Susan P. Clements/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Summer L. Scott (CN=Summer L. Scott/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Steven N. Braun (CN=Steven N. Braun/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Sandra F. Daigle (CN=Sandra F. Daigle/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Ryan D. Edwards (CN=Ryan D. Edwards/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Rosalind V. Rasin (CN=Rosalind V. Rasin/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert P. Bamsey (CN=Robert P. Bamsey/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Robert F. Schoeni (CN=Robert F. Schoeni/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Rebecca M. Blank (CN=Rebecca M. Blank/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Raymond P. Guiteras (CN=Raymond P. Guiteras/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Quindi C. Franco (CN=Quindi C. Franco/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Nora E. Gordon (CN=Nora E. Gordon/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Michele Jolin (CN=Michele Jolin/OU=CEA/O=EOP [CEA])
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TO: Michael S. Kosoff (CN=Michael S. Kosoff/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Matthew R. McBrady (CN=Matthew R. McBrady/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary Fibich (CN=Mary Fibich/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary E. Jones (CN=Mary E. Jones/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mary A. Thomas (CN=Mary A. Thomas/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Mark N. Levine (CN=Mark N. Levine/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Linda A. Reilly (CN=Linda A. Reilly/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Joseph E. Aldy (CN=Joseph E. Aldy/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Jason K. Nuzzo (CN=Jason K. Nuzzo/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Howard A. Shelanski (CN=Howard A. Shelanski/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Heather L. Jambrosic (CN=Heather L. Jambrosic/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Francine P. Obermiller (CN=Francine P. Obermiller/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Elise H. Golan (CN=Elise H. Golan/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Douglas W. Elmendorf (CN=Douglas W. Elmendorf/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Cordelia W. Reimers (CN=Cordelia W. Reimers/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Christel M. Sice (CN=Christel M. Sice/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Charles F. Stone (CN=Charles F. Stone/OU=CEA/O=EOP [CEA])
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TO: Catherine H. Furlong (CN=Catherine H. Furlong/OU=CEA/O=EOP [CEA])
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TO: Carol L. Capece (CN=Carol L. Capece/OU=CEA/O=EOP [CEA])
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TO: Brian A. Amorosi (CN=Brian A. Amorosi/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Bert I. Huang (CN=Bert I. Huang/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Andrew R. Feldman (CN=Andrew R. Feldman/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Alice H. Williams (CN=Alice H. Williams/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Alan S. Polasky (CN=Alan S. Polasky/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TEXT:
After 1:30 Wed, I will be away for the rest of this week. I can be
reached at 802-388-8961.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:30-MAR-1999 17:43:43.00

SUBJECT: Re: IRUP pitches

TO: Raymond P. Guiteras (CN=Raymond P. Guiteras/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:

Raymond P. Guiteras
03/29/99 05:51:43 PM

Record Type: Record

To: Robert Z. Lawrence/CEA/EOP
cc:
Subject: IRUP pitches

1) Russia and IMF reach deal (may be too important for an IRUP?? -- ask
Chad)
Yes probably too important.

2) Indonesian govt and foreign bank creditors reach agreement to
restructure \$3.8 billion in debt
Nouriel's spin - Indonesia has announced today an agreement with the
international banks to rollover the cross-border interbank liabilities
of private Indonesian banks in exchange for government guarantees of
these loans. They did the same in Korea and Thailand last year. This is
somewhat bad news as, again, banks are being bailed out and do not take a
hit. The G-22 report was against such guarantees, either ex-ante or
ex-post, as they create moral hazard and they lead to bailout rather
than bail-in. So, we can link the withdrawal data (see below) with the
guarantee issue in a nice roundup.

raymond's note - we might mention the "bailing-in" piece recently in
the Economist that seems to be getting
some attention
THIS SEEMS WORTHWHILE.

3) also from Nouriel - international banks withdrawal from Asia; there are
new BIS data on this
and an interesting analysis by Deutsche Bank today that I have

MAYBE. NOT REALLY NEWS.

4) followup on last week's CAP reform IRUP - European leaders compromise,
dilute reforms
(I think we really have to do this one, since the end product is quite
different from the agreement
we reported last week, and we don't want the POTUS confusing the two)

i AGREE. dO tHIS.

5) Bill Gates says Microsoft expects sales in China to double each year for the next five or six years; chides Europe for failing to place enough emphasis on the Internet

nO.

6) IMF calls on European Central Bank to cut interest rates and become more transparent

gOOD.

7) Japan approves \$79.6 billion tax cut to spur spending (from last week, may be slightly old news...)

oLd.

8) Canadian National Railway's \$2.4 billion takeover of Illinois Central approved by Surface Transportation

Board, creates major competitor to 4 US railroad giants and a network designed to capture rapidly growing

freight traffic generated from NAFTA (the network stretched from Halifax and Vancouver to Mexico City

maybe.

9) Canadian PM Chretien unveiled a proposal last week for more generous debt relief to for the world's poorest

countries, which he plans to push at the G7 Summit in June; pledged that Canada would forgive all commercial

debt owed by "poorest-of-the-poor" heavily-indebted countries

maybe.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Joseph E. Aldy (CN=Joseph E. Aldy/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:30-MAR-1999 11:28:56.00

SUBJECT: another developing country targets memo

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:
Robert,

Attached is the first memo on indexing targets that we circulated through interagency review last spring -- the appendices provide some early regression results. We have done more since then, but I need to sift through the model outputs first.

Joe

===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D34]MAIL45251700G.136 to ASCII,
The following is a HEX DUMP:

===== END ATTACHMENT 1 =====

**A Proposal for Developing Countries:
Participation in a “Target and Trade” System**

I. This analysis demonstrates that the gains will be substantial if developing countries (a) accept binding targets at or slightly below their business as usual (BAU) emissions levels, and (b) trade from their respective targets. We believe that participation in a “target and trade” system should be the cornerstone of our international negotiations.

The economic and environmental rationale for such participation includes

- **Greater economic benefits to developing countries:** With targets at or only slightly below BAU, developing countries would enjoy net gains of many billions of dollars through the international sale of emission reductions achieved at lower cost than the world price.
- **Greater cost savings to the U.S.:** Participation by developing countries in international permit markets would greatly lower the costs to the U.S. of meeting its Kyoto target (as CEA testimony showed). In particular, costs would be lower than with trading among only Annex I countries.
- **Greater environmental benefits:** Targets slightly below business as usual would lower global emissions relative to a world with only Annex I targets. Further, reducing carbon dioxide emissions generates ancillary air quality benefits through lower particulate matter, sulfur dioxide, and nitrogen oxides emissions.
- **Target and trade yields greater benefits than CDM:** While the Clean Development Mechanism will likely result in cost savings to the U.S. relative to a world with only Annex I trading, a system including effective target and trade of developing countries' emissions would yield much greater cost savings to the U.S. and greater gains to developing countries than CDM. Further, target and trade could achieve environmental benefits not achievable by pursuing CDM, which only redistributes emissions geographically.
- **The principle of full participation:** Other rationale include the long-run benefits of including developing countries into global negotiations, for example, as recognized by the Byrd-Hagel resolution. By establishing participation now, further commitments might be feasible in future periods.

II. Problem: To persuade a developing country *voluntarily* to adopt a target and then to trade permits internationally, international agreements must be structured to reduce the risk of inadvertent stringency and in particular to reduce the possibility of a target so stringent as to cause large economic losses to the developing country.

Proposed Solution: Negotiations should focus on the estimated business as usual emissions level, where this level is expressed in a way that depends on the *future* values of economic variables, such as GDP.

Rationale: Such targets would avoid the risk of inadvertent stringency associated with higher than projected economic growth between now and the beginning of the commitment period in 2008. Developing countries would face only the much smaller risk that emissions would be higher than expected, *given* the economic conditions realized in 2007.

Basic principles for implementing such an approach are:

- **Reasonable Forecasts:** The relationship between the target (putting aside any real reductions in emissions) and the values of economic variables, when applied to emissions and such variables during recent years, should predict emissions reasonably well and be without demonstrable statistical bias. Relationships that give reasonably reliable predictions reduce the risk of either inadvertent stringency or paper tons which could increase global emissions.
- **No Perverse Incentives:** The target should depend on values of economic variables only indirectly related to emissions, to avoid creating perverse incentives for developing countries to increase emissions so as to have higher targets in the commitment periods. For example, the target should not depend on energy consumption in 2007, but could reflect pre-Kyoto emissions levels.
- **Predetermined Targets:** To avoid uncertainty during the commitment period about the country's target the target should not depend on contemporaneous values of economic variables. For example, the target generally should not vary with 2008 or 2010 GDP levels, but rather with 2007 GDP.

III. Illustration: One way of implementing the solution is described below. Other ways of implementing the solution may work as well or better. The conclusions are stated below; the details of our work follow in appendix 3.

- Defining the business as usual level for a developing country as a function of its GDP and population in earlier years and setting the emissions target at that level yields a negligible risk of leaving the developing country worse off under target and trade because of inadvertent stringency. Even a target slightly below BAU would also yield negligible risk of leaving the developing country worse off.
- Emissions targets for developing countries set below their business as usual emission level would of course result in gains from trade smaller than with a BAU target, while providing environmental benefits. The higher costs of a target set below BAU are borne by both the developing countries and the Annex I countries.

There are significant gains from trade for developing countries and large cost-savings to the U.S. if even one large developing country accepts an emissions target at BAU and participates in emissions trading. Table 1 and Charts 1 through 3 illustrate these gains from trade from a baseline of full Annex I trading.

Table 1. Illustrative Gains from Trade with Developing Countries that Target and Trade

Trading Scenario	Permit Price ¹ (1997\$/ton)	Country Gaining	Gains from Trade with Developing Countries
Annex I only	\$54	United States	not applicable
Annex I + China	\$26	China	\$3.6 billion/year
		United States	\$11.6 billion/year ²
Annex I + India	\$47	India	\$1.6 billion/year
		United States	\$2.5 billion/year ²
Annex I + Mexico	\$51	Mexico	\$0.9 billion/year
		United States	\$1.2 billion/year ²

¹ These scenarios do not account for the cost savings available through the Clean Development Mechanism and carbon sinks.

² Gains from trade for the U.S. are estimated as the change in the U.S. total cost of complying with the Kyoto Protocol relative to an Annex I only trading regime.

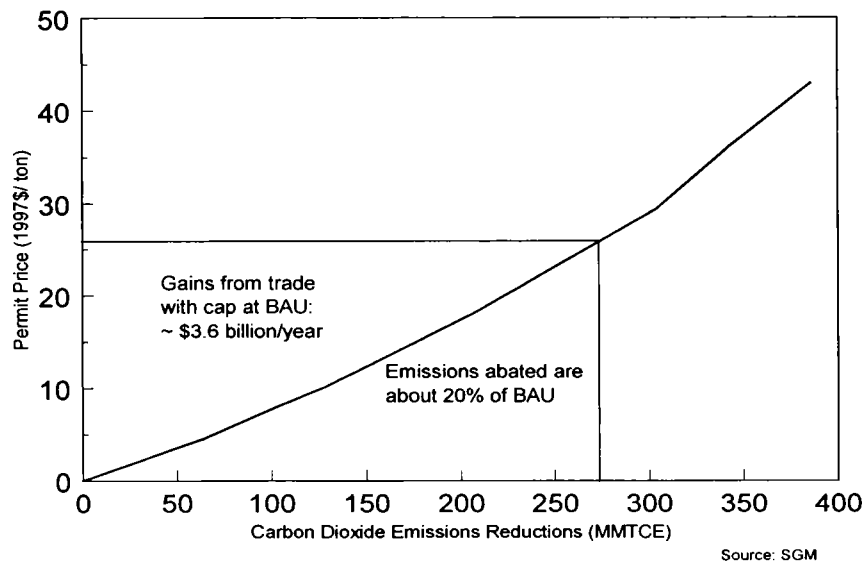


Chart 1. China's 2010 Marginal Abatement Cost Curve and Gains from Trade

Chart 2. India's 2010 Marginal Abatement Cost Curve and Gains from Trade

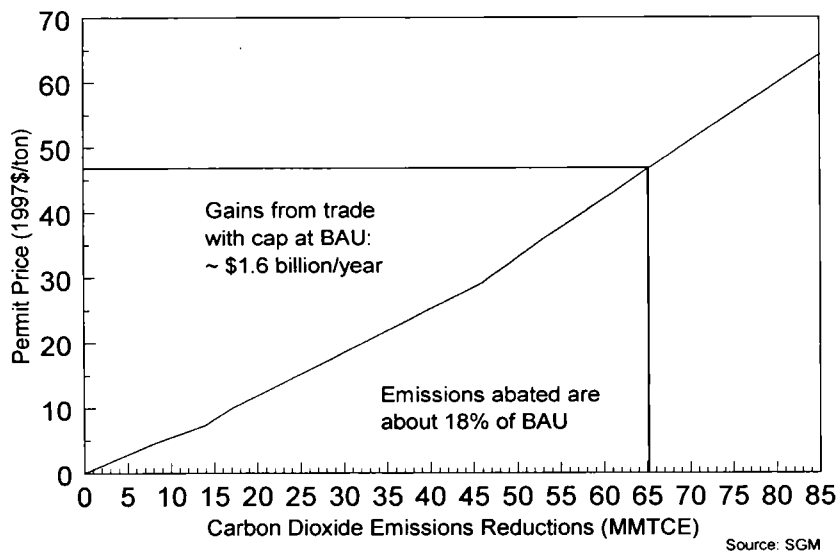
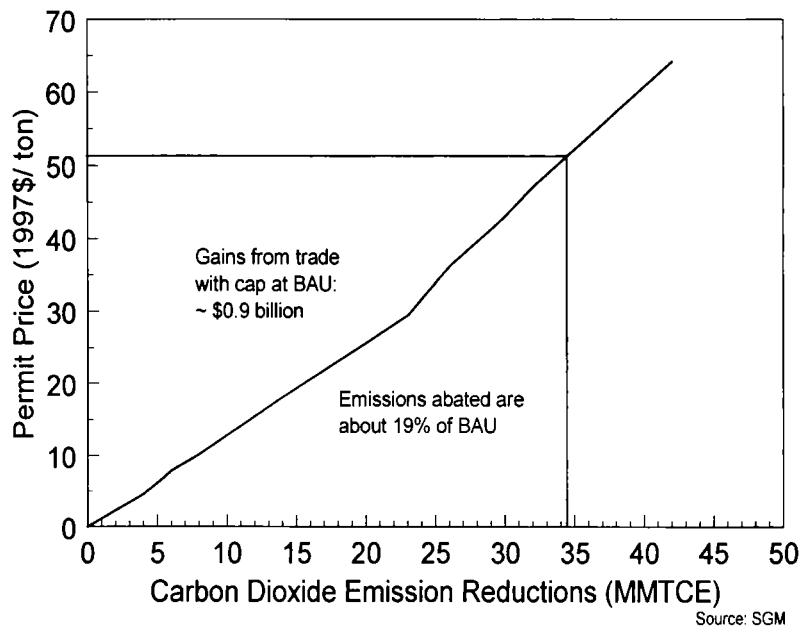
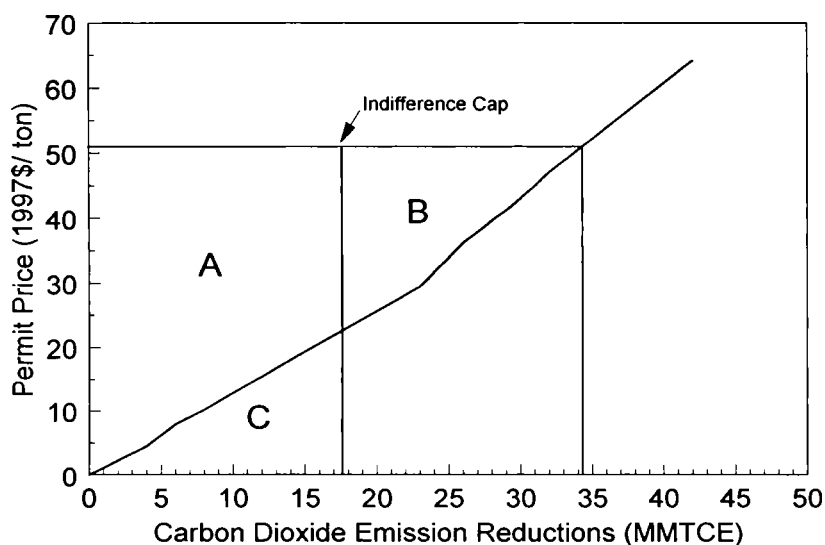


Chart 3. Mexico's 2010 Marginal Abatement Cost Curve and Gains from Trade



Appendix 1. Costs to the U.S. of Developing Countries Adopting Targets Below BAU

Regarding developing countries, most commonly discussed is the issue of fairness: what



commitments to reduce emissions should be made by countries whose economic resources differ substantially? Generally neglected, but discussed below, is the issue of efficiency. In particular, what are the implications for U.S. costs of increasingly more stringent targets on emissions from key developing countries?

The environmental gains from emissions reductions below BAU come at the price not only of economic costs incurred by a developing country that adopts the below-BAU target, but also economic costs by Annex I. More stringent developing country targets raise U.S. costs by restricting the supply of permits in world markets and so raising the price of permits.

To assess the magnitude of this effect consider the target which just leaves a country no better off than no target at all. This “indifference” target is where the costs of meeting the target just equal the net gains from selling permits in world markets. Chart 4 illustrates gains from trade for a small country. For a target that is equivalent to a reduction from BAU of 17 MMTC, net gains from foreign exports are B, and the cost of meeting the target is C. Since $B = C$ in this example, the net gains from trade are nil.

Chart 4. Illustrative 2010 Marginal Abatement Cost Curve and Indifference Target

Note: For simplicity, this indifference target is illustrated for a country whose participation in world permit markets does not affect world permit prices.

Table 2 provides an illustration of the effects of emissions targets more stringent than BAU on China with Annex I plus China trading. Note that a small reduction below BAU has no real effect on the Annex I trading price, and thus no economic effects on the U.S. However, as the target becomes more stringent, the Annex I trading price increases, resulting in higher total costs of compliance for the U.S. If China accepts a target below BAU, the cost of this additional stringency to the U.S. -- essentially, the cost of supplying the environmental benefits associated with these emissions reductions -- can become significant. Thus developing country participation in the form of acceptance of targets more stringent than business as usual will raise costs to the U.S.

Table 2. Effects of Various Chinese Emissions Targets with Annex I Trading

Emissions Target ¹	Permit Price (1997\$/ton)	Chinese Emissions Reductions (MMTC)	Chinese Emissions Sales (MMTC) ²	Total Cost to U.S. of Complying with Kyoto	Cost to U.S. of Additional Stringency
BAU	\$26	276	276	\$13.4 b	not applicable
BAU - 1%	\$26	276	262	\$13.4 b	~\$0
BAU - 5%	\$29	304	235	\$14.9 b	\$22/ton
Indifference	\$36	343	172	\$17.9 b	\$26/ton

¹ We employ the SGM BAU for China for the purposes of these calculations.

² Reductions in Chinese emissions less Chinese emissions sales yields net global reductions.

Imposing this “indifference” target on China, given that its participation lowers world permit prices, leads to the following conclusions.

- An indifference target for China increases annual U.S. costs by \$4.5 billion or 33% relative to a BAU target for China.
- If China accepts an emissions target requiring reductions of approximately 170 MMTC below BAU, the average cost to the U.S. would be \$26/ton. This is not the average cost of a ton of emissions purchased from China, but the average cost to the U.S. of the environmental benefits associated with China complying with a more stringent target.

Appendix 2. Ancillary Environmental Benefits of Target and Trade in Developing Countries

The voluntary reduction of greenhouse gas emissions by developing countries under a target and trade system will simultaneously reduce emissions of several pollutants, producing ancillary environmental and human health benefits in those countries. The environmental and health benefits that accrue to those developing countries are unlikely to be offset by decreases in environmental quality in the United States because of our stringent health-based air quality standards.

A recent study in *Lancet* examines the emissions of one pollutant that are reduced along with carbon emissions: airborne particulate matter (PM). The study projects that by 2020, a climate change policy scenario in which developing countries reduce emissions to 10% below their BAU could produce an annual reduction of 563,000 statistical deaths.

The analysis below adapts the predictions in the *Lancet* study to estimate the mortality risk reduced from participation by three developing countries (China, India, and Mexico) in a target and trade system. These illustrative calculations take as given the emissions reductions from BAU resulting from permit sales that are predicted by SGM. It suggests that significant public health gains could result from developing country participation in international carbon permit markets.

Table 3. The Effects of International Carbon Permit Trading on Mortality Risk Associated with Particulate Matter Emissions

Country	Predicted carbon emissions reduction from international permit sales	Share of non-Annex I population in 2010	Annual PM statistical deaths avoided in 2010 by international carbon permit trading
China	20%	23.7%	136,700
India	18%	20.3%	105,300
Mexico	19%	2.0%	19,700

For developing countries that are too “small” to affect the world permit price, adopting a carbon target more stringent than BAU and participating in international trade does not yield additional ancillary benefits relative to a BAU target. Large countries, by adopting targets below BAU, would raise the world price relative to a BAU target, and thereby achieve greater carbon emissions reductions and ancillary benefits.

Caveats

Major assumptions beyond those in the *Lancet* article include:

- Deaths avoided in each non-Annex I country are proportional to the country's share of non-Annex I population.

- Deaths avoided are proportional to carbon emissions reductions.
- Each key developing country is the sole non-Annex I country to adopt a target and participate in international trading.

Appendix 3. Summary of Analysis

A. Data

We have compiled data on 3 variables: emissions of carbon dioxide, GDP, and population for 117 countries for the time period 1970-1992. The carbon dioxide emissions data, measured in millions of metric tons of carbon, are from the Carbon Dioxide Information Analysis Center (Oak Ridge National Laboratory, DOE). The GDP data, measured in 1987 U.S. dollars, are from the World Bank. The population data, measured in thousands of individuals, are from the United Nations Population Division.

B. Methods

We have estimated a fixed effects linear regression on the logs of these variables, for the countries in our data set, excluding those listed in Annex I. Our regression uses four non-overlapping 5 year intervals for each country. Our forecasts include the country specific constants.

C. Results

The fixed effects regression we estimated is

$$\text{Emissions} = a \text{ GDP}_{t-1} + b \text{ GDP}_{t-2} + c \text{ Population}_{t-1} + \gamma \text{ trend}$$

Emissions are the natural logarithm of the five year non-overlapping average of carbon emissions. All independent variables are lagged. GDP_{t-1} is the log of the gross domestic product in the year prior to the first year in the emissions variable, GDP_{t-2} is GDP in the year two years prior to the first year included in the emissions variable, and population_{t-1} is the country's population in the year prior to first year included in the emissions variable. Trend is one in the first 5 year period, and 2, 3, and 4 respectively in the subsequent 5 year periods. The useable data included 376 cross-section time series observations. The fixed effects regression used 98 degrees of freedom. The R squared was in excess of 0.99.

Table 4. Model I Results

Variable Name	Coefficient Estimate	Standard Error
GDP_{t-1}	0.9501823	0.2443047
GDP_{t-2}	-0.411297	0.23894
$Population_{t-1}$	0.4836006	0.2055439
trend	0.0073712	0.0310638

As one illustration of the model's accuracy in predicting emissions, consider the chart below that maps actual and predicted emissions using within sample data for ten selected developing countries. The predicted value is never more than 1/4 of one percent away from the actual emissions average for any of the five year intervals.

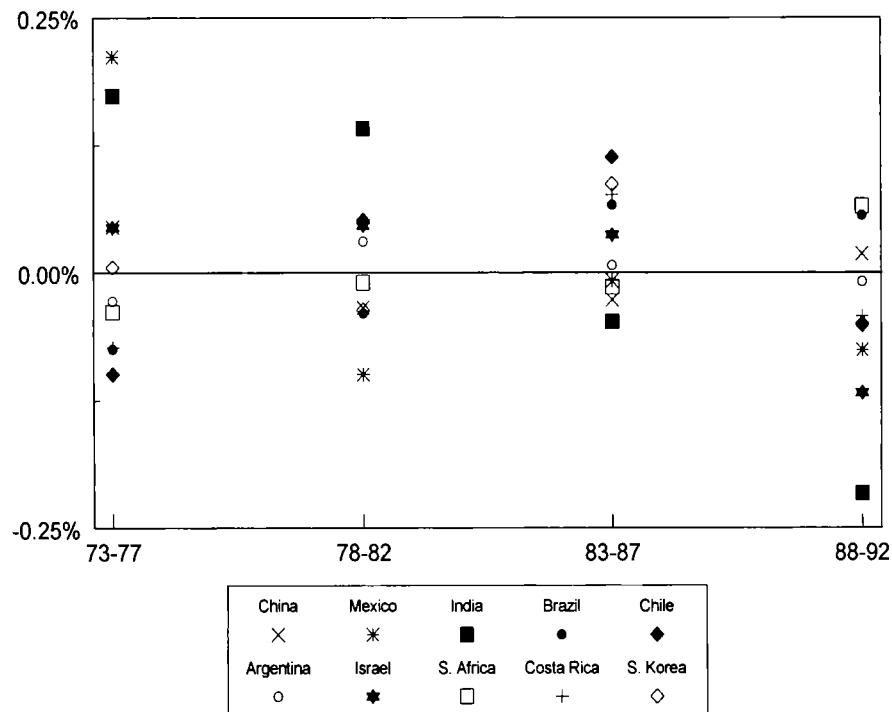


Chart 5. Error in Model I Prediction as a Fraction of Actual Emissions

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:30-MAR-1999 13:47:28.00

SUBJECT: Phone Message from STEve Sharp

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

Contact: STEve SharpCompany: Phone: FAX: Message: He is living town today and will call you next week.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:30-MAR-1999 13:47:28.00

SUBJECT: Phone Message from STeve Sharp

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:

Contact: STeve SharpCompany: Phone: FAX: Message: He is living town today and will call you next week.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:30-MAR-1999 13:41:43.00

SUBJECT: NEC International Deputies Breakfast

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

I will add these dates to your calendar.

----- Forwarded by Lisa D. Branch/CEA/EOP on 03/30/99

01:41 PM -----

Sharon H. Yuan

03/30/99 01:20:59 PM

Record Type: Record

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

cc:

Subject: NEC International Deputies Breakfast

Please block out the following dates (8:00 - 9:30 am) for the NEC International Deputies Breakfasts in Room 180. In order to keep this fairly small, it will be deputies only. Thanks. Please call if you have any questions.

Tuesday, April 6

Friday, April 23

Tuesday, May 4

Tuesday, May 25

Friday, June 11

Friday, June 25

Message Sent

To:

dianne.akowski @ treas.sprint.com

lenora.cully @ treas.sprint.com

Lisa D. Branch/CEA/EOP

Ann E. Woolston/OVP @ OVP

ennis_erin @ ustr.gov @ INET @ VAXGTWY

Amy Oberdorfer

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:30-MAR-1999 12:42:04.00

SUBJECT: Visit of EPA Minister Sakaiya

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

Per Alice, I am adding this mtg to your calendar.

----- Forwarded by Lisa D. Branch/CEA/EOP on 03/30/99

12:42 PM -----

Alice H. Williams

03/30/99 10:00:51 AM

Record Type: Record

To: Lisa D. Branch/CEA/EOP, Nouriel Roubini/CEA/EOP

cc:

Subject: Visit of EPA Minister Sakaiya

Janet has agreed to meeting the EPA Minister Sakaiya of Japan on Friday, April 30 jfrom 10:00 to 12:00 Noon. She would like you to join her at this meeting.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Douglas W. Elmendorf (CN=Douglas W. Elmendorf/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:31-MAR-1999 12:30:43.00

SUBJECT: Q4 profits

TO: Charles F. Stone (CN=Charles F. Stone/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Ryan D. Edwards (CN=Ryan D. Edwards/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Steven N. Braun (CN=Steven N. Braun/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

CC: Douglas_W._Elmendorf@oa.eop.gov (Douglas_W._Elmendorf@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TEXT:

Based on a preliminary analysis, my Fed sources have noted two special features of the Q4 profit decline:

1. The BEA included the tobacco settlement as a one-time charge against profits.
2. Profits at large firms apparently increased in Q4, but profits at small firms fell noticeably. (This is consistent with the apparently superior performance of large-company stocks relative to small-company stocks of late. Analysts reportedly expect small-company earnings growth to lag large-company earnings growth for at least the immediate future.)

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:31-MAR-1999 08:50:32.00

SUBJECT: Re: Steel Update

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:

Will stop by and get you the latest info on the steel sector.

Nouriel

Robert Z. Lawrence
03/31/99 08:26:38 AM
Record Type: Record

To: Nouriel Roubini/CEA/EOP
cc:
Subject: Steel Update

The steel bill is going before the senate. I'm going to a meeting today. I think we should be armed with data on the current state of imports and the industry. Please drop by so we can talk about this.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:31-MAR-1999 12:50:49.00

SUBJECT: Re: Q4 profits

TO: Douglas W. Elmendorf (CN=Douglas W. Elmendorf/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:

My commerce department sources tell me all of the profits decline is in
Energy and Chemicals.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:31-MAR-1999 08:27:57.00

SUBJECT: Steel Update

TO: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

The steel bill is going before the senate. I'm going to a meeting today. I think we should be armed with data on the current state of imports and the industry. Please drop by so we can talk about this.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:31-MAR-1999 17:44:02.00

SUBJECT: Phone Message from Carmen Reinhardt

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

Contact: Carmen ReinhardtCompany: Phone: FAX: Message: She will call you tomorrow; she is off to teach.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:31-MAR-1999 12:09:47.00

SUBJECT: Draft of memo for Rubin.

TO: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

I'd appreciate any comments you have on this draft===== ATTACHMENT 1

=====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D90]MAIL49490620Z.136 to ASCII,

The following is a HEX DUMP:

===== END ATTACHMENT 1 =====

Imports provide us benefits in our roles as consumers and producers. As a result of imports consumers enjoy lower prices and greater variety. Imports also lead to increased competition, faster productivity growth, improved competitiveness, less inflation and lower rates of unemployment.

The United States is the world's best place to shop. Recent OECD estimates indicate that despite the dollar's strength, in 1998 on average, prices of goods and services in Germany and Japan were higher than those in the US by 16 and 26 percent respectively. The prices and choices available in the US reflect in part the benefits we derive from imports.

(1) Imports increase our buying power. The ability to buy cheaper foreign products is an important complement to faster productivity growth in raising living standards and boosting real wages. Today, a dollar buys 13 percent more imported goods and services than it did 1995. Over the same period, average hourly earnings have risen from \$11.43 to \$13.04. This implies that by working an hour, the typical production worker can now buy 29 percent more imported goods and services than she could in 1995.

(2) Imports enhance consumer choice. They increase the variety of products available and allow consumers to buy products that are more precisely matched to their taste. Moreover, in many cases, imports are the only way we can obtain goods and inputs we do not or cannot produce at home.

(3) Imports increase competition. Imports also lead to lower prices of domestic goods. Free trade is an important complement to anti-trust in constraining domestic monopolies. This leads to lower prices for consumers and greater productive efficiency.

(4) Imports stimulate innovation and technological improvements. We need only recall the major improvements in our domestic steel and automobile industries in response to foreign challenges. As best we can measure it, manufacturing -- a sector particularly exposed to international competition -- has been the dominant location of productivity growth in our economy since the mid 1970s. (Between 1973 and 1998 for example, output per hour in manufacturing has increased at an average annual rate of 3.3 percent. By contrast output per hour in the entire business sector has increased at just 1.1 percent annually.) Econometric studies of both Japan and the United States find a positive relationship between industrial total factor productivity growth and import growth.

(5) Imports promote export competitiveness. To compete effectively in world markets, our producers need access to components and equipment at world prices. Most complex products today require the combination of both high and low skill activities. By purchasing inputs abroad our firms can leverage their high-skill activities. An example: Today's personal computers often come equipped with US software and micro-processors but many other components made in Asia and elsewhere. Erecting barriers to imports has an unseen boomerang effect on exports. By increasing the costs of inputs that producers use to generate goods and services, protection

damages the position of US exporters. It is no surprise that major exporters like Caterpillar are so concerned about higher steel prices, or producers of computers like IBM oppose protection on flat-panel display screens.

(6) Imports provide an anti-inflationary safety-valve that allows employment growth.

Many economists ascribe some part of the recent quiescent performance of inflation to our ability to draw on global capacity. They believe that this allows the economy to achieve higher levels of employment without igniting inflation. This has allowed the Federal reserve more leeway to keep interest rates low and reduce unemployment. In this way, imports have helped boost employment.

(7) Imports provide foreigners with the dollars they need to buy our products and invest in our economy. Our open markets help induce a virtuous circle of global growth. We live in an interdependent world. Our economy has been an engine of global economic growth helping to stabilize the global economy at a time of crisis. Increased prosperity abroad, in turn, leads to larger markets for our exports.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michele Jolin (CN=Michele Jolin/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:31-MAR-1999 17:52:30.00

SUBJECT: Re: Robert Lawrence

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:

Below is a message from WH Counsel

----- Forwarded by Michele Jolin/CEA/EOP on 03/31/99
05:52 PM -----

Clifford J. Mauton 03/31/99 05:29:37 PM

Record Type: Record

To: Michele Jolin/CEA/EOP

cc:

Subject: Re: Robert Lawrence

He is in the final stage of our process which is financial review but his
background investigation has not started. That takes 4 to 6 weeks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:31-MAR-1999 08:25:24.00

SUBJECT: WEB

TO: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

Do you want to take a shot at this

----- Forwarded by Robert Z. Lawrence/CEA/EOP on 03/31/99

08:25 AM -----

Lael Brainard

03/30/99 06:29:04 PM

Record Type: Record

To: Robert Z. Lawrence/CEA/EOP, Nouriel Roubini/CEA/EOP

cc:

Subject: WEB

In the pre-brief for Nigerian President-elect Obasanjo's bilateral, we introduced the concept of Dutch disease, but did not really get a chance to go into it. If you have extra space in this week's WEB, you might want to elaborate.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Nouriel Roubini (CN=Nouriel Roubini/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:31-MAR-1999 17:30:30.00

SUBJECT: Re: Draft of memo for Rubin.

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:

Robert, I read your note on the benefits of imports. You cover very well all the relevant points. Maybe, you may want add a point about the fact that more imports and/or cheaper imports are effectively a form of technological progress. I remember the methaphor used by Krugman with the story of the guy who becomes an overnight hero/genius because he miracolously discovers ways to turn widgets into food in a country where food is scarce and expensive; until it is discovered that he would sell widgets abroad to import cheap food and he suddenly becomes a villain. Conceptually, any fall in the price of imported inputs represents an increase in total factor productivity and in labor productivity (a fall in the price of oil being the simplest example). So, conceptually there is not difference between techonological progress and better/cheaper imports; similarly, any (dis)allocation effect of imports is equivalent to that deriving from technological progress.

Another related way to think about imports (you cover this somehow in point (5)) is to argue that a lot of technological progress in embodied into new capital goods (and even intermediate inputs). Imports are a way to import new technology that is embodied in new machines and production inputs.

One could also add the point that current account deficits resulting from import growth are good as they allow a country having a investment boom to grow faster than it might have otherwise; so paradoxically CA deficits lead to faster rather than lower growth; we discussed this point extensively in this year's ERP.

I will be back in the office tomorrow. I take the occasion to wish you a Happy Passover.
Nouriel

Robert Z. Lawrence
03/31/99 12:08:28 PM
Record Type: Record

To: Nouriel Roubini/CEA/EOP

cc:
Subject: Draft of memo for Rubin.

I'd appreciate any comments you have on this draft

===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D55]MAIL40962330P.136 to ASCII,
The following is a HEX DUMP:

===== END ATTACHMENT 1 =====

Imports provide us benefits in our roles as consumers and producers. As a result of imports consumers enjoy lower prices and greater variety. Imports also lead to increased competition, faster productivity growth, improved competitiveness, less inflation and lower rates of unemployment.

The United States is the world's best place to shop. Recent OECD estimates indicate that despite the dollar's strength, in 1998 on average, prices of goods and services in Germany and Japan were higher than those in the US by 16 and 26 percent respectively. The prices and choices available in the US reflect in part the benefits we derive from imports.

(1) Imports increase our buying power. The ability to buy cheaper foreign products is an important complement to faster productivity growth in raising living standards and boosting real wages. Today, a dollar buys 13 percent more imported goods and services than it did 1995. Over the same period, average hourly earnings have risen from \$11.43 to \$13.04. This implies that by working an hour, the typical production worker can now buy 29 percent more imported goods and services than she could in 1995.

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(3) Imports increase competition. Imports also lead to lower prices of domestic goods. Free trade is an important complement to anti-trust in constraining domestic monopolies. This leads to lower prices for consumers and greater productive efficiency.

(4) Imports stimulate innovation and technological improvements. We need only recall the major improvements in our domestic steel and automobile industries in response to foreign challenges. As best we can measure it, manufacturing -- a sector particularly exposed to international competition -- has been the dominant location of productivity growth in our economy since the mid 1970s. (Between 1973 and 1998 for example, output per hour in manufacturing has increased at an average annual rate of 3.3 percent. By contrast output per hour in the entire business sector has increased at just 1.1 percent annually.) Econometric studies of both Japan and the United States find a positive relationship between industrial total factor productivity growth and import growth.

(5) Imports promote export competitiveness. To compete effectively in world markets, our producers need access to components and equipment at world prices. Most complex products today require the combination of both high and low skill activities. By purchasing inputs abroad our firms can leverage their high-skill activities. An example: Today's personal computers often come equipped with US software and micro-processors but many other components made in Asia and elsewhere. Erecting barriers to imports has an unseen boomerang effect on exports. By increasing the costs of inputs that producers use to generate goods and services, protection

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(7) Imports provide foreigners with the dollars they need to buy our products and invest in our economy. Our open markets help induce a virtuous circle of global growth. We live in an interdependent world. Our economy has been an engine of global economic growth helping to stabilize the global economy at a time of crisis. Increased prosperity abroad, in turn, leads to larger markets for our exports.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:31-MAR-1999 09:20:29.00

SUBJECT: Reminder: Note Time Pls

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:

FYI, I will note the new on your schedule.

----- Forwarded by Lisa D. Branch/CEA/EOP on 03/31/99
09:20 AM -----

LESLIE
BERNSTEIN
03/31/99 08:37:30 AM

Record Type: Record

To: See the distribution list at the bottom of this message
cc: Carolyn T. Wu/WHO/EOP
Subject: Reminder: Note Time Pls

There will be a Deputies Meeting in the Roosevelt Room today
at 4:30pm.

Please note that today's meeting will be held at 4:30pm.
We will continue with the 5:30pm meet time next week.

Happy Passover!

Message Sent

To: _____
Barry J. Toiv/WHO/EOP
Amy Weiss/WHO/EOP
Jennifer M. Palmieri/WHO/EOP

Jeffrey A. Forbes/WHO/EOP
Anne F. Donovan/WHO/EOP
Linda Ricci/OMB/EOP
Sharon H. Yuan/OPD/EOP
Shannon Mason/OPD/EOP
Kris M Balderston/WHO/EOP
Stacie Spector/WHO/EOP
Mona G. Mohib/WHO/EOP
Mindy E. Myers/WHO/EOP
Tracey E. Thornton/WHO/EOP
Dario J. Gomez/WHO/EOP
Linda L. Moore/WHO/EOP
Dorian V. Weaver/WHO/EOP
Beverly J. Barnes/WHO/EOP
Laura Emmett/WHO/EOP
Christopher C. Jennings/OPD/EOP
John Dankowski/WHO/EOP
Mark F. Lindsay/OA/EOP
Susan L. Hazard/WHO/EOP
Lisa D. Branch/CEA/EOP
April B. Abdulmalik/OPD/EOP
Fred DuVal/WHO/EOP
Shirley S. Sagawa/WHO/EOP
Donna Dejban/NSC/EOP
Francine P. Obermiller/CEA/EOP
Cathy L. Millison/NSC/EOP
Glyn T. Davies/NSC/EOP
Jennifer M. Luray/WHO/EOP
Kelley L. O'Dell/WHO/EOP
Cheryl M. Carter/WHO/EOP
Jeffrey M. Smith/OSTP/EOP
Dawn V. Woollen/OMB/EOP
Sean P. Maloney/WHO/EOP
Todd A. Bledsoe/WHO/EOP
Janis F. Kearney/WHO/EOP
Cheryl D. Mills/WHO/EOP
Skye S. Philbrick/WHO/EOP
Patricia Solis-Doyle/WHO/EOP
Martha Foley/WHO/EOP
Douglas J. Band/WHO/EOP
Antoinette D. Marchette/WHO/EOP
Beth A. Viola/CEQ/EOP
Paul D. Glastris/WHO/EOP
Charles J. Payson/WHO/EOP
Anne Whitworth/WHO/EOP
June G. Turner/WHO/EOP
Devorah R. Adler/OPD/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:31-MAR-1999 12:16:48.00

SUBJECT: Lunch w/Caroline Atkinson Rescheduled to Mon, 4/5

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

CC: Francine P. Obermiller (CN=Francine P. Obermiller/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

FYI, lunch will take place on Mon, 4/5, at the Occidental Restaurant located within the Willard Hotel, 1475 Pennsylvania Ave, NW. You're to meet Caroline at the restaurant.

poc: Judawn

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:31-MAR-1999 18:58:35.00

SUBJECT: Memo for Rubin

TO: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:
Please format this memo and send it to Rubin also cc Cumby.===== ATTACHMENT 1
=====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D48]MAIL413924302.136 to ASCII,
The following is a HEX DUMP:

===== END ATTACHMENT 1 =====

]

31st March 1999.

Memorandum

For: Secretary Rubin

From: Robert Lawrence, CEA.

Subject: The Benefits of Imports.

Imports provide us benefits in our roles as consumers and producers. As a result of imports consumers enjoy lower prices and greater variety. Imports also lead to increased competition, faster productivity growth and improved export competitiveness. Recently our ability to import has meant less inflation, lower rates of unemployment, and faster growth.

The United States is the world's best place to shop. Recent OECD estimates indicate that despite the dollar's strength, in 1998 on average, prices of goods and services in Germany and Japan were higher than those in the US by 16 and 26 percent respectively. The prices and choices available in the US reflect both the competitive strength of our domestic economy and the benefits we derive from imports.

(1) Imports increase our buying power. The ability to buy cheaper foreign products is an important complement to faster productivity growth in raising living standards and boosting real wages. Today, a dollar buys 13 percent more imported goods and services than it did 1995. Over the same period, nominal average hourly earnings have risen from \$11.43 to \$13.04. This implies that by working an hour, the typical production worker can now buy 29 percent more imported goods and services than she could in 1995.

(2) Imports enhance consumer choice. Imports increase the variety of products available and allow consumers to buy products that are more precisely matched to their taste. Moreover, in many cases, imports are the only way we can obtain goods and inputs we do not or cannot produce at home.

(3) Imports increase competition. Imports also lead to lower prices of domestic goods. Free trade is an important complement to anti-trust in constraining domestic monopolies. This leads to lower prices for consumers and greater productive efficiency.

(4) Imports stimulate innovation and technological improvements. We need only recall the major improvements in our domestic steel and automobile industries in response to foreign challenges. As best we can measure it, manufacturing -- a sector particularly exposed to international competition -- has been the dominant location of productivity growth in our

economy since the mid 1970s. (Between 1973 and 1998 for example, output per hour in manufacturing has increased at an average annual rate of 3.3 percent. By contrast output per hour in the entire business sector has increased at just 1.1 percent annually.) Econometric studies of both Japan and the United States find a positive relationship between industrial total factor productivity growth and import growth.

(5) Imports promote export competitiveness. To compete effectively in world markets, our producers need access to components and equipment at world prices. Most complex products today require the combination of both high and low skill activities. By purchasing inputs abroad our firms can leverage their high-skill activities. An example: Today's personal computers often come equipped with US software and micro-processors but many other components made in Asia and elsewhere. Erecting barriers to imports has an unseen boomerang effect on exports. By increasing the costs of inputs that producers use to generate goods and services, protection damages the position of US exporters. It is no surprise that major exporters like Caterpillar are so concerned about higher steel prices, or producers of computers like IBM oppose protection on flat-panel display screens.

(6) Recently imports have provided an anti-inflationary safety-valve that allows increased employment growth. Many economists ascribe some part of the recent quiescent performance of inflation to our ability to draw on global capacity. They believe that this allows the economy to achieve higher levels of employment without igniting inflation. This has allowed the Federal reserve more leeway to keep interest rates low and reduce unemployment. In this way, imports have helped boost employment.

(7) Imports provide foreigners with the dollars they need to buy our products and invest in our economy. Our open markets help induce a virtuous circle of global growth. We live in an interdependent world. Our economy has been an engine of global economic growth helping to stabilize the global economy at a time of crisis. Increased prosperity abroad, in turn, leads to larger markets for our exports.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: "Luckow, Veronica" <VLuckow@oas.org> ("Luckow, Veronica" <VLuckow@oas.org> [UNKNOWN])

CREATION DATE/TIME:31-MAR-1999 10:17:21.00

SUBJECT:

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])

READ:UNKNOWN

TO: "sahay@compuserve.com" <sahay@compuserve.com> ("sahay@compuserve.com" <sahay@compuserve.com> [UNKNOWN])

READ:UNKNOWN

TO: "brussell@iie.com" <brussell@iie.com> ("brussell@iie.com" <brussell@iie.com> [UNKNOWN])

READ:UNKNOWN

TEXT:

Dear Authors:

I am once again emailing you about the book, "Trade Rules in the Making.." and would like to inform you that Brookings is finalizing the page proofs. We expect them next week (April 6th). There are two possibilities that you may choose from. One, you can choose to look at your chapter and submit it to OAS after your review within a strict timeline once again, or two, have the editors take a close look at the proofs to check for errors, etc. Of course, the editors would contact you if they find anything that is not perfect. In understanding your time constraints and the individual demands already on you, the latter seems more efficient.

Please inform me of your decision and we will act accordingly. If you choose to look over the paper expect them on April 6th or 7th.

I look forward to hearing from you. Thank you for your time and effort.

Sincerely,

Veronica Luckow

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Raymond P. Guiteras (CN=Raymond P. Guiteras/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:31-MAR-1999 21:46:26.00

SUBJECT: Proposal: China IRUP

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Charles F. Stone (CN=Charles F. Stone/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:
Chad & Robert:

The IMF did a short piece in a recent World Economic Outlook about how many of China's growth figures aren't credible - could be interesting as a roundup for next week's state visit. It wouldn't be hard to write, but my question is, which of the existing roundups do we want to cut? I vote for IMF/ECB or Chretien...

Raymond

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:31-MAR-1999 10:52:13.00

SUBJECT: Re:

TO: "Luckow, Veronica" <VLuckow ("Luckow, Veronica" <VLuckow @ oas.org> [UNKNOWN])
READ:UNKNOWN

TEXT:

You can do the review. Thanks

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 1-APR-1999 15:21:38.00

SUBJECT: CEA Positions for Macroeconomists.

TO: Christopher.sims (Christopher.sims @ yale.edu @ inet [UNKNOWN])

READ:UNKNOWN

TEXT:

The CEA is currently hiring its staff for the next year. We still have an opening for the position of a Staff Economist in the field of Macroeconomics. As you may know, the candidate should be a student in a Ph.D. program in Economics, typically one who has completed their second or third year, who would like to taking a year off from his/her graduate studies to work at CEA. The Staff Economist will work closely with the Macroeconomic Senior Economist and Council Member(s) who deal with macroeconomic issues. The term of appointment is usually for one year and US citizenship is required. If you know of a student who would be a good candidate for this position, I would appreciate it if you would ask them to contact me at 202-395-5046.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Howard A. Shelanski (CN=Howard A. Shelanski/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 1-APR-1999 16:14:01.00

SUBJECT: Re: Dick memo

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:

I agree. The burdens-of-enforcement point is an important one and relates to the monopsony issue. If foreign countries are extracting rents through their monopsony power, then they would presumably be willing to pay a higher price for the goods if the alternative is not getting them. By the same analysis, foreign governments should be willing to bear enforcement costs if the consequence of not doing so is higher prices for the goods they want to import.